

Q1 2012

Interim Report January–March

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All comparison figures in this report pertain to the first quarter of 2011, unless indicated otherwise.

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

Successful first quarter – continued consolidation

- Net sales decreased by 5.5% to SEK 48,994 million (51,868)
- Operating profit rose 60.1% to SEK 18,956 million (11,842)
- The underlying operating profit¹ decreased by 5.0% to SEK 11,675 million (12,294)
- For continuing operations, i.e., excluding divested operations, the underlying operating profit increased by 3.0%
- Profit for the period (after tax) rose 92.4% to SEK 13,855 million (7,203)

¹ Operating profit excluding items affecting comparability (for definition of items affecting comparability, see pages 32–33).



"During the quarter we successfully concluded our divestment programme of our non-core assets. In January we received a combined total of SEK 21 billion for the sale of operations in Belgium, Finland and Poland. We have thereby been able to reduce the Group's net debt by a corresponding amount. The divestments were made at terms that we are very satisfied with. The capital gain from the sale of the Finnish electricity distribution and heat business was SEK 8.1 billion. Excluding capital gains and other items affecting comparability, Vattenfall is reporting a solid underlying operating profit, despite the fact that electricity spot prices in the Nordic countries were lower than during the same quarter in 2011. Our work on improving the efficiency of our operations is advancing faster than planned, and our ambition now is to achieve savings of SEK 6 billion by year-end 2012, which is one year ahead of the original plan. The trend in demand and electricity prices is expected to remain weak in the years immediately ahead, which means that we must focus even harder on lowering costs and improving the availability of our production plants."

A handwritten signature in blue ink, appearing to read "Øystein Løseth".

Øystein Løseth
President and CEO

First quarter 2012 – net sales, profit, cash flow and debt
Consolidated net sales decreased by SEK 2.9 billion (5.5%) to SEK 49.0 billion (51.9). The decrease is mainly attributable to Vattenfall's divestment of the Polish and Belgian operations, the gas production company Nuon Exploration & Production B.V. in the Netherlands, and Vattenfall's electricity distribution and heat business in Finland.

Operating profit increased by SEK 7.1 billion (60.1%) to SEK 19.0 billion (11.8). The increase is mainly attributable to a capital gain on the sale of the electricity distribution and heat business in Finland.

The underlying operating profit, i.e., excluding items affecting comparability, decreased by SEK 0.6 billion (5.0%), to SEK 11.7 billion (12.3). For a specification of items affecting comparability, see page 5. Average lower electricity prices received primarily in the Nordic countries had a negative effect on the underlying operating profit by approximately SEK 1.5 billion. Volume effects had a positive impact of approximately SEK 0.6 billion. Lower costs for operations, maintenance, sales, administration and research and development had a positive impact on underlying operating profit by approximately SEK 0.5 million. During the first quarter of 2011, the divested operations in Poland, Belgium and Finland contributed approximately SEK 1.0 billion to the underlying operating profit. Other items had a positive net impact of approximately SEK 0.7 billion. For continuing operations i.e., excluding divested operations, the underlying operating profit increased by 3.0%.

The underlying operating profit for Vattenfall's operating segments during the first quarter of 2012 performed as follows:

- Generation increased its underlying operating profit by SEK 0.4 billion to SEK 8.3 billion.
- The underlying operating profit for Distribution and Sales decreased by SEK 1.2 billion to SEK 3.6 billion.
- The underlying operating profit for Renewables fell by SEK 62 million to SEK 0.1 billion.

For further information on the Group's operating segments, see pages 12–17.

Profit for the period (after tax) increased by SEK 6.7 billion (92.4%) to SEK 13.9 billion (7.2).

Return on equity was 13.4%. Vattenfall's long-term target return on equity is 15% over a business cycle (5–7 years).

Funds from operations (FFO) increased by 4.6% to SEK 12.7 billion (12.2). Compared with at 31 December 2011, net debt decreased by 14.5% to SEK 121.0 billion (141.1).

For detailed information on net debt, see page 23.

The Group's total investments amounted to SEK 5.8 billion. For further information about investment activities, see page 8.

Electricity generation, sales of heat and gas – Q1 2012

Vattenfall's total electricity generation decreased by 2.8% during the first quarter of 2012, to 48.4 TWh (49.8). Divested operations contributed 2.1 TWh during the first quarter of 2011. Hydro power generation increased by 34.5%, while nuclear power generation decreased by 14.4%, and fossil-based power decreased by 9.6%. Wind power generation increased by 0.1 TWh to 1.0 TWh, and electricity generation based on biomass and waste was unchanged at 0.5 TWh.

Vattenfall's external sales of electricity decreased by 11.2%, which is mainly due to the divestment of the Polish and Belgian operations. Sales of heat decreased by 34.9% to 11.0 TWh (16.9). Sales of gas decreased by 10.4% to 21.5 TWh (24.0). For further information, see page 9.

Wholesale price trend for electricity and CO₂ emission allowances

The average Nordic system price was EUR 38.5/MWh, which is 42% lower than in the first quarter of 2011. Spot prices were also lower in Germany and the Netherlands, by 13% and 9%, respectively, compared with the first quarter of 2011. Gas and oil prices rose slightly during the first quarter compared with the corresponding period in 2011, while coal prices and prices of CO₂ emission allowances fell. For further information and price charts, see pages 10–11.

Important events during the first quarter of 2012

Completion of Vattenfall's divestments of non-core assets

The sale of Vattenfall's electricity distribution and heat business in Finland was completed in January 2012. The buyer was LNI Acquisition Oy – a consortium comprising 3i Infrastructure plc, 3i Group plc, GS Infrastructure Partners and Ilmarinen Mutual Pension Insurance Company. The sale generated a capital gain of SEK 8.1 billion. Vattenfall has retained ownership of its electricity sales organisation and hydro power operations in Finland.

Total proceeds received during the quarter for divested operations amounted to SEK 21 billion, of which SEK 13.2 billion pertained to the electricity distribution and heat business in Finland, SEK 5.8 billion to the heat business in Poland, and SEK 1.9 billion to Vattenfall's operations in Belgium. The latter two divestments were booked during the fourth quarter of 2011.

Vattenfall starts partnership regarding French hydro power

In connection with the renewal of French hydroelectric concessions, ArcelorMittal, Rhodia, SNCF and Vattenfall – working in partnership under the name Force Hydro – will submit bids when the French government begins to auction out hydroelectric concessions in 2012. Force Hydro intends to be a major player in large scale hydro power generation in France.

Vattenfall to keep its Danish operations

Vattenfall has decided to keep its combined heat and power (CHP) operations in Denmark and will not proceed with the planned divestments. Vattenfall's operations in Denmark include three large CHP plants – the Nordjylland plant in Aalborg, the Fyn plant in Odense, and the Amager plant in Copenhagen – with combined installed capacity of 1,437 MW electricity and 1,632 MW heat.

