



# 2009

## YEAR END REPORT 2009

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Operating profit decreased by SEK 6.5% to SEK 27,938 million (29,895). Excluding items affecting comparability, operating profit rose 6.3% to SEK 32,111 million (30,220)

Profit for the year (after tax) decreased by 24.3% to SEK 13,448 million (17,763). Excluding items affecting comparability, profit for the year decreased by 7.4% to SEK 16,630 million (17,968)

Operating profit for the fourth quarter decreased by 13.5% to SEK 5,673 million (6,562). Excluding items affecting comparability, operating profit for the fourth quarter rose 42.6% to SEK 9,934 million (6,964)

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## Financial calendar

Interim report January–March  
29 April 2009

Interim report January–June  
30 July 2009

Interim report January–September  
27 October 2009

Year-end report 2009  
10 February 2010

## Annual General Meeting

29 April 2010, in Stockholm

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This is a translation of the Swedish original. In the event of any discrepancy, the Swedish version shall take precedence.

All comparison figures in this report pertain to the full year 2008, unless indicated otherwise.

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# GOOD UNDERLYING RESULT AFTER A CHALLENGING YEAR

- Net sales rose 24.8% to SEK 205,407 million (164,549)
- Operating profit decreased by SEK 6.5% to SEK 27,938 million (29,895). Excluding items affecting comparability,<sup>1</sup> operating profit rose 6.3% to SEK 32,111 million (30,220)
- Profit for the year (after tax) decreased by 24.3% to SEK 13,448 million (17,763). Excluding item affecting comparability, profit for the year decreased by 7.4% to SEK 16,630 million (17,968)
- Operating profit for the fourth quarter decreased by 13.5% to SEK 5,673 million (6,562). Excluding items affecting comparability, operating profit for the fourth quarter rose 42.6% to SEK 9,934 million (6,964)

1) Items affecting comparability pertain to capital gains and capital losses on stocks and other non-current assets, as well as impairment losses and reversals of impairment losses for assets. Total items affecting comparability in 2009 amounted to SEK -4,173 million (2008: -325).

## Full year 2009 – profit, net sales, cash flow and debt

Excluding items affecting comparability, operating profit rose 6.3% to SEK 32,111 million (30,220). Items affecting comparability in 2009 amounted to SEK -4,713 million and consisted of the following:

- Capital gains totalling SEK 919 million from the sales primarily of Vattenfall's interests in Luleå Energi, Piteå Energi, Jämtkraft AB, the Borkum Riffgrund wind farm, the Nuon Zuidwending gas storage project, and a number of properties in Germany
- Capital losses totalling SEK 861 million on the sales of Vattenfall's interests in a number of companies, of which the sale of Vattenfall's 80% stake in the German electricity trading and distribution company WEMAG accounted for SEK 817 million
- Impairment losses and reversed impairment losses pertaining to a number of assets, totalling SEK 4,231 million – mainly impairment of Danish heating assets, totalling SEK 4,088 million, impairment of wind power assets,

totalling SEK 1,133 million, and reversed impairment losses of SEK 1,317 million for German assets.

Price hedges contracted in previous years had a favourable effect on operating profit by approximately SEK 10 billion, while lower production volumes and higher costs for operations and maintenance had a negative impact of approximately SEK 10.4 billion. Currency movements had a positive effect on operating profit of approximately SEK 0.9 billion (0.8).

The effect on operating profit of the acquisition of Dutch energy group N.V. Nuon Energy (Nuon) as per 1 July 2009 was SEK -653 million, which includes SEK 882 million in amortisation of surplus value and impairment losses amounting to SEK 1,203 million. Excluding these items, the effect on operating profit was SEK 1,432 million for the second half of 2009. Nuon's wind power operations have been integrated with the Wind business unit of Business Group Pan Europe (see page 13), and its trading



*"Despite difficult market conditions, with lower industrial demand for electricity and substantially lower wholesale electricity prices, Vattenfall reported a good underlying operating profit for 2009. Positive earnings effects from price hedges contracted in previous years more than compensated for the negative effect of lower production volumes. Impairment losses and other items affecting comparability affected operating profit negatively by approximately SEK 4.2 billion."*

Lars G. Josefsson  
President and CEO

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

Amounts in SEK million unless otherwise stated

	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
Net sales	65,405	46,870	39.5	205,407	164,549	24.8
Operating profit before depreciation and amortisation (EBITDA)	15,360	11,407	34.7	51,777	45,960	12.7
<b>Operating profit (EBIT)</b>	<b>5,673</b>	<b>6,562</b>	<b>-13.5</b>	<b>27,938</b>	<b>29,895</b>	<b>-6.5</b>
<b>Operating profit excl. items affecting comparability</b>	<b>9,934</b>	<b>6,964</b>	<b>42.6</b>	<b>32,111</b>	<b>30,220</b>	<b>6.3</b>
Financial items, net	-2,995	-2,151	-39.2	-10,204	-6,397	-59.5
<b>Profit before tax</b>	<b>2,678</b>	<b>4,411</b>	<b>-39.3</b>	<b>17,734</b>	<b>23,498</b>	<b>-24.5</b>
<b>Profit for the period</b>	<b>2,110</b>	<b>4,055</b>	<b>-48.0</b>	<b>13,448</b>	<b>17,763</b>	<b>-24.3</b>
– of which, attributable to owners of the Parent Company	1,858	3,894	-52.3	12,896	17,095	-24.6
– of which, attributable to minority interests	252	161	56.5	552	668	-17.4
Return on equity, %	9.5 <sup>1</sup>	13.6 <sup>1</sup>	–	9.5	13.6	–
Return on net assets, %	10.0 <sup>1</sup>	15.1 <sup>1</sup>	–	10.0	15.1	–
Funds from operations (FFO)	11,375	10,886	4.5	36,700	30,735	19.4
<b>Cash flow before financing activities</b>	<b>-433</b>	<b>-10,157</b>	<b>-95.7</b>	<b>-36,794</b>	<b>-5,079</b>	<b>624.4</b>
Free cash flow	6,436	6,398	0.6	27,566	18,963	45.4
Cash and cash equivalents plus short-term investments	56,940	40,236	41.5	56,940	40,236	41.5
Balance sheet total	602,127	445,827	35.1	602,127	445,827	35.1
<b>Equity incl. minority interests</b>	<b>142,404</b>	<b>140,886</b>	<b>1.1</b>	<b>142,404</b>	<b>140,886</b>	<b>1.1</b>
Capital Securities	10,250	10,811	-5.2	10,250	10,811	-5.2
Other interest-bearing liabilities	203,244	96,536	110.5	203,244	96,536	110.5
<b>Net debt</b>	<b>154,987</b>	<b>66,000</b>	<b>134.8</b>	<b>154,987</b>	<b>66,000</b>	<b>134.8</b>
Net debt/Operating profit before depreciation and amortisation (EBITDA), times	3.0 <sup>1</sup>	1.4 <sup>1</sup>	–	3.0 <sup>1</sup>	1.4 <sup>1</sup>	–

1) Last 12-month values.

See pages 33–34 for definitions and calculations of key ratios.

operations are now part of Supply & Trading (see page 17). Nuon's other operations in the Exploration & Production; Power, Heat & Services; and Sales business units are now part of Business Group Benelux.

Operating profit for Vattenfall's Business Groups developed as follows in 2009:

- Operating profit for BG Pan Europe decreased by SEK 1,454 million to SEK 2,113 million. Excluding items affecting comparability, profit decreased by SEK 325 million to SEK 3,234 million.
- Operating profit for BG Nordic decreased by SEK 3,957 million to SEK 7,504 million. Excluding items affecting comparability, profit decreased by SEK 546 million to SEK 10,923 million.
- Operating profit for BG Central Europe increased by SEK 2,066 million to SEK 18,938 million. Excluding

items affecting comparability, profit increased by SEK 1,176 million to SEK 18,373 million.

- Operating result for BG Benelux was SEK –644 million. Excluding items affecting comparability, the operating result was SEK –460 million. Comparison values are not available for 2008, as Business Group Benelux was not part of the Group until July 2009. The result includes SEK 540 million in amortisation of surplus value. Excluding this amortisation of surplus value, operating profit for BG Benelux was SEK –104 million.

For detailed information on the Group's operating segments, see pages 13–17.

Consolidated net sales rose 24.8% to SEK 205,407 million (164,549), of which approximately SEK 21.4 billion is attributable to the consolidation of N.V. Nuon Energy (Nuon)

in the Vattenfall Group as from 1 July 2009. Currency effects increased sales by approximately SEK 11.0 billion.

Profit for the year (after tax) decreased by 24.3% to SEK 13,448 million (17,763). The decline is mainly attributable to a lower operating profit and higher interest expenses associated with a higher level of net debt. Return on equity was 9.5% (13.6%), and return on net assets was 10.0% (15.1%). Vattenfall's long-term required 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 4.3 (4.1), compared with the target interval of 3.5–4.5.

Net debt increased by SEK 88,987 million to SEK 154,987 million, mainly due to new borrowing to finance the acquisition of 49% of the shares in Nuon. The net debt/equity ratio was 52.1% (31.9%) at 31 December 2009. For



detailed information about net debt, see page 24.

Cash flow before financing decreased by SEK 31,715 million to SEK -36,794 million, which is mainly attributable to the consideration paid for Nuon. Total investments increased by SEK 60,693 million to SEK 102,989 million, of which the acquisition of the shares in Nuon accounted for approximately SEK 52 billion. For more information about investment activities, see page 9. Free cash flow increased by SEK 8,603 million to SEK 27,566 million.

### Electricity generation and sales of heat in 2009

Vattenfall's electricity generation decreased by 2.0% in 2009 to 158.9 TWh (162.1). Of total generation, the acquisition of N.V. Nuon Energy accounted for 8.0 TWh. Hydro power generation decreased by 11.9% to 33.9 TWh (38.5). Nuclear power generation decreased by 10.2% to 41.5 TWh (46.2), fossil-based power increased by 7.6% to 80.8 TWh (75.1), and wind power generation increased to 1.7 TWh (1.6). Electricity generation based on biomass and waste increased to 1.0 TWh (0.8). Sales of heat increased by 6.5% to 37.9 TWh (35.6). For more information, see page 10.

### Fourth quarter 2009

Net sales increased by 39.5% to SEK 65,405 million (46,870), of which the acquisition of N.V. Nuon Energy (Nuon) accounted for SEK 15,300 million. Currency movements had no significant effect on the change in sales. Operating profit decreased by 13.5% to SEK 5,673 million (6,562). However, excluding items affecting comparability, operating profit increased by 42.6% to SEK 9,934 million.

Operating profit for Vattenfall's Business Groups during the fourth quarter developed as follows:

- Operating profit for BG Pan Europe increased by SEK 52 million to SEK 375 million. Excluding items affecting comparability, profit increased by SEK 1,176 million to SEK 1,496 million.

- Operating profit for BG Nordic decreased by SEK 3,093 million to SEK -405 million. Excluding items affecting comparability, profit increased by SEK 449 million to SEK 3,152 million.
- Operating profit for BG Central Europe increased by SEK 820 million to SEK 5,310 million. Excluding items affecting comparability, profit decreased by SEK 165 million to SEK 4,715 million.
- Operating result for BG Benelux was SEK -265 million. Excluding items affecting comparability, the result was SEK -87 million. Comparison values are not available for 2008, as Business Group Benelux was not part of the Group until July 2009. The result includes SEK 33 million in amortisation of surplus value. Excluding this amortisation of surplus value, operating profit for BG Benelux was SEK -232 million.

Profit for the period (after tax) decreased by 48.0% to SEK 2,110 million (4,055) due to a lower operating profit, a decrease in financial income and higher taxes. Cash flow before financing activities was SEK -433 million (-10,157). Free cash flow increased by SEK 38 million to SEK 6,436 million (6,398). Net debt decreased by SEK 2,330 million compared with 30 September 2009.

### Electricity generation and sales of heat, fourth quarter 2009

Electricity generation increased to 43.7 TWh (41.5). Of total generation, Nuon accounted for 4.5 TWh. Hydro power generation decreased by 3.8%, nuclear generation decreased by 16.8%, and fossil-based power increased by 18.8%. Wind power generation nearly doubled to 0.7 TWh (0.4).

Sales of heat increased by 11.5%. For exact figures and a breakdown per respective markets, see page 10.

### Electricity prices 2009

Average spot prices were much lower in all of Vattenfall's

markets in 2009 than in the preceding year and fell in general during the year due to lower demand for electricity as a result of the recession and lower prices of fuel and CO<sub>2</sub> emission allowances. In the Nordic market, average spot prices fell by roughly 22% during the year, and in the German market they fell by an average of 41%. Spot prices in the Netherlands were 44% lower. A slight rise would be seen towards the end of the year. Futures prices for electricity were considerably lower than a year earlier. For further information about price developments, see pages 11-12.

### Vattenfall's acquisition of N.V. Nuon Energy

On 1 July Vattenfall acquired 49% of the shares for EUR 4,833 million (approx. SEK 52 billion) and took over operational control and controlling influence of Dutch energy Group N.V. Nuon Energy (Nuon). As from the third quarter Nuon is part of the Vattenfall Group. Consideration for the remaining 51% of the shares will be paid by Vattenfall in three tranches up until 2015. Nuon's network company Alliander was not included in the acquisition. Through Nuon, Vattenfall has gained key expertise in natural gas in addition to 2.6 and 2.1 million new electricity and gas customers, respectively.

A condition for gaining EU approval of Vattenfall's acquisition of Nuon was that Nuon's sales business in Germany be divested. Consequently, this business is classified as per 31 December 2009 as a divestment group and is carried on the consolidated balance sheet as "Assets/liabilities held for sale". A provision and impairment charge, together totalling approximately EUR 37 million (approx. SEK 390 million) have been made, corresponding to the anticipated net sales value.

In connection with the acquisition of Nuon, trademarks, customer relationships and gas exploration rights in the operational phase have been valued and reported as separate intangible assets. Since the total consideration exceeded the net value of all acquired assets and liabilities, a goodwill value has arisen. This goodwill preliminarily

amounts to approximately SEK 47 billion and consists of assets and/or future cash flows (e.g., synergies primarily in fuel purchasing, investments and maintenance costs, IT, administration and development projects that have not received a final investment decision, gas exploration rights in the development phase, anticipated increased revenues from energy trading and other, similar operations, and future new customer relationships) that do not meet IFRS criteria to be reported separately as intangible assets. Amortisation of surplus value of assets in Nuon amounted to SEK 882 million in 2009.

A specification of acquired net assets and goodwill is provided in the table on page 31.

### **Important events during the fourth quarter of 2009**

#### **Base industries in co-operation with Vattenfall**

In late October Vattenfall and Industrikraft i Sverige AB (a newly formed company owned in equal parts by Boliden, Eka Chemicals, Holmen, Stora Enso and SCA Forest Products), signed a letter of intent on joint energy generation. The agreement is aimed at ensuring new, cost-effective base energy with the goal of securing the long-term future of industrial operations in Sweden. The co-operation is also grounded in the shared insight that a shortage of base power will emerge as Sweden's nuclear power plants reach the end of their useful lives. This will require compensation in the form of new base power with very low CO<sub>2</sub> emissions. The next phase of the co-operation will involve investigating and making decisions on concrete collaboration projects.

