

2011

Interim Report January–March

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All comparison figures in this report pertain to
the first quarter of 2010, unless indicated
otherwise.

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

Satisfactory result

- Net sales decreased by 26.6% to SEK 51,868 million (70,657). The decrease is mainly attributable to Vattenfall's sale of its German transmission business in May 2010
- Operating profit rose 17.1% to SEK 11,842 million (10,115). Excluding items affecting comparability¹, operating profit decreased by 27.5% to SEK 11,153 million (15,376)
- Profit for the period (after tax) rose 90.2% to SEK 7,203 million (3,787). Excluding items affecting comparability, profit for the period (after tax) decreased by 25.8% to SEK 6,714 million (9,045)

1) Items affecting comparability amounted to SEK 689 million, net (2010: -5,261). The figure for 2010 pertains mainly to an impairment charge of SEK -5,322 million attributable to the sale of 50Hertz Transmission GmbH, Vattenfall's German transmission business.

First quarter 2011 – net sales, profit, cash flow and debt

Consolidated net sales decreased by SEK 18,789 million, or 26.6%, to SEK 51,868 million (70,657), of which approximately SEK 13 billion is attributable to the divestment of the German transmission business, 50Hertz Transmission GmbH, in May 2010. Currency movements had a negative effect on net sales by SEK 4.4 billion as a result of the stronger Swedish krona.

Operating profit increased by SEK 1,727 million, or 17.1%, to SEK 11,842 million (10,115). However, excluding items affecting comparability, operating profit decreased by SEK 4,223 million, or 27.5%, to SEK 11,153 million (15,376). Items affecting comparability for the first quarter of 2011 amounted to SEK 689 million, net, compared with SEK -5,261 million, net, for the first quarter of 2010, of which SEK -5,322 million pertained to impairment in connection with the sale of 50Hertz Transmission GmbH, Vattenfall's transmission business in Germany. Compared with the first quarter of 2010, Vattenfall received lower electricity prices on average, which affected operating profit negatively by approximately SEK 2.5 billion. In addition, operating profit was charged with higher generation taxes and fees as well as fair valuation of energy derivatives, which according to IAS 39 may not be reported using hedge accounting. However, higher electricity volumes, and lower operating and maintenance costs had a positive effect on operating profit. Currency movements had a negative effect on operating profit by SEK 0.9 billion as a result of the stronger Swedish krona.

Starting with this quarter, Vattenfall reports its operations broken down into three operating segments: Generation,

Distribution and Sales, and Renewables.

Following is a breakdown of operating profit for these operating segments during the first quarter of 2011:

- Operating profit for Generation decreased by SEK 4,514 million to SEK 7,510 million.
- Operating profit for Distribution and Sales increased by SEK 1,011 million to SEK 4,791 million.
- Operating profit for Renewables improved by SEK 312 million to SEK 180 million.

Operating profit for "Other" improved by SEK 4,918 million to SEK -639 million. This is mainly attributable to the fact that earnings in 2010 for "Other" were charged with the above-mentioned impairment pertaining to 50Hertz Transmission GmbH.

For further information about the Group's operating segments, see pages 11–17.

Profit for the period (after tax) increased by SEK 3,416 million, or 90.2%, to SEK 7,203 million (3,787). The sharp increase is mainly due to the fact that the first quarter of 2010 was charged with the above-mentioned impairment of SEK 5.3 billion in connection with the sale of Vattenfall's German transmission business, 50Hertz Transmission GmbH.

Return on equity was 12.6%, and the return on net assets was 9.9%. 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 6.1 (3.0), compared with the target interval of 3.5–4.5.

Compared with 31 December 2010, net debt decreased



"The first quarter of the year was overshadowed by the earthquake and tsunami disaster in Japan and the ensuing accident at the Fukushima nuclear power plant. The disaster in Japan and the unrest in the Arab countries have affected prices of commodities and electricity, but it is still too early to comment on the long-term consequences. We can note that the German government has ordered the closure of seven older nuclear reactors and issued a moratorium on the extension of the operating permits for all German reactors. Excluding items affecting comparability, Vattenfall reports a lower operating profit than the corresponding quarter a year ago, which is mainly due to lower average prices received. This underscores the importance that we continue to increase the efficiency of our operations."

Øystein Løseth
President and CEO

by SEK 5,827 million to SEK 138,282 million, mainly owing to improved cash flow, margin calls¹ received and the stronger Swedish krona.

The net debt/equity ratio was 98.1% at 31 March 2011 (31 December 2010: 107.8%). For detailed information about net debt, see page 23.

Funds from operations (FFO) increased by SEK 5,233 million to SEK 15,053 million, which is partly attributable to a higher pre-tax profit and lower paid tax.

The Group's total investments amounted to SEK 6,199 million (8,935). For more information about investment activities, see page 7.

Electricity generation, sales of heat and gas in Q1 2011

Vattenfall's electricity generation increased by 4.6% during the first quarter of 2011, to 49.8 TWh (47.6). Hydro power generation decreased by 14.7% to 8.7 TWh (10.2); nuclear power generation increased by 37.7% to 14.6 TWh (10.6); fossil-based power decreased by 3.1% to 25.1 TWh (25.9); wind power generation more than doubled to 0.9 TWh (0.4). Electricity generation based on biomass and waste was unchanged at 0.4 TWh. Sales of heat decreased by 6.1% to 16.9 TWh (18.0). Sales of gas were unchanged at 24.0 TWh. For more information, see page 8.

Electricity price trend

A recovery of demand from industry contributed to a rise in spot prices in most markets. However, average spot prices for the Swedish price area were 8.7% lower during the first quarter of 2011 than in the first quarter of 2010. In the futures market, prices rose during the quarter. For more detailed information about the trend in electricity prices, see page 8.

Important events during the first quarter of 2011

Nuclear power

Immediately following the Japanese earthquake and tsunami disaster on 11 March, which caused very extensive damage to the Fukushima nuclear power plant, the EU

called for stress tests of all European nuclear power plants, and the German government ordered a temporary shut-down of seven older nuclear power plants in Germany, i.e., plants commissioned in 1980 or earlier. These seven plants account for approximately 7,200 MW, or approximately 35%, of Germany's total nuclear power capacity. For Vattenfall's part, only the Brunsbüttel nuclear power plant has been affected by the closure decision, but since Brunsbüttel has not been operating since summer 2007, this has not had any immediate effect on Vattenfall. Like Brunsbüttel, Vattenfall's half-owned Krümmel nuclear power plant has been off line since summer 2007. The German government has also implemented a three-month moratorium on the decision it made last autumn to extend the useful life of all German nuclear reactors.

In Sweden, following many years of research and development, on 16 March Svensk Kärnbränslehantering AB (SKB), which is 56%-owned by Vattenfall, filed a formal application for a permit to build a facility for final storage of spent nuclear fuel and a facility in which the fuel will be encapsulated before being moved to the final storage facility. SKB's application will now be reviewed by the Swedish Radiation Safety Authority and Environmental Court. The application will thereafter be taken up for political decisions by the affected municipalities and the Swedish government.

Vattenfall signed new five-year credit facility

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

Divestments

As part of Vattenfall's new strategic direction, which entails among other things a focus on assets in core businesses, a number of divestments have been made:

On 1 February 2011 Vattenfall sold its 25% stake in the Rostock coal-fired power plant in Germany to RheinEnergie AG. The plant has installed capacity of 553 MW. The sales price has not been disclosed by the parties.

After the end of the reporting period, on 13 April, Vatten-

fall agreed to sell its 21.3% shareholding in the German energy company Energieversorgung Sachsen Ost AG (ENSO) to EnergieVerbund Dresden GmbH (EVD). Consideration for the sale amounts to EUR 147 million. The deal is contingent upon approval by the Dresden city council.

In addition, on 13 April Vattenfall agreed to sell parts of its Swedish engineering consultancy to Pöyry PLC. The divested units include approximately 360 employees at 22 offices located in Sweden, Norway and the UK, with a particularly strong local presence in Sweden. The sales price has not been disclosed by the parties.

Work continues on evaluating opportunities to divest non-core assets, but no further decisions have been made.

Changes in the Board of Directors and Executive Group Management

After consultation with the Ministry of Finance, on 18 March 2011 Lars Westerberg decided to resign as Chairman of the Board of Vattenfall AB. Björn Savén was appointed as acting Chairman as well as Deputy Chairman of Vattenfall AB until the Annual General Meeting on 27 April 2011. On 18 March 2011 Lars Gejrot left his position as Senior Vice President, Staff Function Human Resources and as a member of the Executive Group Management.

Important events after the end of the reporting period

At Vattenfall's Annual General Meeting on 27 April, Björn Savén was elected as Chairman of the Board of Vattenfall AB until an Extraordinary General Meeting, which is intended to be held before the end of June 2011. Ingrid Bonde and Håkan Erixon were elected as new directors on the Vattenfall board.

¹) A margin call is marginal security that the holder of a derivative position must pledge to cover the credit risk of its counterparty.

Earnings, cash flow and balance sheet in summary

| Amounts in SEK million unless otherwise stated | Q1 2011 | Q1 2010 | Change, % | Full year 2010 | Last 12 months |
|--|-------------------|------------------|--------------|----------------|----------------|
| Net sales | 51,868 | 70,657 | -26.6 | 213,572 | 194,783 |
| Operating profit before depreciation and amortisation (EBITDA) | 16,932 | 20,799 | -18.6 | 60,706 | 56,839 |
| Operating profit (EBIT) | 11,842 | 10,115 | 17.1 | 29,853 | 31,580 |
| Operating profit excl. items affecting comparability | 11,153 | 15,376 | -27.5 | 39,952 | 35,729 |
| Financial items, net | -1,893 | -2,899 | 34.7 | -8,430 | -7,424 |
| Profit before tax | 9,949 | 7,216 | 37.9 | 21,423 | 24,156 |
| Profit for the period | 7,203 | 3,787 | 90.2 | 13,185 | 16,601 |
| – of which, attributable to owners of the Parent Company | 7,117 | 3,746 | 90.0 | 12,997 | 16,368 |
| – of which, attributable to non-controlling interests (minority interests) | 86 | 41 | 109.8 | 188 | 233 |
| Return on equity, % | 12.6 ¹ | 6.6 ¹ | — | 10.0 | 12.6 |
| Return on net assets, % | 9.9 ¹ | 8.1 ¹ | — | 9.1 | 9.9 |
| Funds from operations (FFO) | 15,053 | 9,820 | 53.3 | 40,108 | 45,341 |
| Cash flow before financing activities | 2,656 | -6,497 | — | 6,448 | 15,601 |
| Free cash flow | 5,063 | -1,057 | — | 23,846 | 29,966 |
| Cash and cash equivalents plus short-term investments | 39,556 | 30,190 | 31.0 | 43,873 | |
| Balance sheet total | 537,748 | 569,095 | -5.5 | 541,432 | |
| Equity incl. non-controlling interests (minority interests) | 140,948 | 139,461 | 1.1 | 133,621 | |
| Capital Securities | 8,869 | 9,646 | -8.1 | 8,929 | |
| Other interest-bearing liabilities | 169,461 | 187,942 | -9.8 | 179,348 | |
| Net debt | 138,282 | 165,581 | -16.5 | 144,109 | |
| Net debt/Operating profit before depreciation and amortisation (EBITDA), times | 2.4 ¹ | 3.0 ¹ | — | 2.4 | |

1) Last 12-month values.

See pages 32–33 for definitions and calculations of key ratios.

Sales, profit and cash flow

| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % |
|------------------------|---------------|---------------|--------------|
| Net sales | 51,868 | 70,657 | -26.6 |

Comment: Consolidated net sales decreased by SEK 18.8 billion. Of the decrease, approximately SEK 13 billion is attributable to the divestment of the German transmission business, 50Hertz Transmission GmbH, in May 2010. Currency effects from the stronger Swedish krona decreased net sales by approximately SEK 4.4 billion.

| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % |
|------------------------------|---------------|---------------|--------------|
| Cost of products sold | 36,808 | 50,872 | -27.6 |

Comment: The decrease is mainly attributable to the divestment of the German transmission business, 50Hertz Transmission GmbH, in May 2010, as well as to lower operating and maintenance expenses, mainly in the Distribution and Sales segment, and to slightly lower depreciation and amortisation.

