



YEAR END REPORT 2010

Net sales in 2010 rose 4.0% to SEK 213,572 million (205,407)

Operating profit for 2010 rose 6.9% to SEK 29,853 million (27,938). Excluding items affecting comparability, operating profit rose 27.7% to SEK 39,952 million (31,294)

Profit (after tax) for the year decreased by 2.0% to SEK 13,185 million (13,448)
Excluding items affecting comparability, profit for the year (after tax) rose 44.4% to SEK 23,194 million (16,054)

Operating profit for the fourth quarter decreased by 12.8% to SEK 4,946 million (5,673). Excluding items affecting comparability, operating profit for the fourth quarter rose 6.7% to SEK 9,732 million (9,117)

The Board of Directors proposes a dividend of SEK 6,500 million, or SEK 49.35 per share

2010

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Financial calendar

Annual Report 2010
31 March 2011

Interim report January – March
5 May 2011

Interim report January – June
28 July 2011

Interim report January – September
27 October 2011

Year-end report 2011
February 2012

Annual General Meeting

27 April 2011, in Stockholm

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All comparison figures in this report pertain to
the full year 2009, unless indicated otherwise.

Cover photo: Horns Rev offshore wind farm,
Denmark.

IMPROVED UNDERLYING RESULT

- Net sales in 2010 rose 4.0% to SEK 213,572 million (205,407)
- Operating profit for 2010 rose 6.9% to SEK 29,853 million (27,938). Excluding items affecting comparability,¹⁾ operating profit rose 27.7% to SEK 39,952 million (31,294)
- Profit (after tax) for the year decreased by 2.0% to SEK 13,185 million (13,448). Excluding items affecting comparability, profit for the year (after tax) rose 44.4% to SEK 23,194 million (16,054)
- Operating profit for the fourth quarter decreased by 12.8% to SEK 4,946 million (5,673). Excluding items affecting comparability, operating profit for the fourth quarter rose 6.7% to SEK 9,732 million (9,117)
- The Board of Directors proposes a dividend of SEK 6,500 million, or SEK 49.35 per share

1) Items affecting comparability pertain to capital gains and capital losses on shares and other non-current assets, and to impairment and reversed impairment of assets. Total items affecting comparability in 2010 amounted to SEK -10,099 million (2009: SEK -3,356 million).

Full year 2010 – net sales, profit, cash flow and debt

Consolidated net sales rose 4% to SEK 213,572 million (205,407). N.V. Nuon Energy, which has been consolidated in the Group since 1 July 2009, contributed SEK 45,089 million (21,393) in sales in 2010. The divestment of the German transmission business, 50Hertz Transmission GmbH, in May 2010, led to a drop in the Group's net sales by SEK 17.9 billion compared with 2009. Currency effects reduced net sales by SEK 16.9 billion as a result of the stronger Swedish krona.

Operating profit improved by 6.9% to SEK 29,853 million (27,938). The improvement is mainly attributable to higher production volumes, lower operating and maintenance expenses, lower costs for sales and administration, and an improved result for the trading operations. Average lower prices received had a negative effect on consolidated operating profit, by approximately SEK 5.5 billion. Higher prices received in the Nordic operations were offset by lower prices received in Continental Europe. A large

share of Vattenfall's generation is hedged through contracts previously entered into in the forward market. Currency movements had a negative effect on operating profit by SEK 0.7 billion. Excluding items affecting comparability, operating profit grew 27.7% to SEK 39,952 million (31,294). Items affecting comparability for 2010 amounted to SEK -10,099, net, and consist of the following:

- Capital gains totalling SEK 194 million
- Capital losses totalling SEK 444 million
- Impairment losses totalling SEK 11,151 million – mainly impairment of goodwill related to Business Group Benelux, totalling SEK 4.3 billion, and impairment related to 50Hertz Transmission GmbH, totalling SEK 5.1 billion
- Reversed impairment losses totalling SEK 1,302 million, mainly attributable to electricity network and electricity generation assets in Germany.

For further information on items affecting comparability and a segmental breakdown, see pages 12–16.



"I am pleased to report an improved operating profit for 2010, despite large one-off costs. We have increased our production volumes and lowered our operating and maintenance expenses, and with our new business-led organisation I see great potential for further efficiency improvement. The market outlook for energy companies continues to be challenging, with stronger pressure on margins and weak growth in demand. It is therefore of utmost importance that we increase the company's efficiency and concentrate our business to areas in which we have competitive advantages and have or could have a strong position."

Øystein Løseth
President and CEO

Profit for the year (after tax) decreased by 2.0% to SEK 13,185 million (13,448). Excluding items affecting comparability, profit for the year (after tax) rose 44.4% to SEK 23,194 million (16,054). Return on equity was 10.0% (9.5%), and the return on net assets was 9.1% (10.0%). Vattenfall's long-term target rate of return on equity is 15% over a business cycle (5–7 years). The target return on net assets is 11%. The cash flow interest coverage ratio after maintenance investments increased to 4.6 times (4.3), compared with the target interval of 3.5–4.5.

Funds from operations (FFO) increased by 9.3% to SEK 40,108 million (36,700). Net debt decreased by 7.0% to SEK 144,109 million, mainly as a result of the stronger krona. The net debt/equity ratio was 107.8% at 31 December 2010 (108.8%). For detailed information about net debt, see page 22.

The Group's total investments amounted to SEK 41,794 million (102,989). The high level of investments in 2009 is explained by the acquisition of 49% of the shares in N.V. Nuon Energy for SEK 52 billion. For more information about investment activities, see page 8.

The operations of N.V. Nuon Energy (Nuon) affected operating profit by SEK –900 million. Excluding impairment of goodwill, amortisation of surplus value and other acquisition adjustments, Nuon affected consolidated operating profit by SEK 6,900 million. Through December 2010, Vattenfall's management and reporting of Nuon's operations were as follows: Nuon's wind power operations are part of the Wind business unit of Business Group Pan Europe (see page 12). The energy trading operations are part of Supply & Trading (see page 16). Nuon's other operations – conducted in the business units Exploration & Production; Power, Heat & Services; and Sales – are included in Business Group Benelux (see page 15).

Following is a breakdown of operating profit for Vattenfall's operating segments in 2010:

- Operating profit for Business Group Pan Europe increased by SEK 1,878 million to SEK 3,991 million (2,113). Excluding items affecting comparability, operating profit increased by SEK 3,044 million to SEK 5,012 million (1,968).

- Operating profit for Business Group Nordic increased by SEK 9,109 million to SEK 16,613 million (7,504). Excluding items affecting comparability, operating profit increased by 5,624 million to SEK 16,741 million (11,117).
- Operating profit for Business Group Central Europe decreased by SEK 9,411 million to SEK 9,527 million (18,938). Excluding items affecting comparability, operating profit decreased by SEK 4,858 million to SEK 13,515 million (18,373).
- Operating profit for Business Group Benelux decreased by SEK 4,541 million to SEK –5,185 million (–644). Operating profit includes amortisation of surplus value and other acquisition adjustments totalling SEK 2,650 million (1,468). Excluding these items and excluding items affecting comparability, mainly impairment of goodwill, operating profit increased by SEK 1,158 million to SEK 2,421 million (1,263).
- Operating profit for Supply & Trading increased by SEK 3,523 million to SEK 5,094 million (1,571). Excluding items affecting comparability, operating profit increased by SEK 3,515 million to SEK 5,100 million (1,585).
- Operating profit for Other increased by SEK 1,357 million to SEK –187 million (–1,544).

For detailed information on the Group's operating segments, see pages 12–16.

Electricity generation, sales of heat and gas in 2010

Vattenfall's total electricity generation increased by 8.6% to 172.5 TWh (158.9). Of total electricity generation, the acquired company N.V. Nuon Energy (Nuon) accounted for 13.6 TWh. The corresponding volume in 2009 was 8.2 TWh, as Nuon was not consolidated until 1 July 2009.

Electricity generation volumes increased for all types of energy. Hydro power generation increased by 4.4% to 35.4 TWh (33.9); nuclear power generation increased by 5.1% to 43.6 TWh (41.5); fossil-based power increased by 11.6% to 89.7 TWh (80.4); and wind power generation increased to

2.2 TWh (1.7). Electricity generation based on biomass and waste increased to 1.5 TWh (1.4). Sales of heat increased by 17.4% to 44.5 TWh (37.9). Sales of gas, which pertain almost entirely to Business Group Benelux, amounted to 63.3 TWh. Comparative figures for the full year 2009 are lacking since Nuon was consolidated in Vattenfall on 1 July 2009. For more information and a breakdown into the respective markets, see page 9.

Electricity prices 2010

Average spot prices were higher in all of Vattenfall's markets in 2010 than in the preceding year. During the year, average spot prices rose 52% in the Nordic market and 14% in the German market. Spot prices in the Netherlands were 16% higher. Futures prices for electricity were lower in Continental Europe and higher in the Nordic countries. A large share of Vattenfall's generation is hedged through contracts previously entered into in the forward market. For more detailed information and price charts, see pages 10–11.

Fourth quarter 2010 – Net sales, profit, cash flow and debt

Net sales decreased by 15.1% from the same quarter in 2009, to SEK 55,537 million (65,405). The decrease is mainly attributable to the stronger Swedish krona and the sale of 50Hertz Transmission GmbH. Operating profit decreased by 12.8% to SEK 4,946 million (5,673). However, excluding items affecting comparability, operating profit increased by 6.7% to SEK 9,732 million (9,117). Profit for the period (after tax) increased by 16.8% to SEK 2,464 million (2,110). Funds from operations (FFO) increased by 2.6% to SEK 11,670 million (11,375). Net debt decreased by SEK 1,046 million compared with 30 September 2010.

Fourth quarter 2010 – Electricity generation, sales of heat and gas

Vattenfall's total electricity generation increased by 6.7% during the fourth quarter, to 46.4 TWh (43.5). Volumes increased for all types of generation except fossil-based

power. Hydro power generation increased by 3.3% to 9.4 TWh (9.1); nuclear power generation increased by 24.7% to 11.1 TWh (8.9); fossil-based power decreased slightly to 24.5 TWh (24.6); wind power generation increased to 0.9 TWh (0.5); and electricity generation based on biomass and waste increased to 0.4 TWh (0.3). Sales of heat increased by 18.4% to 16.1 TWh (13.6). Sales of gas increased by 33.9% to 22.1 TWh (16.5).

For more information and a breakdown into the respective markets, see page 9.

Important events January–September 2010

Vattenfall granted rights to develop offshore wind power in UK

In January Vattenfall and Scottish Power Renewables were granted the rights to develop a large wind farm – East Anglia – offshore England’s east coast in the North Sea, with the potential to generate 7,200 MW of electricity, which is the equivalent of the annual electricity needs for four million homes. Provided that the necessary regulatory approvals are granted, it is expected that construction can begin in 2015 and will be conducted in stages.

Vattenfall sells its German transmission grid

In March Vattenfall signed an agreement to sell its subsidiary 50Hertz Transmission GmbH, which owns and operates Vattenfall’s high voltage transmission grid in Germany, to the Belgian transmission system operator Elia and the Australian company Industry Funds Management (IFM). The sale was completed on 19 May 2010. The proceeds from the sale of the shares amounted to EUR 464.6 million. In addition, the buyers redeemed shareholder loans of EUR 320 million from Vattenfall.

Sale of Nuon Deutschland GmbH

Vattenfall completed the sale of N.V. Nuon Energy’s German subsidiary Nuon Deutschland GmbH to ENERVIE – Südwestfalen Energie und Wasser AG – with retroactive

effect from 1 January 2010. The European Commission had approved the acquisition of N.V. Nuon Energy under the condition that Vattenfall sold all of its shares in Nuon Deutschland GmbH.

Øystein Løseth new CEO of Vattenfall

On 12 April Øystein Løseth took office as President and CEO of Vattenfall AB.

Inauguration of Germany’s first offshore wind farm

Germany’s first offshore wind farm, “alpha ventus”, was inaugurated on 27 April. Alpha ventus is a pilot project 45 km off the island of Borkum in northwest Germany. The plant comprises 12 turbines of 5 MW each and is a collaboration between Vattenfall, EWE and E.ON.

Sale of generation rights for Stade nuclear power plant

In May Vattenfall sold its stake (33%, corresponding to annual generation of 1.6 TWh) in the remaining generation rights for the decommissioned nuclear power plant Stade, to RWE Power AG, for approximately SEK 590 million.

Vattenfall acquires stake in biomass company in Liberia

In June Vattenfall and Swedfund, a financial institution wholly owned by the Swedish state, acquired 30% of Buchanan Renewables Fuel in Liberia. The company produces biomass from waste from rubber tree plantations. The acquisition was part of Vattenfall’s efforts to ensure long-term supply of biomass.

Swedish parliament lifts ban on new construction of nuclear reactors in Sweden

On 17 June Sweden’s Riksdag lifted the ban on new construction of nuclear reactors in Sweden, effective 1 January 2011. The condition has been made that one new reactor may be built to replace an existing one, and that no more than a total of ten reactors may be operating in Sweden.

Amendment to Articles of Association for Vattenfall AB

The Swedish parliament decision on 3 June clarifying Vattenfall AB’s assignment was formally adopted through an amendment of Vattenfall AB’s Articles of Association at an Extraordinary General Meeting of Vattenfall on 23 August 2010. The aim of the amendment was to clarify the owner’s (the Swedish state) assignment with respect to its requirement for a market rate of return and to the fact that Vattenfall is a company with operations spanning a large part of Europe.

Extension of useful life of German nuclear power and new tax on nuclear fuel

In September the German government reached an agreement with Germany’s nuclear power operators to extend the lifetime of the country’s existing nuclear power plants by an average of 12 years. For Vattenfall this entails lifetime extensions of 14 years for the Krümmel and Brokdorf nuclear power plants and 8 years for the Brunsbüttel plant. The agreement is coupled with the introduction of a new nuclear fuel tax and an obligation for the nuclear power operators to make payments to an investment fund for renewable energy projects. The nuclear fuel tax is expected to raise a total of EUR 2.3 billion per year, and for Vattenfall it is estimated to amount to approximately EUR 165 million per year through 2016. Vattenfall’s share of total installed nuclear power capacity in Germany is 7.2%.