Impairment of biomass project

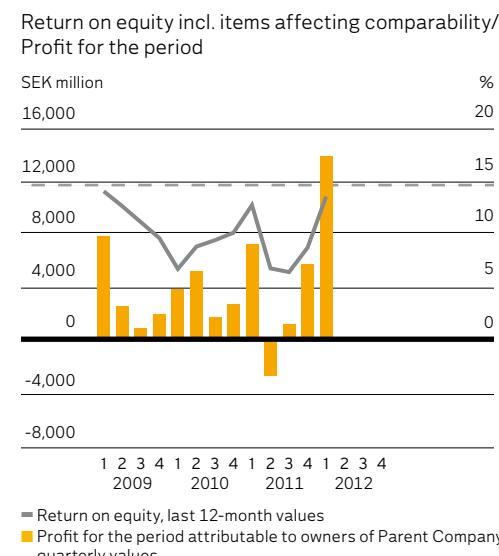
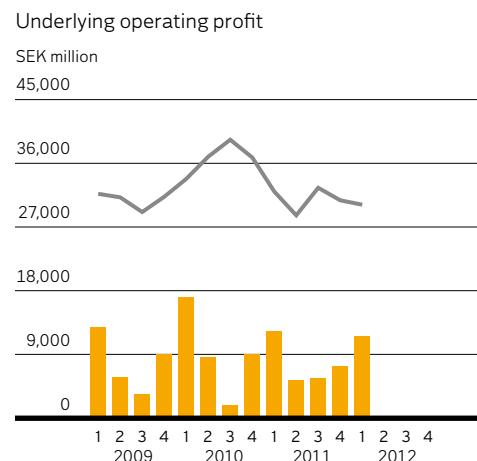
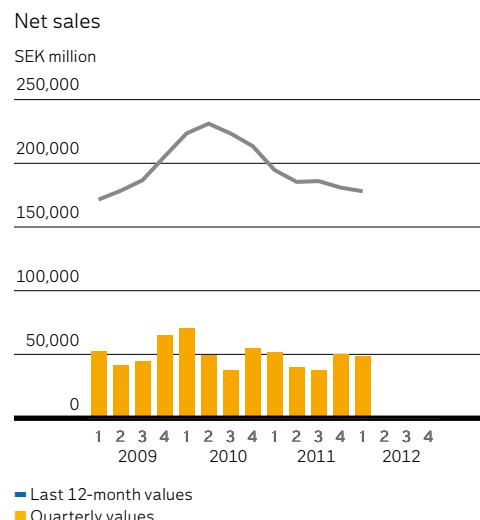
Vattenfall has reached an agreement to sell its interest in the pilot project involving supply of biomass in Liberia that is being conducted through Buchanan Renewables Fuel. Vattenfall is minority owner in the project. Due to the sale of its interest, Vattenfall has recognised an impairment loss and made provisions during the first quarter, for a total of SEK 1,341 million.

Stefan Dohler new head of BD Asset Optimisation and Trading

Stefan Dohler has been appointed as the new head of Business Division Asset Optimisation and Trading (AOT). He took office on 1 April and succeeds Harald von Heyden, who has left Vattenfall. As head of AOT, Stefan Dohler is a member of Vattenfall's Executive Group Management.

Important events after the balance sheet date

At Vattenfall's Annual General Meeting on 25 April 2012, Gunilla Berg, Håkan Buskhe and Jan-Åke Jonsson were elected as new board members.



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

| Amounts in SEK million unless stated otherwise | Q1 2012 | Q1 2011 | Change, % | Full year 2011 | Last 12 months |
|--|-------------------|-------------------|--------------|----------------|-------------------|
| Net sales | 48,994 | 51,868 | -5.5 | 181,040 | 178,166 |
| Operating profit before depreciation and amortisation (EBITDA) | 23,826 | 16,932 | 40.7 | 54,538 | 61,432 |
| Operating profit (EBIT) | 18,956 | 11,842 | 60.1 | 23,209 | 30,323 |
| Underlying operating profit | 11,675 | 12,294 | -5.0 | 30,793 | 30,174 |
| Financial items, net | -2,454 | -1,893 | -29.6 | -8,911 | -9,472 |
| Profit before tax | 16,502 | 9,949 | 65.9 | 14,298 | 20,851 |
| Profit for the period | 13,855 | 7,203 | 92.4 | 10,416 | 17,068 |
| - of which, attributable to owners of the Parent Company | 13,723 | 7,117 | 92.8 | 11,083 | 17,689 |
| - of which, attributable to non-controlling interests (minority interests) | 132 | 86 | 53.5 | -667 | -621 |
| Return on equity, % | 13.4 ¹ | 12.6 ¹ | - | 8.6 | 13.4 |
| Return on net assets, % | 9.6 ¹ | 9.9 ¹ | - | 7.1 | 9.6 |
| Funds from operations (FFO) | 12,717 | 12,156 | 4.6 | 38,256 | 38,817 |
| Cash flow before financing activities | 19,286 | 2,656 | 626.1 | 12,666 | 29,296 |
| Free cash flow | 2,041 | 5,063 | -59.7 | 17,637 | 14,615 |
| Cash and cash equivalents plus short-term investments | 45,710 | 39,556 | 15.6 | 28,685 | |
| Balance sheet total | 526,503 | 537,748 | -2.1 | 524,558 | |
| Equity incl. non-controlling interests (minority interests) | 153,877 | 140,948 | 9.2 | 138,931 | |
| Hybrid capital | 8,793 | 8,869 | -0.9 | 8,883 | |
| Other interest-bearing liabilities | 157,752 | 169,461 | -6.9 | 161,467 | |
| Net debt | 120,597 | 138,282 | -12.8 | 141,089 | |
| Net debt/Operating profit before depreciation and amortisation (EBITDA), times | 2.0 ¹ | 2.4 ¹ | - | 2.6 | |

1) Last 12-month values.

For definitions and calculations of key ratios, see pages 32–33.

Sales, profit and cash flow

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % |
|------------------------|---------|---------|-----------|
| Net sales | 48,994 | 51,868 | -5.5 |

Comment: Consolidated net sales for the first quarter decreased by SEK 2.9 billion compared with the corresponding period in 2011. The decrease is mainly attributable to Vattenfall's divestment of the Polish and Belgian operations, the gas production company Nuon Exploration & Production B.V. in the Netherlands, and Vattenfall's electricity distribution and heat business in Finland.

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % |
|-------------------------------|---------|---------|-----------|
| Operating profit (EBIT) | 18,956 | 11,842 | 60.1 |
| Items affecting comparability | 7,281 | -452 | - |
| Underlying operating profit | 11,675 | 12,294 | -5.0 |

Comments: The underlying operating profit decreased by SEK 0.6 billion. This is mainly attributable to the following:

- Negative price effects of average lower electricity prices received, primarily in the Nordic countries (SEK -1.5 billion)
- Positive volume effects (SEK 0.6 billion)
- Lower costs for operations and maintenance, sales and administration, and research and development (SEK 0.5 billion, net)¹
- Divested operations in Poland, Belgium and Finland (SEK -1.0 billion)
- Other items, net (SEK 0.7 billion)

For continuing operations, i.e., excluding divested operations, the underlying operating profit increased by 3.0%.

For a specification of items affecting comparability, see table at right.

1) Costs for operations and maintenance, sales and administration, and research and development are stripped for Vattenfall's divested operations in Poland, Belgium and Finland, and for the nuclear power operations in Germany.