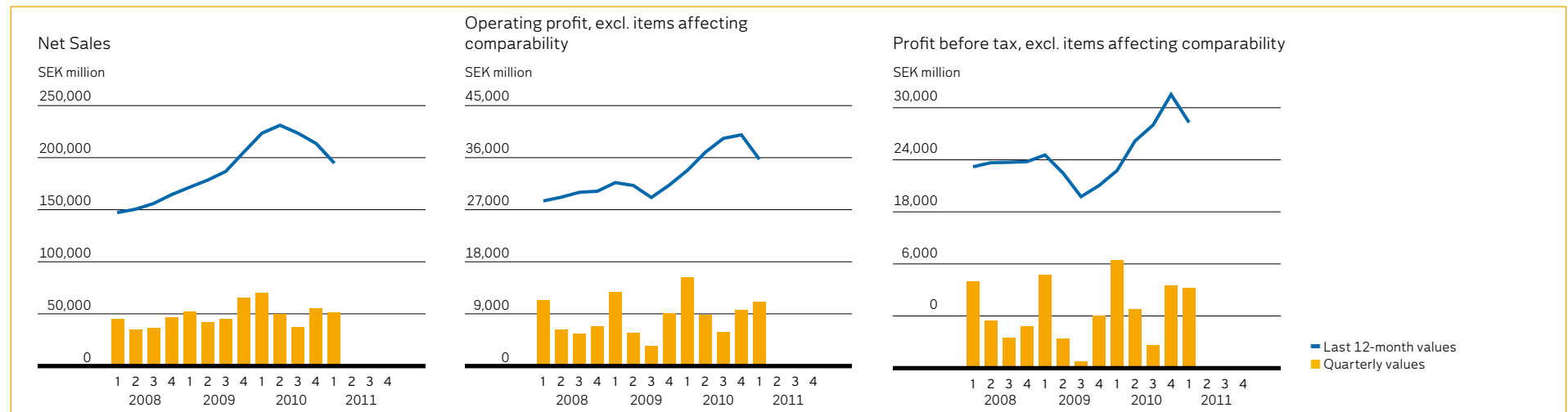
| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % |
|--|---------------|---------------|--------------|
| Operating profit (EBIT) | 11,842 | 10,115 | 17.1 |
| Operating profit (EBIT) excl. items affecting comparability | 11,153 | 15,376 | -27.5 |

Comment: Operating profit increased by SEK 1,727 million, which is mainly explained by the following:

- an impairment charge in 2010 related to the sale of 50Hertz Transmission GmbH (SEK 5,322 million)
- a capital gain in 2011 on the sale of Vattenfall's stake in the Rostock coal-fired power plant in Germany (SEK 690 million)
- higher electricity volumes (SEK 890 million)
- lower costs for operations and maintenance, and for sales and administration (SEK 366 million)
- lower electricity prices on average received (SEK -2 546 million)
- fair valuation of energy derivatives, which according to IAS 39 may not be reported using hedge accounting (SEK -1,707 million)
- higher generation taxes and fees (SEK -520 million)
- the absence of operating profit from 50Hertz Transmission GmbH (SEK -613 million), since the business was divested in May 2010
- other items for a net total of SEK -155 million.

Excluding items affecting comparability, operating profit decreased by SEK 4,223 million. Items affecting comparability consisted mainly of a SEK 5,322 million impairment charge in 2010 pertaining to 50Hertz Transmission GmbH and a capital gain of SEK 690 million in 2011 from the sale of Vattenfall's shareholding in the Rostock coal-fired power plant in Germany.

Currency effects from the stronger Swedish krona reduced operating profit by approximately SEK 900 million.



| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % |
|--|---------|---------|-----------|
| Funds from operations (FFO) | 15,053 | 9,820 | 53.3 |
| Cash flow from changes in operating assets and operating liabilities (working capital) | -7,446 | -7,561 | -1.5 |
| Cash flow from operating activities | 7,607 | 2,259 | 236.7 |

Comment: Funds from operations (FFO) increased by SEK 5.2 billion compared with the first quarter of 2010 as a result of realised financial items totalling SEK 3.7 billion and SEK 2.9 billion in lower paid tax. Lower paid tax is mainly attributable to the previous year's payment of SEK 3.5 billion in German withholding tax in connection with a dividend from Vattenfall Europe AG in Germany. This withholding tax was repaid to Vattenfall at the end of 2010. Operating profit adjusted for non-cash items such as depreciation, amortisation and impairment, and fair valuation of energy derivatives that may not be reported using hedge accounting in accordance with IAS 39, as well as capital gains/losses, had a negative effect on FFO of SEK 1.4 billion.

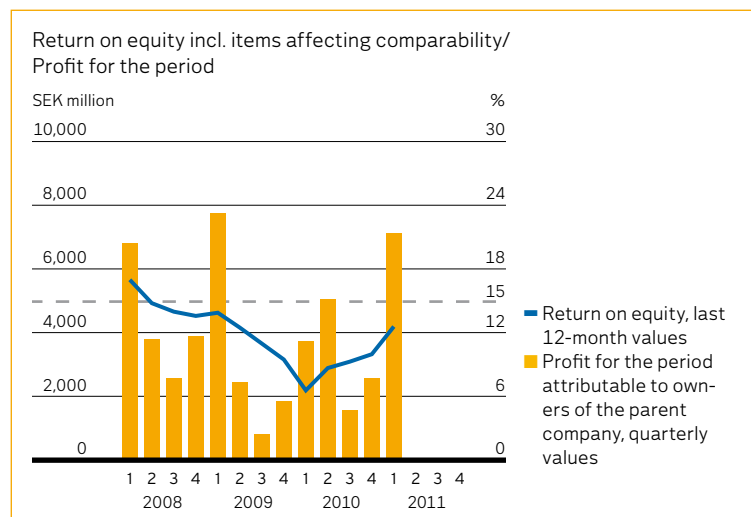
Changes in working capital had a negative effect on cash flow from operating activities in the amount of SEK 7.4 billion. The change is mainly attributable to lower operating liabilities and higher operating receivables, totalling SEK 9.0 billion. Margin calls¹ received had a positive effect of SEK 1.3 billion on working capital.

1) A margin call is marginal security that the holder of a derivative position must pledge to cover the credit risk of its counterparty.

| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % |
|--|---------|---------|-----------|
| Net financial items | -1,893 | -2,899 | 34.7 |
| Interest income from financial investments | 234 | 226 | 3.5 |
| Interest expenses from loans | -1,605 | -1,595 | -0.6 |
| Interest received | 193 | 225 | -14.2 |
| Interest paid | -1,504 | -893 | -68.4 |

| | | |
|--------------------------------------|------|------|
| Average monthly net interest expense | -457 | -456 |
|--------------------------------------|------|------|

Comment: The improvement in financial items is mainly attributable to a positive change in value of derivatives.



Financial position

| Amounts in SEK million | 31 March 2011 | 31 March 2010 | Change, % |
|---|---------------|---------------|-----------|
| Cash and cash equivalents, and short-term investments | 39,556 | 30,190 | 31.0 |
| Committed credit facilities (unutilised) | 31,830 | 9,839 | 223.5 |
| Other credit facilities (unutilised) | 6,811 | 8,616 | -20.9 |

Comment: Committed credit facilities consist of a EUR 2.55 billion Revolving Credit Facility that expires on 20 January 2016, a EUR 1 billion Revolving Credit Facility that expires on 23 February 2013, and a SEK 100 million bank overdraft facility that expires in December 2011. 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.

| Amounts in SEK million | 31 March 2011 | 31 March 2010 | Change, % |
|--|---------------|---------------|-----------|
| Net debt | 138,282 | 165,581 | -16.5 |
| Interest-bearing liabilities | 178,330 | 197,588 | -9.7 |
| Average interest rate, % ¹ | 3.6 | 3.5 | 2.9 |
| Duration, years ¹ | 4.1 | 4.3 | -4.7 |
| Average time to maturity, years ¹ | 6.2 | 7.1 | -12.7 |

¹) Excluding Capital Securities and loans from owners with non-controlling interests (minority owners) and associated companies. Including SEK 8,869 million in Capital Securities, the average interest rate is 3.7%, the duration is 4.1 years, and the average remaining time to maturity is 6.1 years. These values pertain to 31 March 2011.

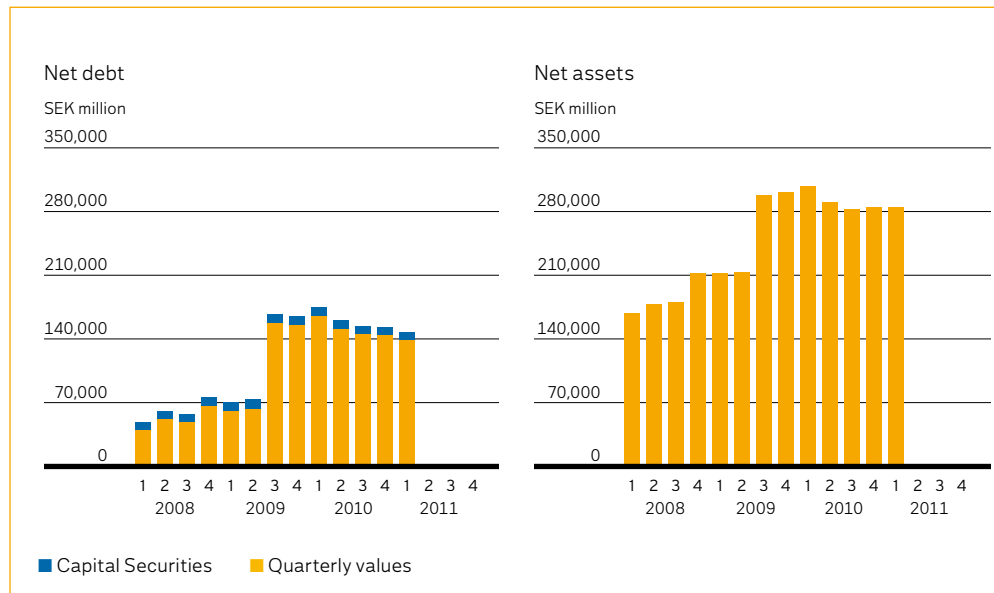
Comment: Compared with 31 March 2010, net debt decreased by SEK 27.3 billion and total interest-bearing liabilities decreased by SEK 19.3 billion. Exchange rate differences accounted for SEK 13.3 billion of the decrease in total interest-bearing liabilities. Currency movements have no impact on profit, since the largest share is reported as translation differences in equity under the heading "Hedging of net investments in foreign operations", and the rest is swapped to SEK.

| Amounts in SEK million | 31 March 2011 | 31 March 2010 | Change, % |
|--|----------------|----------------|------------|
| Equity attributable to | | | |
| Owners of the Parent Company | 133,754 | 132,889 | 0.7 |
| Non-controlling interests (minority interests) | 7,194 | 6,572 | 9.5 |
| Total | 140,948 | 139,461 | 1.1 |

Comment: For a specification of changes in equity, see page 25.

Credit ratings

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



Investments

| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % |
|--------------------------|--------------|--------------|--------------|
| Maintenance investments | 2,544 | 3,316 | -23.3 |
| Growth investments | 3,655 | 5,619 | -35.0 |
| — of which, shares | -12 | 90 | - |
| Total investments | 6,199 | 8,935 | -30.6 |

Specification of investments

| Amounts in SEK million | Q1 2011 | Q1 2010 |
|-------------------------------------|--------------|--------------|
| Electricity generation | | |
| Hydro power | 155 | 47 |
| Nuclear power | 715 | 694 |
| Fossil-based power | 2,670 | 1,480 |
| Wind power | 522 | 1,832 |
| Biomass, waste | 17 | 955 |
| Other | 748 | 971 |
| Total Electricity generation | 4,827 | 5,979 |
| Heat | | |
| Fossil-based power | 657 | 167 |
| Biomass, waste | 12 | 110 |
| Other | 156 | 146 |
| Total Heat | 825 | 422 |
| Electricity networks | | |
| Electricity networks | 626 | 987 |
| Total Electricity networks | 626 | 987 |
| Acquisitions of shares | -12 | 90 |
| Other, excl. shares | -67 | 1,457 |
| Total | 6,199 | 8,935 |

Comment: Growth investments continue to be made in the coal-based Boxberg and Moorburg power plants in Germany, and in three gas-fired power plants in the Netherlands. The lower level of investment in wind power compared with the first quarter of 2010 is due to the completion of the Thanet offshore wind farm in the UK and the Stor-Rotliden land-based wind farm in Sweden, while work on the Dan Tysk offshore wind farm in Germany has only just begun. Work on the Ormonde offshore wind farm in the UK is in progress.

Divestments

| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % |
|------------------------|---------|---------|-----------|
| Divestments | 1,248 | 179 | 597.2 |
| — of which, shares | 1 | 29 | -96.6 |

Comment: Divestments during the first quarter of 2011 pertain mainly to Vattenfall's sale of its 25% stake in the Rostock coal-fired power plant to RheinEnergie AG.

Employees

| Number of employees, full-time equivalents | 31 March 2011 | 31 March 2010 | Change, % |
|--|---------------|---------------|-------------|
| Generation | 17,327 | 16,621 | 4.2 |
| Distribution and Sales | 14,810 | 15,895 | -6.8 |
| Renewables | 316 | 269 | 17.5 |
| Other | 5,315 | 6,141 | -13.5 |
| Total | 37,768 | 38,926 | -3.0 |

Comment: The decrease is mainly attributable to the sale of Vattenfall's German transmission business, 50Hertz Transmission GmbH, in May 2010.