Vattenfall announces new strategic direction and organisational structure

On 21 September Vattenfall presented a new strategic direction resting on four pillars: greater focus on profitability and value creation; focus on three core markets – Sweden, Germany and the Netherlands; focus on three main products – electricity, heat and gas; and reduced carbon dioxide exposure and growth in low CO₂-emitting electricity generation, including gas. In addition, a new business-led organisational structure was presented with effect from 1 January 2011.

Summary of Vattenfall's consolidated financial performance, cash flow and balance sheet

Amounts in SEK million unless otherwise stated	Q4 2010	Q4 2009	Change %	Full year 2010	Full year 2009	Change %
Net sales	55,537	65,405	-15.1	213,572	205,407	4.0
Operating profit before depreciation and amortisation (EBITDA)	15,355	15,360	0.0	60,706	51,777	17.2
Operating profit (EBIT)	4,946	5,673	-12.8	29,853	27,938	6.9
Operating profit excl. items affecting comparability	9,732	9,117	6.7	39,952	31,294	27.7
Financial items, net	-138	-2,995	95.4	-8,430	-10,204	17.4
Profit before tax	4,808	2,678	79.5	21,423	17,734	20.8
Profit for the period	2,464	2,110	16.8	13,185	13,448	-2.0
- of which, attributable to owners of the Parent Company	2,577	1,858	38.7	12,997	12,896	0.8
- of which, attributable to minority interests	-113	252	-	188	552	-65.9
Return on equity, %	10.0 ¹	9.5 ¹	-	10.0	9.5	-
Return on net assets, %	9.1 ¹	10.0 ¹	-	9.1	10.0	-
Funds from operations (FFO)	11,670	11,375	2.6	40,108	36,700	9.3
Cash flow before financing activities	-1,637	-433	278.1	6,448	-36,794	-
Free cash flow	3,355	6,436	-47.9	23,846	27,566	-13.5
Cash and cash equivalents plus short-term investments	43,873	56,940	-22.9	43,873	56,940	-22.9
Balance sheet total	541,432	602,127	-10.1	541,432	602,127	-10.1
Equity incl. minority interests	133,621	142,404	-6.2	133,621	142,404	-6.2
Capital Securities	8,929	10,250	-12.9	8,929	10,250	-12.9
Other interest-bearing liabilities	179,348	203,244	-11.8	179,348	203,244	-11.8
Net debt	144,109	154,987	-7.0	144,109	154,987	-7.0
Net debt/Operating profit before depreciation and amortisation (EBITDA), times	2.4 ¹	3.0 ¹	-	2.4	3.0	-

1) Last 12-month values.

See pages 31–32 for definitions and calculations of key ratios.

Vattenfall inaugurates world's largest offshore wind farm

On 23 September Vattenfall inaugurated Thanet – the world's largest offshore wind farm offshore England's southeast coast. The wind farm comprises 100 turbines with total installed capacity of 300 MW. The facility generates electricity equivalent to the annual electricity needs of 200,000 UK homes.

Important events during fourth quarter 2010

Decision on new offshore wind farm in North Sea

In October Vattenfall and Stadtwerke München (SWM) decided to build DanTysk, an offshore wind farm in the North Sea. The wind farm will consist of 80 turbines with total installed capacity of 288 MW and is expected to be completed at year-end 2013/start of 2014. Vattenfall is the majority owner with a 51% interest and will be responsible for the plant's construction. The total investment (100%) is estimated at slightly more than EUR 1 billion.

Vattenfall and E.ON agree on joint optimisation process for German nuclear power plants

Following changes in Germany's nuclear energy laws, Vattenfall and E.ON announced that they will be increasing their co-operation regarding the jointly owned Krümmel and Brunsbüttel nuclear power plants. In the months ahead, the two companies will conduct a thorough review of all available options to quickly resume generation at the nuclear plants and further optimise the facilities' operations. The review also aims to determine whether E.ON will take over operational responsibility for both facilities.

Vattenfall sells assets in Germany and Denmark

Vattenfall sold its 24.9% stake in the German municipal energy company Städtische Werke AG Kassel to Thüga AG. The transaction was completed on 15 December. In addition, an agreement was reached to sell the natural gas-fired Hillerød combined heat and power station in

Denmark to Hillerød Forsyning. The transaction is expected to be completed during the early months of 2011. Both sales are part of Vattenfall's strategy to divest non-core assets.

Important events after the balance sheet date, 31 December 2010

Vattenfall signs new five-year revolving credit facility

On 20 January 2011 Vattenfall signed an agreement for a new five-year revolving credit facility for EUR 2.55 billion (approximately SEK 23 billion). The facility is intended to serve as a liquidity back-up.

Vattenfall sells stake in coal-fired power plant in Germany

On 1 February 2011 Vattenfall sold its 25% stake in the Rostock coal-fired power plant to RheinEnergie AG. The plant has installed capacity of 553 MW.

Sales, profit and cash flow

Amounts in SEK million	Q4 2010	Q4 2009	Change, %	Full year 2010	Full year 2009	Change, %
Net sales	55,537	65,405	-15.1	213,572	205,407	4.0

Comment: Net sales for 2010 increased by approximately SEK 8.2 billion compared with 2009. N.V. Nuon Energy (Nuon), which has been consolidated in the Group since 1 July 2009, contributed SEK 45.1 billion (21.4). The sale of the German transmission business, 50Hertz Transmission GmbH, in May 2010 resulted in a drop in consolidated net sales by SEK 17.9 billion compared with 2009. Currency effects from the stronger Swedish krona decreased net sales by SEK 16.9 billion.

Amounts in SEK million	Q4 2010	Q4 2009	Change, %	Full year 2010	Full year 2009	Change, %
Cost of products sold	44,612	55,993	-20.3	159,098	162,564	-2.1

Comment: The decrease for the full year 2010 compared with 2009 is mainly attributable to lower operating and maintenance expenses, and slightly lower depreciation. The decrease for the fourth quarter is mainly due to the sale of the German transmission business.

Amounts in SEK million	Q4 2009	Change, %	Full year 2009	Change, %
Operating profit (EBIT)	5,673	-12.8	27,938	6.9
Operating profit (EBIT) excl. items affecting comparability	9,117	6.7	31,294	27.7

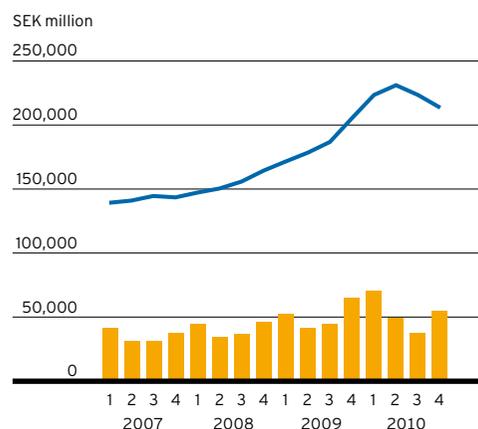
Comment: Operating profit for 2010 improved by SEK 1,915 million over 2009. The improvement is mainly attributable to higher generation volumes, lower operating and maintenance expenses, lower costs for sales and administration, and an improved result for the trading operations. Lower average electricity prices received had a negative effect on operating profit by approximately SEK 5.5 billion. Currency movements attributable to the stronger Swedish krona had a negative impact on operating profit, by SEK 0.7 billion.

Excluding SEK -10,099 million in items affecting comparability, operating profit increased by SEK 8,658 million. Items affecting comparability consisted of the following:

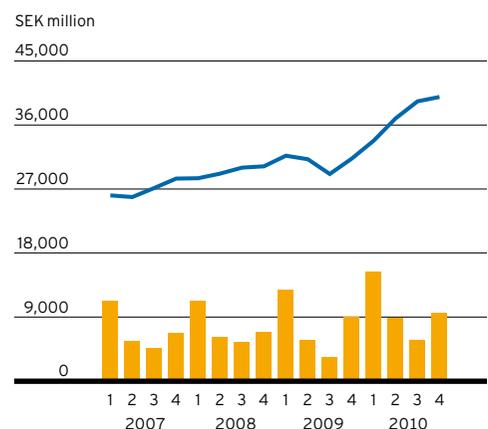
- Capital gains totalling SEK 194 million
- Capital losses totalling SEK 444 million
- Impairment charges totalling SEK 11,151 million – mainly for goodwill related to Business Group Benelux, totalling SEK 4.3 billion – and 50Hertz Transmission GmbH, totalling SEK 5.1 billion.
- Reversed impairment charges totalling SEK 1,302 million, mainly attributable to electricity network and generation assets in Germany

For more information on items affecting comparability and for a segmental breakdown, see pages 12–16.

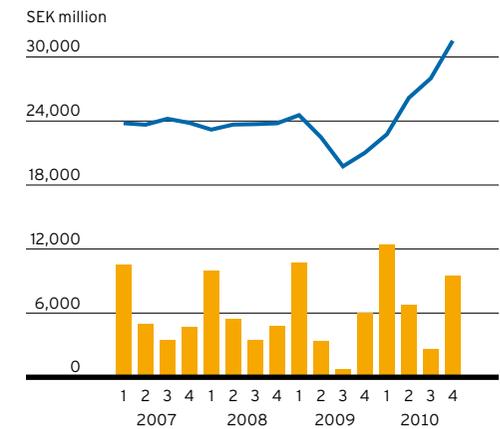
Net sales



Operating profit, excl. items affecting comparability



Profit before tax, excl. items affecting comparability



— Last 12-month values
■ Quarterly values

Amounts in SEK million	Q4 2010	Q4 2009	Change, %	Full year 2010	Full year 2009	Change, %
Funds from operations (FFO)	11,670	11,375	2.6	40,108	36,700	9.3
Cash flow from changes in operating assets and operating liabilities (working capital)	-1,776	1,755	-	1,123	9,546	
Cash flow from operating activities	9,894	13,130	-24.6	41,231	46,246	-10.8

Comment: Funds from operations (FFO) increased by SEK 3.4 billion during the year, mainly due to a SEK 3.7 billion higher pre-tax profit. Higher paid tax in the amount of approximately SEK 4.2 billion had a negative effect on FFO. The higher tax payment is attributable to an unusually low tax charge in 2009.

Changes in working capital had a positive effect on cash flow by SEK 1.1 billion.

As per 1 January 2010 a reclassification was made of "Short-term investments" to "Advance payments to suppliers" for margin calls attributable to electricity derivatives from Credit Support Annexes (CSAs).¹ These are now reported under changes in working capital. Accumulated for the full year 2010, incoming payments under CSAs totalled approximately SEK 8.5 billion.

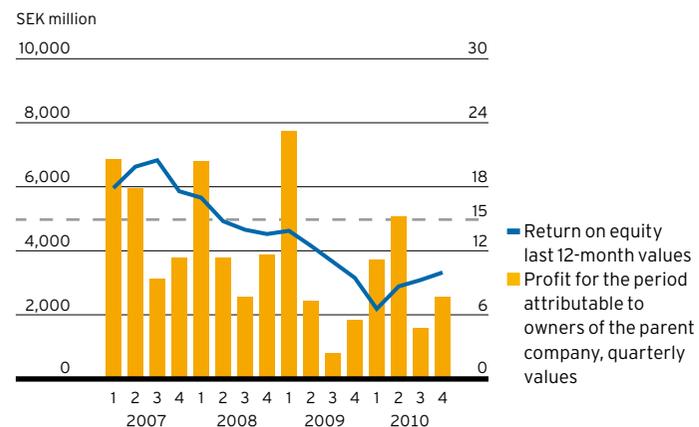
Cash flow from operating activities (operating cash flow) was approximately SEK 5 billion lower than in 2009, which is due to a lower contribution from changes in working capital in 2010 compared with 2009.

1) A Credit Support Annex (CSA) is a legal document that regulates credit support (collateral) for derivative transactions. It defines the terms and rules under which collateral is posted or transferred between counterparties to mitigate the credit risk arising from "in the money" derivative positions.

Amounts in SEK million	Q4 2010	Q4 2009	Change, %	Full year 2010	Full year 2009	Change, %
Net financial items	-138	-2,995	95.4	-8,430	-10,204	17.4
Interest income from financial investments	298	303	-1.7	1,131	1,202	-5.9
Interest expenses from loans	-1,600	-2,473	35.3	-6,447	-7,464	13.6
Interest received	245	385	-36.4	912	1,103	-17.3
Interest paid	-854	-1,293	34.0	-4,866	-7,404	34.3
Average monthly net interest expense	-434	-723		-443	-522	

Comment: The improvement of financial items is mainly attributable to a positive change in value of derivatives and to some extent also to lower interest expenses for loans. The lower interest expenses are the result of the stronger Swedish krona.

Return on equity incl. items affecting comparability/ Profit for the period



Financial position

Amounts in SEK million	31 Dec. 2010	31 Dec. 2009	Change, %
Cash and cash equivalents, and short-term investments	43,873	56,940	-22.9
Committed credit facilities (unutilised)	9,102	10,453	-12.9
Other credit facilities (unutilised)	6,860	10,342	-33.7

Comment: The decrease in Cash, cash equivalents and short-term investments is mainly attributable to a reclassification of "Short-term investments" to "Advance payments to suppliers", totalling approximately SEK 14 billion as per 1 January 2010. The reclassification pertains to paid margin calls for electricity derivatives under Credit Support Annexes (CSAs).¹

Committed credit facilities consist of a EUR 1 billion revolving credit facility that expires on 23 February 2013 and a SEK 100 million bank overdraft facility that expires in December 2011. In January 2011 Vattenfall signed an agreement for a new five-year revolving credit facility worth EUR 2.55 billion that expires on 20 January 2016. Vattenfall's target is to have no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities, in the form of liquid assets or committed credit facilities.

1) A Credit Support Annex (CSA) is a legal document that regulates credit support (collateral) for derivative transactions. It defines the terms and rules under which collateral is posted or transferred between counterparties to mitigate the credit risk arising from "in the money" derivative positions.