Items affecting comparability¹

| Amounts in SEK million | Q1 2012 | Q1 2011 | Full year 2011 |
|---|---------|---------|----------------|
| Items affecting comparability affecting operating profit (EBIT): | | | |
| Capital gains | 8,089 | 717 | 4,780 |
| Capital losses | -13 | -27 | -58 |
| Impairment of intangible non-current assets and property, plant and equipment | -35 | -5 | -11,301 |
| Reversed impairment | - | 4 | 386 |
| Unrealised changes in the fair value of energy derivatives | -349 | -1,357 | -1,690 |
| Unrealised changes in the fair value of inventories | 108 | 216 | -541 |
| Restructuring costs | -32 | - | - |
| Other items affecting comparability | -487 | - | 840 |
| Total | 7,281 | -452 | -7,584 |

Comments: Items affecting comparability during the first quarter of 2012 amounted to SEK 7.3 billion. These pertain mainly to a capital gain on the sale of Vattenfall's electricity distribution and heat business in Finland (SEK 8.1 billion). Impairment losses and provisions pertaining to the Liberian biomass project Buchanan Renewables Fuel amounted to SEK 512 million. Items affecting comparability for the corresponding quarter in 2011 pertained mainly to unrealised changes in the fair value of energy derivatives and inventories (SEK -1.1 billion) and a capital gain on the sale of Vattenfall's interest in the Rostock coal-fired power plant (SEK 0.7 billion).

1) Changed definition of Items affecting comparability in Q1 2012. See the accounting policies on page 31; for definition, see page 32.

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % |
|---|---------------|---------------|--------------|
| Funds from operations (FFO) | 12,717 | 12,156 | 4.6 |
| Cash flow from changes in operating assets and operating liabilities (working capital) | -8,526 | -4,549 | – |
| Cash flow from operating activities | 4,191 | 7,607 | -44.9 |

Comments: Funds from operations (FFO) increased by SEK 0.6 billion compared with the first quarter of 2011. The increase is mainly attributable to lower paid tax, which is explained mainly by a supplementary, preliminary tax payment that was made during the first quarter of 2011.

Cash flow from changes in working capital was negative during the quarter in the amount of SEK 8.5 billion. This is mainly attributable to higher operating receivables and lower operating liabilities, together totalling SEK 11.2 billion. Other changes, mainly margin calls¹ received, had a positive effect on working capital of SEK 2.7 billion.

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

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % |
|--|-------------------|---------------|--------------|
| Net financial items | -2 454 | -1,893 | -29.6 |
| – of which, interest income | 267 | 234 | 14.1 |
| – of which, interest expense | -1,263 | -1,605 | -21.3 |
| – of which, impairment losses and provisions | -814 | – | – |
| Interest received | 103 | 193 | -46.6 |
| Interest paid | -1,444 | -1,504 | 4.0 |
| Average monthly net interest expense | -332 ¹ | -457 | |

Comments: The decrease of financial items during the first quarter of 2012 is mainly attributable to impairment losses and provisions pertaining to the Liberian biomass project Buchanan Renewables Fuel (SEK -814 million).

1) Excluding impairment losses and provisions pertaining to the Liberian biomass project Buchanan Renewables Fuel.

Employees

| Number of employees, full-time equivalents | 31 March 2012 | 31 March 2011 | Change, % |
|--|---------------|---------------|--------------|
| Generation | 16,259 | 17,327 | -6.2 |
| Distribution and Sales | 11,519 | 14,810 | -22.2 |
| Renewables | 368 | 316 | 16.5 |
| Other | 4,958 | 5,315 | -6.7 |
| Total | 33,104 | 37,768 | -12.3 |

Comments: The decrease is mainly attributable to divested operations in Poland, Belgium and Finland, and natural attrition.

Financial position

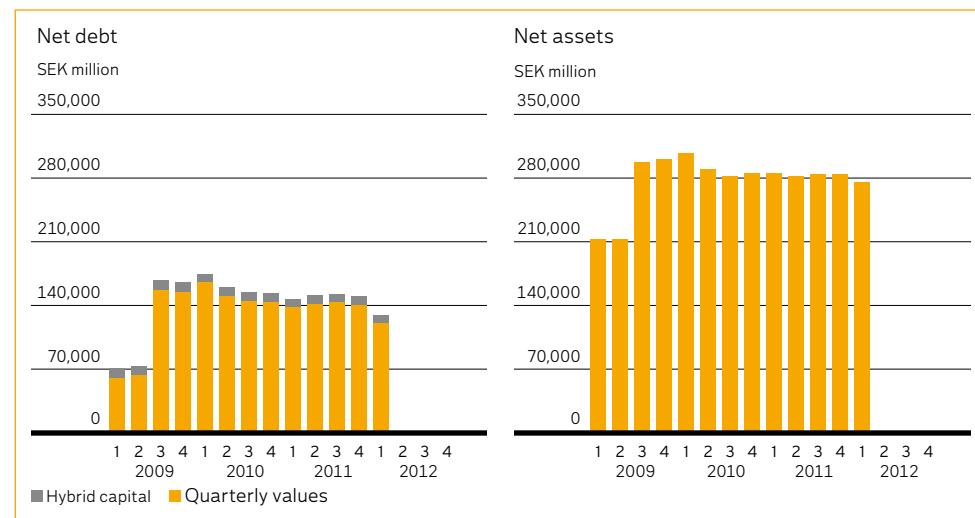
| Amounts in SEK million | 31 March 2012 | 31 March 2011 | Change, % |
|--|---------------|---------------|-------------|
| Cash and cash equivalents, and short-term investments | 45,710 | 39,556 | 15.6 |
| Committed credit facilities (unutilised) | 33,609 | 31,830 | 5.6 |

Comments: The increase in cash and cash equivalents, and short-term investments, is mainly attributable to the payment received in January 2012 from the sale of Vattenfall's assets in Poland and Finland. Committed credit facilities consist of a EUR 2.55 billion Revolving Credit Facility that expires on 20 January 2016 and a 12-month EUR 1.3 billion revolving Multi Option Facility (unutilised amount EUR 1.2 billion), contracted in August 2011. A EUR 1 billion Revolving Credit Facility that was to expire in February 2013 was terminated in the first quarter 2012. 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. As per 31 March 2012, available liquid assets and/or committed credit facilities amounted to 41% of net sales.

| Amounts in SEK million | 31 March 2012 | 31 March 2011 | Change, % |
|--|----------------|----------------|--------------|
| Net debt | 120,597 | 138,282 | -12.8 |
| Interest-bearing liabilities | 166,545 | 178,330 | -6.6 |
| Adjusted net debt (see page 23) | 155,389 | 169,682 | -8.4 |
| Average interest rate, % ¹ | 3.6 | 3.7 | - |
| Duration, years ¹ | 4.1 | 4.1 | - |
| Average time to maturity, years ¹ | 6.0 | 6.1 | - |

1) Including Hybrid capital and loans from owners with non-controlling interests (minority owners) and associated companies.

Comments: Compared with 31 March 2011, net debt decreased by SEK 17.7 billion. The decrease is mainly attributable to the payment received for Vattenfall's sale of assets in Belgium, Poland and Finland. Adjusted net debt decreased by SEK 14.3 billion. During the quarter, Vattenfall carried out an early termination of leases pertaining to power assets in Germany. For information on these leases, see page 105 in Vattenfall's 2011 Annual Report.



| Amounts in SEK million | 31 March 2012 | 31 March 2011 | Change, % |
|-------------------------------|----------------|----------------|------------|
| Equity attributable to | | | |
| Owners of the Parent Company | 146,769 | 133,754 | 9.7 |
| Minority interests | 7,108 | 7,194 | -1.2 |
| Total | 153,877 | 140,948 | 9.2 |

Comments: For a specification of changes in equity, see page 26.