Electricity generation, sales of heat and gas

| | Q1 2011 | Q1 2010 | Change, % | Full year 2010 |
|------------------------------------|-------------|-------------|-------------|----------------|
| Electricity generation, TWh | | | | |
| Hydro power | 8.7 | 10.2 | -14.7 | 35.4 |
| Nuclear power | 14.6 | 10.6 | 37.7 | 43.6 |
| Fossil-based power | 25.1 | 25.9 | -3.1 | 89.7 |
| Wind power | 0.9 | 0.4 | 125.0 | 2.2 |
| Biomass, waste | 0.5 | 0.5 | - | 1.5 |
| Total | 49.8 | 47.6 | 4.6 | 172.4 |
| Sales of heat, TWh | | | | |
| Generation | 3.6 | 3.6 | - | 9.4 |
| Distribution and Sales | 13.3 | 14.4 | -7.6 | 35.2 |
| Total | 16.9 | 18.0 | -6.1 | 44.6 |
| Sales of gas, TWh | | | | |
| Distribution and Sales | 22.8 | 22.7 | 0.4 | 58.3 |
| Other | 1.2 | 1.3 | -7.7 | 4.9 |
| Total | 24.0 | 24.0 | - | 63.2 |

Electricity generation

Vattenfall's total electricity generation increased by 4.6% compared with the first quarter of 2010, to 49.8 TWh (47.6).

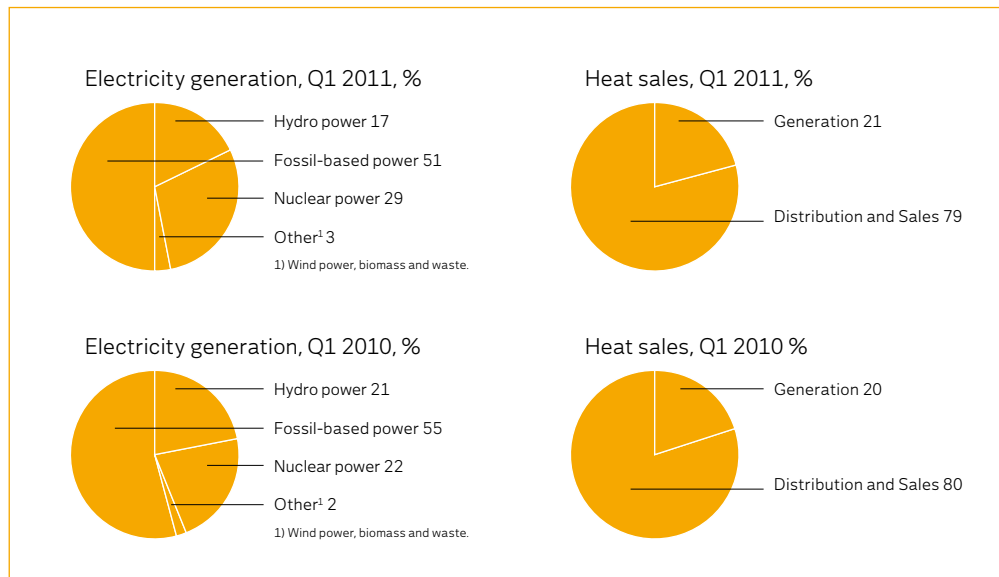
Swedish nuclear power generation increased by 37.7%. Generation by the Forsmark and Ringhals nuclear power plants increased by 26% and 50%, respectively. Both plants had very high availability – nearly 100%. The Brunsbüttel nuclear power plant in Germany is still off line, which was also the case in 2010. The outage at the half-owned Krümmel nuclear power plant in Germany did not affect consolidated volumes, since the plant is not consolidated in Vattenfall's accounts. Hydro power generation decreased by 14.7%. During the first quarter of 2010, hydro power was used maximally to compensate for the low availability of the nuclear power plants. Fossil-based electricity generation decreased by 3.1%. Wind power generation more than doubled to 0.9 TWh (0.4), while electricity generation based on biomass and waste was unchanged.

Sales of heat

Sales of heat decreased by 6.1% to 16.9 TWh (18.0). The decrease is attributable to warmer weather. The weather during the first quarter of 2010 was extremely cold.

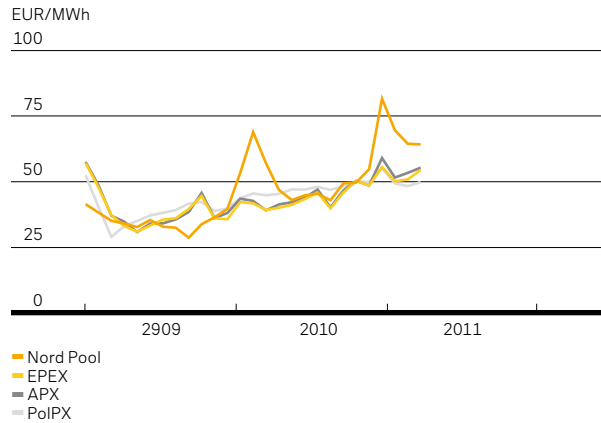
Sales of gas

Sales of gas were unchanged at 24.0 TWh. Essentially all gas sales are in the Netherlands.

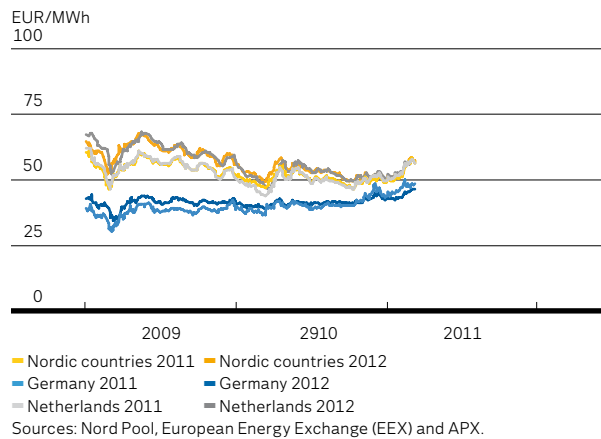


Wholesale price trend

Electricity spot prices in the Nordic countries, Germany, Poland and the Netherlands, 2009–2011, monthly averages



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



Sources: Nord Pool, European Energy Exchange (EEX) and APX.

Spot prices in the Nordic countries fell slightly in early 2011 after having been at a high level in December 2010 as a result of cold and dry weather and a weak hydrological balance. The average spot price in the Nordic countries (system price) during the first quarter of 2011 was 11% higher than in the same quarter in 2010 – EUR 66.10/MWh compared with EUR 59.77/MWh. The hydrological balance in the Nordic countries improved during the quarter from a very low level of –43 TWh at the start of the year to –24 TWh. Average Swedish area prices for the first quarter were 8.7% lower than the same period a year ago: EUR 65.9/MWh compared with EUR 72.2/MWh.

The average spot price in Germany was EUR 51.82/MWh (EUR 41.04/MWh), which was 26% higher than in the first quarter of 2010. The German government’s decision to introduce a moratorium and to take seven German nuclear power plants off line for a three-month period did not have any major impact on the German spot market, since electricity generation from wind power and solar energy, as well as imports of electricity from neighbouring countries, were able to make up for demand.

The average spot price in the Netherlands was 28% higher than in the same period in 2010, at EUR 53.43/MWh (41.73/MWh).

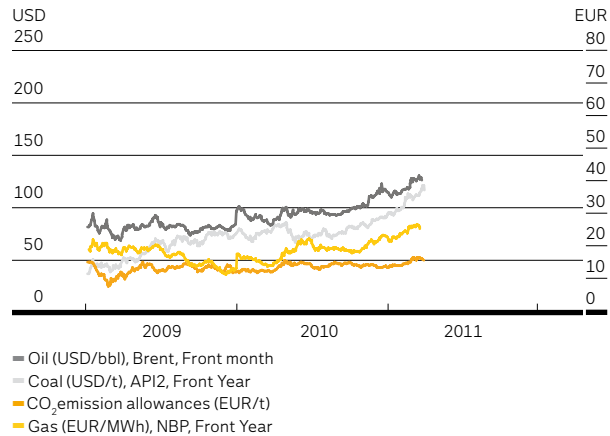
The average spot price in Poland was 10% higher than in the same period in 2010, at EUR 49.15/MWh (44.67/MWh).

Following a weak start to the year, electricity futures prices rose in Vattenfall’s markets during the first quarter of 2011. The greatest increase took place in connection with the earthquake disaster in Japan in March, as many players in the market tried to hedge their future electricity supply.

The Nordic futures contract for 2012 traded at a level that was 9% higher, while the futures contract for 2013 traded at a level that was 5% higher than in the preceding quarter. German electricity futures prices for 2012 rose 7% (EUR 54.39/MWh compared with EUR 50.94/MWh), and Dutch futures contracts rose 8%. Both the German and Dutch futures contracts for 2013 rose 4% compared with the preceding quarter.

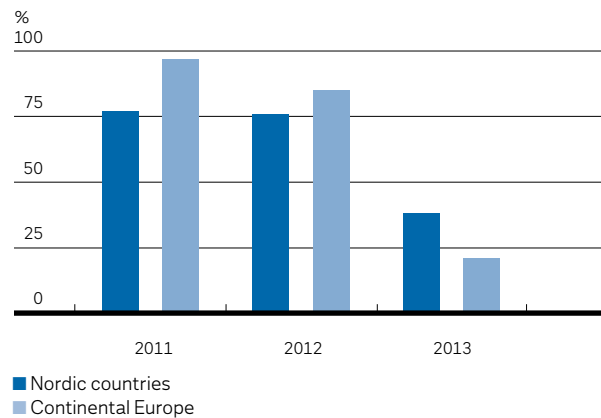
Wholesale price trend

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



Prices in all commodity markets rose during the first quarter of 2011 as a result of political tensions in the Middle East and North Africa at the start of the year and the earthquake disaster in Japan, with the subsequent reconsideration of nuclear power policies in several countries. Compared with the first quarter of 2010, gas prices were 51% higher, oil prices were 36% higher, and coal prices were 29% higher. For the first time since 2008, in March 2011 the price of CO₂ emission allowances rose to more than EUR 17/tonne. Overall, the price of CO₂ emission allowances was 17% higher than in the corresponding period in 2010.

Vattenfall's degree of price hedging in various markets per 31 March 2011



Vattenfall's degree of price hedging

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

Average price hedges as per 31 March 2010

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

Vattenfall's operating segments

Vattenfall's operating segments

Effective 1 January 2011 Vattenfall has moved from a geographical to a business-led organisational structure that is based on the value chain and which comprises the following three operating segments:

- Generation
- Distribution and Sales
- Renewables

The Generation segment is Vattenfall's interface towards the wholesale market and includes development and building of production assets, generation of electricity and heat, and sales of electricity to the wholesale energy markets.

The Distribution and Sales segment is Vattenfall's interface towards the end-customer market and includes the unbundled and regulated electricity distribution business.

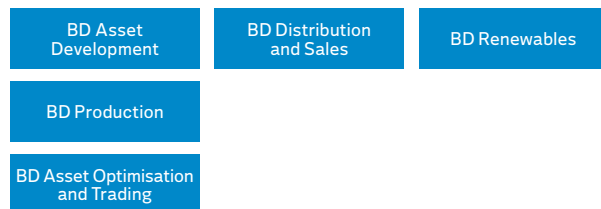
The Renewables segment is responsible for asset development and operation and maintenance of Vattenfall's renewable energy operations, except for hydro power, which is managed within the Generation segment.

The operating segments are organised into Business Divisions. The Generation segment consists of three Business Divisions: Asset Development, Production and Asset Optimisation, and Trading. The Distribution and Sales segment consists of the Distribution and Sales Business Division, and the Renewables segment consists of the Renewables Business Division. See the illustration below.

Three operating segments:



Five Business Divisions:



Responsibilities of the Business Divisions:

- *Business Division Asset Development* is responsible for project development and execution of new build generation projects in electricity, large modification projects in thermal power and heat, and infrastructure, nuclear power and hydro power. Business Division Asset Development is also responsible for the Group's R&D activities and Engineering consultancy business.
- *Business Division Production* operates Vattenfall's lignite mining and power generation assets (including hydro power but excluding other renewable generation assets) as cost-effectively as possible to ensure optimal levels of generation capacity and availability. The Division also operates Vattenfall's combined heat and power (CHP) plants in Germany, Denmark and the Netherlands.
- *Business Division Asset Optimisation and Trading* is responsible for optimising the dispatch of all of Vattenfall's generation assets (i.e., it manages when and how the plants generate electricity) and hedges the production output of those assets for maximum profitability within a given risk mandate. This Business Division also conducts proprietary trading business under defined risk mandates
- *Business Division Distribution and Sales* is responsible for Vattenfall's electricity sales and heat businesses, the regulated electricity distribution business and other downstream businesses. This Business Division is responsible for relationships with all of Vattenfall's end customers.
- *Business Division Renewables* is responsible for asset development, and operation and maintenance of Vattenfall's renewable energy operations, primarily wind power and upstream biomass.

Depending on the type of business, a number of key performance indicators (KPIs) have been developed. For Business Division Production in the Generation segment, for Business Unit Heat within Distribution and Sales, and for Business Division Renewables, the main KPIs are operating expenses and plant availability. For Business Division Asset Optimisation and Trading, the main KPIs pertain to the value added from asset optimisation as well as to hedging performance above a certain benchmark. Apart from its Engineering consultancy business, Business Division Asset

Development is managed as a cost centre and focuses on delivery of projects within budget and on time.