#### **Changes in Executive Group Management**

At Vattenfall's board meeting on 15 November 2009, Øystein Løseth was appointed as First Senior Executive Vice President of Vattenfall AB, with the intention that he will succeed Lars G. Josefsson as CEO prior to summer 2010. Lars G. Josefsson intends to exercise the right provided to him through his employment contract to retire at 60 years of age in 2010.

Elisabeth Ström was appointed as Director of Communications for Vattenfall, and Torbjörn Wahlborg was appointed as the new head of Business Group Nordic. They assumed their positions on 1 January 2010.

#### **Vattenfall receives EU support for CCS plant**

Vattenfall's plans to build a demonstration plant for separation of carbon dioxide using CCS (Carbon Capture and Storage) technology in Jämschwalde, Brandenburg, Germany, was awarded EUR 180 million in funding from the European Commission. Vattenfall's project is one of six European facilities to receive funding from the EU.

### **Important events earlier in 2009**

#### **Investment in wave power**

In January Vattenfall acquired 51% of Pandion Ocean Power Ltd, the Irish site development company for ocean energy. The company has applied for ocean energy sites on the west coast of Ireland. For Vattenfall this is a first step toward establishing a leading position in the growing market for harnessing wave power.

In December Vattenfall – together with Pelamis, a Scottish development company of wave power technology – started a company (Aegir Wave Power Ltd) to build the first wave power farm offshore the Shetland Islands.

#### **Experts appointed for Vattenfall's nuclear safety council**

In January Vattenfall announced that two internationally renowned nuclear power experts have been recruited to the Vattenfall Nuclear Safety Council as part of its endeavour to ensure world-class safety and generation in its nuclear power plants. The Nuclear Safety Council consists of external experts and internal representatives from various parts of Vattenfall's organisation. The two external experts are Dr Hans Blix, former IAEA Director General, and Peter Hirt, Chairman of Swiss Nuclear and CEO of the Gösgen nuclear power plant in Switzerland.

#### **Bond issues**

In 2009 Vattenfall issued a number of bonds to finance the initial acquisition of 49% of the shares in N.V. Nuon Energy. On 5 March, Vattenfall issued a triple tranche benchmark bond in the euro market totalling EUR 2.7 billion, with maturities of four, seven and twelve years. On 1 April a dual-tranche Sterling bond totalling GBP 1.35 billion across 10- and 30-year maturities was issued. On 6 May an additional euro-denominated bond worth EUR 1.35 billion was issued with a five-year maturity. All of the bonds met strong demand from investors and were oversubscribed several times over. The Sterling bond was Vattenfall's first issue ever in the UK market.

#### **Disruptions in nuclear power generation**

During an inspection of Ringhals 1, a disengaged safety system was discovered. The event was classified as a class 1 deviation, the lowest degree on the International Nuclear Events Scale (INES). On 8 July, the Swedish Radiation Safety Authority (SSM) announced that it is subjecting Ringhals AB to special investigation measures and conditions for operation of the Ringhals 1–4 reactors as a result of observed defects that can be coupled to the safety culture at the nuclear power plant. Vattenfall will carry out the investigation measures and meet the conditions made by SSM. In addition to the annual, planned outages of Ringhals 1 and Ringhals 2, a number of modernisation and safety-enhancement installations were carried out, and as a result, the outages were considerably longer than normal.

The International Atomic Energy Agency (IAEA), through its Operational Safety Review Team (OSART), regularly reviews Vattenfall's nuclear power plants. The IAEA's oversight of Forsmark was followed up in 2009, and in November the result of its follow-up review were presented. The results were very favourable and among the best follow-up results ever received during the nearly 20 years that the IAEA has been conducting OSART follow-up reviews.

On 4 July, the Krümmel nuclear power plant in Germany was scrambled as a result of a short circuit in one of two transformers that connect the plant to the grid. The plant was disconnected from the grid and the reactor was scrambled in accordance with existing safety routines. The power plant had just been restarted following a nearly two-year outage.

On 22 April 2009 SSM announced that it would be lifting the special oversight that the Forsmark nuclear power plant had been subject to since September 2006.

#### **Forsmark named as final repository for spent nuclear fuel**

In June, Svensk Kärnbränslehantering AB (SKB) announced its choice of Forsmark as the final repository for spent nuclear fuel in Sweden. The choice of sites had been narrowed down between Forsmark, in Östhammar municipality, and Laxemar, in Oskarshamn municipality. At the repository, spent nuclear fuel from Sweden's nuclear power plants will be stored nearly 500 metres underground. SKB is now moving forward and completing the applications for the permits that will be reviewed by the Swedish Radiation Safety Authority and the Environmental Court. The applications will be submitted in 2010 and will include an environmental consequence analysis and safety analysis for the nuclear fuel repository in Forsmark.

#### **Collaboration with auto industry**

In February 2009 Vattenfall and BMW Group began the pilot phase of the "MINI E Berlin powered by Vattenfall" project. During a set period, 50 people will be testing some 50 electric MINI cars, making the project the largest of its kind in Germany.

In June, Vattenfall and Volvo Car Corporation launched an industrial collaboration to introduce plug-in hybrid cars on the market. In January 2007 Volvo Car Corporation and Vattenfall initiated a joint project with the goal of testing and developing plug-in technology. This co-operation has now been taken to the next level. As a result of this pio-

neering technology, a substantial reduction can be made in the environmental impact of automobile traffic. Vattenfall and Volvo Car Corporation believe that series production of plug-in hybrid cars and infrastructure development can lead to new jobs and help Sweden also in the future to be at the forefront of advanced environmental technology.

#### **Review of asset portfolio**

During the year, Vattenfall conducted a review of its shareholdings and divested a number of companies. This resulted in the sale of Vattenfall's 50% interest in AB PiteEnergi to Piteå municipality, its 30% interest in the associated company Luleå Energi AB to Luleå Kommunföretag AB, and its 20.6% interest in Jämtkraft AB to Östersund municipality. Vattenfall also sold its 80% holding in the German electricity and network company WEMAG to 191 municipalities in Mecklenburg-Vorpommern and Brandenburg to Thüga AG. The deal was completed in early January 2010.

#### **Continued investment in wind power**

In May Vattenfall decided to build the Stor-Rotliden wind farm in Åsele municipality, which will be Vattenfall's largest onshore wind power project. The wind farm, which is expected to be commissioned in 2011, will comprise up to 40 wind power turbines with capacity of 78 MW, corresponding to the electricity needs of nearly 50,000 households.

In autumn 2009 Vattenfall also decided to erect an additional five turbines at the Edinbane wind farm on the Isle of Skye in Scotland, which is currently being developed. The wind farm will comprise a total of 18 turbines delivering 2.3 MW each and is expected to be fully operational in early 2010.

In England, construction of the Thanet wind farm continued during the year, and with a capacity of 300 MW it will be the world's largest offshore wind farm once it is completed in 2010. It is estimated that Thanet will be

able to generate enough electricity to meet the needs of 240,000 households.

Also during the year, the Alpha Ventus wind farm outside the island of Borkum offshore Germany's North Sea coast was put in operation. Alpha Ventus is a development and demonstration project in which Vattenfall has a 26.25% interest. The remainder is owned by EWE and E.ON. Alpha Ventus is expected to meet the electricity needs of nearly 50,000 households.

In early January 2010 Vattenfall and ScottishPower Renewables acquired the rights to develop a major wind farm offshore England's east coast, with the potential to achieve 7,200 MW in electricity generation capacity, corresponding to the electricity needs of more than 4 million households every year. The licence is part of "Round 3", the British Crown Estate's licensing programme for developing offshore wind power.

#### **New electricity contracts with industrial customers**

During the year, Vattenfall signed new contracts with major industrial customers in the Nordic region. Among other things, Vattenfall signed a new, long-term contract with Stora Enso on electricity deliveries during the period 2013–2022. The deal covers approximately 6 TWh of electricity. In addition to electricity deliveries, the contract entails an extension of the companies' co-operation on balance responsibility, entailing that Vattenfall will manage the difference between Stora Enso's estimated and actual use of electricity.

A contract was also signed with the glass manufacturer Pilkington on portfolio management and physical deliveries of electricity in Sweden, Finland and Norway. Vattenfall is one of few players in the market that can deliver electricity to companies with operations in several Nordic countries. The contract is unique for Vattenfall since it marks the first time Vattenfall is delivering physical electricity in Norway.

## Sales, profit and cash flow

Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
<b>Net sales</b>	<b>65,405</b>	<b>46,870</b>	<b>39.5</b>	<b>205,407</b>	<b>164,549</b>	<b>24.8</b>

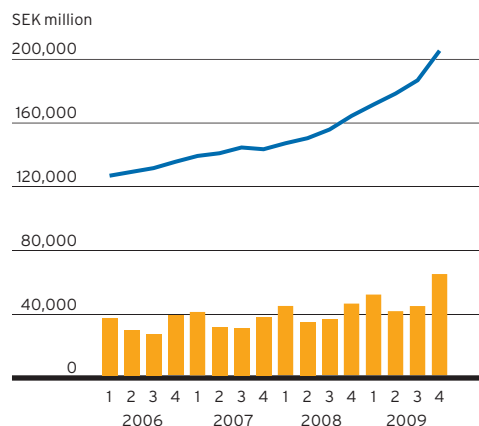
**Comment:** Of the total increase in net sales for the full year 2009, amounting to approximately SEK 40.9 billion, the acquisition of N.V. Nuon Energy (Nuon) accounted for approximately SEK 21.4 billion. Nuon is consolidated in Vattenfall as from 1 July 2009. Currency effects accounted for approximately SEK 11.0 billion of the total increase in net sales. Higher prices achieved contributed to the increase in net sales, which partly offset the slightly lower electricity generation volumes.

Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
<b>Cost of products sold</b>	<b>55,993</b>	<b>37,395</b>	<b>49.7</b>	<b>162,564</b>	<b>122,961</b>	<b>32.2</b>

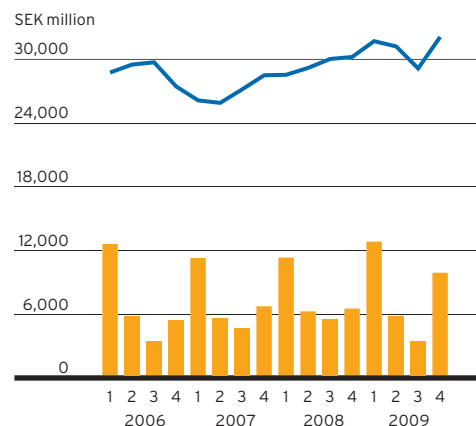
**Comment:** Of the total increase in the cost of products sold for the full year 2009, amounting to approximately SEK 39.6 billion, the acquisition of Nuon accounted for approximately SEK 19.2 billion (excluding amortisation of surplus value). EEG<sup>1</sup> costs were approximately SEK 6 billion higher. Costs for operations and maintenance increased by SEK 4.9 billion. Depreciation/amortisation and impairment losses were SEK 2.0 billion and SEK 2.5 billion higher, respectively, than in 2008. Amortisation of surplus value as a result of the acquisition of Nuon amounted to a total of SEK 882 million.

1) EEG is an abbreviation of Erneuerbare-Energien-Gesetz, Germany's Renewable Energy Law. These costs are associated with the feed-in of wind power to Vattenfall's transmission grid in Germany and are passed on to end customers with a certain time delay.

### Net sales



### Operating profit, excl. items affecting comparability



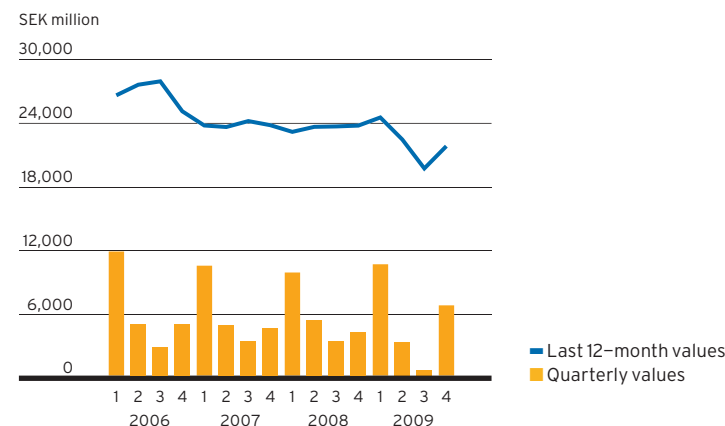
Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
<b>Operating profit (EBIT)</b>	<b>5,673</b>	<b>6,562</b>	<b>-13.5</b>	<b>27,938</b>	<b>29,895</b>	<b>-6.5</b>
<b>Operating profit (EBIT) excl. items affecting comparability</b>	<b>9,934</b>	<b>6,964</b>	<b>42.6</b>	<b>32,111</b>	<b>30,220</b>	<b>6.3</b>

**Comment:** Operating profit decreased by SEK 1,957 million. Excluding items affecting comparability, operating profit increased by SEK 1,891 million. (See table below). Price hedges carried out in previous years affected operating profit positively by approximately SEK 10 billion, while lower production volumes and higher costs for operations and maintenance had a negative effect of approximately SEK 10.4 billion. Currency movements had a positive impact on operating profit by approximately SEK 900 million (2008: approx. +800). The acquired operations of N.V. Nuon Energy (Nuon) affected operating profit negatively by SEK 653 million, net, after amortisation of surplus value in the amount of SEK 882 million. Nuon's operations are included in Vattenfall as from 1 July 2009. Nuon's wind power operations have been integrated with the Wind business unit of Business Group Pan Europe (page 13), and its energy trading operations are now included in Supply & Trading (page 17). Nuon's remaining business units – Exploration & Production; Power, Heat & Services; and Sales are included in Business Group Benelux (page 16). For further information about operating profit for the Group's operating segments, see pages 13–18.

### Specification of items affecting comparability:

Amounts in SEK million	2009	2008
Capital gains	919	169
Capital losses	-861	-71
Impairment losses	-5,559	-423
Reversed impairment losses	1,328	-
<b>Total</b>	<b>-4,173</b>	<b>-325</b>

### Profit before tax, excl. items affecting comparability





Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
<b>Cash flow from operating activities</b>	<b>13,130</b>	<b>7,558</b>	<b>73.7</b>	<b>46,246</b>	<b>36,194</b>	<b>27.8</b>
<b>Free cash flow</b>	<b>6,436</b>	<b>6,398</b>	<b>0.6</b>	<b>27,566</b>	<b>18,963</b>	<b>45.4</b>
<b>Cash flow before financing activities</b>	<b>-433</b>	<b>-10,157</b>	<b>95.7</b>	<b>-36,794</b>	<b>-5,079</b>	<b>-624.4</b>

**Comment:** Cash flow from operating activities improved by SEK 11.0 billion for the full year, of which funds from operations increased by SEK 5.9 billion and working capital improved by SEK 4.1 billion.

Funds from operations increased by SEK 5.9 billion (SEK -5.8 billion), despite a lower pre-tax profit. Higher depreciation/amortisation and impairment losses, totalling approximately SEK 7.8 billion, and lower paid tax of approximately SEK 3.5 billion, accounted for the increase in funds from operations.