Amounts in SEK million	31 Dec. 2010	31 Dec. 2009	Change, %
Net debt	144,109	154,987	-7.0
Interest-bearing liabilities	188,277	213,494	-11.8
Average interest rate, % ¹	3.4	3.5	-2.9
Duration, years ¹	3.9	4.0	-2.5
Average time to maturity, years ¹	6.2	7.2	-13.9

1) Excluding Capital Securities and loans from minority owners and associated companies. Including SEK 8,929 million in Capital Securities, the average interest rate is 3.5%, the duration is 3.9 years, and the average time to maturity is 6.1 years. These values pertain to 31 December 2010.

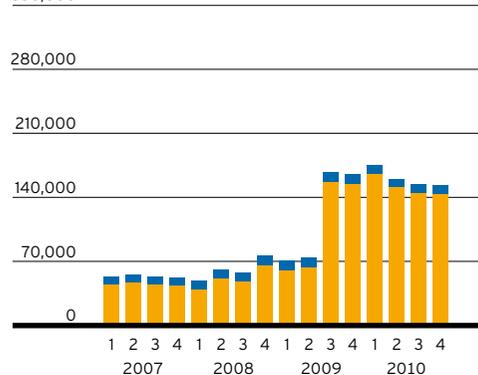
Comment: Compared with 31 December 2009, net debt decreased by SEK 10.9 billion, and total interest-bearing liabilities decreased by SEK 25.2 billion. Exchange rate differences accounted for SEK 21.7 billion of the decrease in total interest-bearing liabilities. Currency movements have no significant impact on profit, since the largest share is reported as translation differences in equity under the heading "Hedges of net investments in foreign operations", and the rest is swapped to SEK.

Amounts in SEK million	31 Dec. 2010	31 Dec. 2009	Change, %
Equity attributable to			
Owners of the Parent Company	126,704	135,620	-6.6
Minority interests	6,917	6,784	2.0
Total	133,621	142,404	-6.2

Comment: Changes in equity are specified on page 24.

Net debt

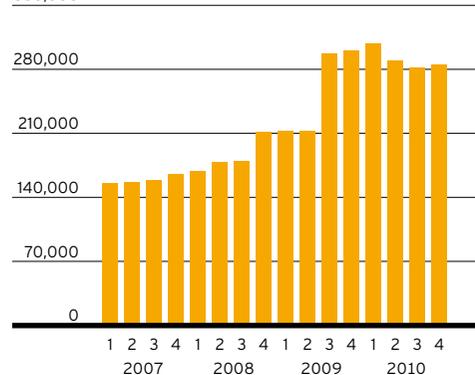
SEK million



■ Capital Securities
■ Quarterly values

Net assets

SEK million



Credit ratings

The current ratings for Vattenfall's long-term borrowing are A (Standard & Poor's) and A2 (Moody's). Vattenfall's rating outlook is "negative" from Standard & Poor's and "stable" from Moody's.

Investments

Amounts in SEK million	Q4 2010	Q4 2009	Change, %	Full year 2010	Full year 2009	Change, %
Maintenance investments	6,539	6,694	-2.3	17,385	18,680	-6.9
Growth investments	6,066	10,882	-44.3	24,409	84,309	-71.0
– of which, shares	21	984	-97.9	1,085	56,562	-98.1
Total investments	12,605	17,576	-28.3	41,794	102,989	-59.4

Comment: Total investments in 2010 amounted to SEK 41.8 billion, broken down as follows: Business Group Pan Europe SEK 13.0 billion, Business Group Nordic SEK 4.9 billion, Business Group Central Europe SEK 13.5 billion, Business Group Benelux SEK 9.5 billion, and other items approximately SEK 1 billion. The item "Shares" in 2009 pertains mainly to the acquisition of 49% of N.V. Nuon Energy, totalling approximately SEK 52 billion, and the acquisitions of the Polish state's minority interests in the subsidiaries GZE S.A. and Vattenfall Heat Poland S.A., for SEK 3.3 billion.

Specification of investments

Amounts in SEK million	Full year 2009	Change, %
Electricity generation		
Hydro power	1,459	-44.3
Nuclear power	4,090	14.6
Fossil-based power	10 331	20.7
Wind power	7,731	-5.5
Biomass, waste	151	34.4
Other	3,328	-42.5
Total Electricity generation	27,090	1.1
Heat		
Fossil-based power	2,402	-29.2
Biomass, waste	1,249	-56.9
Other	827	-3.8
Total Heat	4,478	-32.3
Electricity networks		
Electricity networks	6 906	-21.7
Total Electricity networks	6,906	-21.7
Acquisitions of shares	56,562	-98.1
Other, excl. shares	7 954	-38.7
Total	102,989	-59.4

Investment programme 2011–2015

Vattenfall plans to invest a total of SEK 165 billion during the five-year period 2011–2015. Of this amount, SEK 123 billion is being allocated to electricity and heat production. The rest is being allocated to investments in electricity and heating networks, IT and gas storage. A large share of investments consist of completion of investment projects decided on in previous years. The largest ongoing investment projects are the Moorburg combined heat and power plant in Hamburg, Germany; the coal-fired power plant in Boxberg, Germany; the Diemen and Hemweg gas-fired power plants and the Magnum multi-fuel power plant in the Netherlands; the Ormonde wind farm in the UK; and upgrades at the Forsmark and Ringhals nuclear power plants in Sweden.

Divestments

Amounts in SEK million	Q4 2009	Change, %	Full year 2009	Change, %
Divestments	4,537	-78.5	5,542	29.9
– of which, shares	3,191	-83.0	3,832	35.7

Comment: Sales of shares during the fourth quarter of 2010 pertain in part to a minority interest of 24.9% in the Germany municipal energy company Städtische Werke AG and to a building on Markgrafenstrasse in Berlin, Germany. The large amount for the full year 2010 is attributable to the sale of 50Hertz Transmission GmbH.

Employees

Number of employees, full-time equivalents	31 December 2010	31 December 2009	Change, %
Business Group Pan Europe	5,817	5,667	2.6
Business Group Nordic	5,250	5,544	-5.3
Business Group Central Europe	20,410	21,713	-6.0
Business Group Benelux	5,556	6,009	-7.5
Supply & Trading	424	363	16.8
Other	722	730	-1.1
Total	38,179	40,026	-4.6

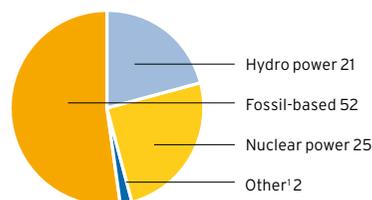
Comment: The decrease in the total number of employees is attributable to general restrictions on new hiring that were instituted in 2010 and to organisational changes in Germany that affected Business Group Central Europe.

Electricity generation, sales of heat and gas

	Q4 2010	Q4 2009	Change, %	Full year 2010	Full year 2009	Change, %
Electricity generation, TWh						
Hydro power	9.4	9.1	3.3	35.4	33.9	4.4
Nuclear power	11.1	8.9	24.7	43.6	41.5	5.1
Fossil-based power	24.5	24.6	-0.4	89.7	80.4	11.6
Wind power	0.9	0.5	80.0	2.2	1.7	29.4
Biomass, waste	0.4	0.3	33.3	1.5	1.4	7.1
Total	46.4	43.5	6.7	172.5	158.9	8.6
Sales of heat, TWh						
Business Group Nordic	4.8	3.8	26.3	13.3	11.1	19.8
Business Group Central Europe	10.7	9.3	15.1	29.5	26.3	12.2
Business Group Benelux	0.6	0.5	20.0	1.7	0.6	-
Total	16.1	13.6	18.4	44.5	37.9	17.4
Sales of gas, TWh						
Business Group Nordic	0.1	0.0	-	0.2	0.2	-
Business Group Central Europe	0.0	0.1	-	0.0	0.2	-
Business Group Benelux	22.0	16.4	34.1	63.1	19.7	-
Total	22.1	16.5	33.9	63.3	20.1	-

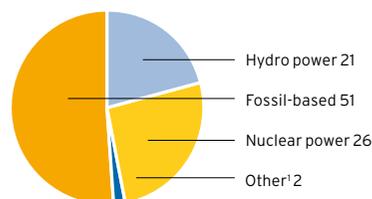
Rounding differences of 0.1 TWh exist on certain items.

Electricity generation, 2010, %



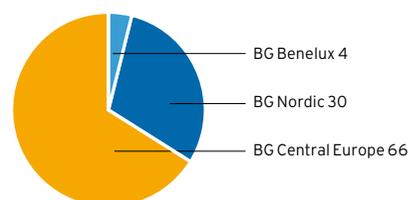
1) Wind power, biomass and waste.

Electricity generation 2009, %

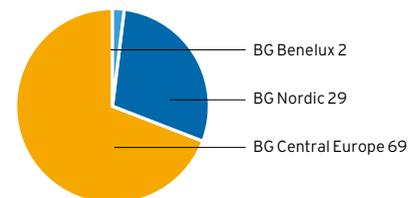


1) Wind power, biomass and waste.

Heat sales 2010, %



Heat sales 2009, %



Electricity generation 2010

Vattenfall's total electricity generation increased by 8.6% to 172.5 TWh (158.9). Of total electricity generation, the acquired company N.V. Nuon Energy (Nuon) accounted for 13.6 TWh. The corresponding volume in 2009 was 8.2 TWh, since Nuon was consolidated in the Group for only six months in 2009.

Electricity generation volumes increased for all types of energy. Hydro power generation increased by 4.4%. Nuclear power generation increased by 5.1% as a result of high availability at the Swedish nuclear power plants. The Brunsbüttel nuclear power plant in Germany is still off line, which was also the case in 2009. The outage at the 50%-owned Krümmel nuclear power plant in Germany did not affect consolidated volumes, since the plant is not consolidated in Vattenfall's accounts.

Fossil-based electricity generation increased by 11.6%; this is mainly due to the fact that N.V. Nuon Energy was consolidated in the Group for only six months in 2009.

Electricity generation from wind power increased by 29.4% to 2.2 TWh. The increase is mainly attributable to the commissioning of the 300 MW Thanet offshore wind farm in the UK and the 78 MW Stor-Rotliden land-based wind farm in Sweden during the second half of 2010.

Sales of heat 2010

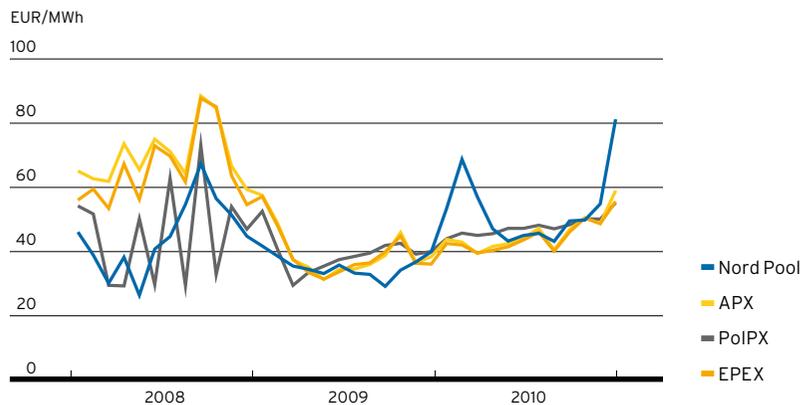
Sales of heat increased by 17.4% to 44.5 TWh (37.9). The increase was greatest in Denmark and Germany and attributable to a colder spring and an earlier onset of winter than in 2009.

Sales of gas 2010

Sales of gas, which are almost entirely attributable to Business Group Benelux, amounted to 63.3 TWh. Comparative figures for the full year are lacking since N.V. Nuon Energy was consolidated in Vattenfall on 1 July 2009.

Wholesale price trend

Nordic, German, Polish and Dutch electricity spot prices 2008–2010, monthly averages



Electricity spot prices in the Nordic countries, Germany, Poland and the Netherlands

Spot prices increased in all of Vattenfall's markets in 2010. Nordic spot prices increased significantly during the first and fourth quarters of 2010, while price increases were more moderate in Vattenfall's other markets. Integration of the European spot markets increased during the year. In November 2010 the Central Western European Interim Tight Volume Coupling initiative was introduced, entailing greater integration between Continental Europe and the Nordic countries. This resulted in a greater correlation of prices between the European spot markets toward the end of 2010.

Average spot prices in the Nordic countries were 52% higher than in 2009 (EUR 53.14/MWh, compared with EUR 35.03/MWh). Extremely cold and dry weather in the Nordic countries, a low hydrological balance, a break in a cable connection between Norway and Sweden, and low nuclear power generation in Sweden led to Nordic spot prices reaching occasional peaks in excess of EUR 100/MWh in February 2010. The hydrological balance strengthened somewhat during the year, but fell back to -45 TWh towards the end of the year, which led to higher spot prices at the end of the year. The average price during the fourth quarter, EUR 62.03/MWh, was 70% higher than the same period in 2009 (EUR 36.58/MWh).

The average spot price in Germany was EUR 44.46/MWh (EUR 38.89/MWh), which was 14% higher than in 2009. The average price for the fourth quarter was EUR 51.45/MWh (EUR 38.72/MWh). The average spot price in the Netherlands was EUR 45.35/MWh (EUR 39.21/MWh), up 16% over 2009. The average price for the fourth quarter of 2010 was EUR 52.61/MWh (EUR 39.95/MWh).

The average spot price in Poland was EUR 47.63/MWh (EUR 38.87/MWh), which was 23% higher than in 2009. The average spot price for the fourth quarter was EUR 51.72/MWh (EUR 40.27/MWh).