Staff Functions and Shared Service Centres

A number of Group-wide Staff Functions support Vattenfall's business as well as the decision-making process by the Executive Group Management (EGM) and CEO. The Staff Functions also govern relevant business processes in Vattenfall as a whole. The Staff Functions are managed and co-ordinated centrally with employees located at both the corporate level and closer to the business. Staff Functions are financially managed as cost centres.

Shared Service Centres (SSC) are an important and integral element of Vattenfall's business operations and focus on transaction-related processes. Shared Services are led with a focus on process efficiency and utilisation of economies of scale. Shared Services provide such services and specialist functions which, from a cost perspective, are advantageous to handle and perform on a shared basis. Staff Functions and Shared Service Centres are reported under the heading "Other".

Note:

The three operating segments that are described above and which Vattenfall is reporting as from this interim report, differ from the previous descriptions provided in the 2010 Year-end Report (page 30) and 2010 Annual Report (page 98). In these publications it was stated that starting in 2011, Vattenfall will report according to five operating segments that are identical to the five Business Divisions.

The Group's operating segments

Generation

| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % | Full year 2010 | Last 12 months |
|---|-------------|-------------|------------|----------------|----------------|
| Net sales | 35,246 | 38,323 | -8.0 | 127,177 | 124,100 |
| External net sales ¹ | 17,410 | 21,724 | -19.9 | 71,567 | 67,253 |
| Operating profit | 7,510 | 12,024 | -37.5 | 30,388 | 26,237 |
| Operating profit excl. items affecting comparability | 6,841 | 12,030 | -43.1 | 34,202 | 29,376 |
| Operating profit excl. IAS 39 transactions ² | 8,856 | 11,663 | -24.1 | 29,410 | 26,603 |
| Sales of heat, TWh | 3.6 | 3.6 | 0.0 | 9.4 | 9.4 |
| Electricity generation³, TWh | 43.5 | 41.5 | 4.8 | 153.9 | 155.9 |
| – of which, hydro power | 8.7 | 10.2 | -14.7 | 35.4 | 33.9 |
| – of which nuclear power | 14.6 | 10.6 | 37.7 | 43.6 | 47.6 |
| – of which, fossil-based power | 20.1 | 20.6 | -2.4 | 74.7 | 74.2 |
| – of which, biomass, waste | 0.1 | 0.1 | — | 0.2 | 0.2 |

1) Excluding intra-Group transactions.

2) IAS 39 transactions pertain to unrealised changes in the fair value of energy derivatives, which according to IAS 39 may not be reported using hedge accounting.

3) Of electricity generation in 2010, Vattenfall disposed over 39.5 TWh (37.6 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

The Generation operating segment comprises three Business Divisions:

- Asset Development
- Production
- Asset Optimisation and Trading

Each Business Division is further divided into several Business Units. For details, see the organisational chart on page 31.

Asset Development is responsible for project development and execution of new build initiatives and large modification projects in thermal power and heat, infrastructure, nuclear power and hydro power. Project development in wind power and biomass rests with Business Division Renewables. Asset Development is also responsible for the Group's R&D activities and Engineering consultancy business.

Production is responsible for Vattenfall's lignite mining activities and electricity generation based on nuclear, coal, gas and hydro power. Operations are conducted in Sweden, Denmark, Finland, Germany and the Netherlands. Business Division Production also runs Vattenfall's combined heat and power (CHP) plants in Germany, Denmark and the Netherlands.

Asset Optimisation and Trading is responsible for the optimisation (dispatch) and price hedging of all electricity generated by Vattenfall's power plants to maximise profitability within a given risk mandate. The Division also conducts trading business in its own right, i.e., proprietary trading of approved products and energy commodities under defined mandates, as well as third-party origination. Operations are conducted in Sweden, Denmark, Germany, the Netherlands and Poland.

These three Business Divisions – Asset Development, Production, and Asset Optimisation and Trading – are seen as a single segment and represent Vattenfall's interface towards the wholesale energy market. The three Business Divisions interact in many ways and there are significant inter-dependencies. In order to gain a clear and full view of their performance from a reporting perspective, the three Business Divisions need to be regarded as one segment.

The Generation segment includes a total of 17,327 employees (full-time equivalents), of whom 1,730 are in Asset Development, 15,050 are in Production, and 547 are in Asset Optimisation and Trading.

Generation

Operating profit Q1

Operating profit fell by SEK 4,514 million. Of the decrease, SEK 1,707 million is attributable to unrealised changes in the fair value of energy derivatives, which according to IAS 39 may not be reported using hedge accounting. Operating profit was also charged with lower average prices achieved and higher generation taxes and fees for nuclear and hydro power. The decrease is also due to the fact that operating profit for the first quarter of 2010 was favourably affected by a realised gain from contracts that were previously entered into in the trading operations. However, higher generation volumes for nuclear power had a positive impact on operating profit.

Electricity generation and sales of heat, Q1

Swedish nuclear power generation increased by 37.7% to 14.6 TWh (10.6). Generation by the Forsmark and Ringhals nuclear power plants increased by 26% and 50%, respectively. Both plants had very high availability – nearly 100% for both Forsmark and Ringhals. The Brunsbüttel and Krümmel nuclear power plants in Germany are still off line, which was also the case in 2010. Vattenfall's ownership in these plants amounts to 66.7% and 50%, respectively. Only Brunsbüttel is consolidated in Vattenfall's accounts. The Brokdorf nuclear power plant in Germany, in which Vattenfall has a 20% ownership interest, was in full production and had availability of 99%.

Hydro power generation decreased by 14.7% to 8.7 TWh (10.2). During the first quarter of 2010, hydro power was used maximally to compensate for the low availability of the Swedish nuclear power plants.

Changes in fossil-based generation were relatively small. Electricity generation based on lignite in Germany decreased by 1.4% to 14.2 TWh (14.4). In the Netherlands, fossil-based generation increased by 2.5% to 4.1 TWh (4.0), while fossil-based generation in Denmark decreased by 14% to 1.8 TWh (2.1).

Sales of heat in Denmark rose 7.7% to 2.8 TWh (2.6), while sales of heat in Germany decreased to 0.8 TWh (1.0).

Important events Q1

Expansion of Magnum plant postponed

- In early April Vattenfall announced its decision to postpone its plans for an expansion of the Magnum gas-fired power plant in the Netherlands to enable gasification of coal and biomass. In connection with this, the nature conservation and environmental organisations withdrew their legal objections to the Magnum gas-fired power station, which is currently under construction.

Boxberg/Moorburg

- The two new build projects Boxberg and Moorburg are delayed due to certain quality issues regarding the steam generators. Vattenfall is currently investigating the options and the consequences for the respective timetable.

Vattenfall sells parts of Engineering consultancy

- On 13 April, Vattenfall agreed to sell parts of its Swedish Engineering consultancy to Pöyry PLC. The divested units include approximately 360 employees at 22 offices located in Sweden, Norway and the UK, with a particularly strong local presence in Sweden.

Co-operation on electrical interconnector between UK and Norway

- Vattenfall signed a co-operation agreement with four northern European energy companies to plan and build an electrical interconnector between the UK and Norway. Vattenfall and its partners – Agder Energi, E-CO, Lyse, and Scottish and Southern Energy – have agreed to establish NorthConnect, a jointly owned interconnector development company.

Trading begun on N2EX exchange in UK

- Against the background of the numerous wind power projects that Vattenfall is currently conducting in the UK and to prepare for the optimisation of an even larger wind power portfolio, the Trading business unit has begun trading UK power contracts on the N2EX exchange. N2EX is a marketplace launched in 2010 for wholesale power in the UK that offers a liquid market for trading hourly products.

Vattenfall supplier of electricity for BritNed

- In February and March 2011, Vattenfall Energy Trading (VET) was the exclusive supplier of the electricity required for the end-to-end power flow during the commissioning tests on the new BritNed interconnector. The 260 kilometre land and marine cable link between the Isle of Grain in southern England and Maasvlakte in the Netherlands successfully went live on 1 April.

The Group's operating segments

Distribution and Sales

| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % | Full year 2010 | Last 12 months |
|--|-------------|-------------|-------------|----------------|----------------|
| Net sales | 47,157 | 51,462 | -8.4 | 165,529 | 161,224 |
| External net sales ¹ | 43,427 | 47,077 | -7.8 | 151,850 | 148,200 |
| – of which, Distribution | 5,077 | 4,950 | 2.6 | 17,968 | 18,095 |
| – of which, Heat | 6,105 | 6,837 | -10.7 | 19,626 | 18,894 |
| Operating profit | 4,791 | 3,780 | 26.7 | 8,340 | 9,351 |
| – of which, Distribution | 2,019 | 1,931 | 4.6 | 5,906 | 5,994 |
| – of which, Heat | 2,465 | 2,447 | 0.7 | 4,388 | 4,406 |
| Operating profit excl. items affecting comparability | 4,790 | 3,711 | 29.1 | 8,426 | 9,505 |
| – of which, Distribution | 2,023 | 1,930 | 4.8 | 5,704 | 5,797 |
| – of which, Heat | 2,461 | 2,444 | 0.7 | 4,695 | 4,712 |
| Sales of gas, TWh | 22.8 | 22.7 | 0.4 | 58.3 | 58.4 |
| Sales of heat, TWh | 13.3 | 14.4 | -7.6 | 35.2 | 34.1 |
| Electricity generation, TWh | 5.4 | 5.7 | -5.3 | 16.3 | 16.0 |
| – of which, fossil-based power | 5.0 | 5.3 | -5.7 | 15.0 | 14.7 |
| – of which, biomass, waste | 0.4 | 0.4 | — | 1.3 | 1.3 |

1) Excluding intra-Group transactions.

Distribution and Sales is responsible for Vattenfall's electricity sales and heat businesses, electricity distribution and other downstream businesses. The Division is responsible for all relationships with Vattenfall's end customers.

Distribution and Sales comprises five Business Units (BUs):

- BU Sales B2C (Business to Consumers)
- BU Sales B2B (Business to Business)
- BU Heat
- BU Distribution
- BU Energy Related Services

Operations are conducted in Sweden, Denmark, Finland, Norway, Germany, France, the Netherlands, Belgium and Poland.

The Distribution and Sales segment includes a total of 14,810 employees (full-time equivalents).

Distribution and Sales

Operating profit Q1

Operating profit improved by SEK 1,011 million. The improvement can be credited primarily to improved profitability in the Sales B2C business unit in the Nordic countries and Germany. Business Unit Distribution improved its operating profit mainly through higher tariffs and lower costs. Operating profit for the first quarter in 2010 was burdened by high costs for storms, among other things. Operating profit for Business Unit Heat improved marginally compared with a year ago. The improvement is mainly attributable to Germany. Other countries showed a decline in the heat operations due to lower heat volumes, mainly as a result of warmer weather in 2010. Currency effects from the stronger Swedish krona on operating profit for the Distribution and Sales segment were negative in the amount of approximately SEK 250 million.

Sales of gas and heat, and electricity generation, Q1

Sales of gas to end customers increased slightly to 22.8 TWh (22.7). Essentially all gas sales are in the Netherlands. Sales of heat fell by 7.6% to 13.3 TWh (14.4). The decrease is due to the fact that the corresponding period in 2010 was extremely cold, especially in Germany and Poland.

Electricity generation decreased by 5.3% to 5.4 TWh (5.7), attributable to Germany and Poland.

Important events Q1

Vattenfall signed several new deals with major business customers.

- In Sweden, a contract with Höganäs was extended to cover the period 2013–2015, with annual volume of 240 GWh. In Finland, Vattenfall signed a 180 GWh contract with reseller Valkeakosken Energia through 31 December 2014. In the Netherlands, Vattenfall landed the largest contract of its type with Gebroeders Diepstraten BV, a greenhouse farm operation in Etten-Leur and Breda. In Germany, Vattenfall signed its first business gas contract – entailing a two-year undertaking with the fashion company Vestino, for the company's 100 fashion stores. Vattenfall has previously supplied electricity to Vestino and with this new gas contract has become a dual supplier of both electricity and gas.

Application filed with Energy Markets Inspectorate ahead of new ex-ante regulatory model

- Ahead of the new Swedish ex-ante regulatory model, which takes effect in 2012, Vattenfall Eldistribution AB submitted its revenue framework application for the four-year period 2012–2015 to be approved by the Swedish regulator, the Energy Markets Inspectorate (Energimarknadsinspektionen). The framework application entails increased investments to improve the Group's networks against storms and to be able to connect small- and large-scale wind power as well as other forms of renewable energy.

Volvo V60 plug-in hybrid unveiled at Geneva Auto Salon

- The Volvo V60 plug-in hybrid car, which is the result of close collaboration between Volvo Car Corporation and Vattenfall, was unveiled at the Geneva Auto Salon on 1 March. The car will be launched on the market in 2012, and Vattenfall has prepared a customised agreement that will be offered to future users of plug-in hybrid cars. It guarantees customers 100% renewable electricity from one of Vattenfall's wind farms.