Cash flow from working capital improved by SEK 4.1 billion, net. Cash flow from operating receivables increased by approximately SEK 4 billion, which is mainly attributable to increased trading in CO<sub>2</sub> emission allowances. At the same time, cash flow from operating liabilities increased by SEK 4.8 billion, which is partly attributable to increased trading in CO<sub>2</sub> emission allowances and electricity by the Trading business unit, as well as a time delay in payment for CO<sub>2</sub> emission allowances for 2009 by the Mining & Generation business unit in Germany.

Cash flow before financing activities was SEK -36.8 billion, which is a deterioration of SEK 31.7 billion compared with 2008. The decrease is attributable to a higher level of investments. In 2009 these amounted to SEK 103 billion, of which SEK 52 billion consisted of the acquisition of shares in Nuon and approximately SEK 46 billion investments in non-current assets. Other equity investments and new issues amounted to approximately SEK 6 billion. See also page 9.

Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
<b>Net financial items</b>	<b>-2,995</b>	<b>-2,151</b>	<b>-39.2</b>	<b>-10,204</b>	<b>-6,397</b>	<b>-59.5</b>
<b>Interest income from financial investments</b>	<b>303</b>	<b>497</b>	<b>-39.0</b>	<b>1,202</b>	<b>1,692</b>	<b>-29.0</b>
<b>Interest expenses from loans</b>	<b>-2,473</b>	<b>-1,608</b>	<b>-53.8</b>	<b>-7,464</b>	<b>-4,151</b>	<b>-79.8</b>
<b>Interest received</b>	<b>385</b>	<b>421</b>	<b>-8.6</b>	<b>1,103</b>	<b>1,679</b>	<b>-34.3</b>
<b>Interest paid</b>	<b>-1,293</b>	<b>-1,067</b>	<b>-21.2</b>	<b>-7,404</b>	<b>-3,846</b>	<b>-92.5</b>
<b>Net interest expense (average) per month</b>				<b>-522</b>	<b>-205</b>	

**Comment:** The deterioration of financial items is mainly attributable to higher interest expenses for loans, which is attributable to a higher level of debt mainly associated with the financing of the acquisition of shares in N.V. Nuon Energy.

## Financial position

Amounts in SEK million	31 Dec. 2009	31 Dec. 2008	Change, %
Cash and cash equivalents, and short-term investments	56,940	40,236	41.5
Committed credit facilities (unutilised)	10,453	15,416	-32.2
Other credit facilities (unutilised)	10,342	13,327	-22.4

**Comment:** The increase in Cash and cash equivalents as well as in short-term investments is attributable to increased borrowing in 2009. 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 2010. 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.

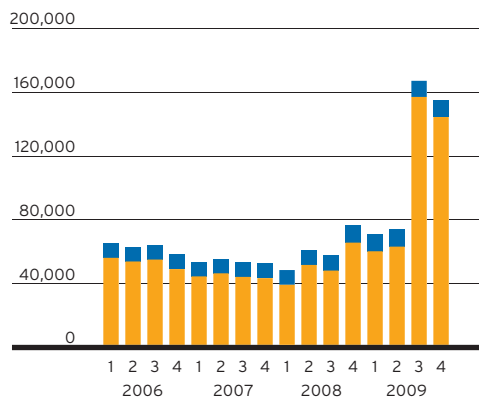
Net debt	154,987	66,000	134.8
Interest-bearing liabilities	213,494	107,347	98.9
Average interest rate, % <sup>1</sup>	3.5	5.8	-
Duration, years <sup>1</sup>	4.0	2.4	-
Average time to maturity, years <sup>1</sup>	7.2	6.5	-

1) Excluding Capital Securities and loans from minority owners and associated companies. Including SEK 10,250 million in Capital Securities, the average interest rate is 3.6%, the duration is 4.0 years, and the average time to maturity is 7.1 years. These values pertain to 31 December 2009. The norm duration was extended in 2009 from 2.5 years to 4 years. The duration is permitted to vary 12 months over and below the norm time.

**Comment:** Compared with 31 December 2008, net debt increased by SEK 88,987 million, and total interest-bearing liabilities increased by SEK 106,147. This is mainly associated with the financing of the shares in N.V. Nuon Energy (Nuon). Interest-bearing liabilities also include payment of the remaining consideration to Nuon's shareholders (SEK 49,447 million). Interest on this item is 2%, which explains the decrease in the average interest rate.

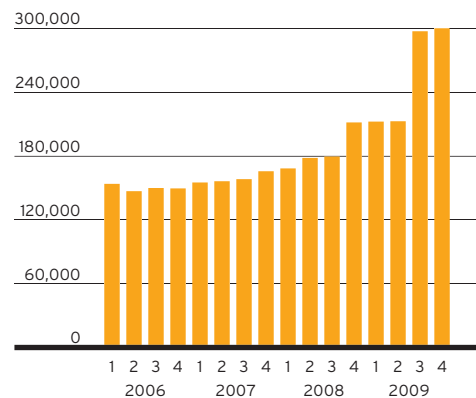
### Net debt

SEK million



### Net assets

SEK million



Amounts in SEK million	31 Dec. 2009	31 Dec. 2008	Change, %
Equity attributable to			
Owners of the Parent Company	135,620	129,861	4.4
Minority interests	6,784	11,025	-38.5
Total	142,404	140,886	1.1

**Comment:** Changes in equity are specified on page 26.

## Credit ratings

On 23 December 2009, Standard & Poor's changed its outlook for Vattenfall's credit rating from stable to negative. The current rating for Vattenfall's long-term borrowing is A (S&P) and A2 (Moody's).

## Investments

Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
Maintenance investments	6,694	1,160	477.1	18,680	17,231	8.4
Growth investments	10,882	17,024	-36.1	84,309	25,065	236.4
— of which, shares	984	7,485	-86.9	56,561	11,798	379.4
<b>Total investments</b>	<b>17,576</b>	<b>18,184</b>	<b>-3.3</b>	<b>102,989</b>	<b>42,296</b>	<b>143.5</b>

**Comment:** Investments in 2009, totalling SEK 103.0 billion, are broken down as follows: Business Group Pan Europe, SEK 12.6 billion; Business Group Nordic, SEK 6.6 billion; Business Group Central Europe, SEK 20.6 billion; Business Group Benelux, SEK 6.2 billion; Shares SEK 56.6 billion; and Other, SEK 0.4 billion. The item Shares mainly includes the acquisition of 49% of N.V. Nuon Energy, for approximately SEK 52 billion, and the acquisitions of the Polish government's minority shares in the subsidiaries GZE S.A. and Vattenfall Heat Poland S.A., totalling SEK 3.3 billion.

### Investment programme 2010–2014

Vattenfall plans to invest a total of SEK 201 billion during the five-year period 2010–2014. This includes investments in N.V. Nuon Energy, which was acquired by Vattenfall on 1 July 2009. Excluding investments pertaining to N.V. Nuon Energy's operations, the new investment plan is SEK 45 billion lower than the plan for 2009–2013, which was presented on 12 February 2009 and which was valued at SEK 202 billion.

Of the total investment sum of SEK 201 billion, Vattenfall plans to invest SEK 155 billion (77%) in electricity, gas and heat production, and SEK 46 billion (23%) in electricity and heating networks and other areas. Of the investments in electricity, gas and heat production, totalling SEK 155 billion, growth investments account for 41% and maintenance investments 59%.

**Total investments of SEK 201 billion for the period 2010–2014 are broken down geographically as follows:**

Nordic countries	SEK 46.2 billion
Germany	SEK 80.4 billion
Poland	SEK 20.1 billion
Netherlands	SEK 44.2 billion
UK	SEK 10.1 billion

The largest ongoing investment projects are the Moorburg combined heat and power plant in Hamburg, Germany; the Boxberg coal-fired plant in Boxberg, Germany; the Magnum gas-fired power plant in the Netherlands; the Ormonde wind farm in the UK; the Thanet wind farm in the UK; and upgrades of the Forsmark and Ringhals nuclear power plants in Sweden.

## Divestments

Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
Divestments	4,537	323	–	5,542	865	540.7
— of which, shares	3,772	15	–	4,413	33	–

**Comment:** Divestment of shares during the fourth quarter of 2009 pertain primarily to the sale of Vattenfall's interest in Jämtkraft AB (SEK 550 million), Vattenfall's interest in the German company WEMAG (SEK 1.8 billion), and the shares in the Dutch gas storage project Zuidwending (SEK 1.3 billion). Other major shareholdings that were sold earlier in the year were Vattenfall's holdings in Luleå Energi AB and AB PiteEnergi.

## Employees

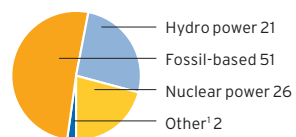
Number of employees, full-time equivalents	31 Dec. 09	31 Dec. 08	Change, %
Business Group Pan Europe	5,667	5,112	10.9
Business Group Nordic	5,544	5,625	-1.4
Business Group Central Europe	21,713	21,345	1.7
Business Group Benelux	6,009	–	–
Supply & Trading	363	218	66.5
Other	730	698	4.6
<b>Total</b>	<b>40,026</b>	<b>32,998</b>	<b>21.3</b>

**Comment:** The acquisition of N.V. Nuon Energy has increased the number of employees by 6,150. In addition to the employees in Business Group Benelux, 109 work for Supply & Trading and 32 for Business Group Pan Europe. The increase in Business Group Pan Europe is mainly attributable to safety enhancement measures at nuclear power plants and organic growth in wind power.

## Electricity balance (TWh)

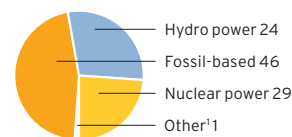
	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
<b>Internal generation and electricity input</b>						
Hydro power	9.1	9.5	-3.8	33.9	38.5	-11.9
Nuclear power	8.9	10.7	-16.8	41.5	46.2	-10.2
Fossil-based power	24.6	20.7	18.8	80.8	75.1	7.6
Wind power	0.7	0.4	75.0	1.7	1.6	6.3
Biomass	0.2	0.2	-	0.7	0.6	16.7
Waste	0.1	-	-	0.3	0.2	50.0
<b>Total internal generation</b>	<b>43.7</b>	<b>41.5</b>	<b>5.4</b>	<b>158.9</b>	<b>162.1</b>	<b>-2.0</b>
Purchased power	15.5	14.6	5.9	59.3	53.8	10.2
Spot market	0.4	0.2	100.0	2.0	1.2	66.7
<b>Total electricity input</b>	<b>59.6</b>	<b>56.3</b>	<b>5.9</b>	<b>220.2</b>	<b>217.1</b>	<b>1.4</b>
Consumption within the Group	2.7	2.9	-6.9	10.2	11.2	-8.9
<b>Total</b>	<b>57.0</b>	<b>53.3</b>	<b>6.9</b>	<b>210.0</b>	<b>205.9</b>	<b>2.0</b>
<b>Sales</b>						
Nordic countries	16.0	14.5	10.3	56.0	55.7	0.5
Germany and Poland	30.2	26.4	14.4	99.1	98.2	0.9
Netherlands and Belgium	5.6	-	-	11.5	-	-
Other countries	1.5	1.0	50.0	4.9	4.1	19.5
Spot market	0.2	7.7	-97.4	23.2	31.4	-26.1
<b>Total electricity sales</b>	<b>53.4</b>	<b>49.5</b>	<b>7.9</b>	<b>194.6</b>	<b>189.3</b>	<b>2.8</b>
Delivery to minority owners	3.2	3.6	-11.1	14.5	15.7	-7.6
Other	0.3	0.2	50.0	0.9	0.9	-
<b>Total</b>	<b>57.0</b>	<b>53.3</b>	<b>6.9</b>	<b>210.0</b>	<b>205.9</b>	<b>2.0</b>
<b>Heat sales, (TWh)</b>						
BG Nordic	3.8	3.5	8.6	11.1	10.4	6.7
BG Central Europe	9.3	8.7	6.9	26.3	25.3	4.0
BG Benelux	0.5	-	-	0.5	-	-
<b>Total</b>	<b>13.6</b>	<b>12.2</b>	<b>11.5</b>	<b>37.9</b>	<b>35.6</b>	<b>6.7</b>
<b>Gas sales, TWh</b>						
BG Nordic	-	-	-	0.2	0.1	100
BG Central Europe	0.1	0.1	-	0.2	0.2	-
BG Benelux	14.4	-	-	19.7	-	-
<b>Total</b>	<b>14.5</b>	<b>0.1</b>	<b>-</b>	<b>20.0</b>	<b>0.3</b>	<b>-</b>

Electricity generation, 2009, %



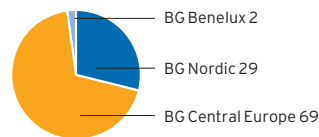
1) Wind power, biomass and waste.

Electricity generation, 2008, %

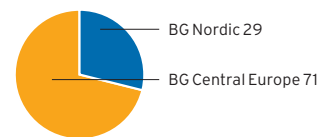


1) Wind power, biomass and waste.

Heat sales, 2009, %



Heat sales, 2008, %



## Electricity generation and electricity input 2009

Vattenfall's total electricity generation decreased by 2.0% in 2009, to 158.9 TWh (162.1). Of total generation, the acquired company N.V. Nuon Energy accounted for 8.0 TWh. Hydro power generation decreased by 11.9% to 33.9 TWh (38.5), due to lower water supply. Nuclear power generation decreased by 10.2% to 41.5 TWh (46.2) as a result of extended outages in the Nordic countries. The Brunsbütel nuclear power plant in Germany is still off line, which was also the case during 2008. 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 power generation increased by 7.6% to 80.8 TWh (75.1). Wind power generation increased by 6.3% to 1.0 TWh (0.8). The decrease in electricity generation was compensated by purchased power, which increased by 10.2% to 59.3 TWh (53.8).

## Electricity sales 2009

Total electricity sales increased by 2.8% in 2009, to 194.6 TWh (189.3). Excluding sales by the acquired company N.V. Nuon Energy, electricity sales decreased by 3.4%. Sales to the Nordic countries rose 0.5%. Sales to industrial and corporate customers decreased, but were compensated by an increase in sales to retail customers. Sales to Germany and Poland increased by 0.9% to 99.1 TWh (98.2). In Germany, sales increased by 3%, mainly due to higher sales to other counterparties than EEX (OTC trading). The increase in OTC sales in Germany also explains the decrease in volume to the spot market. In Poland, sales decreased by a total of 18%.