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 "stable" from Standard & Poor's and "negative" from Moody's. On 9 December 2011 the rating agency Standard & Poor's lowered its long-term rating for Vattenfall from A to A- and at the same time changed its outlook from negative to stable. In February 2012 Moody's affirmed Vattenfall's A2 rating but changed its rating outlook from stable to negative.

Investments

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % |
|--------------------------|--------------|--------------|-------------|
| Maintenance investments | 2,150 | 2,544 | -15.5 |
| Growth investments | 3,622 | 3,655 | -0.9 |
| – of which, shares | 55 | -12 | - |
| Total investments | 5,772 | 6,199 | -6.9 |

Divestments

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % |
|------------------------|---------|---------|-----------|
| Divestments | 21,017 | 1,248 | - |
| – of which, shares | 20,945 | 1 | - |

Comments: Payment was received during the first quarter of 2012 for the sale of Vattenfall's electricity distribution and heat business in Finland (SEK 13.2 billion), Vattenfall's heat business in Poland (SEK 5.8 billion) and Vattenfall's operations in Belgium (SEK 1.9 billion). The sales of the operations in Poland and Belgium were booked during the fourth quarter of 2011.

Specification of investments

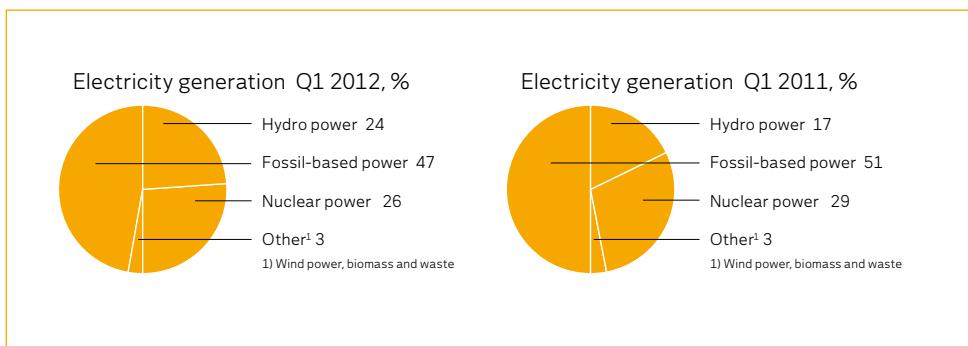
| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % |
|-------------------------------------|--------------|--------------|--------------|
| Electricity generation | | | |
| Hydro power | 222 | 155 | 43.5 |
| Nuclear power | 487 | 715 | -31.9 |
| Fossil-based power | 2,281 | 2,670 | -14.6 |
| Wind power | 704 | 522 | 34.8 |
| Biomass, waste | 9 | 17 | -47.9 |
| Other | 417 | 748 | -44.2 |
| Total electricity generation | 4,120 | 4,827 | -14.6 |
| Thermal power, heat | | | |
| Fossil-based power | 137 | 637 | -78.5 |
| Biomass, waste | 10 | 12 | -15.4 |
| Other | 143 | 177 | -19.2 |
| Total thermal power, heat | 290 | 826 | -64.9 |
| Electricity networks | | | |
| Electricity networks | 550 | 626 | -12.1 |
| Total electricity networks | 550 | 626 | -12.1 |
| Acquisitions of shares | 55 | -12 | - |
| Other, excl. shares | 757 | -68 | - |
| Total | 5,772 | 6,199 | -6.9 |

Comments: Investments are proceeding in the coal-fired Boxberg and Moorburg power plants in Germany and in three gas-fired power plants in the Netherlands. These projects were decided on several years ago and are now in an intensive phase of completion. The higher investment level for wind power in 2012 is attributable to the start of construction of the DanTysk offshore wind farm in Germany.

Electricity generation, sales of heat and gas

| | Q1 2012 | Q1 2011 | Full year 2011 | Change, % |
|---|-------------------------|-------------|--------------------------|--------------------------|
| Electricity generation, TWh | | | | |
| Hydro power | 11.7 | 8.7 | 34.5 | 34.5 |
| Nuclear power | 12.5 | 14.6 | 42.5 | -14.4 |
| Fossil-based power | 22.7 | 25.1 | 85.0 | -9.6 |
| Wind power | 1.0 | 0.9 | 3.4 | 11.1 |
| Biomass, waste | 0.5 | 0.5 | 1.3 | - |
| Total | 48.4 | 49.8 | 166.7 | -2.8 |
| External sales of electricity, TWh | 50.5¹ | 56.9 | 209.4¹ | -11.2¹ |
| Sales of heat, TWh | 11.0 | 16.9 | 41.6 | -34.9 |
| Sales of gas, TWh | 21.5 | 24.0 | 53.8 | -10.4 |

1) Of which, bilateral sales through the trading operation amounted to 11.5 TWh (12.8) during the first quarter of 2012.
Bilateral trading through the trading operation for the full year 2011 amounted to 52.9 TWh.



Electricity generation

Vattenfall's total electricity generation decreased by 2.8% during the first quarter to 48.4 TWh (49.8). Divested operations accounted for 2.1 TWh during the first quarter of 2011. Hydro power generation increased by 34.5% to 11.7 TWh (8.7), owing to good water supply. Nuclear power generation decreased by 14.4% to 12.5 TWh (14.6), mainly owing to a delay in the start-up of Ringhals 2 and the operation of Ringhals 1 at reduced capacity (70%) during most of the first quarter. Fossil-based generation decreased by 9.6% to 22.7 TWh (25.1), mainly due to the divestment of the Polish operations (1.4 TWh) and the divestment of the Rostock power plant (0.7 TWh). Wind power generation increased by 0.1 TWh to 1.0 TWh (0.9), while electricity generation based on biomass was unchanged at 0.5 TWh.

External sales of electricity

Bilateral external sales of electricity and replacement and compensation power decreased by 11.2% to 50.5 TWh (56.9). The divested operations in Poland and Belgium, and the Rostock power plant, accounted for 3.1 TWh and 0.9 TWh, respectively, during the first quarter of 2011.

Sales of heat

Sales of heat decreased by 34.9% to 11.0 TWh (16.9), mainly due to the sale of the Polish operations, but also on account of mild weather. The divested Polish operations accounted for 4.8 TWh during the first quarter of 2011.

Sales of gas

Sales of gas decreased by 10.4% to 21.5 TWh (24.0). The subsidiary Nuon Exploration & Production, which was sold during the second quarter of 2011, accounted for 1.2 TWh during the first quarter of 2011.

For further information on electricity generation and sales, and sales of heat and gas, see the respective operating segments on pages 12–17.