The Group's operating segments

Renewables

| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % | Full year 2010 | Last 12 months |
|--|------------|------------|--------------|----------------|----------------|
| Net sales | 795 | 398 | 99.7 | 2,078 | 2,475 |
| External net sales ¹ | 394 | 180 | 118.9 | 1,040 | 1,254 |
| Operating profit | 180 | -132 | — | -1,620 | -1,308 |
| Operating profit excl. items affecting comparability | 166 | -132 | — | -601 | -303 |
| Electricity generation, TWh | 0.9 | 0.4 | 125.0 | 2.2 | 2.7 |
| – of which, wind power | 0.9 | 0.4 | 125.0 | 2.2 | 2.7 |

1) Excluding intra-Group transactions.

Renewables is responsible for capacity development, and operation and maintenance of Vattenfall's renewable energy operations – primarily in wind power and upstream biomass. Renewables comprises four Business Units (BUs):

- BU Onshore Wind Projects
- BU Offshore Wind Projects
- BU Generation Wind
- BU Biomass

Operations are conducted in Sweden, Denmark, Germany, the Netherlands, Belgium, Poland, the UK and Liberia.

The Renewables segment includes a total of 316 employees (full-time equivalents).

Operating profit Q1

Operating profit improved by SEK 312 million. The improvement is mainly attributable to higher wind power generation from the Group's new wind farms – Thanet in the UK and Stor-Rotliden in Sweden, which were commissioned at the end of 2010.

Electricity generation Q1

Wind power generation more than doubled to 0.9 TWh (0.4). This is mainly attributable to the commissioning of the Thanet offshore wind farm in the UK and the Stor-Rotliden land-based wind farm in Sweden.

Important events Q1

Vattenfall engages record-large vessel for offshore installation

- Vattenfall has signed a contract for a vessel for the transportation and installation of 80 wind turbines for the DanTysk offshore wind farm project in Germany. The vessel, the Pacific Orca, is being built in South Korea with scheduled delivery in 2012. DanTysk is a joint project between Vattenfall and Stadtwerke München, in which Vattenfall has a 51% stake and is responsible for construction of the wind farm.

First turbine installed at Ormonde offshore wind farm

- On 22 March Vattenfall successfully installed the first turbine at the Ormonde offshore wind farm in the UK. The 153 metre tall 5 MW REpower wind turbine, weighing 661 tonnes, is the first of 30 to be installed in the coming months at the Ormonde wind farm.

Agreement with the State of Berlin on sustainability criteria for biomass

- On 15 April Vattenfall and the State of Berlin signed an agreement regarding sustainability criteria in the procurement of woodchips for use in Berlin. The agreement emphasises the increased use of biomass with specific, verifiable criteria, which was previously formulated in Vattenfall's climate protection agreement with the State of Berlin. The agreement entails that Vattenfall will be able to use biomass from its partly owned company in Liberia, Buchanan Renewables Fuels, in its generation plants in Berlin.

Other

| Amounts in SEK million | Q1 2011 | Q1 2010 | Change, % | Full year 2010 | Last 12 months |
|--|---------|---------|-----------|----------------|----------------|
| Net sales | 1,867 | 16,784 | -88.9 | 31,482 | 16,565 |
| External net sales ¹ | 400 | 13,366 | -97.0 | 21,464 | 8,498 |
| Operating profit | -639 | -5,557 | 88.5 | -7,255 | -2,337 |
| Operating profit excl. items affecting comparability | -644 | -233 | -176.4 | -2,075 | -2,486 |

1) Excluding intra-Group transactions.

"Other" comprises all Staff Functions including Treasury activities, Shared Service Centres and the Gas Exploration & Production business. The German transmission business, which was divested in May 2010, is reported under "Other".

"Other" includes a total of 5,315 employees (full-time equivalents).

Operating profit Q1

Operating profit increased by SEK 4,918 million. The increase is mainly attributable to impairment of SEK 5.3 billion that was charged against profit for the first quarter of 2010 in connection with the sale of the German transmission business, 50Hertz Transmission GmbH. The impairment charge was recognised as an item affecting comparability and is reported under "Other".

Excluding items affecting comparability, operating profit decreased by SEK 412 million.

Consolidated income statement

| Amounts in SEK million | Q1 2011 | Q1 2010 | Full year 2010 | Last 12 months |
|---|---------------|---------------|----------------|----------------|
| Net sales | 51,868 | 70,657 | 213,572 | 194,783 |
| Cost of products sold ¹ | -36,808 | -50,872 | -159,098 | -145,034 |
| Gross profit | 15,060 | 19,785 | 54,474 | 49,749 |
| Selling expenses, administrative expenses and research and development costs ² | -4,427 | -4,680 | -20,094 | -19,841 |
| Other operating income and expenses, net | 964 | -5,092 | -5,151 | 905 |
| Participations in the results of associated companies | 245 | 102 | 624 | 767 |
| Operating profit (EBIT)³ | 11,842 | 10,115 | 29,853 | 31,580 |
| Financial income ⁴ | 792 | 566 | 2,514 | 2,740 |
| Financial expenses ⁵ | -2,685 | -3,465 | -10,944 | -10,164 |
| Profit before tax⁶ | 9,949 | 7,216 | 21,423 | 24,156 |
| Income tax expense | -2,746 | -3,429 | -8,238 | -7,555 |
| Profit for the period⁷ | 7,203 | 3,787 | 13,185 | 16,601 |
| Profit for the period attributable to: | | | | |
| Owners of the Parent Company | 7,117 | 3,746 | 12,997 | 16,368 |
| Non-controlling interests (minority interests) | 86 | 41 | 188 | 233 |
| Total | 7,203 | 3,787 | 13,185 | 16,601 |
| Earnings per share | | | | |
| Number of shares in Vattenfall AB, thousands | 131,700 | 131,700 | 131,700 | 131,700 |
| Earnings per share, basic and diluted (SEK) | 54.04 | 28.44 | 98.69 | 124.28 |

| Amounts in SEK million | Q1 2011 | Q1 2010 | Full year 2010 | Last 12 months |
|--|---------|---------|----------------|----------------|
| Supplementary information | | | | |
| Operating profit before depreciation and amortisation (EBITDA) | 16,932 | 20,799 | 60,706 | 56,839 |
| Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | -1,430 | -2,327 | -6,179 | -5,282 |
| 1) Of which, depreciation, amortisation and impairment losses related to non-recurring assets | -4,952 | -10,557 | -30,342 | -24,737 |
| 2) Of which, depreciation, amortisation and impairment losses related to non-recurring assets | -138 | -127 | -511 | -522 |
| 3) Including items affecting comparability attributable to: | | | | |
| Capital gains/losses, net | 690 | 66 | -250 | 374 |
| Impairment losses and impairment losses reversed, net | -1 | -5,327 | -9,849 | -4,523 |
| 4) Including return from the Swedish Nuclear Waste Fund | 233 | 247 | 1,011 | 997 |
| 5) Including interest components related to pension costs | -250 | -296 | -1,138 | -1,092 |
| 5) Including discounting effects attributable to provisions | -696 | -819 | -3,262 | -3,139 |
| 6) Including items affecting comparability attributable to: | | | | |
| Capital gains/losses, net | 690 | 67 | -247 | 376 |
| Impairment losses and impairment losses reversed, net | -1 | -5,327 | -9,849 | -4,523 |
| 7) Including items affecting comparability stated above adjusted for tax | 489 | -5,258 | -10,009 | -4,262 |

Consolidated statement of comprehensive income

| Amounts in SEK million | Q1 2011 | Q1 2010 | Full year 2010 | Last 12 months |
|--|--------------|---------------|----------------|----------------|
| Profit for the period | 7,203 | 3,787 | 13,185 | 16,601 |
| Other comprehensive income: | | | | |
| Cash flow hedges: | | | | |
| Changes in fair value | 2,202 | -202 | -1,189 | 1,215 |
| Dissolved against the income statement | 319 | -369 | -684 | 4 |
| Transferred to cost of hedged item | -66 | -102 | 246 | 282 |
| Tax attributable to cash flow hedges | -577 | 151 | 494 | -234 |
| Total cash flow hedges | 1,878 | -522 | -1,133 | 1,267 |
| Hedging of net investments in foreign operations | 935 | 9,252 | 19,831 | 11,514 |
| Tax attributable to hedging of net investments in foreign operations | -246 | -2,433 | -5,215 | -3,028 |
| Total hedging of net investments in foreign operations | 689 | 6,819 | 14,616 | 8,486 |
| Revaluation of available-for-sale financial assets | -706 | — | — | -706 |
| Translation differences | -1,949 | -13,005 | -30,727 | -19,671 |
| Total other comprehensive income, net after tax | -88 | -6,708 | -17,244 | -10,624 |
| Total comprehensive income for the period | 7,115 | -2,921 | -4,059 | 5,977 |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the Parent Company | 7,050 | -2,731 | -3,717 | 6,064 |
| Non-controlling interests (minority interests) | 65 | -190 | -342 | -87 |
| Total | 7,115 | -2,921 | -4,059 | 5,977 |

Operating segments, Vattenfall Group

| Amounts in SEK million | External net sales | | | Internal net sales | | | Total net sales | | |
|---------------------------|--------------------|---------------|----------------|--------------------|----------|----------------|-----------------|---------------|----------------|
| | Q1 2011 | Q1 2010 | Full year 2010 | Q1 2011 | Q1 2010 | Full year 2010 | Q1 2011 | Q1 2010 | Full year 2010 |
| Generation | 17,410 | 21,724 | 71,567 | 17,836 | 16,599 | 55,610 | 35,246 | 38,323 | 127,177 |
| Distribution and Sales | 43,427 | 47,077 | 151,850 | 3,730 | 4,385 | 13,679 | 47,157 | 51,462 | 165,529 |
| Renewables | 394 | 180 | 1,040 | 401 | 218 | 1,038 | 795 | 398 | 2,078 |
| Other ¹ | 400 | 13,366 | 21,464 | 1,467 | 3,418 | 10,018 | 1,867 | 16,784 | 31,482 |
| Eliminations ² | -9,763 | -11,690 | -32,349 | -23,434 | -24,620 | -80,345 | -33,197 | -36,310 | -112,694 |
| Total | 51,868 | 70,657 | 213,572 | — | — | — | 51,868 | 70,657 | 213,572 |

| Amounts in SEK million | Profit | | | Profit excl. items affecting comparability | | |
|--------------------------------|---------------|---------------|----------------|--|---------------|----------------|
| | Q1 2011 | Q1 2010 | Full year 2010 | Q1 2011 | Q1 2010 | Full year 2010 |
| Generation | 7,510 | 12,024 | 30,388 | 6,841 | 12,030 | 34,202 |
| Distribution and Sales | 4,791 | 3,780 | 8,340 | 4,790 | 3,711 | 8,426 |
| Renewables | 180 | -132 | -1,620 | 166 | -132 | -601 |
| Other ¹ | -639 | -5,557 | -7,255 | -644 | -233 | -2,075 |
| Operating profit (EBIT) | 11,842 | 10,115 | 29,853 | 11,153 | 15,376 | 39,952 |
| Financial income and expenses | -1,893 | -2,899 | -8,430 | | | |
| Profit before tax | 9,949 | 7,216 | 21,423 | | | |

1) Chiefly includes Treasury Activities and Other Staff functions.

2) For external net sales, the elimination pertains to sales to the Nordic electricity exchange, Nord Pool.

Vattenfall Group, information about geographical areas

| Amounts in SEK million | External net sales | | | Internal net sales | | | Total net sales | | |
|-------------------------|--------------------|---------------|----------------|--------------------|----------|----------------|-----------------|---------------|----------------|
| | Q1 2011 | Q1 2010 | Full year 2010 | Q1 2011 | Q1 2010 | Full year 2010 | Q1 2011 | Q1 2010 | Full year 2010 |
| Nordic countries | 17,433 | 18,583 | 59,829 | -2,327 | -3,653 | -4,368 | 15,106 | 14,930 | 55,461 |
| Germany and Poland | 20,245 | 33,804 | 95,974 | 9,989 | 11,720 | 40,402 | 30,234 | 45,524 | 136,376 |
| Netherlands and Belgium | 12,624 | 14,366 | 41,990 | 2,568 | 2,008 | 7,338 | 15,192 | 16,374 | 49,328 |
| Other ¹ | 1,566 | 3,904 | 15,779 | 19,534 | 18,928 | 70,999 | 21,100 | 22,832 | 86,778 |
| Eliminations | — | — | — | -29,764 | -29,003 | -114,371 | -29,764 | -29,003 | -114,371 |
| Total | 51,868 | 70,657 | 213,572 | — | — | — | 51,868 | 70,657 | 213,572 |

| Amounts in SEK million | Operating profit (EBIT) | | | Operating profit (EBIT) excl. items affecting comparability | | |
|-------------------------|-------------------------|---------------|----------------|---|---------------|----------------|
| | Q1 2011 | Q1 2010 | Full year 2010 | Q1 2011 | Q1 2010 | Full year 2010 |
| Nordic countries | 7,267 | 7,875 | 21,196 | 7,264 | 7,874 | 21,344 |
| Germany and Poland | 5,164 | -139 | 9,908 | 4,478 | 5,189 | 13,897 |
| Netherlands and Belgium | 543 | 110 | -5,570 | 543 | 44 | -417 |
| Other | -1,132 | 2,269 | 4,319 | -1,132 | 2,269 | 5,128 |
| Total | 11,842 | 10,115 | 29,853 | 11,153 | 15,376 | 39,952 |

1) Chiefly concerns Trading, Treasury activities and Other Staff functions. Also includes operations in the UK.