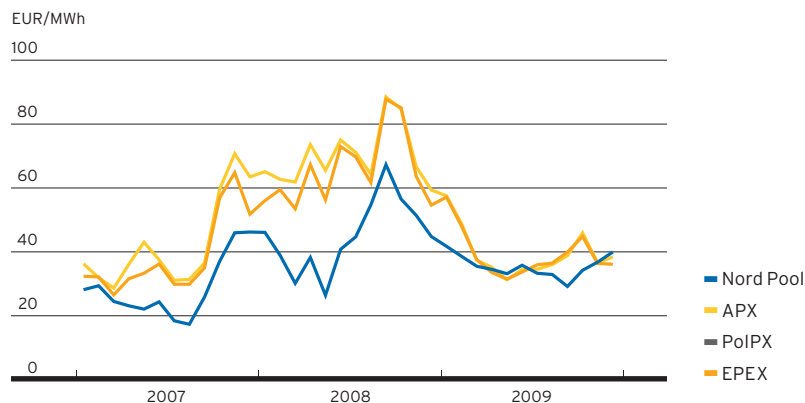
## Heat sales 2009

Sales of heat increased by 6.7% to 37.9 TWh. For Business Group Nordic, sales of heat increased by 6.7%, while sales of heat for Business Group Central Europe increased by 4.0%.



## Wholesale price trend

Nordic, German, Polish and Dutch electricity spot prices 2007–2009, monthly averages



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

Average spot prices were much lower in all of Vattenfall's markets in 2009 than a year ago, mainly due to lower demand for electricity as a result of the recession and lower prices for fuel and CO<sub>2</sub> emission allowances.

For 2009 as a whole, average spot prices in the Nordic market fell nearly 22%, from EUR 44.74/MWh in 2008 to EUR 35.03/MWh. The hydrological balance (the sum of water levels in reservoirs, ground water and snow) was negative on average and amounted to –6.7 TWh in 2009, compared with a positive balance (5.7 TWh) in 2008. Nordic spot prices increased during the fourth quarter of 2009 (the average price peaked at EUR 61.22/MWh on 17 December) increased as a result of colder weather and planned inspections at the Swedish nuclear power plants. However, the average price during the fourth quarter, EUR 36.58/MWh, was 28% lower than the same period in 2008 (EUR 50.75/MWh).

The average spot price in Germany was EUR 38.89/MWh in 2009, which was 41% lower than in 2008. The average price during the fourth quarter of 2009 was EUR 38.72/MWh (EUR 67.96). The Dutch market showed the highest average spot prices among Vattenfall's markets, EUR 39.21/MWh, despite being 44% lower than a year ago. The average price during the fourth quarter of 2009 was EUR 39.95/MWh (EUR 70.43/MWh).

The average spot price in Poland was EUR 38.87/MWh, which was 13.1% lower than in 2008. The corresponding value for the fourth quarter of 2009 was EUR 40.27/MWh (EUR 44.35/MWh).

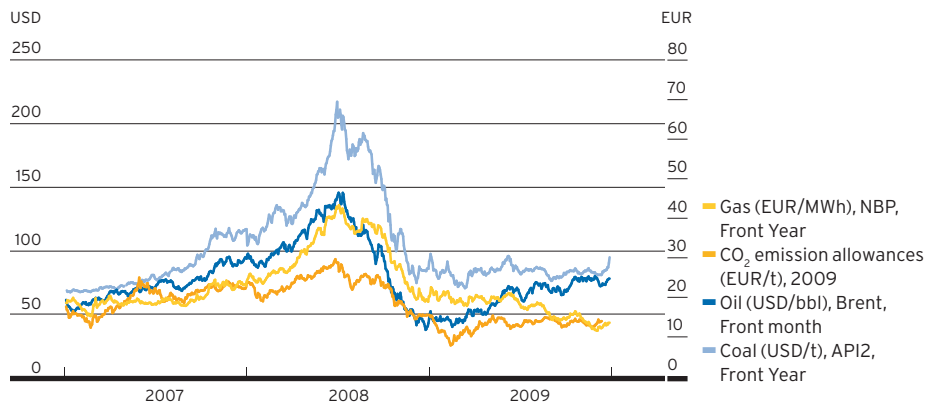
Nordic, German and Dutch electricity futures prices



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

Closing prices at year-end for electricity futures in 2009 in Vattenfall's markets were down significantly from 2008. The spread between the yearly contracts for 2010 and 2011 continued to widen. Nordic futures prices for 2010 and 2011 showed the largest decline over 2008 – falling 33% and 29%, respectively, to an average price of EUR 36/MWh and EUR 38.02/MWh, respectively. German futures prices for 2010 and 2011 fell 29% and 23%, respectively, to EUR 49.26/MWh and EUR 53.89/MWh. The corresponding prices for the Dutch market were EUR 50.40/MWh for the 2010 yearly contract (down 32%), while prices for the 2011 yearly contract fell 25% to EUR 54.85/MWh.

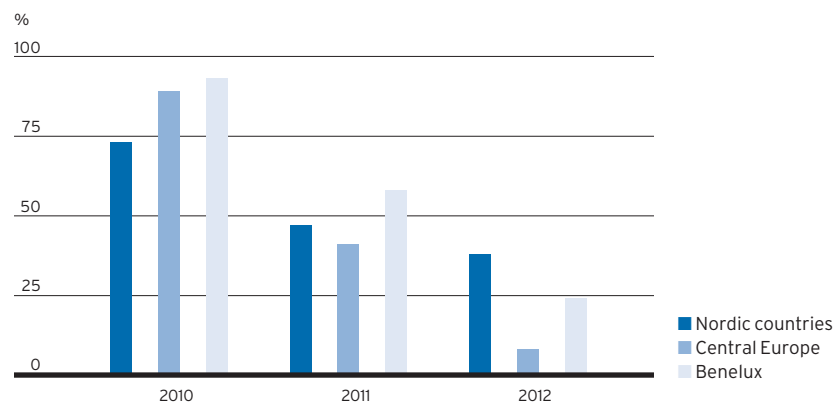
Price trend for oil, coal, gas and CO<sub>2</sub> emission allowances



#### Price trend for oil, coal, gas and CO<sub>2</sub> emission allowances

The price trend for trading in coal and CO<sub>2</sub> emission allowances was flat in 2009, but at an average level that was 40% lower than in 2008. The average coal price was USD 83.51/tonne in 2009, compared with USD 139.64/tonne a year earlier. CO<sub>2</sub> emission allowances traded at an average price of EUR 13.40/tonne (2008: EUR 23.05/tonne). While gas prices fell – largely due to oversupply in the market and lower demand caused by the recession – oil prices rose from USD 45/bbl to USD 79/bbl, mainly due to a weaker U.S. dollar (especially relative to the euro), higher stock prices and hopes on higher economic activity moving forward. However, all fuel prices were down significantly in 2009 compared with a year ago. Prices fell on average by 36% (oil) and 43% (gas) on a yearly basis.

Vattenfall's degree of price hedging in various markets per 31 December 2009



#### Effect of prices on Vattenfall's earnings

The chart above shows Vattenfall's price hedging of future electricity generation in various markets. Vattenfall continuously hedges its electricity generation through sales in the futures market. This has moderated the impact of price declines on Vattenfall's earnings, since the hedges were taken several years earlier at the higher prices that prevailed then.



## Business Group Nordic<sup>1</sup>

Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
Net sales	11,736	10,861	8.1	42,393	38,408	10.4
External net sales <sup>2</sup>	12,314	13,740	-10.4	45,064	48,417	-6.9
Operating profit (EBIT)	-405	2,688	-	7,504	11,461	-34.5
Operating profit (EBIT) excl. items affecting comparability	3,152	2,703	16.6	10,923	11,469	-4.8
Heat sales (TWh)	3.8	3.5	8.6	11.1	10.4	6.7
Electricity generation (TWh)	10.4	11.0	-5.1	38.8 <sup>3</sup>	42.1	-7.8
Of which, hydro power	8.3	8.8	-5.2	31.2	35.5	-12.1
Of which, fossil-based power	1.9	2.1	-9.5	7.1	6.1	16.4
Of which, biomass	0.1	0.2	-50.0	0.5	0.5	0.0
Transited volume	20.6	21.1	-2.4	74.5	79.8	-6.6

1) Rounding differences of 0.1 TWh exist for certain items. Certain values for 2008 have been adjusted compared with previously published information.

2) Excluding intra-Group transactions.

3) Of electricity generation for the full year 2009, Vattenfall disposes over 36.7 TWh (41.0), while the rest goes to the minority part-owners or is deducted as replacement power.

Business Group Nordic comprises Vattenfall's operations in Sweden, Finland and Denmark. The following business units are included in the segment: Hydro, Distribution, Sales, Heat and Services. Electricity generation is primarily based on hydro power. In 2009 Hans von Uthmann was Head of Business Group Nordic. He was succeeded on 1 January 2010 by Torbjörn Wahlborg.

### Operating profit Q4

Operating profit fell by SEK 3,093 million. Excluding items affecting comparability, operating profit improved by SEK 449 million.

#### Items affecting comparability Q4:

Amounts in SEK million	2009	2008
Capital gains	537	7
Capital losses	-3	-22
Impairment losses	-4,091	-
Reversed impairment losses	-	-
<b>Total</b>	<b>-3,557</b>	<b>-15</b>

The Heat business unit showed an improvement during the fourth quarter as a result of higher prices and volumes. However, operating profit was charged with SEK 4,088 million in impairment of Danish heating assets.

Operating profit improved for the Hydro and Sales business units – for Hydro mainly through higher prices achieved and in Sales mainly through an improved gross margin. The divestment of the associated company Jämtkraft AB contributed SEK 527 million to the earnings improvement.

### Operating profit – full year

Operating profit fell by SEK 3,957 million. Excluding items affecting comparability, operating profit decreased by SEK 546 million.

#### Items affecting comparability – full year:

Amounts in SEK million	2009	2008
Capital gains	688	21
Capital losses	-13	-29
Impairment losses	-4,094	-
Reversed impairment losses	-	-
<b>Total</b>	<b>-3,419</b>	<b>-8</b>

The Heat business unit showed an improvement in operating profit in 2009 as a result of higher prices and volumes. However, operating profit was charged with SEK 4,088 million in impairment losses for Danish heating assets.

The Hydro business unit posted a lower operating profit despite higher electricity prices achieved, mainly due to lower generation volumes.

Operating profit improved for the Sales and Distribution business units. For the Sales unit this is attributable to higher earnings from associated companies and a slightly improved gross margin. The divestment of the associated company Jämtkraft AB contributed SEK 527 million to the earnings improvement. The Distribution business unit improved its operating profit, mainly due to higher network tariffs.

### Electricity generation and heat sales 2009

Electricity generation decreased mainly due to lower hydro power generation caused by lower water supply. Fossil-based generation increased by 1 TWh, while generation based on biomass was unchanged. Sales of heat increased mainly as a result of the commissioning of the Amagerværket plant in Denmark and colder weather at the start and close of the year.

### Important events Q4

- Vattenfall sold its 20.6% interest in the associated company Jämtkraft AB to Östersund municipality. The shares were transferred on 29 December. The purchase price was SEK 550 million.
- The favourable inflow of new customers continues, and Vattenfall is gaining market shares. As per year-end 2009 Vattenfall had more than 940,000 electricity customers in Sweden and 335,000 in Finland.
- Vattenfall decided to close its oil-fired power plants in Stenungsund (units 1 and 2) and Marviken, since they were not contracted in Svenska Kraftnät's reserve power procurement negotiations.
- Torbjörn Wahlborg was appointed as the new Head of Business Group Nordic and took office on 1 January 2010. He succeeds Hans von Uthmann, who decided to leave Vattenfall.



## Business Group Central Europe<sup>1</sup>

Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
Net sales	44,489	40,308	10.4	163,476	140,956	16.0
External net sales <sup>2</sup>	31,844	27,561	15.5	116,466	97,883	19.0
Operating profit (EBIT)	5,310	4,490	18.3	18,938	16,872	12.2
Operating profit (EBIT) excl. items affecting comparability	4,715	4,880	-3.4	18,373	17,197	6.8
Heat sales (TWh)	9.3	8.7	6.9	26.3	25.3	4.0
Electricity generation (TWh)	19.2	19.4	-1.0	68.9 <sup>3</sup>	72.3	-4.7
Of which, fossil-based power	18.4	18.6	-1.1	65.8	69.0	-4.6
Of which, hydro power	0.6	0.7	-14.3	2.5	3.0	-16.7
Of which, biomass	0.0	0.0	-	0.2	0.2	0.0
Of which, waste	0.1	0.0	-	0.3	0.2	50.0
Transited volume	10.7	11.0	-2.7	40.7	43.1	-5

1) Rounding differences of 0.1 TWh exist for certain items.

2) Excluding intra-Group transactions.

3) Of electricity generation for the full year 2009, Vattenfall disposes over 68.9 TWh (72.3 TWh), while the rest goes to the minority part-owners or is deducted as replacement power.

Business Group Central Europe comprises Vattenfall's operations in Germany and Poland. In 2009 the segment consisted of the following business units: Mining & Generation, Transmission, Distribution, Sales and Heat. Tuomo Hatakka is Head of Business Group Central Europe.

## Operating profit Q4

Operating profit improved by SEK 820 million. Excluding items affecting comparability, operating profit decreased by SEK 165 million.

### Items affecting comparability Q4:

Amounts in SEK million	2009	2008
Capital gains	160	38
Capital losses	-819	-25
Impairment losses	-64	-403
Reversed impairment losses	1,318	-
<b>Total</b>	<b>595</b>	<b>-390</b>

In the German operations, the Sales business unit reported a lower operating profit, mainly due to a lower gross margin in the retail segment. Operating profit improved for the Heat Germany business unit, mainly due to lower fuel prices for both gas and hard coal. The Mining & Generation business unit reported an improved operating profit despite lower production volumes, which is mainly attributable to higher electricity prices achieved, lower prices for CO<sub>2</sub> emission allowances and reversed impairment losses.

Capital losses pertain primarily to the sale of the German subsidiary WEMAG (SEK 817 million).

Operating profit for the Polish operations improved by SEK 120 million. The improvement is mainly attributable to the Heat and Sales business units. The improvement in Heat is mainly attributable to higher electricity prices and larger heating volumes. In Sales, the improvement is mainly attributable to an improved gross margin.

Operating profit for the German operations includes positive currency effects of approximately SEK 100 million, while operating profit for the Polish operations includes negative currency effects of SEK 20 million.

## Operating profit – full year

Operating profit improved by SEK 2,066 million. Excluding items affecting comparability, operating profit increased by SEK 1,176 million.

### Items affecting comparability – full year:

Amounts in SEK million	2009	2008
Capital gains	208	138
Capital losses	-848	-40
Impairment losses	-123	-423
Reversed impairment losses	1,328	-
<b>Total</b>	<b>565</b>	<b>-325</b>

In the German operations, the Sales business unit reported a lower operating profit, which is mainly due to a lower gross margin in the retail segment. Operating profit for the Heat Germany business unit improved, mainly owing to higher sales of heat in association with

colder weather. The Mining & Generation business unit reported an improved operating profit despite lower production volumes, which is attributable to higher electricity prices achieved, lower prices for CO<sub>2</sub> emission allowances and reversed impairment losses. Capital losses pertain primarily to the sale of the German subsidiary WEMAG (SEK 817 million).

Operating profit for the Polish operations improved by SEK 181 million. The improvement is mainly attributable to the Sales business unit and can be credited mainly to an improved gross margin, which is mainly attributable to higher prices in all customer segments. The Heat business unit also posted a slight improvement in operating profit due to higher electricity prices, even though the improvement was partly moderated by higher fuel prices.