Nordic, German and Dutch electricity futures prices



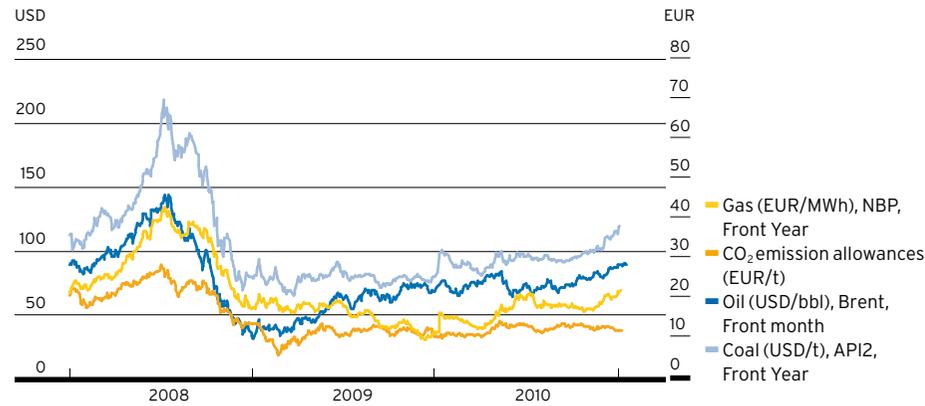
Electricity futures prices in the Nordic countries, Germany and the Netherlands

Prices of electricity futures contracts developed differently in Vattenfall's markets in 2010. Electricity futures prices in Continental Europe were lower than in 2009, while Nordic electricity futures prices traded at a higher level.

Nordic futures contracts for 2011 and 2012 were 19% and 6% higher, respectively (45.20 EUR/MWh and 42.52 EUR/MWh), than a year ago, which is mainly attributable to the weak hydrological balance and extremely cold weather.

German electricity futures prices for 2011 and 2012 fell by 8% (49.88 EUR/MWh) and 9% (52.53 EUR/MWh), respectively, in 2010. Dutch futures contracts were 10% and 11% lower for 2011 and 2012, respectively (49.54 EUR/MWh and 51.66 EUR/MWh).

Price trend for oil, coal, gas and CO₂ emission allowances

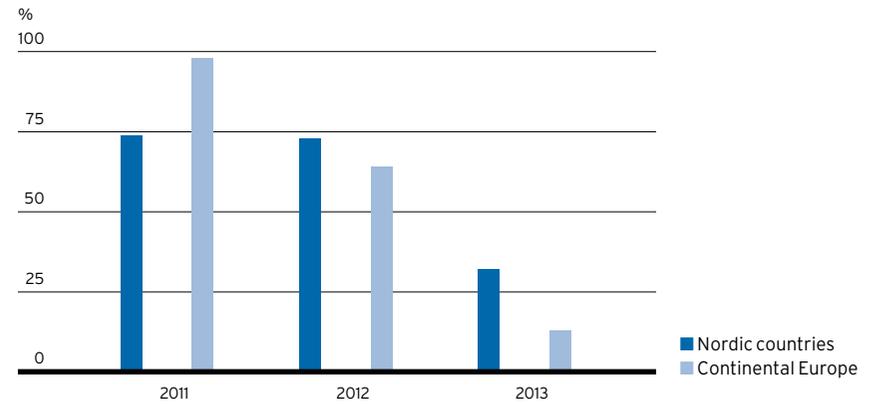


Price trend for oil, coal, gas and CO₂ emission allowances

Commodity prices were generally higher in 2010 than in 2009, due in large part to the weak euro.

Due to expectations for an economic recovery and high demand from Asia, the average price of oil rose 28% in 2010, from USD 63.08/bbl to USD 80.48/bbl. The average price of coal rose 19% over 2009. The average gas price rose 7% over 2009, from EUR 17.91/MWh to EUR 19.21/MWh. CO₂ emission allowances traded at an average price of EUR 14.49/tonne (EUR 13.40/tonne in 2009).

Vattenfall's degree of price hedging in various markets per 31 December 2010



Vattenfall's degree of price hedging

The chart above shows Vattenfall's price hedging of planned electricity generation in the Nordic countries and Continental Europe. Vattenfall continuously hedges its electricity generation through sales in the forward and futures markets.

Average price hedges as per 31 December 2010

EUR/MWh	2011	2012	2013
Nordic countries	45	44	44
Continental Europe	55	54	59

The Group's operating segments

Business Group Pan Europe

Amounts in SEK million	Q4 2009	Change %	Full year 2009	Change %
Net sales	5,488	31.5	21,113	16.0
External net sales	2,550	8.8	8,239	4.6
Electricity generation¹, TWh	9.5	27.4	43.2	6.0
– of which, nuclear power	8.9	24.7	41.5	5.1

1) Of electricity generation in 2010, Vattenfall disposed over 32.1 TWh (30.0 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

Business Group Pan Europe comprises the three Group-wide business units Wind, Nuclear and Engineering. Business Group Pan Europe is also responsible for Vattenfall's European business development, focusing on efficient use of energy and biomass.

Anders Dahl is Head of Business Group Pan Europe.

Operating profit Q4

Operating profit fell by SEK 229 million. However, excluding items affecting comparability, operating profit increased by SEK 757 million.

Items affecting comparability Q4:

Amounts in SEK million	2010	2009
Operating profit	146	375
Capital gains	4	–
Capital losses	–2	–
Impairment charges	–843	–1,121
Other items affecting comparability	–	1,266
Operating profit excl. items affecting comparability	987	230

Operating profit for the Nuclear business unit improved, mainly as a result of higher generation volumes due to higher availability at the Swedish nuclear power plants, higher average prices received and lower operating and maintenance expenses.

The loss of revenue¹ caused by the outages at the Krümmel and Brunsbüttel nuclear power plants in Germany is estimated at approximately EUR 132 million (approximately SEK 1.3 billion) for the fourth quarter of 2010. The corresponding loss of revenue from unplanned outages at the Swedish nuclear power plants is estimated at approximately SEK 0.8 billion. Operating profit for the Wind business unit fell despite higher generation volumes. This is mainly attributable to recognition of SEK 1,266 million in negative goodwill for 2009, pertaining to the Thanet wind farm in the UK.

1) Calculation of the loss of revenue is theoretical and is based on the average level of spot prices and planned generation during the period.

Operating profit – full year

Operating profit improved by SEK 1,878 million. Excluding items affecting comparability, operating profit improved by SEK 3,044 million.

Items affecting comparability – full year:

Amounts in SEK million	2010	2009
Operating profit	3,991	2,113
Capital gains	5	1
Capital losses	–183	–
Impairment charges	–843	–1,122
Other items affecting comparability	–	1,266
Operating profit excl. items affecting comparability	5,012	1,968

Operating profit for the Nuclear business unit improved, mainly as a result of higher average prices received and higher generation volumes due to higher availability at the Swedish nuclear power plants during the fourth quarter. Operating and maintenance expenses were lower, especially in the German operations, due to lower provisions and reversed provisions for costs for nuclear waste. The loss of revenue¹ in 2010 caused by the outages at the Krümmel and Brunsbüttel nuclear power plants in Germany is estimated at approximately EUR 445 million (approximately SEK 4.3 billion) (2009: EUR 382 million). The corresponding loss of revenue from unplanned outages at the Swedish nuclear power plants is estimated at approximately SEK 3.9 billion (2009: SEK 2.3 billion).

Operating profit for the Wind business unit fell despite higher generation volumes. This is mainly attributable to recognition of SEK 1,266 million in negative goodwill for 2009, pertaining to the Thanet wind farm in the UK.

Electricity generation – full year

Electricity generation increased by 6.0% to 45.8 TWh (43.2). The increase is mainly attributable to higher nuclear power generation as a result of greater availability at the Swedish nuclear power plants. The Brunsbüttel nuclear power plant in Germany remained off line, which

was also the case during 2009. The outage at the 50%-owned Krümmel nuclear power plant in Germany did not affect consolidated generation volumes, since the plant is not consolidated in Vattenfall's accounts.

Wind power generation increased by 29.4% to 2.2 TWh. The 300 MW Thanet offshore wind farm in the UK and the 78 MW Stor Rotliden land-based wind farm in Sweden were commissioned during the second half of 2010.

Important events Q4

- The German government's decision to extend the useful life of existing nuclear power plants and to levy a new tax on nuclear fuel was approved by parliament on 28 October, with effect from 1 January 2011.
- In view of the changes in Germany's nuclear energy laws, Vattenfall and E.ON increased their co-operation regarding the Krümmel and Brunsbüttel nuclear power plants in Germany. In the months immediately ahead, the parties will conduct a thorough, joint review of all available options to quickly resume generation at the nuclear plants and further optimise the facilities' operations. The review also aims to determine whether E.ON will take over operational responsibility for both facilities.
- In October Vattenfall and Stadtwerke München (SWM) decided to build DanTysk, an offshore wind farm in the German North Sea. The wind farm will comprise 80 turbines with total installed capacity of 288 MW. Vattenfall owns 51% of the shares and Stadtwerke München 49%.
- In November Vattenfall received a building permit for the Ray Wind Farm in Northumberland, UK. The wind farm will comprise 16 land-based turbines with a potential capacity of up to 56 MW.
- In December the required regulatory approvals were received to build Clashindarr, Vattenfall's land-based wind farm project near Huntly in Aberdeenshire, UK. The project comprises 18 wind turbines with total capacity of 41.4 MW.
- European Offshore Wind Deployment Centre (EOWDC), a joint venture between Vattenfall, Technip and Aberdeen Renewable Energy Group, has acquired the opportunity to erect 11 offshore wind turbines in Aberdeen, Scotland. In December EOWDC received EUR 40 million in financial support from the EU.
- Vattenfall and the City of Stockholm are co-operating in a national procurement process for electric cars and rechargeable hybrids for early establishment in the Stockholm market. The procurement initiative is intended to make it easier and faster to procure electric cars and rechargeable hybrids at better terms.
- In December Nuon decided to dismantle the Harry van den Kroonenberg wind farm in Flevoland, Netherlands. The wind farm has been off line since May 2009 when a lightning strike broke off a rotor blade from a wind turbine. The dismantling permit was obtained on 29 December, and work will most likely begin in February and be completed in June 2011.

Business Group Nordic

Amounts in SEK million	Q4 2010	Q4 2009	Change %	Full year 2010	Full year 2009	Change %
Net sales	13,176	11,736	12.3	45,058	42,393	6.3
External net sales	15,699	12,314	27.5	53,621	45,064	19.0
Operating profit (EBIT)	4,538	-405	-	16,613	7,504	121.4
Operating profit (EBIT) excl. items affecting comparability	4,726	3,346	41.2	16,741	11,117	50.6
Sales of heat, TWh	4.8	3.8	26.3	13.3	11.1	19.8
Electricity generation¹, TWh	11.2	10.4	7.7	40.6	38.8	4.6
- of which, hydro power	8.6	8.3	3.6	32.2	31.2	3.2
- of which, fossil-based power	2.4	1.9	26.3	7.6	7.3	4.1
- of which, biomass and waste	0.2	0.1	100.0	0.8	0.3	166.7
Transited volume excl. production transits	22.5	20.6	9.2	79.9	74.5	7.2

1) Of electricity generation in 2010, Vattenfall disposed over 38.5 TWh (36.7 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

Business Group Nordic conducts operations in Sweden, Finland and Denmark. The following business units are included in the segment: Hydro, Distribution, Sales, Heat and Services.

Torbjörn Wahlborg is Head of Business Group Nordic.

Operating profit Q4

Operating profit improved by SEK 4,944 million. Excluding items affecting comparability, operating profit increased by SEK 1,380 million.

Items affecting comparability Q4:

Amounts in SEK million	2010	2009
Operating profit	4,538	-405
Capital gains	18	537
Capital losses	1	-3
Impairment charges	-207	-4,091
Other items affecting comparability	-	-194
Operating profit excl. items affecting comparability	4,726	3,346

The improvement is mainly attributable to the Hydro business unit and is due to higher average prices received and higher generation volumes. The Distribution business unit also showed an improved profit attributable to higher volumes, higher tariffs and lower costs. Operating profit for the Heat business unit improved as a result of a higher volumes and lower depreciation, due to the impairment charge for Danish heating assets that was made in the fourth quarter of 2009.

Sales of heat and electricity generation – full year

Electricity generation increased by 4.6% to 40.6 TWh (38.8), of which hydro power generation increased by 3.2% and fossil-based power – mainly from thermal plants in Denmark – increased by 4.1%. Biomass-based generation increased to 0.8 TWh (0.3).

Sales of heat increased by 19.8% to 13.3 TWh (11.1), of which 7.0 TWh (5.3) is attributable to Denmark.

Transited volume within Distribution increased by 7.2%, which can be credited mainly to the rise in demand for electricity from Swedish industry.

Operating profit – full year

Operating profit improved by SEK 9,109 million. Excluding items affecting comparability, operating profit increased by SEK 5,624 million.

Items affecting comparability – full year:

Amounts in SEK million	2010	2009
Operating profit	16,613	7,504
Capital gains	81	688
Capital losses	-2	-13
Impairment charges	-207	-4,094
Other items affecting comparability	-	-194
Operating profit excl. items affecting comparability	16,741	11,117

The improvement is mainly attributable the Hydro business unit and is due to higher average prices received, higher generation volumes and lower costs. The Distribution business unit also showed improved profit as a result of higher volumes, higher tariffs and lower costs. The Heat business unit showed an improvement as a result of higher

volumes and lower depreciation, due to the impairment charge for Danish heating assets that was made in the fourth quarter of 2009.

Important events Q4

- Vattenfall inaugurated two new power plants based on renewable fuels. In mid-October the new combined heat and power plant in Jordbro, south of Stockholm, was inaugurated. The new biofuel-fired plant, representing an investment worth approximately SEK 600 million, has a capacity of 70 MW and produces heat and electricity from recycled wood. In early December a new thermal power plant was inaugurated in Gustavsberg outside Stockholm. An investment of approximately SEK 85 million, the plant employs a wood-chip boiler with a capacity of 7 MW with flue gas condensing power of 1.5 MW and a 2 MW biogas boiler. The plant is fuelled by wood chips and biogas from a local landfill.
- During the quarter, Vattenfall signed a number of electricity supply contracts with Swedish industrial companies. Among other things, a contract with Holmen was extended to cover 0.9 TWh/year for six years. A new, one-year contract was signed with Borealis for electricity supply in Finland and Sweden. Borealis and Vattenfall have had a long-standing co-operation that covers – in addition to electricity – electricity networks, heat and service.
- Also during the quarter, Vattenfall signed a 10-year contract with machine manufacturer Emhart Glass in Sundsvall, Sweden, under which Vattenfall has also taken over operational responsibility for the company's high voltage plant.
- In December Vattenfall signed an agreement to sell the Hillerød combined heat and power station in Denmark to Hillerød Forsyning. The transaction is expected to be completed during the first months of 2011.