Wholesale price trend

Electricity spot prices in the Nordic countries, Germany and the Netherlands, monthly averages

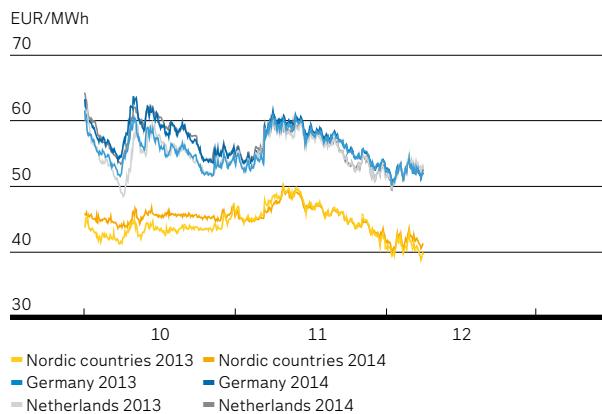


The average Nordic system price was EUR 38.5/MWh, which was 12% higher than the preceding quarter, but a full 42% lower than in the first quarter of 2011. Reservoir storage levels were above average, and hydro power generation in the Nordic countries was high during the entire first quarter, compared with a large deficit in the hydrological balance in early 2011. Cold weather in early February lifted spot prices temporarily to levels above EUR 70/MWh.

In Germany and the Netherlands, spot prices were on average 5%–10% lower than in the preceding quarter, and 13% and 9% lower, respectively, than in the first quarter of 2011. The lower prices are mainly attributable to mild weather and good availability for both conventional power plants and renewable energy sources, such as wind and solar power. Also on the European Continent, prices were affected by cold weather in February, when German spot prices temporarily reached levels higher than EUR 100/MWh. Dutch spot prices followed the same trend as those in Germany.

| Time period EUR/MWh | NordPool Spot (Nordic countries) | EPEX (Germany) | APX (Netherlands) |
|------------------------|-------------------------------------|-------------------|----------------------|
| Q1 2012 | 38.48 | 45.31 | 48.53 |
| Q1 2011 | 66.10 | 51.82 | 53.43 |
| Change (%) | -41.8 | -12.6 | -9.2 |

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



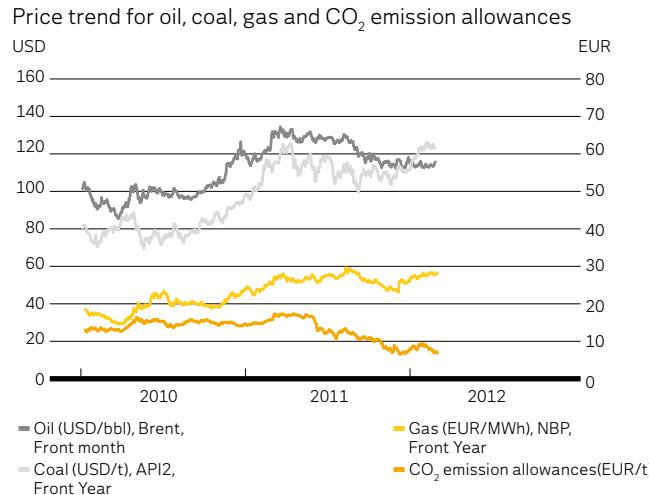
Electricity futures prices were lower on average during the first quarter of 2012 than in the corresponding period a year ago. This is attributable to lower coal and CO₂ prices, but also to mild weather (except for the cold days in early February).

The German electricity futures contract for 2013 traded at approximately EUR 52/MWh during the first quarter, which was 4% lower than the preceding quarter and nearly 5% lower than in the first quarter of 2011. The Nordic electricity futures contract for 2013 traded at a level just above EUR 40/MWh, which was 11% lower than in the corresponding period a year ago.

| Time period / EUR/MWh | Nordic countries | | Nordic countries | | Germany | | Germany | | Netherlands | | Netherlands | |
|--------------------------|---------------------|-------|---------------------|-------|---------|-------|---------|------|-------------|------|-------------|------|
| | 2013 | 2014 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Q1 2012 | 40.66 | 41.60 | 52.21 | 52.32 | 52.37 | 52.12 | | | | | | |
| Q4 2011 | 43.64 | 43.72 | 54.30 | 54.29 | 52.93 | 52.97 | | | | | | |
| Change (%) | -6.8 | -4.8 | -3.8 | -3.6 | -1.1 | -1.6 | | | | | | |

Sources: NASDAQ OMX Commodities, European Energy Exchange (EEX) and APX.

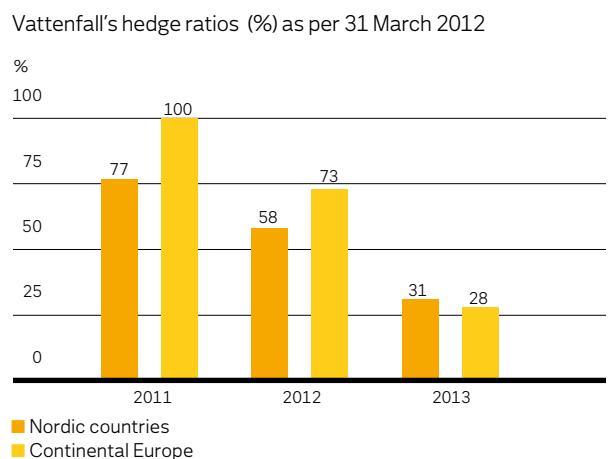
Wholesale price trend



Gas and oil prices rose slightly during the first quarter over fears of lower exports from Iran. Coal prices and prices of CO₂ emission allowances fell.

The oil market was overshadowed by geopolitical anxiety, which resulted in rising prices. The conflict surrounding Iran's nuclear power programme and the possibility of an oil embargo, as well as minor production halts in the Middle East, were the main underlying factors. On average, a barrel of Brent crude cost USD 118, which is 8% higher than in the preceding quarter.

Gas prices rose slightly compared with the preceding quarter due to cold weather in early February and lower production in Norway and from the Elgin gas field in the North Sea. Japanese demand for gas remained strong. Prices of CO₂ emission allowances fell as a result of a continued weak macroeconomic outlook in Europe, higher production of renewable energy and a large supply of emission allowances. On average, CO₂ emission allowances cost half as much as during the first quarter of 2011 (EUR 7.9/tonne compared with EUR 15.4/tonne). Coal prices fell during the first quarter as a result of lower freight prices, mild temperatures in January and March, and soft demand.



Vattenfall's 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.

Compared with 31 December 2011, Vattenfall's hedge ratios in % increased, while the average hedge prices in EUR decreased somewhat for Continental Europe for the years 2013–2014.

Average hedge prices as per 31 March 2012

| EUR/MWh | 2012 | 2013 | 2014 |
|--------------------|------|------|------|
| Nordic countries | 45 | 46 | 43 |
| Continental Europe | 55 | 56 | 56 |

Generation

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % | Full year 2011 | Last 12 months |
|--|---------|---------|-----------|----------------|----------------|
| Net sales | 34,644 | 35,246 | -1.7 | 123,111 | 122,509 |
| External net sales ¹ | 16,595 | 17,410 | -4.7 | 59,347 | 58,532 |
| Operating profit (EBIT) | 8,144 | 7,510 | 8.4 | 10,545 | 11,179 |
| Items affecting comparability | -202 | -472 | -57.2 | -11,573 | -11,303 |
| Underlying operating profit | 8,346 | 7,982 | 4.6 | 22,118 | 22,482 |
| Sales of heat, TWh | 3.1 | 3.6 | -13.9 | 9.9 | 9.4 |
| Electricity generation, ² TWh | 43.5 | 43.5 | - | 148.2 | 148.2 |
| - of which, hydro power | 11.7 | 8.7 | 34.5 | 34.5 | 37.5 |
| - of which nuclear power | 12.5 | 14.6 | -14.4 | 42.5 | 40.4 |
| - of which, fossil-based power | 19.1 | 20.1 | -5.0 | 70.8 | 69.8 |
| - of which, biomass, waste | 0.2 | 0.1 | 100.0 | 0.4 | 0.5 |
| External electricity sales, TWh | 4.6 | 6.2 | -25.8 | 18.3 | 16.7 |

1) Excluding intra-Group transactions.