Operating profit for the German operations include positive currency effects of approximately SEK 1,600 million, while operating profit for the Polish operations include negative currency effects of SEK 159 million.

## Electricity generation and heat sales 2009

Electricity generation decreased as a result of lower availability at the lignite-fired power plants in Germany as well as lower hydro power generation in Germany. Heat sales increased by 4%, mainly in Germany.

## Important events Q4

- Vattenfall divested its interest (80%) in the German electricity trading and network company WEMAG. The purchase price was EUR 170 million. The deal was completed on 5 January 2010.
- In November Vattenfall announced new electricity prices for its retail and industrial customers in Berlin and Hamburg. The price increase ranged from 4.4% to 8.9% and was mainly the result of higher costs stemming from Germany Renewable Energy Law (EEG).
- Vattenfall's plans to build a Carbon Capture and Storage (CCS) demonstration plant at Jämschwalde in Brandenburg, Germany, was awarded EUR 180 million in funding from the European Commission. Vattenfall's plant is one of six European facilities to receive funding from the EU.
- The Polish authorities approved the raised tariffs for 2010 for Vattenfall's Polish network and heat units.

## Business Group Benelux<sup>1</sup>

Amounts in SEK million	Quarters 3–4	
	Q4 2009	2009
Net sales	14,842	24,290
External net sales <sup>2</sup>	12,808	20,446
Operating result	–265	–644
Operating result excl. items affecting comparability	–87	–460
Heat sales (TWh)	0.5	–460
Gas sales (TWh)	14.4	19.7
Electricity generation (TWh)	4.5	8.0
Of which, fossil-based power	4.3	7.9

1) Rounding differences of 0.1 TWh exist for certain items.

2) Excluding intra-Group transactions.

Business Group Benelux comprises the Exploration & Production business unit, the Power, Heat & Services business unit, and the Sales business unit. N.V. Nuon Energy's wind power operations have been integrated with Business Group Pan Europe, and En ergy Trading operations are now part of the Supply & Trading segment. Øystein Løseth is Head of Business Group Benelux.

### Operating result Q4

The operating result was SEK –265 million. Excluding items affecting comparability, the operating result was SEK –87 million.

#### Items affecting comparability:

Amounts in SEK million	2009	2008
Capital gains	36	–
Capital losses	4	–
Impairment losses	–218	–
Reversed impairment losses	–	–
<b>Total</b>	<b>–178</b>	<b>–</b>

Of total impairment, SEK 142 million is attributable to Nuon Deutschland GmbH, which was sold in January 2010. Operating profit was charged with approximately SEK 33 million in amortisation of surplus value at tributable to the acquisition of N.V. Nuon Energy.

### Operating result – full year

The operating result was SEK –644 million. Excluding items affecting comparability, the operating result was SEK –460 million.

#### Of the decline in operating result, Items affecting comparability:

Amounts in SEK million	2009	2008
Capital gains	36	–
Capital losses	–	–
Impairment losses	–220	–
Reversed impairment losses	–	–
<b>Total</b>	<b>–184</b>	<b>–</b>

Of total impairment, SEK 142 million is attributable to Nuon Deutschland GmbH, which was sold in January 2010. Operating profit was charged with approximately SEK 540 million in amortisation of surplus value at tributable to the acquisition of N.V. Nuon Energy.

### Electricity generation, and sales of heat and gas Q3–Q4 2009

Electricity generation amounted to 8.0 TWh, heat sales amounted to 0.6 TWh, and gas sales to end customers amounted to 19.7 TWh.

### Important events Q4

- The Sales business unit announced its new, variable energy prices for Dutch customers in 2010. Electricity prices will be lowered by 23%, while gas prices will be raised by 1%.
- An agreement was signed with Electrabel, under which N.V. Nuon Energy will take over the gas-fired plant in Almere, which provides heat for 43,000 households in Almere.
- Peter Smink was appointed as CFO of N.V. Nuon Energy, effective 1 January 2010. He succeeds Doede Vierstra, who has decided to leave the company.
- In November Amsterdam municipality erected plug-in posts for electric cars in collaboration with Nuon and the network company Alliant. In two years, some 200 posts will have been set up throughout the city of Amsterdam.
- During the fourth quarter, the Power, Heat & Services business unit reached 100,000 district heating customers in Amsterdam.

## Supply & Trading

Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
Net sales	26,319	13,546	94.3	70,781	44,920	57.6
External net sales <sup>1</sup>	5,981	3,393	76.3	14,593	11,421	27.8
Operating profit (EBIT)	1,166	136	757.4	1,571	561	180.0
Operating profit (EBIT) excl. items affecting comparability	1,166	136	757.4	1,585	561	182.5

1) Excluding intra-Group transactions.

Supply & Trading 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 Executive Group Management. Operating profit does not include unrealised changes in fair value according to IAS 39. These are reported in the segment "Other". Management of Supply & Trading is based on the value that is created for other Group units as well as the unit's own trading result. Stephen Asplin is Head of Supply & Trading.

### Important events Q4

- As from mid-December, all legal trading units in Vattenfall, including the former Nuon Energy Trade & Wholesale, work under the Vattenfall Energy Trading name. Previously these worked under the name Vattenfall Trading Services.
- In November, Vattenfall began trading in Singapore fuel oil swaps on the IntercontinentalExchange in London. The oil portfolio has been expanded with the new product to better be able to hedge the exposure that arises in connection with the coal and freight activities.
- Vattenfall has expanded its option portfolio to include, in addition to options on German and Nordic electricity futures, also CO<sub>2</sub> emission allowances.

### General information on net sales and operating profit

Net sales and external net sales for the Supply & Trading operating segment are mainly affected by the price hedges that are taken out for other business units in the Vattenfall Group, as Supply & Trading is a Group-wide market access function for these.

A large part of Supply & Trading's operations generate earnings for other business units (in other operating segments) of the Vattenfall Group. Consequently, Supply & Trading's operating profit is derived primarily from realised trading transactions.

### Operating profit Q4

Operating profit improved by SEK 1,030 million. The realised trading profit improved during the fourth quarter of 2009 compared with the same quarter in 2008. The trading activities of the acquired company N.V. Nuon Energy (Nuon) accounted for most of the improvement (SEK 820 million).

### Operating profit – full year

Operating profit improved by SEK 1,010 million. The contribution from Nuon's trading activities was SEK 755 million.

## Other

Amounts in SEK million	Q4 2009	Q4 2008	Change, %	Full year 2009	Full year 2008	Change, %
Net sales	586	-238	-	2,127	-66	-
External net sales <sup>1</sup>	-92	-439	-79.0	599	-786	-
Operating profit (EBIT)	-508	-1,075	52.7	-1,544	-2,566	39.8
Operating profit (EBIT) excl. items affecting comparability	-508	-1,075	52.7	-1,544	-2,566	39.8

1) Excluding intra-Group transactions.

The segment 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. However, Vattenfall strives to use hedge accounting as far as possible. The changes in fair value that are recognised in consolidated profit pertain to trading for own account and price hedging contracts that are not effective hedges. Administration of energy trading contracts is handled by Supply & Trading, but are reported in the segment Other until the amounts are realised. When the amounts are realised, they affect the segments for which the contracts were taken out.

## Operating profit Q4

The improvement in operating profit is mainly attributable to positive, unrealised changes in fair value of the derivative portfolio. The contribution from N.V. Nuon Energy's (Nuon's) fair value restatements of its derivative portfolio was marginal, SEK 19 million.

## Operating profit – full year

The improvement in operating profit is mainly attributable to positive, unrealised changes in fair value of the derivative portfolio. The contribution from Nuon's fair value restatements of its derivative portfolio was SEK 411 million.



## Consolidated income statement

Amounts in SEK million

	Q4 2009	Q4 2008	Full year 2009	Full year 2008
Net sales	65,405	46,870	205,407	164,549
Cost of products sold <sup>1</sup>	-55,993	-37,395	-162,564	-122,961
<b>Gross profit</b>	<b>9,412</b>	<b>9,475</b>	<b>42,843</b>	<b>41,588</b>
Selling expenses, administrative expenses and research and development costs <sup>2</sup>	-5,372	-4,506	-17,922	-14,700
Other operating income and expenses, net	1,467	1,041	1,707	1,580
Participations in the results of associated companies	166	552	1,310	1,427
<b>Operating profit (EBIT)<sup>3</sup></b>	<b>5,673</b>	<b>6,562</b>	<b>27,938</b>	<b>29,895</b>
Financial income <sup>4</sup>	676	1,617	2,814	3,412
Financial expenses <sup>5</sup>	-3,671	-3,768	-13,018	-9,809
<b>Profit before tax<sup>6</sup></b>	<b>2,678</b>	<b>4,411</b>	<b>17,734</b>	<b>23,498</b>
Income tax expense	-568	-356	-4,286	-5,735
<b>Profit for the period<sup>7</sup></b>	<b>2,110</b>	<b>4,055</b>	<b>13,448</b>	<b>17,763</b>
Profit for the period attributable to:				
Owners of the Parent Company	1,858	3,894	12,896	17,095
Minority interests	252	161	552	668
<b>Total</b>	<b>2,110</b>	<b>4,055</b>	<b>13,448</b>	<b>17,763</b>
<b>Earnings per share</b>				
Number of shares in Vattenfall AB, thousands	131,700	131,700	131,700	131,700
Earnings per share, basic and diluted (SEK)	14.11	29.57	97.92	129.80
<b>Supplementary information</b>				
Operating profit before depreciation and amortisation (EBITDA)	15,360	11,407	51,777	45,960
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	-2,487	-2,380	-7,994	-5,049
1) Of which, depreciation, amortisation and impairment losses related to intangible assets (non-recurring) and property, plant and equipment	-9,587	-4,636	-23,238	-15,460
2) Of which, depreciation, amortisation and impairment losses related to intangible assets (non-recurring) and property, plant and equipment	-100	-209	-601	-605
3) Including items affecting comparability attributable to:				
Capital gains/losses, net	-86	1	58	98
Impairment losses/reversed impairment losses, net	-4,175	-403	-4,231	-423
4) Including return from the Swedish Nuclear Waste Fund	346	964	1,188	1,452
5) Including interest components related to pension costs	-361	-259	-1,297	-943
5) Including discounting effects attributable to provisions	-854	-735	-3,398	-2,800
6) Including items affecting comparability attributable to:				
Capital gains/losses, net	-41	15	103	124
Impairment losses/reversed impairment losses, net	-4,175	-403	-4,231	-423
7) Including items affecting comparability stated above adjusted for tax	-3,262	-273	-3,182	-205

## Consolidated statement of comprehensive income

Amounts in SEK million	Q4 2009	Q4 2008	Full year 2009	Full year 2008
<b>Profit for the period</b>	<b>2,110</b>	<b>4,055</b>	<b>13,448</b>	<b>17,763</b>
<b>Other comprehensive income:</b>				
Cash flow hedges:				
Changes in fair value	-3,595	2,126	-1,399	-3,486
Dissolved against the income statement	6,508	7,943	8,238	6,466
Transferred to cost of hedged item	-1,299	27	-1,509	368
Tax attributable to cash flow hedges	-515	-2,924	-1,576	-899
<b>Total cash flow hedges</b>	<b>1,099</b>	<b>7,172</b>	<b>3,754</b>	<b>2,449</b>
Hedging of net investments in foreign operations	-2,075	-7,629	8,111	-9,968
Tax attributable to hedging of net investments in foreign operations	546	2,136	-2,133	2,791
<b>Total hedging of net investments in foreign operations</b>	<b>-1,529</b>	<b>-5,493</b>	<b>5,978</b>	<b>-7,177</b>
Translation differences	3,264	10,708	-11,393	15,393
<b>Total other comprehensive income, net after tax</b>	<b>2 834</b>	<b>12,387</b>	<b>-1,661</b>	<b>10,665</b>
<b>Total comprehensive for the period</b>	<b>4,944</b>	<b>16,442</b>	<b>11,787</b>	<b>28,428</b>
Total comprehensive income for the period attributable to:				
Owners of the Parent Company	4,713	16,308	11,920	27,395
Minority interests	231	134	-133	1,033
<b>Total</b>	<b>4,944</b>	<b>16,442</b>	<b>11,787</b>	<b>28,428</b>

## Operating segments, Vattenfall Group

Amounts in SEK million	External net sales				Internal net sales				Total net sales			
	Q4 2009	Q4 2008	Full year 2009	Full year 2008	Q4 2009	Q4 2008	Full year 2009	Full year 2008	Q4 2009	Q4 2008	Full year 2009	Full year 2008
Business Group Pan Europe	2,550	2,615	8,239	7,614	2,938	3,108	12,874	12,793	5,488	5,723	21,113	20,407
Business Group Nordic	12,314	13,740	45,064	48,417	-578	-2,879	-2,671	-10,009	11,736	10,861	42,393	38,408
Business Group Central Europe	31,844	27,561	116,466	97,883	12,645	12,747	47,010	43,073	44,489	40,308	163,476	140,956
Business Group Benelux	12,808	—	20,446	—	2,034	—	3,844	—	14,842	—	24,290	—
Supply & Trading	5,981	3,393	14,593	11,421	20,338	10,153	56,188	33,499	26,319	13,546	70,781	44,920
Other <sup>1</sup>	-92	-439	599	-786	678	201	1,528	720	586	-238	2,127	-66
Eliminations <sup>2</sup>	—	—	—	—	-38,055	-23,330	-118,773	-80,076	-38,055	-23,330	-118,773	-80,076
<b>Total</b>	<b>65,405</b>	<b>46,870</b>	<b>205,407</b>	<b>164,549</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>65,405</b>	<b>46,870</b>	<b>205,407</b>	<b>164,549</b>

Amounts in SEK million	Profit				Profit excl. items affecting comparability			
	Q4 2009	Q4 2008	Full year 2009	Full year 2008	Q4 2009	Q4 2008	Full year 2009	Full year 2008
Business Group Pan Europe	375	323	2,113	3,567	1,496	320	3,234	3,559
Business Group Nordic	-405	2,688	7,504	11,461	3,152	2,703	10,923	11,469
Business Group Central Europe	5,310	4,490	18,938	16,872	4,715	4,880 <sup>4</sup>	18,373	17,197 <sup>4</sup>
Business Group Benelux	-265	—	-644	—	-87	—	-460	—
Supply & Trading <sup>3</sup>	1,166	136	1,571	561	1,166	136	1,585	561
Other <sup>1</sup>	-508	-1,075	-1,544	-2,566	-508	-1,075	-1,544	-2,566
<b>Operating profit (EBIT)</b>	<b>5,673</b>	<b>6,562</b>	<b>27,938</b>	<b>29,895</b>	<b>9,934</b>	<b>6,964<sup>4</sup></b>	<b>32,111</b>	<b>30,220<sup>4</sup></b>
Financial income and expenses	-2,995	-2,151	-10,204	-6,397				
<b>Profit before tax</b>	<b>2,678</b>	<b>4,411</b>	<b>17,734</b>	<b>23,498</b>				

Amounts in SEK million	Assets	
	31 Dec. 2009	31 Dec. 2008
Business Group Pan Europe	157,777	119,173
Business Group Nordic	113,737	122,955
Business Group Central Europe	247,169	217,647
Business Group Benelux	103,550	—
Supply & Trading	73,716	23,212
Other <sup>1</sup>	200,429	171,672
Eliminations	-294,251	-208,832
<b>Total</b>	<b>602,127</b>	<b>445,827</b>

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 the segment Other until the amounts are realised. When the amounts are realised, other segments are 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 the segment Other.