Business Group Central Europe

Amounts in SEK million	Q4 2010	Q4 2009	Change %	Full year 2010	Full year 2009	Change %
Net sales	29,727	44,489	-33.2	132,994	163,476	-18.6
External net sales	19,908	31,844	-37.5	94,310	116,466	-19.0
Operating profit (EBIT)	3,269	5,310	-38.4	9,527	18,938	-49.7
Operating profit (EBIT) excl. items affecting comparability	2,086	4,715	-55.8	13,515	18,373	-26.4
Sales of heat, TWh	10.7	9.3	15.1	29.5	26.3	12.2
Electricity generation, TWh	18.9	19.2	-1.6	72.6	68.9	5.4
- of which, fossil-based power	17.9	18.4	-2.7	68.8	65.2	5.5
- of which, hydro power	0.8	0.6	33.3	3.1	2.5	24.0
- of which, biomass and waste	0.2	0.1	100.0	0.7	1.1	-36.4
Transited volume, excl. production transits	10.7	10.7	0.0	41.1	40.7	1.0

Business Group Central Europe conducts operations in Germany and Poland. The operating segment consists of the following business units: Mining & Generation, Distribution, Sales and Heat. Tuomo Hatakka is Head of Business Group Central Europe.

Operating profit Q4

Operating profit fell by SEK 2,041 million. Excluding items affecting comparability, operating profit decreased by SEK 2,528 million.

Items affecting comparability Q4:

Amounts in SEK million	2010	2009
Operating profit	3,269	5,310
Capital gains	29	160
Capital losses	-100	-819
Impairment charges	16	-64
Reversal of impairment charges	1,238	1,318
Operating profit excl. items affecting comparability	2,086	4,715

The decline is attributable to the Mining & Generation, Heat and Distribution business units. The decline in Mining & Generation is mainly attributable to lower average prices received and slightly lower production volumes. In Heat, the decline is attributable to, among other things, a lower gross margin and provisions for restructuring costs. The decline in Distribution is mainly due to higher provisions for restructuring costs and lower reversals of impairment charges than in the fourth quarter of 2009. Currency movements resulting from the stronger Swedish krona had a negative effect on the change in operating profit by approximately SEK -430 million, net.

Operating profit – full year

Operating profit fell by SEK 9,410 million. Excluding items affecting comparability, operating profit decreased by SEK 4,857 million.

Items affecting comparability – full year:

Amounts in SEK million	2010	2009
Operating profit	9,527	18,938
Capital gains	108	208
Capital losses	-210	-848
Impairment charges	-5,130	-123
Reversal of impairment charges	1,244	1,328
Operating profit excl. items affecting comparability	13,515	18,373

The decline is attributable in part to an impairment charge of SEK 5,085 million for assets in Vattenfall's German transmission company 50Hertz Transmission GmbH, which was sold on 19 May 2010. Operating profit for the Mining & Generation business unit deteriorated, mainly due to lower average prices received. Despite a higher gross margin, the Heat business unit showed a lower operating profit due to a provision for restructuring costs. Currency movements resulting from the stronger Swedish krona had a negative effect on the change in operating profit by approximately SEK -960 million, net.

Sales of heat and electricity generation – full year

Electricity generation increased by 5.4% to 72.6 TWh (68.9), which is mainly due to higher electricity generation in cogeneration with heat and to the start of operations at a biofuel-fired electricity/thermal plant in Rüdersdorf, Germany.

Sales of heat increased by 12.2% to 29.5 TWh (26.3) as a result of colder weather than in 2009. Transited volume within Distribution increased by 1.0%.

Important events Q4

- Vattenfall sold its 24.9% stake in the German company Städtische Werke AG Kassel to Thüga AG. The transaction was completed on 15 December. At the request of the buyer, Vattenfall has agreed not to disclose the purchase price.
- Vattenfall is seeking to increase its involvement in the "Electromobility – Hamburg drives with green power" co-operation project and intends to install half of the 50 charging stations that are planned for various public locations in Hamburg.
- In Berlin, Vattenfall is providing charging stations for the new Mercedes-Benz Vito E-cell fully electric van, which is being supplied with certified green electricity and intelligent charging technology, reducing both CO₂ emissions and costs. In addition, Vattenfall will be using ten test cars during the next four years.
- Vattenfall is integrating the first private decentralised power stations in a virtual power station in Germany. The power stations provides heat to a residential area in Hamburg Bramfeld. Through centralised monitoring and control, Vattenfall can activate heat pumps for converting wind power to heat and storing this when there is a surplus of wind power in the electricity network.

Business Group Benelux

Amounts in SEK million	Q4 2010	Q4 2009	Change %	Full year 2010	Full year 2009	Change %
Net sales	15,058	14,842	1.5	49,184	24,290	-
External net sales	12,811	12,808	-	41,961	20,446	-
Operating profit (EBIT)	-4,822	-265	-	-5,185	-644	-
Operating profit (EBIT) excl. items affecting comparability	112	168	-33.3	-229	-205	-
Sales of gas (TWh)	22.0	16.4	34.1	63.1	19.7	-
Sales of heat (TWh)	0.6	0.5	20.0	1.7	0.6	-
Electricity generation, TWh	4.3	4.5	-4.4	13.4	8.0	-
- of which, fossil-based power	4.3	4.3	0.0	13.3	7.9	-
- of which, hydro power	0.0	0.2	-	0.1	0.2	-

Business Group Benelux conducts operations in the Netherlands and Belgium and consists of the business units Exploration & Production (mainly gas production); Power, Heat & Services; and Sales. Nuon's wind power and energy trading operations are now part of Business Group Pan Europe and the Supply & Trading segment, respectively.

Huib Morelisse is Head of Business Group Benelux.

In its local accounts, Business Group Benelux reported a positive operating result of EUR 197 million (1,885) for the full year 2010. However, in Vattenfall's consolidated accounts, Business Group Benelux has posted a negative operating result of SEK -5,185 million (EUR -542 million). The difference consists of an impairment charge for goodwill, totalling SEK 4,306 million, "amortisation of surplus value" and "other acquisition adjustments" totalling SEK 2,650 million, and "other" for SEK 115 million.

Operating profit Q4

Operating profit fell by SEK 4,557 million. Excluding items affecting comparability, operating profit decreased by SEK 56 million.

Items affecting comparability Q4:

Amounts in SEK million	2010	2009
Operating profit	-4,822	-265
Capital gains	-	36
Capital losses	-21	4
Impairment charges	-4,971 ¹	-218
Reversal of impairment charges	58	-
Other items affecting comparability	-	-255
Operating profit excl. items affecting comparability	112	168

The deterioration is mainly attributable to impairment of goodwill, totalling SEK 4.3 billion. The impairment charge is due to deteriorated market conditions as a result of the global financial and economic crisis, which led to lower margins than what were originally anticipated in Vattenfall's operations in Benelux.

Amortisation of surplus value and other acquisition adjustments amounted to SEK 790 million (891). Currency movements caused by the stronger Swedish krona had a negative effect on the change in operating profit by approximately SEK 540 million, net.

Sales of gas and heat, and electricity generation – full year

Electricity generation in 2010 amounted to 13.4 TWh, sales of heat totalled 1.7 TWh, and sales of gas to end customers amounted to 63.1 TWh. Comparative figures for the full year are lacking since N.V. Nuon Energy (Nuon) was consolidated in Vattenfall on 1 July 2009.

Operating result – full year

The operating result was SEK -5,185 million. Excluding items affecting comparability, the operating result was SEK -229 million.

Items affecting comparability – full year:

Amounts in SEK million	2010	2009
Operating profit	-5,185	-644
Capital gains	-	36
Capital losses	-43	-
Impairment charges	-4,971 ¹	-220
Reversal of impairment charges	58	-
Other items affecting comparability	-	-255
Operating profit excl. items affecting comparability	-229	-205

1) Of which, goodwill SEK -4,306 million.

Amortisation of surplus value and other acquisition adjustments amounted to SEK 2,650 million (1,468). Currency movements caused by the stronger Swedish krona had a negative effect on the change in the operating result by approximately SEK 580 million, net.

Important events Q4

- The first stage in the expansion of a gas storage facility in Epe, Germany, was implemented in early December, entailing a capacity increase by approximately 40 million m³ of natural gas storage to 180 m³. The expansion will provide greater flexibility to handle daily fluctuations in supply and demand in the gas market. The entire expansion is scheduled for completion by year-end 2011 and is expected to increase storage capacity to 280 m³.
- Nuon has signed a framework agreement with a number of tenant-owner associations in Rotterdam to supply district heating to homes in Rotterdam-syd. Using residual heat from industry instead of from individual gas boilers for home heating will result in a more than 50% reduction in CO₂ emissions.

Supply & Trading

Amounts in SEK million	Q4 2010	Q4 2009	Change, %	Full year 2010	Full year 2009	Change, %
Net sales	26,885	26,319	2.2	84,577	70,781	19.5
External net sales	4,019	5,981	-32.8	14,738	14,593	1.0
Operating profit	1,482	1,166	27.1	5,094	1,571	224.3
Operating profit excluding items affecting comparability	1,488	1,166	27.6	5,100	1,585	221.8

The Supply & Trading operating segment has Group-wide responsibility for market access, price hedging, fuel purchasing, dispatching for the German and Dutch power plants, and trading for own account within mandates issued by the Board of Directors.

Stephen Asplin is Head of Supply & Trading.

Operating profit Q4

Operating profit improved by SEK 316 million. The improvement is largely attributable to realised profits from favourable contracts in Nuon's trading activities that were previously entered into.

Operating profit – full year

Operating profit improved by SEK 3,523 million. The improvement is mainly attributable to electricity, gas and oil trading combined with higher gas volumes associated with cold weather, which had a favourable impact on gas business.

Important events Q4

- In early October Vattenfall Energy Trading began trading in the Slovakian electricity market, where trading is currently conducted through bilateral contracts.
- Vattenfall signed its first gas management contract with a customer. Städtische Werke AG Kassel purchases portfolio management services from Vattenfall Europe Power Management (VEPM), entailing delivery of annual gas volume of 250 GWh by Vattenfall.

Other

Amounts in SEK million	Q4 2010	Q4 2009	Change, %	Full year 2010	Full year 2009	Change, %
Net sales	790	586	34.8	1 515	2,127	-28.8
External net sales	326	-92	-	322	599	46.2
Operating profit	333	-508	-	-187	-1,544	87.9
Operating profit excluding items affecting comparability	333	-508	-	-187	-1,544	87.9

"Other" includes Treasury operations and Other Group functions. Operating profit also includes unrealised changes in fair value of energy trading contracts, which according to IAS 39 may not be recognised using hedge accounting.

Operating profit Q4

The SEK 841 million improvement in operating profit is mainly attributable to unrealised changes in fair value of the derivative portfolio.

Operating profit – full year

The SEK 1,357 million improvement in operating profit is mainly attributable to unrealised changes in fair value of the derivative portfolio.

Consolidated income statement

Amounts in SEK million	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Net sales	55,537	65,405	213,572	205,407
Cost of products sold ¹	-44,612	-55,993	-159,098	-162,564
Gross profit	10,925	9,412	54,474	42,843
Selling expenses, administrative expenses and research and development costs ²	-6,386	-5,372	-20,094	-17,922
Other operating income and expenses, net	94	1,467	-5,151	1,707
Participations in the results of associated companies	313	166	624	1,310
Operating profit (EBIT)³	4,946	5,673	29,853	27,938
Financial income ⁴	783	676	2,514	2,814
Financial expenses ⁵	-921	-3,671	-10,944	-13,018
Profit before tax⁶	4,808	2,678	21,423	17,734
Income tax expense	-2,344	-568	-8,238	-4,286
Profit for the period⁷	2,464	2,110	13,185	13,448
Profit for the period attributable to:				
Owners of the Parent Company	2,577	1,858	12,997	12,896
Minority interests	-113	252	188	552
Total	2,464	2,110	13,185	13,448
Earnings per share				
Number of shares in Vattenfall AB, thousands	131,700	131,700	131,700	131,700
Earnings per share, basic and diluted (SEK)	19.57	14.11	98.69	97.92
Supplementary information				
Operating profit before depreciation and amortisation (EBITDA)	15,355	15,360	60,706	51,777
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	308	-2,487	-6,179	-7,994
1) Of which, depreciation, amortisation and impairment losses related to non-current assets	-10,509	-9,587	-30,342	-23,238
2) Of which, depreciation, amortisation and impairment losses related to non-current assets	100	-100	-511	-601
3) Including items affecting comparability attributable to:				
Capital gains/losses, net	-77	-86	-250	58
Impairment losses and impairment losses reversed, net	-4,709	-4,175	-9,849	-4,231
Other items affecting comparability	-	817	-	817
4) Including return from the Swedish Nuclear Waste Fund	434	346	1,011	1,188
5) Including interest components related to pension costs	-273	-361	-1,138	-1,297
5) Including discounting effects attributable to provisions	-880	-854	-3,262	-3,398
6) Including items affecting comparability attributable to:				
Capital gains/losses, net	-74	-41	-247	103
Impairment losses and impairment losses reversed, net	-4,709	-4,175	-9,849	-4,231
Other items affecting comparability	-	817	-	817
7) Including items affecting comparability stated above adjusted for tax	-4,744	-2,686	-10,009	-2,606