Consolidated balance sheet

| Amounts in SEK million | 31 March 2011 | 31 March 2010 | 31 Dec. 2010 | Amounts in SEK million | 31 March 2011 | 31 March 2010 | 31 Dec. 2010 |
|---|----------------|----------------|----------------|--|----------------|----------------|----------------|
| Assets | | | | Equity and liabilities | | | |
| Non-current assets | | | | Equity | | | |
| Intangible assets: non-current | 49,075 | 60,013 | 49,787 | Attributable to owners of the Parent Company | 133,754 | 132,889 | 126,704 |
| Property, plant and equipment | 286,076 | 280,112 | 285,631 | Attributable to non-controlling interests (minority interests) | 7,194 | 6,572 | 6,917 |
| Investment property | 612 | 668 | 626 | Total equity | 140,948 | 139,461 | 133,621 |
| Biological assets | 4 | — | 4 | Non-current liabilities | | | |
| Participations in associated companies and joint ventures | 13,042 | 13,809 | 12,949 | Capital Securities | 8,869 | 9,646 | 8,929 |
| Other shares and participations | 4,265 | 4,956 | 4,954 | Other interest-bearing liabilities | 141,110 | 175,152 | 144,599 |
| Share in the Swedish Nuclear Waste Fund | 26,951 | 26,207 | 26,791 | Pension provisions | 18,053 | 19,390 | 18,137 |
| Current tax assets, non-current | 1,190 | 1,130 | 1,184 | Other interest-bearing provisions | 62,460 | 63,053 | 62,494 |
| Prepaid expenses | 167 | 160 | 171 | Deferred tax liabilities | 36,526 | 32,721 | 36,125 |
| Deferred tax assets | 1,730 | 1,631 | 1,397 | Other noninterest-bearing liabilities | 8,365 | 6,346 | 8,409 |
| Other non-current receivables | 4,879 | 4,234 | 4,769 | Total non-current liabilities | 275,383 | 306,308 | 278,693 |
| Total non-current assets | 387,991 | 392,920 | 388,263 | Current liabilities | | | |
| Current assets | | | | Trade payables and other liabilities | 29,449 | 24,171 | 33,184 |
| Inventories | 16,902 | 14,213 | 16,825 | Advance payments from customers | 2,066 | 1,538 | 1,912 |
| Intangible assets: current | 7,752 | 11,476 | 8,330 | Derivatives with negative fair value | 28,273 | 36,968 | 25,216 |
| Trade receivables and other receivables | 36,355 | 35,231 | 36,380 | Accrued expenses and deferred income | 24,903 | 28,086 | 24,804 |
| Advance payments to suppliers | 2,765 | 10,330 | 3,904 | Current tax liabilities | 1,089 | 5,263 | 2,062 |
| Derivatives with positive fair value | 31,872 | 40,068 | 29,338 | Interest-bearing liabilities | 28,351 | 12,790 | 34,749 |
| Prepaid expenses and accrued income | 12,293 | 11,826 | 10,597 | Interest-bearing provisions | 7,286 | 4,735 | 7,191 |
| Current tax assets | 1,123 | 5,337 | 2,311 | Liabilities associated with assets held for sale | — | 9,775 | — |
| Short-term investments | 28,647 | 22,952 | 31,278 | Total current liabilities | 121,417 | 123,326 | 129,118 |
| Cash and cash equivalents | 10,909 | 7,238 | 12,595 | Total equity and liabilities | 537,748 | 569,095 | 541,432 |
| Assets held for sale | 1,139 | 17,504 | 1,611 | Pledged assets | — | 700 | 634 |
| Total current assets | 149,757 | 176,175 | 153,169 | Contingent liabilities | 3,470 | 5,546 | 4,542 |
| Total assets | 537,748 | 569,095 | 541,432 | | | | |

Consolidated balance sheet (cont.)

| Amounts in SEK million | 31 March 2011 | 31 March 2010 | 31 Dec. 2010 | Amounts in SEK million | 31 March 2011 | 31 March 2010 | 31 Dec. 2010 |
|--|-----------------|-----------------|-----------------|---|-----------------|-----------------|-----------------|
| Supplementary information | | | | Adjusted gross debt and net debt | | | |
| Net assets | | | | Total interest-bearing liabilities | -178,330 | -197,588 | -188,277 |
| Net assets, weighted average value | 288,502 | 267,998 | 293,298 | 50% of Capital Securities | 4,435 | 4,823 | 4,464 |
| Net debt | | | | Present value of pension obligations | -20,086 | -20,071 | -19,992 |
| Capital Securities | -8,869 | -9,646 | -8,929 | Provisions for mining, gas and wind operations and other environment-related provisions | -12,800 | -13,643 | -12,760 |
| Bond issues, commercial papers and liabilities to credit institutions | -101,617 | -112,602 | -110,038 | Provisions for nuclear power (net) | -13,081 | -6,272 | -12,794 |
| Present value of liabilities pertaining to acquisitions of subsidiaries | -43,298 | -47,052 | -43,438 | Currency derivatives for hedging of debt in foreign currency | 1,679 | 1,266 | 2,668 |
| Liabilities to associated companies | -10,206 | -16,119 | -10,493 | Margin calls received | 3,869 | 2,881 | 5,149 |
| Liabilities to owners of non-controlling interests (minority owners) | -9,567 | -8,133 | -9,327 | Liabilities to owners of non-controlling interests (minority owners) due to consortium agreements | 9,145 | 7,746 | 8,923 |
| Other liabilities | -4,773 | -4,036 | -6,052 | Adjusted gross debt | -205,169 | -220,858 | -212,619 |
| Total interest-bearing liabilities | -178,330 | -197,588 | -188,277 | Reported cash and cash equivalents and short-term investments | 39,556 | 30,190 | 43,873 |
| Cash and cash equivalents | 10,909 | 7,238 | 12,595 | Unavailable liquidity | -4,069 | -10,639 | -4,663 |
| Short-term investments | 28,647 | 22,952 | 31,278 | Adjusted cash and cash equivalents and short-term investments | 35,487 | 19,551 | 39,210 |
| Loans to owners of non-controlling interests (minority owners) of foreign subsidiaries | 492 | 1,817 | 295 | Adjusted net debt | -169,682 | -201,307 | -173,409 |
| Net debt | -138,282 | -165,581 | -144,109 | | | | |

Consolidated statement of cash flows

| Amounts in SEK million | Q1 2011 | Q1 2010 | Full year 2010 | Last 12 months |
|---|---------------|---------------|----------------|----------------|
| Operating activities | | | | |
| Profit before tax | 9,949 | 7,216 | 21,423 | 24,156 |
| Depreciation, amortisation and impairment losses | 5,090 | 10,684 | 30,853 | 25,259 |
| Tax paid | -3,326 | -6,198 | -8,901 | -6,029 |
| Other adjustment items | 3,340 | -1,882 | -3,267 | 1,955 |
| Funds from operations (FFO) | 15,053 | 9,820 | 40,108 | 45,341 |
| Changes in inventories | 74 | 760 | -2,407 | -3,093 |
| Changes in operating receivables | -2,122 | -2,592 | -12,612 | -12,142 |
| Changes in operating liabilities | -6,865 | -9,459 | 5,681 | 8,275 |
| Other changes | 1,467 | 3,730 | 10,461 | 8,198 |
| Cash flow from changes in operating assets and operating liabilities | -7,446 | -7,561 | 1,123 | 1,238 |
| Cash flow from operating activities | 7,607 | 2,259 | 41,231 | 46,579 |
| Investing activities | | | | |
| Acquisitions in Group companies | -1 | -6 | -577 | -572 |
| Investments in associated companies and other shares and participations | 13 | -84 | -508 | -411 |
| Other investments in non-current assets | -6,211 | -8,845 | -40,709 | -38,075 |
| Total investments | -6,199 | -8,935 | -41,794 | -39,058 |
| Divestments | 1,248 | 179 | 7,197 | 8,266 |
| Cash and cash equivalents in acquired companies | — | — | 111 | 111 |
| Cash and cash equivalents in divested companies | — | — | -297 | -297 |
| Cash flow from investing activities | -4,951 | -8,756 | -34,783 | -30,978 |
| Cash flow before financing activities | 2,656 | -6,497 | 6,448 | 15,601 |
| Financing activities | | | | |
| Changes in short-term investments | 2,811 | 8,478 | -1,919 | -7,586 |
| Changes in loans to owners of non-controlling interests (minority owners) in foreign subsidiaries | -200 | -352 | 1,135 | 1,287 |
| Loans raised ¹ | 618 | 1,044 | 13,325 | 12,899 |
| Amortisation of debt | -7,770 | -5,520 | -12,389 | -14,639 |
| Dividends paid to owners | -16 | -17 | -5,311 | -5,310 |
| Contribution from owners of non-controlling interests (minority interests) | 229 | — | 12 | 241 |
| Cash flow from financing activities | -4,328 | 3,633 | -5,147 | -13,108 |
| Cash flow for the period | -1,672 | -2,864 | 1,301 | 2,493 |

| Amounts in SEK million | Q1 2011 | Q1 2010 | Full year 2010 | Last 12 months |
|--|-----------------|-----------------|-----------------|-----------------|
| Cash and cash equivalents | | | | |
| Cash and cash equivalents at the beginning of the period | 12,595 | 10,555 | 10,555 | 7,238 |
| Cash and cash equivalents included in assets held for sale at 31 December 2009 | — | — | 653 | 653 |
| Cash flow for the period | -1,672 | -2,864 | 1,301 | 2,493 |
| Translation differences | -14 | -453 | 86 | 525 |
| Cash and cash equivalents at the end of the period | 10,909 | 7,238 | 12,595 | 10,909 |
| Supplementary information | | | | |
| Cash flow before financing activities | 2,656 | -6,497 | 6,448 | 15,601 |
| Financing activities | | | | |
| Dividends paid to owners | -16 | -17 | -5,311 | -5,310 |
| Contribution from owners of non-controlling interests (minority interests) | 229 | — | 12 | 241 |
| Cash flow after dividend | 2,869 | -6,514 | 1,149 | 10,532 |
| Analysis of change in net debt | | | | |
| Net debt at beginning of the period | -144,109 | -154,987 | -154,987 | -165,581 |
| Changed calculation of net debt | — | -11,252 | -11,252 | — |
| Cash flow after dividend | 2,869 | -6,514 | 1,149 | 10,532 |
| Changes as a result of valuation at fair value | 915 | -1,571 | -1,743 | 743 |
| Changes in interest-bearing liabilities for leasing | 19 | 32 | 111 | 98 |
| Interest-bearing liabilities/short-term investments acquired/divested | — | — | 4,002 | 4,002 |
| Changes in liabilities pertaining to acquisitions of subsidiaries | -169 | -365 | -749 | -553 |
| Cash and cash equivalents included in assets held for sale at 31 December 2009 | — | — | 653 | 653 |
| Translation differences on net debt | 2,193 | 9,076 | 18,707 | 11,824 |
| Net debt at the end of the period | -138,282 | -165,581 | -144,109 | -138,282 |
| Free cash flow | 5,063 | -1,057 | 23,846 | 29,966 |

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

Consolidated statement of changes in equity

| Amounts in SEK million | 31 March 2011 | | | 31 March 2010 | | | 31 Dec. 2010 | | |
|---|--|--|----------------|--|--|----------------|--|--|----------------|
| | Attributable to owners of the Parent Company | Attributable to non-controlling interests (minority interests) | Total equity | Attributable to owners of the Parent Company | Attributable to non-controlling interests (minority interests) | Total equity | Attributable to owners of the Parent Company | Attributable to non-controlling interests (minority interests) | Total equity |
| Balance brought forward | 126,704 | 6,917 | 133,621 | 135,620 | 6,784 | 142,404 | 135,620 | 6,784 | 142,404 |
| Dividends paid to owners | — | -16 | -16 | — | -17 | -17 | -5,240 | -71 | -5,311 |
| Group contributions from(+)/to(-) owners of non-controlling interests (minority interests), net after tax | — | — | — | — | -5 | -5 | — | 402 | 402 |
| Changes in ownership | — | 228 | 228 | — | — | — | 41 | 144 | 185 |
| Cash flow hedges: | | | | | | | | | |
| Changes in fair value | 2,201 | 1 | 2,202 | -154 | -48 | -202 | -1,086 | -103 | -1,189 |
| Dissolved against income statement | 319 | — | 319 | -369 | — | -369 | -684 | — | -684 |
| Transferred to cost of hedged item | -66 | — | -66 | -101 | -1 | -102 | 247 | -1 | 246 |
| Tax attributable to cash flow hedges | -577 | — | -577 | 138 | 13 | 151 | 467 | 27 | 494 |
| Total cash flow hedges | 1,877 | 1 | 1,878 | -486 | -36 | -522 | -1,056 | -77 | -1,133 |
| Hedging of net investments in foreign operations | 935 | — | 935 | 9,252 | — | 9,252 | 19,831 | — | 19,831 |
| Tax attributable to net investments in foreign operations | -246 | — | -246 | -2,433 | — | -2,433 | -5,215 | — | -5,215 |
| Total hedging of net investments in foreign operations | 689 | — | 689 | 6,819 | — | 6,819 | 14,616 | — | 14,616 |
| Revaluation of available-for-sale financial assets | -706 | — | -706 | — | — | — | — | — | — |
| Translation differences | -1,927 | -22 | -1,949 | -12,810 | -195 | -13,005 | -30,274 | -453 | -30,727 |
| Profit for the period | 7,117 | 86 | 7,203 | 3,746 | 41 | 3,787 | 12,997 | 188 | 13,185 |
| Total comprehensive income for the period | 7,050 | 65 | 7,115 | -2,731 | -190 | -2,921 | -3,717 | -342 | -4,059 |
| Balance carried forward | 133,754¹ | 7,194 | 140,948 | 132,889¹ | 6,572 | 139,461 | 126,704¹ | 6,917 | 133,621 |
| 1) Of which, Reserve for cash flow hedges | 562 | | | -745 | | | -1,315 | | |