4) The amount is adjusted compared to previously published information as the definition of items affecting comparability has been changed. See also under Accounting Policies.

## Vattenfall Group, information about products and services

Amounts in SEK million	External net sales				Internal net sales				Total net sales			
	Q4 2009	Q4 2008	Full year 2009	Full year 2008	Q4 2009	Q4 2008	Full year 2009	Full year 2008	Q4 2009	Q4 2008	Full year 2009	Full year 2008
Electricity Generation	11,450	13,806	40,516	47,129	11,437	6,978	43,781	27,226	22,887	20,784	84,297	74,355
Supply & Trading	5,981	3,393	14,593	11,421	20,338	10,153	56,188	33,499	26,319	13,546	70,781	44,920
Electricity Networks	15,390	12,515	54,491	45,643	4,692	4,545	16,755	15,565	20,082	17,060	71,246	61,208
Heat	6,177	4,960	19,390	14,854	3,791	3,787	12,739	12,257	9,968	8,747	32,129	27,111
Other <sup>1</sup>	32,790	19,852	98,027	72,076	3,987	3,295	11,889	10,867	36,777	23,147	109,916	82,943
Eliminations <sup>2</sup>	-6,383	-7,656	-21,610	-26,574	-44,245	-28,758	-141,352	-99,414	-50,628	-36,414	-162,962	-125,988
<b>Total</b>	<b>65,405</b>	<b>46,870</b>	<b>205,407</b>	<b>164,549</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>65,405</b>	<b>46,870</b>	<b>205,407</b>	<b>164,549</b>

Amounts in SEK million	Operating profit (EBIT)				Operating profit (EBIT) excl. items affecting comparability			
	Q4 2009	Q4 2008	Full year 2009	Full year 2008	Q4 2009	Q4 2008	Full year 2009	Full year 2008
Electricity Generation	8,025	5,789	27,674	24,227	8,389	6,194 <sup>4</sup>	28,099	24,640 <sup>4</sup>
Supply & Trading <sup>3</sup>	1,166	136	1,571	561	1,166	136	1,585	561
Electricity Networks	1,701	1,064	5,800	4,654	1,148	1,083	5,152	4,677
Heat	-2,553	728	-609	3,310	1,600	728	3,545	3,290
Other	-2,666	-1,155	-6,498	-2,857	-2,369	-1,177	-6,270	-2,948
<b>Total</b>	<b>5,673</b>	<b>6,562</b>	<b>27,938</b>	<b>29,895</b>	<b>9,934</b>	<b>6,964</b>	<b>32,111</b>	<b>30,220</b>

1) 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 the segment Other until the amounts are realised. When the amounts are realised mainly Electricity Generation is affected.

2) Chiefly concerns trade between Electricity Generation, Supply & Trading, Energy Sales and Electricity Networks.

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

4) The amount is adjusted compared to previously published information as the definition of items affecting comparability has been changed. See also under Accounting Policies.



## Vattenfall Group, information about geographical areas

Amounts in SEK million	External net sales				Internal net sales				Total net sales			
	Q4 2009	Q4 2008	Full year 2009	Full year 2008	Q4 2009	Q4 2008	Full year 2009	Full year 2008	Q4 2009	Q4 2008	Full year 2009	Full year 2008
Nordic countries	14,103	15,942	50,987	54,732	-176	-2,148	717	-5,881	13,927	13,794	51,704	48,851
Germany and Poland	32,473	27,973	118,420	99,182	12,723	12,530	47,565	43,078	45,196	40,503	165,985	142,260
Netherlands and Belgium	12,813	—	20,457	—	2,116	—	3,999	—	14,929	—	24,456	—
Other <sup>1</sup>	6,016	2,955	15,543	10,635	21,010	10,353	57,702	34,214	27,026	13,308	73,245	44,849
Eliminations	—	—	—	—	-35,673	-20,735	-109,983	-71,411	-35,673	-20,735	-109,983	-71,411
<b>Total</b>	<b>65,405</b>	<b>46,870</b>	<b>205,407</b>	<b>164,549</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>65,405</b>	<b>46,870</b>	<b>205,407</b>	<b>164,549</b>

Amounts in SEK million	Operating profit (EBIT)				Operating profit (EBIT) excl. items affecting comparability			
	Q4 2009	Q4 2008	Full year 2009	Full year 2008	Q4 2009	Q4 2008	Full year 2009	Full year 2008
Nordic countries	383	3,637	11,820	16,760	4,080	3,649	15,378	16,760
Germany and Poland	4,817	3,863	16,624	15,140	4,222	4,253 <sup>2</sup>	16,059	15,465 <sup>2</sup>
Netherlands and Belgium	-1,361	—	-1,757	—	-201	—	-591	—
Other	1,834	-938	1,251	-2,005	1,833	-938	1,265	-2,005
<b>Total</b>	<b>5,673</b>	<b>6,562</b>	<b>27,938</b>	<b>29,895</b>	<b>9,934</b>	<b>6,964<sup>2</sup></b>	<b>32,111</b>	<b>30,220<sup>2</sup></b>

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

2) The amount is adjusted compared to previously published information as the definition of items affecting comparability has been changed. See also under Accounting Policies.

## Consolidated balance sheet

Amounts in SEK million	31 December 2009	31 December 2008
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets: non-current	64,431	7,257
Property, plant and equipment	303,025	256,077
Other non-current assets	50,048	54,578
<b>Total non-current assets</b>	<b>417,504</b>	<b>317,912</b>
<b>Current assets</b>		
Inventories	14,848	12,580
Intangible assets: current	12,432	3,285
Trade receivables and other receivables	42,152	34,293
Advance payment to suppliers	542	704
Derivatives with positive fair value	39,170	26,450
Prepaid expenses and accrued income	9,807	5,660
Current tax assets	1,376	4,707
Short-term investments	46,385	19,332
Cash and cash equivalents	10,555	20,904
Assets held for sale	7,356	–
<b>Total current assets</b>	<b>184,623</b>	<b>127,915</b>
<b>Total assets</b>	<b>602,127</b>	<b>445,827</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Attributable to owners of the Parent Company	135,620	129,861
Attributable to minority interests	6,784	11,025
<b>Total equity</b>	<b>142,404</b>	<b>140,886</b>
<b>Non-current liabilities</b>		
Capital Securities	10,250	10,811
Other interest-bearing liabilities	174,428	67,022
Pension provisions	20,690	20,752
Other interest-bearing provisions	65,601	64,068
Deferred tax liabilities	35,953	26,107
Other noninterest-bearing liabilities	7,480	3,818
<b>Total non-current liabilities</b>	<b>314,402</b>	<b>192,578</b>
<b>Current liabilities</b>		
Trade payables and other liabilities	42,106	24,506
Advance payments from customers	401	346
Derivatives with negative fair value	36,802	28,582
Accrued expenses and deferred income	30,637	21,941
Current tax liabilities	1,086	2,495
Interest-bearing liabilities	28,816	29,514
Interest-bearing provisions	4,809	4,979
Liabilities associated with assets held for sale	664	–
<b>Total current liabilities</b>	<b>145,321</b>	<b>112,363</b>
<b>Total equity and liabilities</b>	<b>602,127</b>	<b>445,827</b>
Pledged assets	752	1,631
Contingent liabilities	7,420	4,598

## Supplementary information

### Net assets

Amounts in SEK million	31 December 2009	31 December 2008
Business Group Pan Europe	53,249	36,377
Business Group Nordic	70,964	72,904
Business Group Central Europe	92,351	94,290
Business Group Benelux	60,949	–
Supply & Trading	26,578	2,280
Other <sup>1</sup>	–3,366	4,547
Eliminations	2	1,625
<b>Total net assets</b>	<b>300 727</b>	<b>212,023</b>
Net assets, weighted average value	245 016	179,114

1) Includes Treasury operations and Other Group functions.

### Net debt

Amounts in SEK million	31 December 2009	31 December 2008
Capital Securities	–10,250	–10,811
Bond loans and liabilities to credit institutions	–122,086	–69,665
Present value of liability pertaining to acquisition of N.V. Nuon Energy	–49,447	–
Liabilities to associated companies	–16,711	–16,894
Liability to minority interests	–7,975	–6,683
Other liabilities	–7,025	–3,294
<b>Total interest-bearing liabilities</b>	<b>–213,494</b>	<b>–107,347</b>
Cash and cash equivalents	10,555	20,904
Short-term investments	46,385	19,332
Loans to minority owners of foreign subsidiaries	1,567	1,111
<b>Net debt</b>	<b>–154,987</b>	<b>–66,000</b>

### Adjusted net debt

Amounts in SEK million	31 December 2009	31 December 2008
<b>Total interest-bearing liabilities</b>	<b>–213,494</b>	<b>–107,347</b>
Present value of pension obligations	–21,197	–21,839
Provisions for mining operations and other environment-related provisions	–14,463	–14,604
Provisions for nuclear power (net)	–6,776	–5,154
50% of Capital Securities	5,125	5,406
Currency derivatives with positive fair value	1,345	3,131
Hedging of net investments in foreign operations	–1,378	3,337
<b>Adjusted gross debt</b>	<b>–250,838</b>	<b>–137,070</b>
Carrying amount of cash and cash equivalents and short-term investments	56,940	40,236
Unavailable liquidity	–8,256	–7,468
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>48,684</b>	<b>32,768</b>
<b>Adjusted net debt</b>	<b>–202,154</b>	<b>–104,302</b>

## Consolidated statement of cash flows

Amounts in SEK million	Q4 2009	Q4 2008	Full year 2009	Full year 2008
<b>Operating activities</b>				
Profit before tax	2,678	4,411	17,734	23,498
Depreciation, amortisation and impairment losses	9,687	4,846	23,838	16,060
Tax paid	-2,081	-1,767	-4,739	-8,203
Other adjustment items	1,091	3,396	-133	-620
<b>Funds from operations (FFO)</b>	<b>11,375</b>	<b>10,886</b>	<b>36,700</b>	<b>30,735</b>
Changes in inventories	-222	-103	-1,597	-2,222
Changes in operating receivables	-18,728	-10,807	-5,230	-1,318
Changes in operating liabilities	20,401	9,786	17,667	12,858
Other changes	304	-2,204	-1,294	-3,859
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>1,755</b>	<b>-3,328</b>	<b>9,546</b>	<b>5,459</b>
<b>Cash flow from operating activities</b>	<b>13,130</b>	<b>7,558</b>	<b>46,246</b>	<b>36,194</b>
<b>Investing activities</b>				
Investments	-17,576	-18,184	-102,989	-42,296
Divestments	4,537	323	5,542	865
Cash and cash equivalents in acquired/divested companies	-524	146	14,407	158
<b>Cash flow from investing activities</b>	<b>-13,563</b>	<b>-17,715</b>	<b>-83,040</b>	<b>-41,273</b>
<b>Cash flow before financing activities</b>	<b>-433</b>	<b>-10,157</b>	<b>-36,794</b>	<b>-5,079</b>
<b>Financing activities</b>				
Changes in short-term investments	-1,424	-3,968	-25,611	-4,806
Changes in loans to minority owners in foreign subsidiaries	-14	145	-529	-174
Loans raised <sup>1</sup>	-3,707	21,607	72,543	31,797
Amortisation of debt	-1,780	-2,403	-11,601	-4,457
Dividends paid to owners	-3	-1	-6,980	-8,066
<b>Cash flow from financing activities</b>	<b>-6,928</b>	<b>15,380</b>	<b>27,822</b>	<b>14,294</b>
<b>Cash flow for the period</b>	<b>-7,361</b>	<b>5,223</b>	<b>-8,972</b>	<b>9,215</b>
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at the beginning of the period	18,726	14,722	20,904	10,563
Cash and cash equivalents included in assets held for sale	-653	—	-653	—
Cash flow for the period	-7,361	5,223	-8,972	9,215
Translation differences	-157	959	-724	1,126
<b>Cash and cash equivalents at the end of the period</b>	<b>10,555</b>	<b>20,904</b>	<b>10,555</b>	<b>20,904</b>

1) 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 2009	Q4 2008	Full year 2009	Full year 2008
<b>Cash flow before financing activities</b>	<b>-433</b>	<b>-10,157</b>	<b>-36,794</b>	<b>-5,079</b>
<b>Financing activities</b>				
Dividends paid to owners	-3	-1	-6,980	-8,066
<b>Cash flow after dividend</b>	<b>-436</b>	<b>-10,158</b>	<b>-43,774</b>	<b>-13,145</b>
<b>Analysis of change in net debt</b>				
Net debt at beginning of the period	-157,317	-48,476	-66,000	-43,740
Cash flow after dividend	-436	-10,158	-43,774	-13,145
Changes as a result of valuation at fair value	668	-1,859	1,475	-1,847
Changes in interest-bearing liabilities for leasing	28	6	406	-25
Interest-bearing liabilities acquired	2,236	-107	-2,046	-107
Liability pertaining to the acquisition of N.V. Nuon Energy incl. discounting effects	2,632	—	-51,392	—
Cash and cash equivalents included in assets held for sale	-653	—	-653	—
Translation differences on net debt	-2,145	-5,406	6,997	-7,136
<b>Net debt at the end of the period</b>	<b>-154,987</b>	<b>-66,000</b>	<b>-154,987</b>	<b>-66,000</b>
Free cash flow	6,436	6,398	27,566	18,963

## Consolidated statement of changes in equity

Amounts in SEK million	31 December 2009			31 December 2008		
	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	129,861	11,025	140,886	111,709	12,423	124,132
Dividends paid to owners	-6,900	-80	-6,980	-8,000	-66	-8,066
Group contributions from/to(-) minority, net after tax	—	342	342	—	189	189
Changes in ownership	739	-4,370	-3,631	-1,243	-2,554	-3,797
Cash flow hedges:						
Changes in fair value	-1,344	-55	-1,399	-3,629	143	-3,486
Dissolved against income statement	8,238	—	8,238	6,466	—	6,466
Transferred to cost of hedged item	-1,509	—	-1,509	373	-5	368
Tax attributable to cash flow hedges	-1,590	14	-1,576	-879	-20	-899
Total cash flow hedges	3,795	-41	3,754	2,331	118	2,449
Hedging of net investments in foreign operations	8,111	—	8,111	-9,968	—	-9,968
Tax attributable to net investments in foreign operations	-2,133	—	-2,133	2,791	—	2,791
Total hedging of net investments in foreign operations	5,978	—	5,978	-7,177	—	-7,177
Translation differences	-10,749	-644	-11,393	15,146	247	15,393
Profit for the period	12,896	552	13,448	17,095	668	17,763
Total comprehensive income for the period	11,920	-133	11,787	27,395	1,033	28,428
<b>Balance carried forward</b>	<b>135,620<sup>1</sup></b>	<b>6,784</b>	<b>142,404</b>	<b>129,861<sup>1</sup></b>	<b>11,025</b>	<b>140,886</b>
1) Of which, Reserve for cash flow hedges	-259			-4,054		