Consolidated statement of comprehensive income

Amounts in SEK million	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Profit for the period	2,464	2,110	13,185	13,448
Other comprehensive income:				
Cash flow hedges:				
Changes in fair value	-4,132	-3,595	-1,189	-1,399
Dissolved against the income statement	-56	6,508	-684	8,238
Transferred to cost of hedged item	6	-1,299	246	-1,509
Tax attributable to cash flow hedges	1,173	-515	494	-1,576
Total cash flow hedges	-3,009	1,099	-1,133	3,754
Hedging of net investments in foreign operations	2,205	-2,075	19,831	8,111
Tax attributable to hedging of net investments in foreign operations	-580	546	-5,215	-2,133
Total hedging of net investments in foreign operations	1,625	-1,529	14,616	5,978
Translation differences	-3,556	3,264	-30,727	-11,393
Total other comprehensive income, net after tax	-4,940	2,834	-17,244	-1,661
Total comprehensive for the period	-2,476	4,944	-4,059	11,787
Total comprehensive income for the period attributable to:				
Owners of the Parent Company	-2,290	4,713	-3,717	11,920
Minority interests	-186	231	-342	-133
Total	-2,476	4,944	-4,059	11,787

Operating segments, Vattenfall Group

Amounts in SEK million	External net sales				Internal net sales				Total net sales			
	Q4 2010	Q4 2009	Full year 2010	Full year 2009	Q4 2010	Q4 2009	Full year 2010	Full year 2009	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Business Group Pan Europe	2,774	2,550	8,620	8,239	4,443	2,938	15,861	12,874	7,217	5,488	24,481	21,113
Business Group Nordic	15,699	12,314	53,621	45,064	-2,523	-578	-8,563	-2,671	13,176	11,736	45,058	42,393
Business Group Central Europe	19,908	31,844	94,310	116,466	9,819	12,645	38,684	47,010	29,727	44,489	132,994	163,476
Business Group Benelux	12,811	12,808	41,961	20,446	2,247	2,034	7,223	3,844	15,058	14,842	49,184	24,290
Supply & Trading	4,019	5,981	14,738	14,593	22,866	20,338	69,839	56,188	26,885	26,319	84,577	70,781
Other ¹	326	-92	322	599	464	678	1,193	1,528	790	586	1,515	2,127
Eliminations ²	—	—	—	—	-37,316	-38,055	-124,237	-118,773	-37,316	-38,055	-124,237	-118,773
Total	55,537	65,405	213,572	205,407	—	—	—	—	55,537	65,405	213,572	205,407

Amounts in SEK million	Profit				Profit excl. items affecting comparability			
	Q4 2010	Q4 2009	Full year 2010	Full year 2009	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Business Group Pan Europe	146	375	3,991	2,113	987	230	5,012	1,968
Business Group Nordic	4,538	-405	16,613	7,504	4,726	3,346	16,741	11,117
Business Group Central Europe	3,269	5,310	9,527	18,938	2,086	4,715	13,515	18,373
Business Group Benelux	-4,822	-265	-5,185	-644	112	168	-229	-205
Supply & Trading ³	1,482	1,166	5,094	1,571	1,488	1,166	5,100	1,585
Other ¹	333	-508	-187	-1,544	333	-508	-187	-1,544
Operating profit (EBIT)	4,946	5,673	29,853	27,938	9,732	9,117	39,952	31,294
Financial income and expenses	-138	-2,995	-8,430	-10,204				
Profit before tax	4,808	2,678	21,423	17,734				

1) Includes Treasury operations and Other Group functions. Operating profit also includes unrealised changes in fair value according to IAS 39 for energy trading contracts administered by Supply & Trading which are reported in Other until the amounts are realised. When the amounts are realised the segment for which the contract is signed is affected.

2) Chiefly concerns trade between Business Groups and Supply & Trading.

3) Operating profit excludes unrealised changes in fair value according to IAS 39 which are reported in Other.

Vattenfall Group, information about products and services

Amounts in SEK million	External net sales				Internal net sales				Total net sales			
	Q4 2010	Q4 2009	Full year 2010	Full year 2009	Q4 2010	Q4 2009	Full year 2010	Full year 2009	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Electricity Generation ¹	17,769	11,450	57,104	40,516	5,430	11,437	29,727	43,781	23,199	22,887	86,831	84,297
Supply & Trading	4,019	5,981	14,738	14,593	22,866	20,338	69,839	56,188	26,885	26,319	84,577	70,781
Electricity Networks	4,797	15,390	37,924	54,491	2,037	4,692	9,541	16,755	6,834	20,082	47,465	71,246
Heat	6,202	6,177	20,247	19,390	4,547	3,791	13,770	12,739	10,749	9,968	34,017	32,129
Other ²	32,649	32,790	115,909	98,027	3,795	3,987	12,295	11,889	36,444	36,777	128,204	109,916
Eliminations ³	-9,899	-6,383	-32,350	-21,610	-38,675	-44,245	-135,172	-141,352	-48,574	-50,628	-167,522	-162,962
Total	55,537	65,405	213,572	205,407	-	-	-	-	55,537	65,405	213,572	205,407

Amounts in SEK million	Operating profit (EBIT)				Operating profit (EBIT) excl. items affecting comparability			
	Q4 2010	Q4 2009	Full year 2010	Full year 2009	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Electricity Generation ¹	1,898	8,025	23,373	27,674	6,374	7,572	28,018	27,282
Supply & Trading ⁴	1,482	1,166	5,094	1,571	1,488	1,166	5,100	1,585
Electricity Networks	1,852	1,701	1,562	5,800	1,608	1,148	6,535	5,152
Heat	801	-2,553	4,312	-609	1,248	1,600	4,748	3,545
Other	-1,087	-2,666	-4,488	-6,498	-986	-2,369	-4,449	-6,270
Total	4,946	5,673	29,853	27,938	9,732	9,117	39,952	31,294

1) Electricity Generation consists of the business units Wind, Nuclear, Hydro, Mining & Generation, Exploration & Production and Power, Heat & Services.

2) Includes Energy Sales, Treasury operations, Other Group functions and certain other business operations. Operating profit also includes unrealised changes in fair value according to IAS 39 for energy trading contracts administered by Supply & Trading which are reported in Other until the amounts are realised.

When the amounts are realised mainly Electricity Generation is affected.

3) For external net sales, the elimination pertains to Electricity Generation's sales to the Nordic electricity exchange, Nord Pool.

4) Operating profit excludes unrealised changes in fair value according to IAS 39 which are reported in Other.

Vattenfall Group, information about geographical areas

Amounts in SEK million	External net sales				Internal net sales				Total net sales			
	Q4 2010	Q4 2009	Full year 2010	Full year 2009	Q4 2010	Q4 2009	Full year 2010	Full year 2009	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Nordic countries	17,614	14,103	59,829	50,987	-1,437	-176	-4,368	717	16,177	13,927	55,461	51,704
Germany and Poland	20,328	32,473	95,974	118,420	10,261	12,723	40,402	47,565	30,589	45,196	136,376	165,985
Netherlands and Belgium	12,819	12,813	41,990	20,457	2,277	2,116	7,338	3,999	15,096	14,929	49,328	24,456
Other ¹	4,776	6,016	15,779	15,543	23,314	21,010	70,999	57,702	28,090	27,026	86,778	73,245
Eliminations	—	—	—	—	-34,415	-35,673	-114,371	-109,983	-34,415	-35,673	-114,371	-109,983
Total	55,537	65,405	213,572	205,407	—	—	—	—	55,537	65,405	213,572	205,407

Amounts in SEK million	Operating profit (EBIT)				Operating profit (EBIT) excl. items affecting comparability			
	Q4 2010	Q4 2009	Full year 2010	Full year 2009	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Nordic countries	5,238	383	21,196	11,820	5,447	4,274	21,344	15,572
Germany and Poland	3,226	4,817	9,908	16,624	2,044	4,222	13,897	16,059
Netherlands and Belgium	5,035	-1,361	-5,570	-1,757	190	54	-417	-336
Other	1,517	1,834	4,319	1,251	2,051	567	5,128	-1
Total	4,946	5,673	29,853	27,938	9,732	9,117	39,952	31,294

1) Chiefly concerns Supply & Trading, Treasury operations and Other Group functions. Also includes operations in the UK.

Consolidated balance sheet

Amounts in SEK million	31 December 2010	31 December 2009
Assets		
Non-current assets		
Intangible assets: non-current	49,787	64,431
Property, plant and equipment	285,631	303,025
Other non-current assets	52,845	54,037 ¹
Total non-current assets	388,263	421,493
Current assets		
Inventories	16,825	14,848
Intangible assets: current	8,330	12,432
Trade receivables and other receivables	36,380	42,152
Advance payment to suppliers	3,904	542
Derivatives with positive fair value	29,338	39,170
Prepaid expenses and accrued income	10,597	9,807
Current tax assets	2,311	1,376
Short-term investments	31,278	46,385
Cash and cash equivalents	12,595	10,555
Assets held for sale	1,611	3,367 ¹
Total current assets	153,169	180,634
Total assets	541,432	602,127
Equity and liabilities		
Equity		
Attributable to owners of the Parent Company	126,704	135,620
Attributable to minority interests	6,917	6,784
Total equity	133,621	142,404
Non-current liabilities		
Capital Securities	8,929	10,250
Other interest-bearing liabilities	144,599	174,428
Pension provisions	18,137	20,690
Other interest-bearing provisions	62,494	65,601
Deferred tax liabilities	36,044	35,953
Other noninterest-bearing liabilities	8,409	7,480
Total non-current liabilities	278,612	314,402
Current liabilities		
Trade payables and other liabilities	33,184	42,106
Advance payments from customers	1,912	401
Derivatives with negative fair value	25,216	36,802
Accrued expenses and deferred income	24,804	30,637
Current tax liabilities	2,143	1,086
Interest-bearing liabilities	34,749	28,816
Interest-bearing provisions	7,191	4,809
Liabilities associated with assets held for sale	—	664
Total current liabilities	129,199	145,321
Total equity and liabilities	541,432	602,127
Pledged assets	634	752
Contingent liabilities	4,542	6,366

Supplementary information

Net assets

Amounts in SEK million	31 December 2010	31 December 2009
Business Group Pan Europe	66,205	53,249
Business Group Nordic	61,847	70,964
Business Group Central Europe	77,393	92,351
Business Group Benelux	57,515	60,949
Supply & Trading	23,694	26,578
Other ¹	-1,249	-3,366
Eliminations	-252	2
Total net assets	285,153	300,727
Net assets, weighted average value	293,298	245,016

1) Includes Treasury operations and Other Group functions.

Net debt

Amounts in SEK million	31 December 2010	31 December 2009
Capital Securities	-8,929	-10,250
Bond issues, commercial paper and liabilities to credit institutions	-110,038	-122,086
Present value of liabilities pertaining to acquisitions of subsidiaries	-43,438	-49,447
Liabilities to associated companies	-10,493	-16,711
Liabilities to minority owners	-9,327	-7,975
Other liabilities	-6,052	-7,025
Total interest-bearing liabilities	-188,277	-213,494
Cash and cash equivalents	12,595	10,555
Short-term investments	31,278	46,385
Loans to minority owners of foreign subsidiaries	295	1,567
Net debt	-144,109	-154,987

Adjusted gross debt and net debt

Amounts in SEK million	31 December 2010	31 December 2009
Total interest-bearing liabilities	-188,277	-213,494
50% of Capital Securities	4,464	5,125
Present value of pension obligations	-19,992	-21,197
Provisions for mining, gas and wind operations and other environment-related provisions	-12,760	-14,463
Provisions for nuclear power (net)	-12,794	-6,776
Currency derivatives for hedging of debt in foreign currency	2,668	1,345
Margin calls received	5,149	5,545
Liabilities to minority owners due to consortium agreements	8,923	7,588
Adjusted gross debt	-212,619	-236,327
Reported cash and cash equivalents and short-term investments	43,873	56,940
Unavailable liquidity	-4,663	-25,641
Adjusted cash and cash equivalents and short-term investments	39,210	31,299
Adjusted net debt	-173,409	-205,028

Consolidated statement of cash flows

Amounts in SEK million	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Operating activities				
Profit before tax	4,808	2,678	21,423	17,734
Depreciation, amortisation and impairment losses	10,409	9,687	30,853	23,838
Tax paid	-127	-2,081	-8,901	-4,739
Other adjustment items	-3,420	1,091	-3,267	-133
Funds from operations (FFO)	11,670	11,375	40,108	36,700
Changes in inventories	-1,000	-222	-2,407	-1,597
Changes in operating receivables ¹	-17,869	-22,498	-12,612	-9,710
Changes in operating liabilities ¹	16,024	24,171	5,681	22,147
Other changes	1,069	304	10,461	-1,294
Cash flow from changes in operating assets and operating liabilities	-1,776	1,755	1,123	9,546
Cash flow from operating activities	9,894	13,130	41,231	46,246
Investing activities				
Acquisitions of Group companies	4	-12	-577	-56,193
Investments in associated companies and other shares and participations	-26	2	-508	-368
Other investments in non-current assets	-12,583	-17,566	-40,709	-46,428
Total investments	-12,605	-17,576	-41,794	-102,989
Divestments	974	4,537	7,197	5,542
Cash and cash equivalents in acquired companies	97	6	111	14,937
Cash and cash equivalents in divested companies	3	-530	-297	-530
Cash flow from investing activities	-11,531	-13,563	-34,783	-83,040
Cash flow before financing activities	-1,637	-433	6,448	-36,794
Financing activities				
Changes in short-term investments	-4,997	-1,424	-1,919	-25,611
Changes in loans to minority owners in foreign subsidiaries	22	-14	1,135	-529
Loans raised ²	4,491	-3,707	13,325	72,543
Amortisation of debt	-1,219	-1,780	-12,389	-11,601
Dividends paid to owners	-4	-3	-5,311	-6,980
Contribution from minority interests	-85	-	12	-
Cash flow from financing activities	-1,792	-6,928	-5,147	27,822
Cash flow for the period	-3,429	-7,361	1,301	-8,972
Cash and cash equivalents				
Cash and cash equivalents at the beginning of the period	16,014	18,726	10,555	20,904
Cash and cash equivalents included in assets held for sale at 31 December 2009	-	-653	653	-653
Cash flow for the period	-3,429	-7,361	1,301	-8,972
Translation differences	10	-157	86	-724
Cash and cash equivalents at the end of the period	12,595	10,555	12,595	10,555

1) Amounts for periods prior to Q3 2010 have been adjusted compared to previously published information. See Accounting policies page 29.