Key ratios, Vattenfall Group (definitions and calculations of key ratios on pages 32–33)

| In % unless otherwise stated. (x) means times | Q1 2011 | Q1 2010 | Full year 2010 | Last 12 months |
|---|-------------------|-------------------|----------------|----------------|
| Operating margin | 22.8 | 14.3 | 14.0 | 16.2 |
| Operating margin ¹ | 21.5 | 21.8 | 18.7 | 18.3 |
| Pre-tax profit margin | 19.2 | 10.2 | 10.0 | 12.4 |
| Pre-tax profit margin ¹ | 17.9 | 17.7 | 14.8 | 14.5 |
| Return on equity | 12.6 ² | 6.6 ² | 10.0 | 12.6 |
| Return on equity ¹ | 15.9 ² | 12.5 ² | 17.7 | 15.9 |
| Return on net assets | 9.9 ² | 8.1 ² | 9.1 | 9.9 |
| Return on net assets ¹ | 11.3 ² | 11.4 ² | 12.5 | 11.3 |
| EBIT interest cover, (x) | 4.7 ² | 2.6 ² | 4.1 | 4.7 |
| EBIT interest cover, (x) ¹ | 5.3 ² | 3.4 ² | 5.4 | 5.3 |
| FFO interest cover, (x) | 7.5 ² | 3.7 ² | 6.2 | 7.5 |
| FFO interest cover, net, (x) | 9.6 ² | 4.2 ² | 7.5 | 9.6 |
| Cash flow interest cover after maintenance investments, (x) | 6.1 ² | 3.0 ² | 4.6 | 6.1 |
| FFO/gross debt | 25.4 ² | 14.0 ² | 21.3 | 25.4 |
| FFO/net debt | 32.8 ² | 16.8 ² | 27.8 | 32.8 |
| EBITDA/net financial items, (x) | 11.8 | 8.9 | 9.8 | 10.8 |
| EBITDA/net financial items, (x) ¹ | 11.4 | 11.2 | 11.5 | 11.5 |
| Equity/total assets | 26.2 | 24.5 | 24.7 | 26.2 |
| Gross debt/equity | 126.5 | 141.7 | 140.9 | 126.5 |
| Net debt/equity | 98.1 | 118.7 | 107.8 | 98.1 |
| Gross debt/gross debt plus equity | 55.9 | 58.6 | 58.5 | 55.9 |
| Net debt/net debt plus equity | 49.5 | 54.3 | 51.9 | 49.5 |
| Net debt/EBITDA, (x) | 2.4 ² | 3.0 ² | 2.4 | 2.4 |

1) Excl. items affecting comparability.

2) Last 12-month values.

Quarterly information, Vattenfall Group

| Amounts in SEK million | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 | Q1 2010 |
|--|----------------|----------------|----------------|----------------|----------------|
| Income statement | | | | | |
| Net sales | 51,868 | 55,537 | 37,665 | 49,713 | 70,657 |
| Cost of products sold | -36,808 | -44,612 | -27,271 | -36,343 | -50,872 |
| Other operating income and expenses, net | -3,463 | -6,292 | -4,748 | -4,433 | -9,772 |
| Participations in the results of associated companies | 245 | 313 | 183 | 26 | 102 |
| Operating profit before depreciation and amortisation (EBITDA) | 16,932 | 15,355 | 10,685 | 13,867 | 20,799 |
| Operating profit (EBIT) | 11,842 | 4,946 | 5,829 | 8,963 | 10,115 |
| Financial items, net | -1,893 | -138 | -3,261 | -2,132 | -2,899 |
| Financial items, net ¹ | -1,403 | 308 | -2,858 | -1,302 | -2,327 |
| Profit before tax | 9,949 | 4,808 | 2,568 | 6,831 | 7,216 |
| Profit for the period | 7,203 | 2,464 | 1,749 | 5,185 | 3,787 |
| – of which, attributable to owners of the Parent Company | 7,117 | 2,577 | 1,597 | 5,077 | 3,746 |
| – of which, attributable to non-controlling interests (minority interests) | 86 | -113 | 152 | 108 | 41 |
| Balance sheet | | | | | |
| Non-current assets | 387,991 | 388,263 | 386,867 | 391,153 | 392,920 |
| Short-term investments | 28,647 | 31,278 | 26,841 | 24,365 | 22,952 |
| Cash and cash equivalents | 10,909 | 12,595 | 16,014 | 21,279 | 7,238 |
| Other current assets | 110,201 | 109,296 | 99,012 | 107,110 | 145,985 |
| Total assets | 537,748 | 541,432 | 528,734 | 543,907 | 569,095 |
| Equity | 140,948 | 133,621 | 135,605 | 140,215 | 139,461 |
| – of which, attributable to owners of the Parent Company | 133,754 | 126,704 | 128,953 | 133,572 | 132,889 |
| – of which, attributable to non-controlling interests (minority interests) | 7,194 | 6,917 | 6,652 | 6,643 | 6,572 |
| Capital Securities | 8,869 | 8,929 | 9,081 | 9,414 | 9,646 |
| Other interest-bearing liabilities | 169,461 | 179,348 | 179,263 | 189,123 | 187,942 |
| Pension provisions | 18,053 | 18,137 | 18,393 | 18,994 | 19,390 |
| Other interest-bearing provisions | 69,746 | 69,685 | 67,584 | 66,963 | 67,788 |
| Deferred tax liabilities | 36,526 | 36,125 | 31,974 | 34,266 | 32,721 |
| Other noninterest-bearing liabilities | 94,145 | 95,587 | 86,834 | 84,932 | 112,147 |
| Total equity and liabilities | 537,748 | 541,432 | 528,734 | 543,907 | 569,095 |
| Net assets | 285,169 | 285,153 | 282,413 | 289,874 | 307,966 |
| Net debt | -138,282 | -144,109 | -145,155 | -151,071 | -165,581 |

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

Quarterly information, Vattenfall Group (cont.)

| Amounts in SEK million | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 | Q1 2010 |
|--|---------------|---------------|---------------|---------------|---------------|
| Cash flow | | | | | |
| Funds from operations (FFO) | 15,053 | 11,670 | 6,939 | 11,679 | 9,820 |
| Cash flow from changes in operating assets and operating liabilities | -7,446 | -1,776 | 4,832 | 5,628 | -7,561 |
| Cash flow from operating activities | 7,607 | 9,894 | 11,771 | 17,307 | 2,259 |
| Cash flow from investing activities | -4,951 | -11,531 | -11,017 | -3,479 | -8,756 |
| Cash flow before financing activities | 2,656 | -1,637 | 754 | 13,828 | -6,497 |
| Changes in short-term investments | 2,811 | -4,997 | -3,390 | -2,010 | 8,478 |
| Loans raised/Amortisation of debt, net, etc. | -7,123 | 3,209 | -3,238 | 6,940 | -4,828 |
| Dividends paid to owners | -16 | -4 | -13 | -5,277 | -17 |
| Cash flow from financing activities | -4,328 | -1,792 | -6,641 | -347 | 3,633 |
| Cash flow for the period | -1,672 | -3,429 | -5,887 | 13,481 | -2,864 |
| Free cash flow | 5,063 | 3,355 | 7,260 | 14,288 | -1,057 |

Key ratios (definitions and calculations of key ratios on pages 32–33)

In % unless otherwise stated. (x) means times

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Return on equity ¹ | 12.6 | 10.0 | 9.3 | 8.7 | 6.6 |
| Return on equity ^{1,2} | 15.9 | 17.7 | 15.4 | 14.6 | 12.5 |
| Return on net assets ¹ | 9.9 | 9.1 | 9.2 | 8.6 | 8.1 |
| Return on net assets ^{1,2} | 11.3 | 12.5 | 12.1 | 11.6 | 11.4 |
| EBIT interest cover, (x) ¹ | 4.7 | 4.1 | 3.1 | 3.0 | 2.6 |
| EBIT interest cover, (x) ^{1,2} | 5.3 | 5.4 | 3.9 | 3.9 | 3.4 |
| FFO/gross debt ¹ | 25.4 | 21.3 | 21.1 | 18.6 | 14.0 |
| FFO/net debt ¹ | 32.8 | 27.8 | 27.4 | 24.4 | 16.8 |
| Equity/assets ratio | 26.2 | 24.7 | 25.6 | 25.8 | 24.5 |
| Gross debt/equity | 126.5 | 140.9 | 138.9 | 141.6 | 141.7 |
| Net debt/equity | 98.1 | 107.8 | 107.0 | 107.7 | 118.7 |
| Net debt/net debt plus equity | 49.5 | 51.9 | 51.7 | 51.9 | 54.3 |
| Net debt/EBITDA, (x) ¹ | 2.4 | 2.4 | 2.4 | 2.6 | 3.0 |

1) Last 12-month values.

2) Excl. items affecting comparability.

Exchange rates

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

| | Q1 2011 | Q1 2010 | Full year 2010 | | 31 March 2011 | 31 March 2010 | 31 Dec. 2010 |
|---------------------|---------|---------|----------------|--------------------------------|---------------|---------------|--------------|
| Average rate | | | | Balance sheet date rate | | | |
| EUR | 8.9140 | 10.0163 | 9.5694 | EUR | 8.9380 | 9.7385 | 9.0020 |
| DKK | 1.1955 | 1.3456 | 1.2850 | DKK | 1.1985 | 1.3080 | 1.2075 |
| GBP | 10.3544 | 11.3050 | 11.1573 | GBP | 10.1775 | 10.9350 | 10.5475 |
| NOK | 1.1358 | 1.2284 | 1.1920 | NOK | 1.1340 | 1.2130 | 1.1520 |
| PLN | 2.2450 | 2.4950 | 2.3831 | PLN | 2.2300 | 2.5200 | 2.2700 |
| USD | 6.5114 | 7.2450 | 7.2152 | USD | 6.3025 | 7.2575 | 6.8025 |

Parent Company income statement

| Amounts in SEK million | Q1 2011 | Q1 2010 | Full year 2010 |
|--|--------------|---------------|----------------|
| Net sales | 9,501 | 11,620 | 36,538 |
| Cost of products sold | -5,197 | -5,666 | -19,190 |
| Gross profit | 4,304 | 5,954 | 17,348 |
| Selling expenses, administrative expenses and research and development costs | -734 | -685 | -3,111 |
| Other operating income and expenses, net | -2,656 | 48 | 303 |
| Operating profit (EBIT) | 914 | 5,317 | 14,540 |
| Result from participations in Group companies | 1,323 | 10,112 | 15,456 |
| Result from participations in associated companies | — | — | 2 |
| Result from other shares and participations | — | — | 73 |
| Other financial income | 1,471 | 8,701 | 10,765 |
| Other financial expenses | -1,666 | -1,031 | -7,061 |
| Profit before appropriations and tax | 2,042 | 23,099 | 33,775 |
| Appropriations | 4,734 | 26 | -3,602 |
| Profit before tax | 6,776 | 23,125 | 30,173 |
| Income tax expense | -1,407 | -3,494 | -4,244 |
| Profit for the period | 5,369 | 19,631 | 25,929 |

Parent Company balance sheet

| Amounts in SEK million | 31 March 2011 | 31 March 2010 | 31 Dec. 2010 |
|---------------------------------------|----------------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets: non-current | 151 | 131 | 166 |
| Property, plant and equipment | 3,993 | 21,255 | 22,138 |
| Shares and participations | 194,118 | 198,691 | 194,064 |
| Deferred tax assets | 359 | 257 | 417 |
| Other non-current assets | 56,635 | 9,942 | 55,899 |
| Total non-current assets | 255,256 | 230,276 | 272,684 |
| Current assets | | | |
| Inventories | 205 | 243 | 268 |
| Intangible assets: current | 894 | 1,033 | 660 |
| Current receivables | 44,414 | 64,752 | 33,888 |
| Current tax assets | 24,016 | — | 26,874 |
| Cash and cash equivalents | 8,109 | 295 | 7,348 |
| Total current assets | 77,638 | 66,323 | 69,038 |
| Total assets | 332,894 | 296,599 | 341,722 |
| Equity and liabilities | | | |
| Equity | | | |
| Restricted equity | | | |
| Share capital | 6,585 | 6,585 | 6,585 |
| Statutory reserve | 1,286 | 1,286 | 1,286 |
| Non-restricted equity | | | |
| Retained earnings | 68,832 | 51,078 | 43,360 |
| Profit for the period | 5,369 | 19,631 | 25,929 |
| Total equity | 82,072 | 78,580 | 77,160 |
| Untaxed reserves | 8,874 | 10,191 | 13,819 |
| Provisions | 192 | 177 | 195 |
| Non-current liabilities | | | |
| Capital Securities | 8,869 | — | 8,929 |
| Other interest-bearing liabilities | 133,869 | 174,904 | 131,234 |
| Other noninterest-bearing liabilities | 4,335 | 3,128 | 4,341 |
| Total non-current liabilities | 147,073 | 178,032 | 144,504 |
| Current liabilities | | | |
| Interest-bearing liabilities | 56,973 | — | 79,641 |
| Current tax liabilities | 497 | 3,536 | 1,394 |
| Other noninterest-bearing liabilities | 37,213 | 26,083 | 25,009 |
| Total current liabilities | 94,683 | 29,619 | 106,044 |
| Total equity and liabilities | 332,894 | 296,599 | 341,722 |

Accounting policies, risks and uncertainties, and the Parent Company's interim report

Group

Accounting policies

The consolidated accounts for the first quarter of 2011 have, as in the year-end accounts for 2010, been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU, and the Swedish Annual Accounts Act.