2) Of electricity generation in Q1 2012, Vattenfall disposed over 38.9 TWh (38.5 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

The Generation operating 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 on the wholesale energy market. The Generation segment comprises three Business Divisions (BDs):

- BD Asset Development
- BD Production
- BD Asset Optimisation and Trading

Operations during the first quarter of 2012 were conducted in Sweden, Denmark, Germany and the Netherlands. The Generation segment includes a total of 16,259 employees (full-time equivalents).

Generation

Underlying operating profit Q1

The underlying operating profit improved by SEK 0.4 billion, which was mainly attributable to higher hydro power generation and improved earnings for BD Asset Optimisation and Trading. Average lower electricity prices received, primarily in the Nordic countries had a negative effect on the underlying operating profit, by SEK 1.5 billion. Lower costs for operations and maintenance had a positive effect on the underlying operating profit, by SEK 0.5 billion.

Items affecting comparability during the first quarter of 2012 amounted to SEK -0.3 billion. These are mainly attributable to unrealised changes in the fair value of energy derivatives and inventories (SEK -0.2 billion). Items affecting comparability for the corresponding period in 2011 amounted to SEK -0.5 billion and pertained mainly to unrealised changes in the fair value of energy derivatives and inventories (SEK -1.1 billion) and a capital gain on the sale of Vattenfall's interest in the Rostock coal-fired power plant (SEK 0.7 billion).

Electricity generation and sales of heat Q1

Electricity generation was unchanged at 43.5 TWh. Hydro power generation increased by 34.5% to 11.7 TWh (8.7), owing to good water supply. Reservoir storage levels were 43.3% (14.2%), which is 19 percentage points above the normal level. Nuclear power generation decreased by 14.4% to 12.5 TWh (14.6), mainly due to a delay in the start-up of Ringhals 2 and the operation of Ringhals 1 at reduced capacity during most of the first quarter. Availability was 98.6% (100%) for Forsmark and 71.0% (99.4%) for Ringhals. Forsmark's generation was unchanged at 6.8 TWh (6.8), while generation at Ringhals decreased by 26.9% to 5.7 TWh (7.8).

Fossil power generation decreased by 5.0% to 19.1 TWh (20.1), mainly owing to the fact that the Rostock power plant, which was sold during the first quarter of 2011, contributed 0.7 TWh during the corresponding period a year ago. Fossil power generation in the Netherlands and Denmark was lower than during the first quarter of 2011.

Sales of heat decreased by 13.9% to 3.1 TWh (3.6) as a result of mild weather.

Important events Q1

- The new 675 MW unit at the Boxberg lignite-fired power plant in the German federal state of Saxony was connected to the electric grid in February. The unit is scheduled to be commissioned for commercial operation in October 2012.
- Vattenfall's three nuclear reactors at Forsmark and the two reactors Ringhals 3 and 4 were running at full capacity during the first quarter. Ringhals 1 is operating at reduced capacity – approximately 710 MW (83%) – until its annual planned outage, which will begin on 6 May. The reason is noise problems caused by valves in the reactor's drainage system. Ringhals 2 was phased in to the grid on 2 April following a year-long outage that was mainly caused by extensive clean-up work following a fire in a water vacuum cleaner in May 2011. The unit is operating at reduced capacity – approximately 807 MW (94%) – until the year's planned outage, which will begin on 15 September.
- Vattenfall began maintenance work at the Vittjärvi hydro power plant (30 MW) in northern Sweden. This work, which is expected to be completed in autumn 2013, involves reinforcement of the dam and refurbishment of turbines and generators.
- For the Moorburg power plant project, Vattenfall has reached an agreement with the supplier, Hitachi Power Europe, over quality problems with the type of steel, T24, that is used in the construction. The agreement entails the partial replacement of the T24 steel and modification of the design of the steam generator. One of the power plant's units (B) is expected to be commissioned in early 2014, and the other unit (A) during summer of the same year.

Distribution and Sales

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % | Full year 2011 | Last 12 months |
|--|-------------|-------------|--------------|----------------|-------------------|
| Net sales | 40,193 | 47,157 | -14.8 | 155,299 | 148,335 |
| External net sales ¹ | 37,669 | 43,427 | -13.3 | 144,575 | 138,817 |
| – of which, Distribution | 3,935 | 5,077 | -22.5 | 17,965 | 16,823 |
| – of which, Heat | 4,975 | 6,105 | -18.5 | 17,481 | 16,351 |
| Operating profit (EBIT) | 3,590 | 4,791 | -25.1 | 11,123 | 9,922 |
| – of which, Distribution | 1,767 | 2,019 | -12.5 | 5,035 | 4,783 |
| – of which, Heat | 1,865 | 2,465 | -24.3 | 4,895 | 4,295 |
| Items affecting comparability | -1 | 1 | - | 627 | 625 |
| – of which, Distribution | -2 | -4 | -50.0 | -32 | -30 |
| – of which, Heat | - | 4 | - | 386 | 382 |
| Underlying operating profit | 3,591 | 4,790 | -25.0 | 10,496 | 9,297 |
| Sales of gas, TWh | 21.5 | 22.8 | -5.7 | 51.6 | 50.3 |
| Sales of heat, TWh | 7.9 | 13.3 | -40.6 | 31.7 | 26.3 |
| Electricity generation², TWh | 3.9 | 5.4 | -27.8 | 15.1 | 13.6 |
| – of which, fossil-based power | 3.6 | 5.0 | -28.0 | 14.2 | 12.8 |
| – of which, biomass, waste | 0.3 | 0.4 | -25.0 | 0.9 | 0.8 |
| External sales of electricity, TWh | 34.3 | 37.8 | -9.3 | 137.9 | 134.4 |
| – of which, private customers | 9.1 | 10.7 | -15.0 | 34.0 | 32.4 |
| – of which, resellers | 6.0 | 7.3 | -17.8 | 28.7 | 27.4 |
| – of which, business customers | 18.7 | 19.3 | -3.1 | 74.8 | 74.2 |
| Transited volume, excl. production transiting | 28.5 | 34.3 | -16.9 | 118.8 | 113.0 |

1) Excluding intra-Group transactions.

2) Of electricity generation in Q1 2012, Vattenfall disposed over 3.4 TWh (5.0TWh), while the rest went to the minority part-owners or was deducted as replacement power.

The Distribution and Sales operating segment and Business Division 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 six Business Units (BUs):

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

Operations during the first quarter of 2012 were conducted in Sweden, Denmark, Finland, Norway, Germany, France and the Netherlands. The Distribution and Sales segment includes a total of 11,519 employees (full-time equivalents).