2) Short-term borrowings in which the duration is three months or shorter are reported net.

Consolidated statement of cash flows (cont.)

Supplementary information

Amounts in SEK million	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Cash flow before financing activities	-1,637	-433	6,448	-36,794
Financing activities				
Dividends paid to owners	-4	-3	-5,311	-6,980
Contribution from minority interests	-85	-	12	-
Cash flow after dividend	-1,726	-436	1,149	-43,774
Analysis of change in net debt				
Net debt at beginning of the period	-145,155	-157,317	-154,987	-66,000
Changed calculation of net debt ¹	-	-	-11,252	-
Cash flow after dividend	-1,726	-436	1,149	-43,774
Changes as a result of valuation at fair value	1,528	668	-1,743	1,475
Changes in interest-bearing liabilities for leasing	34	28	111	406
Interest-bearing liabilities/short-term investments acquired/divested	332	2,236	4,002	-2,046
Liabilities pertaining to acquisitions of subsidiaries	-759	2,632	-749	-51,392
Cash and cash equivalents included in assets held for sale at 31 December 2009	-	-653	653	-653
Translation differences on net debt	1,637	-2,145	18,707	6,997
Net debt at the end of the period	-144,109	-154,987	-144,109	-154,987
Free cash flow	3,355	6,436	23,846	27,566

1) As of the first quarter 2010 bilateral margin calls are recognised as Advance payments to suppliers/Advance payments from customers. Earlier these were recognised as Short-term investments and Current interest-bearing liabilities, respectively. See Accounting policies page 29.

Consolidated statement of changes in equity

Amounts in SEK million	31 December 2010			31 December 2009		
	Attributable to owners of the Parent Company	Attributable to minority interests	Total equity	Attributable to owners of the Parent Company	Attributable to minority interests	Total equity
Balance brought forward	135,620	6,784	142,404	129,861	11,025	140,886
Dividends paid to owners	-5,240	-71	-5,311	-6,900	-80	-6,980
Group contributions from(+)/to(-) minority, net after tax	-	402	402	-	342	342
Changes in ownership	41	144	185	739	-4,370	-3,631
Cash flow hedges:						
Changes in fair value	-1,086	-103	-1,189	-1,344	-55	-1,399
Dissolved against income statement	-684	-	-684	8,238	-	8,238
Transferred to cost of hedged item	247	-1	246	-1,509	-	-1,509
Tax attributable to cash flow hedges	467	27	494	-1,590	14	-1,576
Total cash flow hedges	-1,056	-77	-1,133	3,795	-41	3,754
Hedging of net investments in foreign operations	19,831	-	19,831	8,111	-	8,111
Tax attributable to net investments in foreign operations	-5,215	-	-5,215	-2,133	-	-2,133
Total hedging of net investments in foreign operations	14,616	-	14,616	5,978	-	5,978
Translation differences	-30,274	-453	-30,727	-10,749	-644	-11,393
Profit for the period	12,997	188	13,185	12,896	552	13,448
Total comprehensive income for the period	-3,717	-342	-4,059	11,920	-133	11,787
Balance carried forward	126,704¹	6,917	133,621	135,620¹	6,784	142,404
1) Of which, Reserve for cash flow hedges	-1,315	-	-	-259	-	-

Key ratios, Vattenfall Group (definitions and calculations of key ratios on pages 31–32)

In % unless otherwise stated. (x) means times	Q4 2010	Q4 2009	Full year 2010	Full year 2009
Operating margin	8.9	8.7	14.0	13.6
Operating margin ¹	17.5	13.9	18.7	15.2
Pre-tax profit margin	8.7	4.1	10.0	8.6
Pre-tax profit margin ¹	17.3	9.3	14.8	10.2
Return on equity	10.0 ²	9.5 ²	10.0	9.5
Return on equity ¹	17.7 ²	11.4 ²	17.7	11.4
Return on net assets	9.1 ²	10.0 ²	9.1	10.0
Return on net assets ¹	12.5 ²	11.4 ²	12.5	11.4
EBIT interest cover, (x)	4.1 ²	2.1 ²	4.1	3.1
EBIT interest cover, (x) ¹	5.4 ²	3.4 ²	5.4	3.4
FFO interest cover, (x)	6.2 ²	5.0 ²	6.2	4.8
FFO interest cover, net, (x)	7.5 ²	5.6 ²	7.5	5.6
Cash flow interest cover after maintenance investments, (x)	4.6 ²	3.6 ²	4.6	4.3
FFO/gross debt	21.3 ²	17.2 ²	21.3	17.2
FFO/net debt	27.8 ²	23.7 ²	27.8	23.7
EBITDA/net financial items, (x)	–	6.2	9.8	6.5
EBITDA/net financial items, (x) ¹	–	7.6	11.5	6.9
Equity/total assets	24.7	23.7	24.7	23.7
Gross debt/equity	140.9	149.9	140.9	149.9
Net debt/equity	107.8	108.8	107.8	108.8
Gross debt/gross debt plus equity	58.5	60.0	58.5	60.0
Net debt/net debt plus equity	51.9	52.1	51.9	52.1
Net debt/EBITDA, (x)	2.4 ²	3.0 ²	2.4	3.0

1) Excl. items affecting comparability.

2) Last 12-month values.

Quarterly information, Vattenfall Group

Amounts in SEK million	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Income statement								
Net sales	55,537	37,665	49,713	70,657	65,405	45,346	42,128	52,528
Cost of products sold	-44,612	-27,271	-36,343	-50,872	-55,993	-37,101	-32,788	-36,682
Other operating income and expenses, net	-6,292	-4,748	-4,433	-9,772	-3,905	-5,018	-3,822	-3,470
Participations in the results of associated companies	313	183	26	102	166	297	363	484
Operating profit before depreciation and amortisation (EBITDA)	15,355	10,685 ²	13,867 ²	20 799 ²	15,360	9,123	10,145	17,149
Operating profit (EBIT)	4,946	5,829	8,963	10,115	5,673	3,524	5,881	12,860
Financial items, net	-138	-3,261	-2,132	-2,899	-2,995	-2,698	-2,408	-2,103
Financial items, net ¹	308	-2,858	-1,302	-2,327	-2,487	-2,292	-1,665	-1,550
Profit before tax	4,808	2,568	6,831	7,216	2,678	826	3,473	10,757
Profit for the period	2,464	1,749	5,185	3,787	2,110	622	2,625	8,091
- of which, attributable to owners of the Parent Company	2,577	1,597	5,077	3,746	1,858	831	2,456	7,751
- of which, attributable to minority interests	-113	152	108	41	252	-209	169	340
Balance sheet								
Non-current assets	388,263	386,867	391,153	392,920	421,493	428,063	325,043	321,685
Short-term investments	31,278	26,841	24,365	22,952	46,385	41,240	19,476	23,256
Cash and cash equivalents	12,595	16,014	21,279	7,238	10,555	18,726	82,398	60,841
Other current assets	109,296	99,012	107,110	145,985	123,694	111,254	73,704	94,111
Total assets	541,432	528,734	543,907	569,095	602,127	599,283	500,621	499,893
Equity	133,621	135,605	140,215	139,461	142,404	137,668	145,060	150,485
- of which, attributable to owners of the Parent Company	126,704	128,953	133,572	132,889	135,620	130,870	133,752	139,577
- of which, attributable to minority interests	6,917	6,652	6,643	6,572	6,784	6,798	11,308	10,908
Capital Securities	8,929	9,081	9,414	9,646	10,250	10,128	10,728	10,856
Other interest-bearing liabilities	179,348	179,263	189,123	187,942	203,244	208,687	156,175	135,267
Pension provisions	18,137	18,393	18,994	19,390	20,690	19,884	20,849	20,993
Other interest-bearing provisions	69,685	67,584	66,963	67,788	70,410	67,842	68,227	69,387
Deferred tax liabilities	36,044	31,974	34,266	32,721	35,953	40,695	27,618	27,870
Other noninterest-bearing liabilities	95,668	86,834	84,932	112,147	119,176	114,379	71,964	85,035
Total equity and liabilities	541,432	528,734	543,907	569,095	602,127	599,283	500,621	499,893
Net assets	285,153	282,413	289,874	307,966	300,727	297,757	213,119	212,812
Net debt	-144,109	-145,155	-151,071	-165,581	-154,987	-157,317	-63,478	-60,571
Cash flow								
Funds from operations (FFO)	11,670	6,939	11,679	9,820	11,375	3,997	2,568	18,760
Cash flow from changes in operating assets and operating liabilities	-1,776	4,832	5,628	-7,561	1,755	7,154	7,869	-7,232
Cash flow from operating activities	9,894	11,771	17,307	2,259	13,130	11,151	10,437	11,528
Cash flow from investing activities	-11,531	-11,017	-3,479	-8,756	-13,563	-53,294	-9,237	-6,946
Cash flow before financing activities	-1,637	754	13,828	-6,497	-433	-42,143	1,200	4,582
Changes in short-term investments	-4,997	-3,390	-2,010	8,478	-1,424	-23,871	3,782	-4,098
Loans raised/Amortisation of debt, net, etc.	3,209	-3,238	6,940	-4,828	-5,501	3,071	23,522	39,321
Dividends paid to owners	-4	-13	-5,277	-17	-3	-9	-6,941	-27
Cash flow from financing activities	-1,792	-6,641	-347	3,633	-6,928	-20,809	20,363	35,196
Cash flow for the period	-3,429	-5,887	13,481	-2,864	-7,361	-62,952	21,563	39,778
Free cash flow	3,355	7,260	14,288	-1,057	6,436	7,081	5,594	8,455

1) Excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund.

2) The amount is adjusted compared to previously published information.

Quarterly information, Vattenfall Group (cont.)

Key ratios (definitions and calculations of key ratios on pages 31–32)

In % unless otherwise stated. (x) means times	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Return on equity ¹	10.0	9.3	8.7	6.6	9.5	11.0	12.5	13.9
Return on equity ^{1,2}	17.7	15.4	14.6	12.5	11.4	11.1	12.6	14.1
Return on net assets ¹	9.1	9.2	8.6	8.1	10.0	11.7	13.9	14.9
Return on net assets ^{1,2}	12.5	12.1	11.6	11.4	11.4	11.8	14.0	15.1
EBIT interest cover, (x) ¹	4.1	3.1	3.0	2.6	3.1	3.1	3.8	4.4
EBIT interest cover, (x) ^{1,2}	5.4	3.9	3.9	3.4	3.4	3.2	3.8	4.5
FFO/gross debt ¹	21.3	21.1	18.6	14.0	17.2	16.5	24.5	25.8
FFO/net debt ¹	27.8	27.4	24.4	16.8	23.7	23.0	64.4	62.2
Equity/assets ratio	24.7	25.6	25.8	24.5	23.7	23.0	29.0	30.1
Gross debt/equity	140.9	138.9	141.6	141.7	149.9	158.9	115.1	97.1
Net debt/equity	107.8	107.0	107.7	118.7	108.8	114.3	43.8	40.3
Net debt/net debt plus equity	51.9	51.7	51.9	54.3	52.1	53.3	30.4	28.7
Net debt/EBITDA, (x) ¹	2.4	2.4 ³	2.6 ³	3.0 ³	3.0	3.3	1.3	1.3

1) Last 12-month values.

2) Excl. items affecting comparability.

3) The amount is adjusted compared to previously published information.

Exchange rates

Key exchange rates applied in the accounts of the Vattenfall Group:

	Q4 2010	Q4 2009	Full year 2010	Full year 2009		31 December 2010	31 December 2009
Average rate					Balance sheet date rate		
EUR	9.1860	10.3596	9.5694	10.6354	EUR	9.0020	10.3530
DKK	1.2325	1.3919	1.2850	1.4282	DKK	1.2075	1.3915
GBP	10.7275	11.4531	11.1573	11.8664	GBP	10.5475	11.4850
NOK	1.1449	1.2288	1.1920	1.2105	NOK	1.1520	1.2430
PLN	2.2950	2.4725	2.3831	2.4546	PLN	2.2700	2.5000
USD	6.8306	7.0494	7.2152	7.6431	USD	6.8025	7.2125

Parent Company income statement

Amounts in SEK million	Full year 2010	Full year 2009 ¹
Net sales	36,538	29,745
Cost of products sold	-19,190	-17,712
Gross profit	17,348	12,033
Selling expenses, administrative expenses and research and development costs	-3,111	-2,119
Other operating income and expenses, net	303	46
Operating profit (EBIT)	14,540	9,960
Result from participations in Group companies	15,456	-1,532
Result from participations in associated companies	2	682
Result from other shares and participations	73	616
Other financial income	11,071	6,671
Other financial expenses	-7,061	-7,952
Profit before appropriations and tax	34,081	8,445
Appropriations	-3,602	-2,680
Profit before tax	30,479	5,765
Income tax expense	-4,325	-1,714
Profit for the year	26,154	4,051

Parent Company balance sheet

Amounts in SEK million	31 December 2010	31 December 2009 ¹
Assets		
Non-current assets		
Intangible assets: non-current	166	145
Property, plant and equipment	22,138	21,144
Other non-current assets	250,301	209,964
Total non-current assets	272,605	231,253
Current assets		
Inventories	268	361
Intangible assets: current	660	762
Current receivables	33,887	51,282
Short-term investments	26,874	—
Cash and cash equivalents	7,348	281
Total current assets	69,037	52,686
Total assets	341,643	283,939
Equity and liabilities		
Equity		
Restricted equity		
Share capital	6,585	6,585
Statutory reserve	1,286	1,286
Non-restricted equity		
Retained earnings	43,583	44,718
Profit for the year	26,154	4,051
Total equity	77,608	56,640
Untaxed reserves	13,819	10,175
Provisions	195	183
Non-current liabilities		
Capital Securities	8,929	—
Other interest-bearing liabilities	133,329	185,317
Other noninterest-bearing liabilities	4,341	3,138
Total non-current liabilities	146,599	188,455
Current liabilities		
Interest-bearing liabilities	76,939	1,458
Current tax liabilities	1,474	461
Other noninterest-bearing liabilities	25,009	26,567
Total current liabilities	103,422	28,486
Total equity and liabilities	341,643	283,939

1) The Parent Company's income statement for 2009 and the balance sheet at 31 December 2009 have been restated compared to previously published information. See Accounting policies page 30.