## Key ratios, Vattenfall Group (definitions and calculations of key ratios on pages 33–34)

In % unless otherwise stated. (x) means times	Q4 2009	Q4 2008	Full year 2009	Full year 2008
Operating margin	8.7	14.0	13.6	18.2
Operating margin <sup>1</sup>	15.2	14.9 <sup>3</sup>	15.6	18.4 <sup>3</sup>
Pre-tax profit margin	4.1	9.4	8.6	14.3
Pre-tax profit margin <sup>1</sup>	10.5	10.2 <sup>3</sup>	10.6	14.5 <sup>3</sup>
Return on equity	9.5 <sup>2</sup>	13.6 <sup>2</sup>	9.5	13.6
Return on equity <sup>1</sup>	11.8 <sup>2</sup>	13.8 <sup>2,3</sup>	11.8	13.8 <sup>3</sup>
Return on net assets	10.0 <sup>2</sup>	15.1 <sup>2</sup>	10.0	15.1
Return on net assets <sup>1</sup>	11.7 <sup>2</sup>	15.3 <sup>2,3</sup>	11.7	15.3 <sup>3</sup>
EBIT interest cover, (x)	2.1	2.4	3.1	4.5
EBIT interest cover, (x) <sup>1</sup>	3.6	2.5 <sup>3</sup>	3.5	4.6 <sup>3</sup>
FFO interest cover, (x)	5.0	4.6	4.8	5.4
FFO interest cover, net, (x)	5.6	5.6	5.6	7.1
Cash flow interest cover after maintenance investments, (x)	3.6	3.3	4.3	4.1
FFO/gross debt	17.2 <sup>2</sup>	28.6 <sup>2</sup>	17.2	28.6
FFO/net debt	23.7 <sup>2</sup>	46.6 <sup>2</sup>	23.7	46.6
EBITDA/net financial items, (x)	6.2	4.8	6.5	9.1
EBITDA/net financial items, (x) <sup>1</sup>	7.9	5.0 <sup>3</sup>	7.0	9.2 <sup>3</sup>
Equity/total assets	23.7	31.6	23.7	31.6
Gross debt/equity	149.9	76.2	149.9	76.2
Net debt/equity	108.8	46.8	108.8	46.8
Gross debt/gross debt plus equity	60.0	43.2	60.0	43.2
Net debt/net debt plus equity	52.1	31.9	52.1	31.9
Net debt/EBITDA, (x)	3.0 <sup>2</sup>	1.4 <sup>2</sup>	3.0	1.4

1) Excl. items affecting comparability.

2) Last 12-month values.

3) The amount is adjusted compared to previously published information as the definition of items affecting comparability has been changed. See also under Accounting Policies.



## Quarterly information, Vattenfall Group

Amounts in SEK million	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
<b>Income statement</b>								
Net sales	65,405	45,346	42,128	52,528	46,870	37,016	35,259	45,404
Cost of products sold	-55,993	-37,101	-32,788	-36,682	-37,395	-28,542	-25,755	-31,269
Other operating income and expenses, net	-3,905	-5,018	-3,822	-3,470	-3,465	-3,188	-3,419	-3,048
Participations in the results of associated companies	166	297	363	484	552	305	231	339
Operating profit before depreciation and amortisation (EBITDA)	15,360	9,123	10,145	17,149	11,407	9,272	10,078	15,203
Operating profit (EBIT)	5,673	3,524	5,881	12,860	6,562	5,591	6,316	11,426
Financial items, net	-2,995	-2,698	-2,408	-2,103	-2,151	-2,048	-840	-1,358
Financial items, net <sup>1</sup>	-2,487	-2,292	-1,665	-1,550	-2,380	-1,177	-450	-1,042
Profit before tax	2,678	826	3,473	10,757	4,411	3,543	5,476	10,068
<b>Profit for the period</b>	<b>2,110</b>	<b>622</b>	<b>2,625</b>	<b>8,091</b>	<b>4,055</b>	<b>2,481</b>	<b>4,043</b>	<b>7,184</b>
– of which, attributable to owners of the Parent Company	1,858	831	2,456	7,751	3,894	2,584	3,808	6,809
– of which, attributable to minority interests	252	-209	169	340	161	-103	235	375
<b>Balance sheet</b>								
Non-current assets	417,504	428,063	325,043	321,685	317,912	277,672	272,888	265,288
Short-term investments	46,385	41,240	19,476	23,256	19,332	13,156	9,707	9,498
Cash and cash equivalents	10,555	18,726	82,398	60,841	20,904	14,722	13,189	21,084
Other current assets	127,683	111,254 <sup>2</sup>	73,704	94,111	87,679	56,037	58,148	54,476
<b>Total assets</b>	<b>602,127</b>	<b>599,283<sup>2</sup></b>	<b>500,621</b>	<b>499,893</b>	<b>445,827</b>	<b>361,587</b>	<b>353,932</b>	<b>350,346</b>
Equity	142,404	137,668	145,060	150,485	140,886	124,068	112,372	132,822
– of which, attributable to owners of the Parent Company	135,620	130,870	133,752	139,577	129,861	113,364	101,708	120,035
– of which, attributable to minority interests	6,784	6,798	11,308	10,908	11,025	10,704	10,664	12,787
Capital Securities	10,250	10,128	10,728	10,856	10,811	9,641	9,330	9,267
Other interest-bearing liabilities	203,244	208,687	156,175	135,267	96,536	67,860	66,638	61,815
Pension provisions	20,690	19,884	20,849	20,993	20,752	18,517	17,849	17,644
Other interest-bearing provisions	70,410	67,842	68,227	69,387	69,047	57,529	56,421	56,446
Deferred tax liabilities	35,953	40,695	27,618	27,870	26,107	23,890	22,736	24,302
Other noninterest-bearing liabilities	119,176	114,379 <sup>2</sup>	71,964	85,035	81,688	60,082	68,586	48,050
<b>Total equity and liabilities</b>	<b>602,127</b>	<b>599,283<sup>2</sup></b>	<b>500,621</b>	<b>499,893</b>	<b>445,827</b>	<b>361,587</b>	<b>353,932</b>	<b>350,346</b>
Net assets	300,727	297,757	213,119	212,812	212,023	179,949	178,653	168,781
Net debt	-154,987	-157,317	-63,478	-60,571	-66,000	-48,476	-52,011	-39,545
<b>Cash flow</b>								
Funds from operations (FFO)	11,375	3,997	2,568	18,760	10,886	8,687	-666	11,828
Cash flow from changes in operating assets and operating liabilities	1,755	7,154	7,869	-7,232	-3,328	3,526	8,068	-2,807
Cash flow from operating activities	13,130	11,151	10,437	11,528	7,558	12,213	7,402	9,021
Cash flow from investing activities	-13,563	-53,294	-9,237	-6,946	-17,715	-6,224	-12,637	-4,697
Cash flow before financing activities	-433	-42,143	1,200	4,582	-10,157	5,989	-5,235	4,324
Changes in short-term investments	-1,424	-23,871	3,782	-4,098	-3,968	-3,198	-162	2,522
Loans raised/Amortisation of debt, net, etc.	-5,501	3,071	23,522	39,321	19,349	-1,349	5,450	3,716
Dividends paid to owners	-3	-9	-6,941	-27	-1	-1	-8,063	-1
Cash flow from financing activities	-6,928	-20,809	20,363	35,196	15,380	-4,548	-2,775	6,237
<b>Cash flow for the period</b>	<b>-7,361</b>	<b>-62,952</b>	<b>21,563</b>	<b>39,778</b>	<b>5,223</b>	<b>1,441</b>	<b>-8,010</b>	<b>10,561</b>
Free cash flow	6,436	7,081	5,594	8,455	6,398	7,464	74	5,027

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 as a correction now is reported. See also under Accounting Policies.

## Quarterly information, Vattenfall Group (cont.)

### Key ratios (definitions and calculations of key ratios on pages 33–34)

In % unless otherwise stated. (x) means times	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Return on equity <sup>1</sup>	9.5	11.0	12.5	13.9	13.6	14.0	14.8	17.0
Return on equity <sup>1,2</sup>	11.8	11.1 <sup>3</sup>	12.6 <sup>3</sup>	14.1 <sup>3</sup>	13.8 <sup>3</sup>	13.9 <sup>3</sup>	14.7	16.9
Return on net assets <sup>1</sup>	10.0	11.7	13.9	14.9	15.1	16.0	16.1	16.2
Return on net assets <sup>1,2</sup>	11.7	11.8 <sup>3</sup>	14.0 <sup>3</sup>	15.1 <sup>3</sup>	15.3 <sup>3</sup>	16.0	16.1 <sup>3</sup>	16.2 <sup>3</sup>
EBIT interest cover, (x)	2.1	1.4	3.1	6.8	2.4	3.7	7.6	8.1
EBIT interest cover, (x) <sup>2</sup>	3.6	1.4	3.1	6.8	2.5 <sup>3</sup>	3.7	7.6	8.1
FFO interest cover, (x) <sup>1</sup>	17.2	16.5	24.5	25.8	28.6	39.7	37.0	47.4
FFO interest cover, net, (x) <sup>1</sup>	23.7	23.0	64.4	62.2	46.6	63.4	54.0	85.1
Equity/assets ratio	23.7	23.0 <sup>4</sup>	29.0	30.1	31.6	34.3	31.7	37.9
Gross debt/equity	149.9	158.9	115.1	97.1	76.2	62.5	67.6	53.5
Net debt/equity	108.8	114.3	43.8	40.3	46.8	39.1	46.3	29.8
Net debt/net debt plus equity	52.1	53.3	30.4	28.7	31.9	28.1	31.6	22.9
Net debt/EBITDA, (x) <sup>1</sup>	3.0	3.3	1.3	1.3	1.4	1.0	1.1	0.9

1) Last 12-month values.

2) Excl. items affecting comparability.

3) The amount is adjusted compared to previously published information as the definition of items affecting comparability has been changed. See also under Accounting Policies.

4) The amount is adjusted compared to previously published information as a correction now is reported. See also under Accounting Policies.

## Key ratios — renewable energy<sup>1</sup> generation in the Nordic countries

Amounts in SEK million	2009				2008			
	Wind power	Hydro power <sup>2</sup>	Heat	Total	Wind power	Hydro power	Heat	Total
Operating profit	–196.2	216.9	319.4	<b>340.1</b>	182.0	316.2	415.5	<b>913.7</b>
Investments	1,880.5	71.0	1 568.6	<b>3,520.1</b>	4,616.8	15.4	1 410.2	<b>6,042.4</b>
Property, plant and equipment <sup>3</sup>	5,371.1	367.5	7 950.4	<b>13,689.0</b>	4,827.1	317.6	6 072.8	<b>11,217.5</b>
Return on property, plant and equipment, %	–3.7%	59.0%	4.0%	<b>2.5%</b>	3.8%	99.5%	6.8%	<b>8.1%</b>

1) By renewable energy is meant electricity and heat generation in the Nordic countries according to the official rules that apply for electricity certificates in Sweden.

2) Small-scale hydro power and capacity increases.

3) The value of Property, plant and equipment is calculated as an average over the year.

## Exchange rates

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

	Q4 2009	Q4 2008	Full year 2009	Full year 2008		31 Dec 2009	31 Dec 2008
<b>Average rate</b>					<b>Balance sheet date rate</b>		
EUR	10.3596	10.2200	10.6354	9.6628	EUR	10.3530	10.9400
DKK	1.3919	1.3718	1.4282	1.2962	DKK	1.3915	1.4680
GBP	11.4531	12.1050	11.8664	12.1085	GBP	11.4850	11.2500
NOK	1.2288	1.1485	1.2105	1.1704	NOK	1.2430	1.1035
PLN	2.4725	2.7300	2.4546	2.7331	PLN	2.5000	2.6200
USD	7.0494	7.5725	7.6431	6.5929	USD	7.2125	7.7500

## Parent Company income statement

Amounts in SEK million	Full year 2009	Full year 2008
Net sales	29,745	31,844
Cost of products sold	-17,712	-18,118
<b>Gross profit</b>	<b>12,033</b>	<b>13,726</b>
Selling expenses, administrative expenses and research and development costs	-2,119	-2,905
Other operating income and expenses, net	46	160
<b>Operating profit (EBIT)</b>	<b>9,960</b>	<b>10,981</b>
Result from participations in Group companies	-1,532	34,579
Result from participations in associated companies	682	12
Result from other shares and participations	616	20
Interest income and similar profit/loss items	10,125	1,558
Interest expenses and similar profit/loss items	-7,952	-13,431
Group contributions	—	1,315
<b>Profit before appropriations and tax</b>	<b>11,899</b>	<b>35,034</b>
Appropriations	-2,680	3,498
<b>Profit before tax</b>	<b>9,219</b>	<b>38,532</b>
Income tax expense	-2,622	-1,024
<b>Profit for the period</b>	<b>6,597</b>	<b>37,508</b>

## Parent Company balance sheet

Amounts in SEK million	31 December 2009	31 December 2008
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets: non-current	145	50
Property, plant and equipment	21,144	20,148
Other non-current assets	209,056	103,304
<b>Total non-current assets</b>	<b>230,345</b>	<b>123,502</b>
<b>Current assets</b>		
Inventories	361	322
Intangible assets: current	762	710
Current receivables	51,282	33,353
Current tax assets	—	1,688
Cash and cash equivalents	281	375
<b>Total current assets</b>	<b>52,686</b>	<b>36,448</b>
<b>Total assets</b>	<b>283,031</b>	<b>159,950</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Restricted equity		
Share capital	6,585	6,585
Statutory reserve	1,286	1,286
Non-restricted equity		
Retained earnings	44,718	10,633
Profit for the period	6,597	37,508
<b>Total equity</b>	<b>59,186</b>	<b>56,012</b>
<b>Untaxed reserves</b>	<b>10,175</b>	<b>7,495</b>
<b>Provisions</b>	<b>183</b>	<b>109</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	181,863	59,557
Non-current noninterest-bearing liabilities	3,138	2,803
<b>Total non-current liabilities</b>	<b>185,001</b>	<b>62,360</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	1,458	7,932
Current tax liabilities	461	—
Other current noninterest-bearing liabilities	26,567	26,042
<b>Total current liabilities</b>	<b>28,486</b>	<b>33,974</b>
<b>Total equity and liabilities</b>	<b>283,031</b>	<b>159,950</b>

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

### Group

#### Accounting policies

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU 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 2008 Annual Report (Note 2 to the consolidated accounts), with exception for the new standards and amendments to standards and interpretations described below, and endorsed by the EU, which are effective as of the 2009 financial year:

IFRS 8 – Operating Segments, which defines an operating segment and what information shall be disclosed for each operating segment in the financial statements. According to IFRS 8, segment information must be reported on the basis of how management internally follows up the operations. IFRS 8 in combination with a changed Group organisational structure as of the 2009 financial year entail a further split of the segments disclosed by Vattenfall compared with the segments reported in 2008.