Distribution and Sales

Underlying operating profit Q1

The underlying operating profit decreased by SEK 1.1 billion, mainly due to Vattenfall's divestments of the Polish and Belgian operations and Vattenfall's electricity distribution and heat business in Finland. Improved profitability for the Sales B2C unit had a positive earnings impact.

Sales of gas and heat, and electricity generation

Sales of gas to end customers decreased by 5.7% to 21.5 TWh (22.8). The decrease is mainly due to the divestment of the Belgian operations.

Sales of heat decreased by 40.6% to 7.9 TWh (13.3). The decrease is mainly due to the divestment of the Polish operations, which accounted for 4.8 TWh during the first quarter of 2011.

Electricity generation decreased by 27.8% to 3.9 TWh (5.4). The divested operations in Poland accounted for 1.4 TWh of electricity generation during the first quarter of 2011.

Sales of electricity to private customers decreased by 15.0% to 9.1 TWh (10.7). The divested Polish and Belgian operations accounted for 2.0 TWh during the first quarter of 2011. Sales to resellers decreased by 17.8% to 6.0 TWh (7.3). Sales to business customers decreased by 3.1% to 18.7 TWh (19.3), where the Polish operations accounted for 1.1 TWh during the first quarter of 2011.

Important events Q1

- During the first quarter of 2012, several agreements with existing customers were extended. In Sweden, the agreement with INEOS Sweden for 500 GWh of electricity was renewed for another year, while two agreements were extended with Borealis for a total of 1.6 TWh in 2012. In the Netherlands, the gas agreement with Yopar (an independent purchasing organisation) for approximately 125 GWh was extended to cover the period 2014–2015. In France, an electricity agreement with Bosch was extended for 105 GWh for the period 2013–2014.
- In Germany, new agreements were signed with property owners, including Halmholz-Zentrum in Berlin (50 GWh/year through 2014) and InReal International (10 GWh/year through 2014). Also in Germany, Vattenfall landed its first agreement with a wind power producer – Rosendahl Energietechnik. Under the agreement, Vattenfall buys electricity generated from wind and sells it on the wholesale market.
- In Sweden, Vattenfall and Akademiska Hus in Uppsala signed an energy supply agreement for 20 GWh of district cooling per year and 45 GWh of district heating per year. The agreement entails a collaboration between Vattenfall and Akademiska Hus on the supply of energy for Akademiska Hus's buildings in Uppsala in the aim of reducing environmental impact.

Renewables

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % | Full year 2011 | Last 12 months |
|--|------------|------------|-------------|----------------|----------------|
| Net sales | 875 | 795 | 10.1 | 3,131 | 3,211 |
| External net sales ¹ | 542 | 394 | 37.6 | 1,820 | 1,968 |
| Operating profit (EBIT) | -408 | 180 | - | 496 | -92 |
| Items affecting comparability | -512 | 14 | - | 36 | -490 |
| Underlying operating profit | 104 | 166 | -36.7 | 460 | 398 |
| Electricity generation², TWh | 1.0 | 0.9 | 11.1 | 3.4 | 3.5 |
| – of which, wind power | 1.0 | 0.9 | 11.1 | 3.4 | 3.5 |
| External sales of electricity, TWh | 0.1 | 0.1 | - | 0.3 | 0.3 |

1) Excluding intra-Group transactions.

2) Of electricity generation in Q1 2012, Vattenfall disposed over 1.0TWh (0.9 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

The Renewables operating segment and Business Division 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 were conducted during the first quarter of 2012 in Sweden, Denmark, Germany, the Netherlands, the UK and Liberia. The Renewables segment includes a total of 368 employees (full-time equivalents).

Underlying operating profit Q1

The underlying operating profit decreased by SEK 62 million as a result of lower revenues in connection with poorer wind conditions and technical problems at the Thanet offshore wind farm with a transmission cable that connects the wind farm to the onshore grid.

Items affecting comparability during the first quarter of 2012 amounted to SEK 512 million. These pertained to impairment losses and provisions related to the Liberian biomass project Buchanan Renewables Fuel.

Electricity generation Q1

Wind power generation increased by 0.1 to 1.0 TWh. Wind con-

ditions in Denmark and the Netherlands were good while they were less favourable in Sweden and the UK. In addition, technical problems with one of the two transmission cables that take power from the Thanet wind farm (300 MW) off the coast of England to the onshore grid resulted in a production decline of 60 GWh. Operation of the cable has been fully restored since mid-April.

Important events Q1

- The Ormonde offshore wind farm in the Irish Sea, with installed capacity of 150 MW from 30 turbines, was commissioned on 21 February. The wind farm will be officially inaugurated in September 2012.

- Construction of the switchgear station at the DanTysk wind farm off the German island of Sylt in the North Sea has begun and is expected to be completed in spring 2013. DanTysk is owned by Vattenfall (51%) and Stadtwerke München (49%).

- The Thanet offshore wind farm was the recipient of an Offshore Renewables Award from the Society of Petroleum Engineers (SPE) in the UK. The award gives recognition for technical expertise, design, innovation and the complexity of offshore renewable energy projects.

Other

| Amounts in SEK million | Q1 2012 | Q1 2011 | Change, % | Full year 2011 | Last 12 months |
|---------------------------------|---------|---------|-----------|----------------|----------------|
| Net sales | 1,481 | 1,867 | -20.7 | 7,303 | 6,917 |
| External net sales ¹ | 118 | 400 | -70.5 | 983 | 701 |
| Operating profit (EBIT) | 7,630 | -639 | - | 1,045 | 9,314 |
| Items affecting comparability | 7,996 | 5 | - | 3,326 | 11,317 |
| Underlying operating profit | -366 | -644 | -43.0 | -2,281 | -2,003 |

1) Excluding intra-Group transactions.

"Other" comprises all Staff Functions including Treasury activities and Shared Service Centres, and includes a total of 4,958 employees (full-time equivalents).

Underlying operating profit Q1

The underlying operating profit improved by SEK 278 million.

Items affecting comparability for the first quarter of 2012 pertained mainly to the capital gain for the divested electricity distribution and heat business in Finland.