Accounting policies, risks and uncertainties, and the Parent Company's year-end report

Group

Accounting policies

The consolidated accounts for 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU, and the Swedish Annual Accounts Act.

This year-end report for the Group has been prepared in accordance with IAS 34 – *Interim Financial Reporting* and the Swedish Annual Accounts Act.

The accounting policies applied in this year-end report are the same as those described in Vattenfall's 2009 Annual Report (Note 2 to the consolidated accounts), except for the new and amended IFRSs standards and IFRIC interpretations endorsed by the EU and described below, which are effective as of the 2010 financial year.

Adjustment of comparative figures for 2009, changed accounting for margin calls and changed calculation of net debt

An analysis of the changes in operating receivables and operating liabilities in the statement of cash flows during 2009 and 2010 has shown that certain non-cash transactions concerning CO₂-certificates have been accounted gross, where net accounting more correctly reflects the respective changes in operating receivables and liabilities. For 2010, changes in operating receivables and operating liabilities have therefore been adjusted compared with previously published information without changing the respective period's total working capital.

An associated company which since 31 December 2009 was classified as an asset held for sale but which no longer meets the criteria to be classified as such is, as of Q3 2010, once again accounted for using the equity method. The value of the associated company according to the balance sheet, included in Assets held for sale, has been reversed to Participations in associated companies for balance sheets published since 31 December 2009. Since the accumulated impact on profit for the first half of 2010 is marginal, the income statements for Q1 2010 and Q1-2 2010 have not been adjusted.

A margin call (received or paid) is a marginal security (col-

lateral) that the holder of a derivative position receives or must pledge to cover the credit risk, either bilaterally via OTC or through an exchange. In Vattenfall's business activities, margin calls occur in energy trading and the treasury operations. For 2009 all margin calls received were recognised in the balance sheet as current interest-bearing liabilities, while margin calls paid were recognised as short-term investments. In the statement of cash flows, all margin calls were recognised as cash flows from financing activities. Effective 2010, the accounting has been changed so that margin calls in energy trading are recognised in the balance sheet as Advance payments from customers and Advance payments to suppliers, respectively, and are thereby recognised in the statement of cash flows as cash flows from changes in operating assets and operating liabilities. Thus, as of 2010, Vattenfall shows a slightly changed calculation of net debt. Comparative figures for 2009 have not been adjusted.

New and amended IFRSs standards and IFRIC interpretations

The new standards and amendments to standards and interpretations described below, and endorsed by the EU, are effective as of the 2010 financial year. Amendments to IFRS 1 – *First-time Adoption of IFRS* have been omitted as these are not relevant for Vattenfall.

Amendments in IFRS 2 – *Share-based Payment*, "Group Cash-settled Share-based Payment Transactions" clarify the accounting for certain intra-Group share-based payments and entail that IFRIC 8 – *Scope of IFRS 2* and IFRIC 11 – *Group and Treasury Share Transactions* are incorporated in IFRS 2. IFRS 2 is not relevant for Vattenfall.

Revised IFRS 3 – *Business Combinations* continues to prescribe that the acquisition method be applied for business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as liabilities subsequently remeasured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree at fair value or at the minority interest's proportionate share of the acquiree's net

assets. All acquisition-related costs shall be expensed. Vattenfall applies the revised IFRS 3 prospectively for all business combinations from 1 January 2010.

Amendments in IAS 27 – *Consolidated and Separate Financial Statements* require the effects of all transactions with minority interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard states that when a parent company's control is lost, any remaining interest in the entity is remeasured to fair value, and the gain or loss is recognised in profit for the year. Vattenfall applies the amended IAS 27 for transactions with minority interests from 1 January 2010.

Amendment in IAS 39 – *Financial Instruments: Recognition and Measurement* clarifies the application of the principles for hedge accounting. It clarifies the designation of a one-sided risk in the hedged item and inflation in a hedged item. The amendment has had minimal impact on Vattenfall's financial statements.

"*Improvements to IFRSs*" (issued in April 2009) aim to streamline and clarify the accounting standards concerning presentation, recognition and measurement including changes in terminology or amendments of an editorial nature. These amendments have had no or minimal impact on Vattenfall's financial statements.

IFRIC 12 – *Service Concession Arrangements*. The interpretation provides, among other things, general principles on recognising and measuring obligations and related rights and assets in service concession arrangements. The interpretation has had no impact on Vattenfall's financial statements.

IFRIC 15 – *Agreements for the Construction of Real Estate* clarifies when construction and sales of real estate shall be accounted for according to IAS 11 – *Construction Contracts*, or IAS 18 – *Revenue*, respectively. The interpretation has had no impact on Vattenfall's financial statements.

IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation* clarifies the accounting treatment in respect of net investments in foreign operations. The interpretation has had no impact on Vattenfall's financial statements.

IFRIC 17 – *Distribution of Non-cash Assets to Owners* ad-

dresses questions regarding a situation in which a dividend is distributed by using other assets than cash. The interpretation has had no impact on Vattenfall's financial statements.

IFRIC 18 – *Transfers of Assets from Customers*. The interpretation clarifies the accounting treatment of assets or cash transferred from a customer and thereafter used to provide the customer with goods and services. The interpretation is applied prospectively as of 2010 and has resulted in a change in the accounting for certain connection fees received by Vattenfall, which has had a marginal impact on Vattenfall's financial statements.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2009 Annual Report, pages 75–81. No other material changes, other than what is stated in this year-end report, have taken place since publication of the 2009 Annual Report.

Other

Significant related-party transactions are described in Note 53 to the consolidated accounts in Vattenfall's 2009 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2009 Annual Report.

Effective 2011, the Group's operating segments will be reported as follows:

- Business Division Asset Development
- Business Division Production
- Business Division Asset Optimisation and Trading
- Business Division Distribution and Sales
- Business Division Renewables

Parent Company Vattenfall AB Accounting policies

The Parent Company Vattenfall AB's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 – *Accounting for Legal Entities*, issued by the Swedish Financial Reporting Board.

The accounting policies used in this report are the same as those described in Vattenfall's 2009 Annual Report (Note

2 to the Parent Company accounts) except that the Parent Company applies hedge accounting of net investments in foreign operations effective as of 1 July 2009. The Parent Company hereby makes a correction with respect to the 2009 Annual Report. The Income Statement for 2009 and the Balance Sheet per 31 December 2009 have been restated accordingly.

The correction entails that the Parent Company applies the same accounting policies as in Vattenfall's consolidated accounts, as the Parent Company meets the criteria for hedge accounting as set out in RFR 2.

Full year 2010

A condensed income statement and balance sheet for the Parent Company are presented on page 28 of this report.

Effective 1 May 2010 Vattenfall Treasury AB, which is responsible for co-ordinating borrowing, liquidity management and management of associated risk exposure for the Vattenfall Group, merged with the Parent Company Vattenfall AB. This organisational change means that, from this date, Vattenfall Treasury AB's counterparties deal directly with the Parent Company Vattenfall AB, which previously guaranteed all of Vattenfall Treasury AB's transactions. The increase in the Parent Company's equity as a result of the merger was SEK 1,924 million.

Sales amounted to SEK 36,538 million (29,745).

Profit before appropriations and tax was SEK 34,081 million (8,445). The improvement in earnings compared with the preceding year is attributable to intra-Group dividends of approximately SEK 20.4 billion and positive currency effects of approximately SEK 7 billion. During the fourth quarter an impairment loss of SEK 4,898 million was recognised for Vattenfall AB's shareholding in N.V. Nuon Energy.

The balance sheet total amounted to SEK 341,643 million (283,939). The increase in the Parent Company's balance sheet total is attributable to the merger with Vattenfall Treasury AB Investments for the period totalled SEK 2,286 million (60,878).

Cash and cash equivalents and Short-term investments amounted to SEK 34,222 million (281) as a result of the merger with Vattenfall Treasury AB.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2009 Annual Report, pages 75–81. No material changes, other than what is stated in this report, have taken place since publication of the 2009 Annual Report.

Other

Significant related-party transactions are described in Note 40 to the Parent Company accounts in Vattenfall's 2009 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2009 Annual Report.

Dividend

Consolidated profit attributable to shareholders of the Parent Company amounted to SEK 12,997 million (12,896) or SEK 98.69 (97.92) per share. The Board of Directors proposes a dividend of SEK 6,500 million, corresponding to SEK 49.35 per share (50% of profit for the year after tax).

Annual General Meeting

The Annual General Meeting will be held on 27 April 2011 in Stockholm. The Annual General Meeting is open to the general public. The Annual Report (in both Swedish and English) is expected to be published on www.vattenfall.se and www.vattenfall.com, respectively, on 31 March 2011. Printed versions of the Annual Report in Swedish and English will be distributed in early April. Copies of the printed Annual Report can be ordered from Vattenfall AB, e-mail: info@vattenfall.se or directly via Vattenfall's websites: www.vattenfall.se (Swedish) and www.vattenfall.com (English).

Stockholm, 10 February, 2011

Vattenfall AB (publ)
The Board of Directors

This year-end report has not been reviewed by the company's auditors.

The information in this year-end report is such that Vattenfall is obligated to disclose pursuant to the Swedish Securities Market Act.

Definitions and calculations of key ratios

Figures for the Group in 2010. Amounts in SEK million unless otherwise stated.

EBIT	=	Earnings Before Interest and Tax.
EBITDA	=	Earnings Before Interest, Tax, Depreciation and Amortisation.
FFO	=	Funds From Operations.
Items affecting comparability	=	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses pertaining to non-current assets, and other non-recurring items.
Free cash flow	=	Cash flow from operating activities less maintenance investments.
Capital Securities	=	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments. Reported as interest-bearing non-current liabilities.
Net assets	=	Balance sheet total less noninterest-bearing liabilities, provisions, interest-bearing receivables, funds in the Swedish Nuclear Waste Fund, cash and cash equivalents, short-term investments.
Net debt	=	Interest-bearing liabilities less loans to minority owners in foreign subsidiaries, cash and cash equivalents, short-term investments.

The key ratios are presented as percentages (%) or times (x).

Key ratios based on full year amounts 2010:

Operating margin, %	=	100 x $\frac{\text{Operating profit (EBIT)}}{\text{Net sales}}$	=	$\frac{29,853}{213,572}$	=	14.0
Operating margin excl. items affecting comparability, %	=	100 x $\frac{\text{Operating profit (EBIT) excl. items affecting comparability}}{\text{Net sales}}$	=	$\frac{39,952}{213,572}$	=	18.7
Pre-tax profit margin, %	=	100 x $\frac{\text{Profit before tax}}{\text{Net sales}}$	=	$\frac{21,423}{213,572}$	=	10.0
Pre-tax profit margin excl. items affecting comparability, %	=	100 x $\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}}$	=	$\frac{31,519}{213,572}$	=	14.8
Return on equity, %	=	100 x $\frac{\text{Profit for the period attributable to owners of the Parent Company}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$	=	$\frac{12,997}{129,750}$	=	10.0
Return on equity excl. items affecting comparability, %	=	100 x $\frac{\text{Profit for the period attributable to owners of the Parent Company excl. items affecting comparability}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$	=	$\frac{23,006}{129,750}$	=	17.7
Return on net assets, %	=	100 x $\frac{\text{Operating profit (EBIT) + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	=	$\frac{26,591}{293,298}$	=	9.1
Return on net assets excl. items affecting comparability, %	=	100 x $\frac{\text{Operating profit (EBIT) excl. items affecting comparability + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	=	$\frac{36,690}{293,298}$	=	12.5
EBIT interest cover, (x)	=	$\frac{\text{Operating profit (EBIT) + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	=	$\frac{31,356}{7,682}$	=	4.1

EBIT interest cover excl. items affecting comparability, (x) =	Operating profit (EBIT) excl. items affecting comparability + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	41,455	=	5.4
	Financial expenses excl. discounting effects attributable to provisions	7,682		
FFO interest cover, (x) =	Funds from operations (FFO) + financial expenses excl. discounting effects attributable to provisions	47,790	=	6.2
	Financial expenses excl. discounting effects attributable to provisions	7,682		
FFO interest cover, net, (x) =	Funds from operations (FFO) + net financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	46,287	=	7.5
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	6,179		
Cash flow interest cover after maintenance investments, (x) =	Cash flow from operating activities less maintenance investments + financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	30,390	=	4.6
	Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	6,544		
FFO/gross debt, % = 100 x	Funds from operations (FFO)	40,108	=	21.3
	Interest-bearing liabilities	188,277		
FFO/net debt, % = 100 x	Funds from operations (FFO)	40,108	=	27.8
	Net debt	144,109		
EBITDA/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA)	60,706	=	9.8
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	6,179		
EBITDA excl. items affecting comparability/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA) excl. items affecting comparability	70,805	=	11.5
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	6,179		
Key ratios based on the balance sheet per 31 December 2010:				
Equity/total assets, % = 100 x	Equity	133,621	=	24.7
	Balance sheet total	541,432		
Gross debt/equity, % = 100 x	Interest-bearing liabilities	188,277	=	140.9
	Equity	133,621		
Net debt/equity, % = 100 x	Net debt	144,109	=	107.8
	Equity	133,621		
Gross debt/gross debt plus equity, % = 100 x	Interest-bearing liabilities	188,277	=	58.5
	Interest-bearing liabilities + equity	321,898		
Net debt/net debt plus equity, % = 100 x	Net debt	144,109	=	51.9
	Net debt + equity	277,730		
Net debt/EBITDA, (x) =	Net debt	144,109	=	2.4
	Operating profit before depreciation and amortisation (EBITDA)	60,706		

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