Amendments in IAS 1 – Presentation of Financial Statements have led to a changed presentation format of the consolidated financial statements in certain respects. The amendment does not affect the calculation of numbers reported. It entails that certain transactions that were previously recognised directly in equity, have been recognised as separate items in a new statement – Consolidated Statement of Comprehensive Income – under the heading Other comprehensive income.

Amendments in IAS 23 – Borrowing Costs require that an entity must capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale. The amendments have not had any impact on Vattenfall's financial statements, as such borrowing costs are already capitalised within the Vattenfall Group.

Amendments in IFRS 2 – Share-based Payment clarifies, among other things, the treatment of vesting conditions related to share-

based payments. IFRS 2 is not relevant to Vattenfall.

Amendments in IAS 27 – Consolidated and Separate Financial Statements, which among other things affects dividends received from subsidiaries, associated companies and joint ventures. The amendments have not had any affect on Vattenfall's financial statements.

Amendments in IAS 32 – Financial Instruments: Presentation, and IAS 1 – Presentation of Financial Statements – “Puttable Financial Instruments and Obligations Arising on Liquidation” states that certain well-defined financial instruments shall be classified as equity and not as a liability. Currently no such financial instruments are issued, and consequently the amendments have not had any affect on Vattenfall's financial statements.

Amendments in IFRS 7 – Financial Instruments: Disclosures entail enhanced disclosures of liquidity risks and on measurement of recognised fair values. The methods for fair value measurement by category of financial instruments are divided into three levels.

Amendments in IFRIC 9 – Reassessment of Embedded Derivatives, and IAS 39 – Financial Instruments: Recognition and Measurement deal with reassessment of embedded derivatives. The amendments have had no impact on Vattenfall's financial statements.

“Improvements to IFRSs” (issued in May 2008) aims 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 13 – Customer Loyalty Programmes. This interpretation addresses the reporting and valuation of a company's obligation to provide free or discounted goods or services to customers that have qualified for such through previous purchases. Currently, no customer loyalty programmes as defined in IFRIC 13 are in place within Vattenfall.

#### Acquisition of N.V. Nuon Energy

The acquisition is described in summary on page 3 of this year-end report.

A specification of acquired net assets and goodwill is provided in the following table.

Specification of acquired net assets and goodwill (SEK million)

Cash paid	52,424
Direct costs relating to the acquisition	443
Liability at 1 July 2009 pertaining to owners of Nuon	51,467
<b>Total purchase consideration</b>	<b>104,334</b>

Cash and cash equivalents acquired	14,902
Cash amount not yet transferred	51,467
<b>Cash outflow during the year</b>	<b>37,965</b>

	Fair value	Carrying amount
Assets and liabilities acquired at 1 July 2009		
Intangible assets: non current	13,471	1,186
Property, plant and equipment	35,827	27,873
Participations in associated companies and joint ventures	1,379	1,196
Deferred tax assets	1,581	1,581
Other non-current assets	255	255
Inventories	977	977
Intangible assets: current	4,202	–
Trade receivables and other receivables	12,044	11,660
Derivatives with positive fair value	31,263	31,263
Short-term investments	3,498	3,498
Cash and cash equivalents	14,902	14,902
Borrowings	-5,544	-5,544
Provisions	-2,135	-2,021
Deferred tax liabilities	-10,186	-3,800
Trade payables and other liabilities	-14,279	-14,279
Derivatives with negative fair value	-29,831	-29,831
<b>Total</b>	<b>57,424</b>	<b>38,916</b>
Goodwill	46,910	
<b>Total purchase consideration</b>	<b>104,334</b>	

In accordance with IFRS, the purchase price allocation (PPA) is still preliminary.

#### Operating segments

During the first half of 2009 the Group's activities were conducted primarily in three operating segments (Business Groups). In addition to the geographical breakdown of operations into Business Group Nordic (Sweden, Finland and Denmark) and Business Group Central Europe (Germany and Poland), Business Group Pan Europe has been established with responsibility for wind power, nuclear power and technological development in all countries in which Vattenfall has operations. Business Group Pan Europe is also responsible for European business development with focus on efficient use of energy and biomass. Starting with the third quarter of 2009, a fourth

Business Group – Benelux – was established, consisting of business activities (excl. wind power, trading and treasury operations) in the acquired and thereby consolidated company N.V. Nuon Energy. In addition to these are the operating segment Supply & Trading, which is responsible for energy trading, and the segment Other (Treasury operations and Other Group functions).

Operating profit for the segment Other includes unrealised changes in market value (fair value) in accordance with IAS 39 for energy trading contracts administered by Supply & Trading. When the amounts are realised, other segments are affected.

#### Changed definitions of key ratios

Previously, the definition of items affecting comparability covered capital gains and capital losses on shares and other non-current assets. Starting with this year-end report, the term items affecting comparability has been expanded to also include impairment losses and reversed impairment losses on non-current assets.

Key ratios in which items affecting comparability are included have been recalculated for previous periods.

#### Adjustment of balance sheet total and Equity/assets ratio in Vattenfall's interim report for the period ended 30 September 2009

The consolidated balance sheet as per 30 September reported a balance sheet total of SEK 649,283 million. Subsequent to publication an error was discovered in a netting model for a derivative. The balance sheet items "Derivatives with positive fair value" and "Derivatives with negative fair value" were both reported in amounts that were SEK 50,000 million too high. A correction of these balance sheet items results in a balance sheet total of SEK 599,283 million, which is now reported for Q3 2009 on page 28 of this report.

The key ratio "Equity/assets ratio" in the same interim report, which was reported as 21.2%, has now been analogically adjusted to 23.0%.

The consolidated income statement, statement of cash flows and other key ratios than the Equity/assets ratio have not been affected by the above-mentioned correction.

#### Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2008 Annual Report, pages 71–75, and Note

35 to the consolidated accounts. In addition to these are risks and uncertainties associated with the consolidation of N.V. Nuon Energy as from 1 July 2009. No other material changes, other than what is stated in this interim report, have taken place since publication of the 2008 Annual Report.

#### Other

Significant related-party transactions are described in Note 51 to the consolidated accounts in Vattenfall's 2008 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2008 Annual Report.

#### 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 2.2 – 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 2008 Annual Report (Note 2 to the Parent Company accounts).

#### Full year 2009

A condensed income statement and balance sheet for the Parent Company are presented on page 30 of this report.

Sales amounted to SEK 29,745 million (31,844).

Profit before appropriations and tax was SEK 11,899 million (35,034).

The deterioration in earnings compared with the preceding year is attributable to an intra-Group, non-taxable capital gain recognised in 2008 on the sale of shares by the Parent Company to a wholly owned subsidiary. This capital gain amounted to SEK 30,582 million and was eliminated at the Group level.

The balance sheet total amounted to SEK 283,031 million (159,950). The increase is explained by loans raised to finance the acquisition of the shares in N.V. Nuon Energy.

Investments for the period amounted to SEK 110,986 million (10,459).

Cash and cash equivalents amounted to SEK 281 million (375). Funds in the Group cash pool account managed by Vattenfall Treasury AB amounted to SEK 34,156 million (16,525).

#### Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2008 Annual Report, pages 71–75. No material changes, other than what is stated in this report, have taken place since publication of the 2008 Annual Report.

#### Other

Significant related-party transactions are described in Note 40 to the Parent Company accounts in Vattenfall's 2008 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2008 Annual Report.

#### Dividend

Consolidated profit attributable to shareholders in the Parent Company amounted to SEK 12,896 million (17,095) or SEK 97.92 per share (129.80). The Board of Directors proposes a dividend of SEK 5,240 million, corresponding to SEK 39.79 per share.

#### Annual General Meeting

The Annual General Meeting will be held on 29 April 2010 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](http://www.vattenfall.se) and [www.vattenfall.com](http://www.vattenfall.com), respectively, on 31 March 2010. 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](mailto:info@vattenfall.se) or directly via Vattenfall's websites: [www.vattenfall.se](http://www.vattenfall.se) (Swedish) and [www.vattenfall.com](http://www.vattenfall.com) (English).

Stockholm, 10 February 2010

Vattenfall AB (publ)

The Board of Directors

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

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

## Definitions and calculations of key ratios

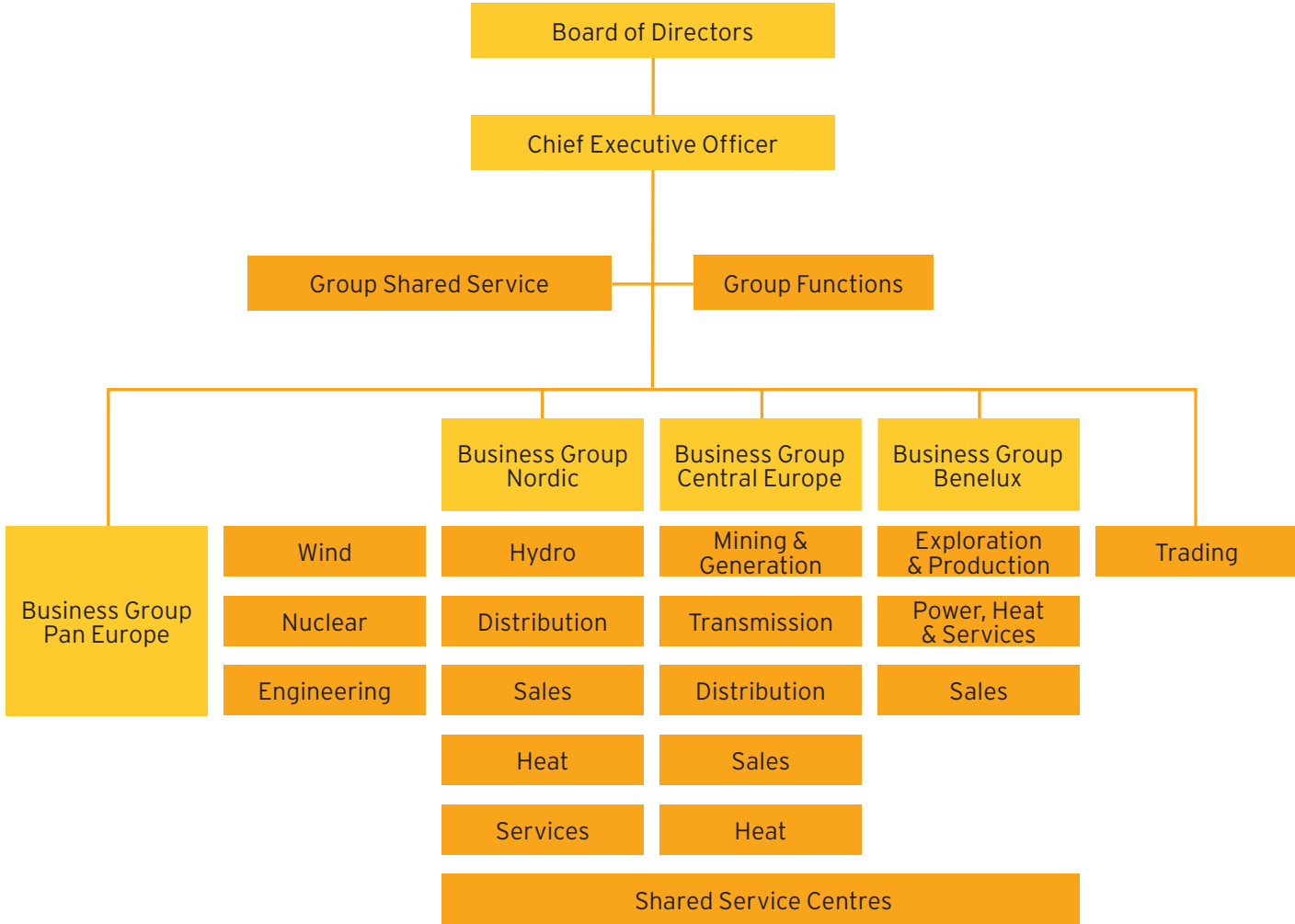
Figures for the Group in 2009. Amounts in SEK million unless otherwise stated.

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 and impairment losses and impairment losses reversed pertaining to non current assets.		
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).			
<b>Key ratios based on full year amounts 2009:</b>			
Operating margin, % =	100 x $\frac{\text{Operating profit (EBIT)}}{\text{Net sales}}$	$\frac{27,938}{205,407}$	= 13.6
Operating margin excl. items affecting comparability, % =	100 x $\frac{\text{Operating profit (EBIT) excl. items affecting comparability}}{\text{Net sales}}$	$\frac{32,111}{205,407}$	= 15.6
Pre-tax profit margin, % =	100 x $\frac{\text{Profit before tax}}{\text{Net sales}}$	$\frac{17,734}{205,407}$	= 8.6
Pre-tax profit margin excl. items affecting comparability, % =	100 x $\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}}$	$\frac{21,862}{205,407}$	= 10.6
Return on equity, % =	100 x $\frac{\text{Profit for the period attributable to owners of the Parent Company}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{12,896}{136,229}$	= 9.5
Return on equity excl. items affecting comparability, % =	100 x $\frac{\text{Profit for the period attributable to owners of the Parent Company excl. items affecting comparability}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{16,078}{136,229}$	= 11.8
Return on net assets, % =	100 x $\frac{\text{Operating profit (EBIT) + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	$\frac{24,540}{245,016}$	= 10.0
Return on net assets excl. items affecting comparability, % =	100 x $\frac{\text{Operating profit (EBIT) excl. items affecting comparability + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	$\frac{28,713}{245,016}$	= 11.7
EBIT interest cover, (x) =	$\frac{\text{Operating profit (EBIT) + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{29,564}{9,620}$	= 3.1



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	33,737	=	3.5
	Financial expenses excl. discounting effects attributable to provisions	9,620		
FFO interest cover, (x) =	Funds from operations (FFO) + financial expenses excl. discounting effects attributable to provisions	46,320	=	4.8
	Financial expenses excl. discounting effects attributable to provisions	9,620		
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	44,694	=	5.6
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	7,994		
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	35,889	=	4.3
	Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	8,323		
FFO/gross debt, % = 100 x	Funds from operations (FFO)	36,700	=	17.2
	Interest-bearing liabilities	213,494		
FFO/net debt, % = 100 x	Funds from operations (FFO)	36,700	=	23.7
	Net debt	154,987		
EBITDA/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA)	51,777	=	6.5
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	7,994		
EBITDA excl. items affecting comparability/ net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA) excl. items affecting comparability	55,950	=	7.0
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	7,994		
<b>Key ratios based on the balance sheet per 30 December, 2009:</b>				
Equity/total assets, % = 100 x	Equity	142,404	=	23.7
	Balance sheet total	602,127		
Gross debt/equity, % = 100 x	Interest-bearing liabilities	213,494	=	149.9
	Equity	142,404		
Net debt/equity, % = 100 x	Net debt	154,987	=	108.8
	Equity	142,404		
Gross debt/gross debt plus equity, % = 100 x	Interest-bearing liabilities	213,494	=	60.0
	Interest-bearing liabilities + equity	355,898		
Net debt/net debt plus equity, % = 100 x	Net debt	154,987	=	52.1
	Net debt + equity	297,391		
Net debt/EBITDA, (x) =	Net debt	154,987	=	3.0
	Operating profit before depreciation and amortisation (EBITDA)	51,777		

Vattenfall's organisation



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