This interim 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 interim report are the same as those described in Vattenfall's 2010 Annual Report (Note 3 to the consolidated accounts), with exception for the amended IFRSs endorsed by the EU and described below, which are effective as of the 2011 financial year.

"Improvements to IFRSs" (issued in May 2010) aim to streamline and clarify the accounting standards concerning presentation, recognition and measurement, including changes in terminology or amendments of an editorial nature. These amendments have had no or minimal impact on Vattenfall's financial statements.

Reporting of operating segments

To enable Vattenfall to carry out its new strategic direction (see Vattenfall's 2010 Annual Report, pages 5–15), a new business-led organisational structure was adopted on 1 January 2011. The previous region-based structure has been replaced by five new Business Divisions: Asset Development, Production, Asset Optimisation and Trading, Distribution and Sales, and Renewables. The first three mentioned Business Divisions together form the Generation operating segment, while the Distribution and Sales, and Renewables Business Divisions, respectively, are reported as separate operating segments. In the segment reporting, in addition to the above, the Treasury activities, Other Staff Functions and Shared Services are reported under the heading Other.

Comparison figures for 2010 have, as far as possible, been recalculated to reflect the new segment structure.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2010 Annual Report, pages

77–83. No other material changes, other than what is stated in this interim report, have taken place since publication of the 2010 Annual Report.

Other

Significant related-party transactions are described in Note 54 to the consolidated accounts in Vattenfall's 2010 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2010 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 – *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 2010 Annual Report (Note 2 to the Parent Company accounts).

First quarter 2011

A condensed income statement and balance sheet for the Parent Company are presented on page 29 of this report.

Sales amounted to SEK 9,501 million (11,620).

Profit before appropriations and tax was SEK 2,042 million (23,099). The lower earnings compared with the preceding year are attributable to lower dividends from subsidiaries and to the fact that Vattenfall AB, as of 1 July 2010, applies hedge accounting for assets in a foreign currency effectively hedged by loans in a foreign currency according to the Swedish standard BFN R7.

In addition, Vattenfall AB recognised a capital loss of approximately SEK 3,000 million in connection with the sale of all hydro power operations on 1 January 2010 to wholly owned, recently formed subsidiaries. The sales were made at tax residual values. In connection with the sales, Vattenfall AB dissolved untaxed reserves (accelerated depreciation) in an amount of approximately SEK 4,300 million.

The balance sheet total was SEK 332,894 million (31 December 2010: 341,722).

Investments for the period amounted to SEK 177 million (571).

Cash and cash equivalents and short-term investments amounted to SEK 32,125 million (31 December 2010: 34,222).

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2010 Annual Report, pages 77–83. No material changes, other than what is stated in this report, have taken place since publication of the 2010 Annual Report.

Other

Significant related-party transactions are described in Note 41 to the Parent Company accounts in Vattenfall's 2010 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2010 Annual Report.

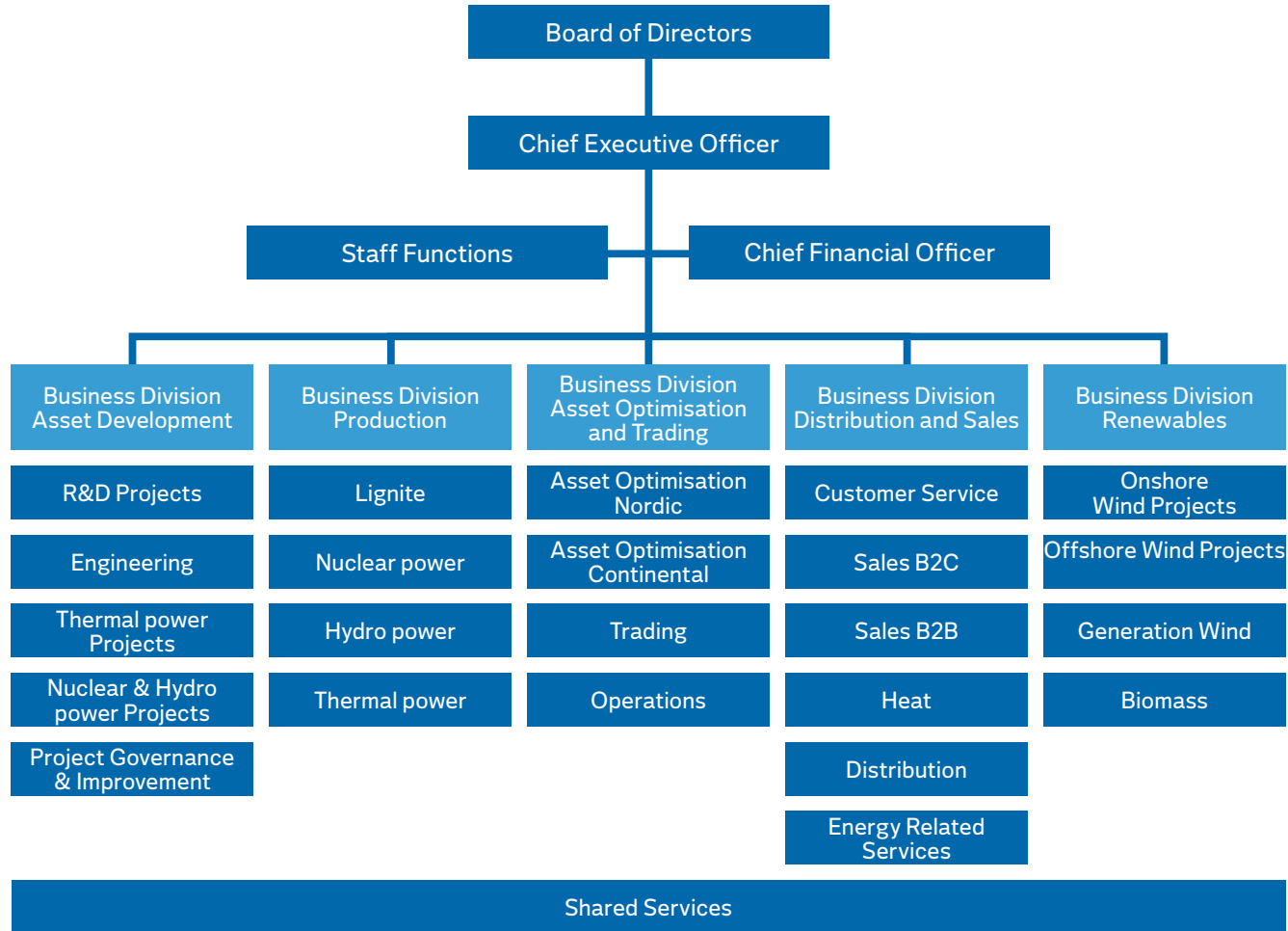
Stockholm, 5 May 2011

Øystein Løseth
President and CEO

This interim report has not been reviewed by the company's auditors.

The information provided in this interim report is such that Vattenfall is required to disclose pursuant to the Swedish Securities Market Act.

Vattenfall's organisational structure 2011



Definitions and calculations of key ratios

Figures for the Group in 2011. Amounts in SEK million unless otherwise stated.

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

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

Key ratios based on last 12-month values (April 2010 - March 2011):

| | | | | | |
|---|---------|--|--------------------------|---|-------------|
| Operating margin, % | = 100 x | $\frac{\text{Operating profit (EBIT)}}{\text{Net sales}}$ | $\frac{31,580}{194,783}$ | = | 16.2 |
| Operating margin excl. items affecting comparability, % | = 100 x | $\frac{\text{Operating profit (EBIT) excl. items affecting comparability}}{\text{Net sales}}$ | $\frac{35,729}{194,783}$ | = | 18.3 |
| Pre-tax profit margin, % | = 100 x | $\frac{\text{Profit before tax}}{\text{Net sales}}$ | $\frac{24,156}{194,783}$ | = | 12.4 |
| Pre-tax profit margin excl. items affecting comparability, % | = 100 x | $\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}}$ | $\frac{28,303}{194,783}$ | = | 14.5 |
| Return on equity, % | = 100 x | $\frac{\text{Profit for the period attributable to owners of the Parent Company}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$ | $\frac{16,368}{129,640}$ | = | 12.6 |
| Return on equity excl. items affecting comparability, % | = 100 x | $\frac{\text{Profit for the period attributable to owners of the Parent Company excl. items affecting comparability}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$ | $\frac{20,630}{129,640}$ | = | 15.9 |
| Return on net assets, % | = 100 x | $\frac{\text{Operating profit (EBIT) + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$ | $\frac{28,441}{288,502}$ | = | 9.9 |
| Return on net assets excl. items affecting comparability, % | = 100 x | $\frac{\text{Operating profit (EBIT) excl. items affecting comparability + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$ | $\frac{32,590}{288,502}$ | = | 11.3 |
| EBIT interest cover, (x) | = | $\frac{\text{Operating profit (EBIT) + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$ | $\frac{33,323}{7,025}$ | = | 4.7 |

| | | | | |
|---|---|---------|---|------|
| 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 | 37,472 | = | 5.3 |
| | Financial expenses excl. discounting effects attributable to provisions | 7,025 | | |
| FFO interest cover, (x) = | Funds from operations (FFO) + financial expenses excl. discounting effects attributable to provisions | 52,366 | = | 7.5 |
| | Financial expenses excl. discounting effects attributable to provisions | 7,025 | | |
| FFO interest cover, net, (x) = | Funds from operations (FFO) + financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | 50,623 | = | 9.6 |
| | Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | 5,282 | | |
| 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 | 35,899 | = | 6.1 |
| | Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs | 5,933 | | |
| FFO/gross debt, % = 100 x | Funds from operations (FFO) | 45,341 | | |
| | Interest-bearing liabilities | 178,330 | = | 25.4 |
| FFO/net debt, % = 100 x | Funds from operations (FFO) | 45,341 | | |
| | Net debt | 138,282 | = | 32.8 |
| EBITDA/net financial items, (x) = | Operating profit before depreciation and amortisation (EBITDA) | 56,839 | | |
| | Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | 5,282 | = | 10.8 |
| EBITDA excl. items affecting comparability/net financial items, (x) = | Operating profit before depreciation and amortisation (EBITDA) excl. items affecting comparability | 60,988 | | |
| | Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | 5,282 | = | 11.5 |

Key ratios based on the balance sheet per 31 March, 2011:

| | | | | |
|--|--|---------|---|-------|
| Equity/total assets, % = 100 x | Equity | 140,948 | | |
| | Balance sheet total | 537,748 | = | 26.2 |
| Gross debt/equity, % = 100 x | Interest-bearing liabilities | 178,330 | | |
| | Equity | 140,948 | = | 126.5 |
| Net debt/equity, % = 100 x | Net debt | 138,282 | | |
| | Equity | 140,948 | = | 98.1 |
| Gross debt/gross debt plus equity, % = 100 x | Interest-bearing liabilities | 178,330 | | |
| | Interest-bearing liabilities + equity | 319,278 | = | 55.9 |
| Net debt/net debt plus equity, % = 100 x | Net debt | 138,282 | | |
| | Net debt + equity | 279,230 | = | 49.5 |
| Net debt/EBITDA, (x) = | Net debt | 138,282 | | |
| | Operating profit before depreciation and amortisation (EBITDA) | 56,839 | = | 2.4 |

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