Consolidated income statement

| Amounts in SEK million | Q1 2012 | Q1 2011 | Full year 2011 | Last 12 months |
|---|---------------|---------------|----------------|----------------|
| Net sales | 48,994 | 51,868 | 181,040 | 178,166 |
| Cost of products sold ¹ | -33,756 | -36,808 | -144,492 | -141,440 |
| Gross profit | 15,238 | 15,060 | 36,548 | 36,726 |
| Selling expenses, administrative expenses and research and development costs ² | -4,241 | -4,427 | -18,849 | -18,663 |
| Other operating income and expenses, net | 7,971 | 964 | 5,478 | 12,485 |
| Participations in the results of associated companies | -12 | 245 | 32 | -225 |
| Operating profit (EBIT)³ | 18,956 | 11,842 | 23,209 | 30,323 |
| Financial income ^{4,6} | 837 | 792 | 3,843 | 4,143 |
| Financial expenses ^{5,6} | -3,291 | -2,685 | -12,754 | -13,615 |
| Profit before tax | 16,502 | 9,949 | 14,298 | 20,851 |
| Income tax expense | -2,647 | -2,746 | -3,882 | -3,783 |
| Profit for the period | 13,855 | 7,203 | 10,416 | 17,068 |
| Profit for the period attributable to: | | | | |
| Owners of the Parent Company | 13,723 | 7,117 | 11,083 | 17,689 |
| Non-controlling interests (minority interests) | 132 | 86 | -667 | -621 |
| Total | 13,855 | 7,203 | 10,416 | 17,068 |
| 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) | 104.20 | 54.04 | 84.15 | 134.31 |
| Supplementary information | | | | |
| Operating profit before depreciation and amortisation (EBITDA) | 23,826 | 16,932 | 54,538 | 61,432 |
| Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | -1,843 | -1,430 | -7,893 | -8,306 |
| Underlying operating profit (operating profit (EBIT) excluding items affecting comparability) | 11,675 | 12,294 | 30,793 | 30,174 |
| 1) Of which, depreciation, amortisation and impairment losses pertaining to intangible non-current assets and property, plant and equipment | -4,744 | -4,952 | -30,737 | -30,529 |
| 2) Of which, depreciation, amortisation and impairment losses pertaining to intangible non-current assets and property, plant and equipment | -126 | -138 | -592 | -580 |
| 3) Including items affecting comparability attributable to: | | | | |
| Capital gains/losses, net | 8,076 | 690 | 4,722 | 12,108 |
| Impairment losses and close-down costs pertaining to German nuclear power plants | - | - | -10,513 | -10,513 |
| Other impairment losses and reversed impairment losses, net, pertaining to intangible non-current assets and property, plant and equipment | -35 | -1 | -402 | -436 |
| Unrealised changes in the fair value of energy derivatives | -349 | -1,357 | -1,690 | -682 |
| Unrealised changes in the fair value of inventories | 108 | 216 | -541 | -649 |
| Restructuring costs | -32 | - | - | -32 |
| Other items affecting comparability | -487 | - | 840 | 353 |
| Total of items affecting comparability in operating profit, which also constitutes the difference between operating profit and underlying operating profit | 7,281 | -452 | -7,584 | 149 |
| 4) Including return from the Swedish Nuclear Waste Fund | 300 | 233 | 1,948 | 2,015 |
| 5) Including interest components related to pension costs | -258 | -250 | -1,043 | -1,051 |
| 5) Including discounting effects attributable to provisions | -911 | -696 | -2,966 | -3,181 |
| 6) Items affecting comparability recognised as financial income and expenses, net | -804 | - | -1,508 | -2,312 |

Consolidated statement of comprehensive income

| Amounts in SEK million | Q1 2012 | Q1 2011 | Full year 2011 | Last 12 months |
|---|---------------|--------------|----------------|----------------|
| Profit for the period | 13,855 | 7,203 | 10,416 | 17,068 |
| Other comprehensive income: | | | | |
| Cash flow hedges: | | | | |
| Changes in fair value | 4,329 | 2,202 | -4,675 | -2,548 |
| Dissolved against the income statement | -1,591 | 319 | 6,668 | 4,758 |
| Transferred to cost of hedged item | 30 | -66 | 224 | 320 |
| Tax attributable to cash flow hedges | -700 | -577 | -638 | -761 |
| Total cash flow hedges | 2,068 | 1,878 | 1,579 | 1,769 |
| Hedging of net investments in foreign operations | 1,174 | 935 | 960 | 1,199 |
| Tax attributable to hedging of net investments in foreign operations | -294 | -246 | -242 | -290 |
| Total hedging of net investments in foreign operations | 880 | 689 | 718 | 909 |
| Translation differences | -1,975 | -1,949 | -2,014 | -2,040 |
| Translation differences and exchange rate effects net, divested companies | 79 | - | 621 | 700 |
| Revaluation of available-for-sale financial assets | -18 | -706 | -1,591 | -903 |
| Transferred to the income statement, available-for-sale financial assets | - | - | 1,591 | 1,591 |
| Total other comprehensive income, net after tax | 1,034 | -88 | 904 | 2,026 |
| Total comprehensive income for the period | 14,889 | 7,115 | 11,320 | 19,094 |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the Parent Company | 14,781 | 7,050 | 12,008 | 19,739 |
| Non-controlling interests (minority interests) | 108 | 65 | -688 | -645 |
| Total | 14,889 | 7,115 | 11,320 | 19,094 |

Operating segments, Vattenfall Group

| Amounts in SEK million | External net sales | | | Internal net sales | | | Total net sales | | |
|---------------------------|--------------------|---------------|----------------|--------------------|----------|----------------|-----------------|---------------|----------------|
| | Q1 2012 | Q1 2011 | Full year 2011 | Q1 2012 | Q1 2011 | Full year 2011 | Q1 2012 | Q1 2011 | Full year 2011 |
| Generation | 16,595 | 17,410 | 59,347 | 18,049 | 17,836 | 63,764 | 34,644 | 35,246 | 123,111 |
| Distribution and Sales | 37,669 | 43,427 | 144,575 | 2,524 | 3,730 | 10,724 | 40,193 | 47,157 | 155,299 |
| Renewables | 542 | 394 | 1,820 | 333 | 401 | 1,311 | 875 | 795 | 3,131 |
| Other ¹ | 118 | 400 | 983 | 1,363 | 1,467 | 6,320 | 1,481 | 1,867 | 7,303 |
| Eliminations ² | -5,930 | -9,763 | -25,685 | -22,269 | -23,434 | -82,119 | -28,199 | -33,197 | -107,804 |
| Total | 48,994 | 51,868 | 181,040 | - | - | - | 48,994 | 51,868 | 181,040 |

| Amounts in SEK million | Profit | | | Underlying operating profit ³ | | |
|--------------------------------|---------------|---------------|----------------|--|---------------|----------------|
| | Q1 2012 | Q1 2011 | Full year 2011 | Q1 2012 | Q1 2011 | Full year 2011 |
| Generation | 8,144 | 7,510 | 10,545 | 8,346 | 7,982 | 22,118 |
| Distribution and Sales | 3,590 | 4,791 | 11,123 | 3,591 | 4,790 | 10,496 |
| Renewables | -408 | 180 | 496 | 104 | 166 | 460 |
| Other ¹ | 7,630 | -639 | 1,045 | -366 | -644 | -2,281 |
| Operating profit (EBIT) | 18,956 | 11,842 | 23,209 | 11,675 | 12,294 | 30,793 |
| Financial income and expenses | -2,454 | -1,893 | -8,911 | | | |
| Profit before tax | 16,502 | 9,949 | 14,298 | | | |

1) Chiefly includes Treasury Activities, Other Staff functions and Shared Service Centres. Also, certain major capital gains are included in Operating profit for Other.

2) For external net sales, the elimination pertains to sales to the Nordic electricity exchange, NASDAQ OMX Commodities Europe.

3) Operating profit excluding items affecting comparability. For definition of items affecting comparability, see pages 32-33.

Vattenfall Group, information about geographical areas

| Amounts in SEK million | External net sales | | | Internal net sales | | | Total net sales | | |
|------------------------|--------------------|---------------|----------------|--------------------|----------|----------------|-----------------|---------------|----------------|
| | Q1 2012 | Q1 2011 | Full year 2011 | Q1 2012 | Q1 2011 | Full year 2011 | Q1 2012 | Q1 2011 | Full year 2011 |
| Sweden | 13,510 | 14,223 | 46,075 | 2,734 | -609 | 1,734 | 16,244 | 13,614 | 47,809 |
| Germany | 21,773 | 18,999 | 76,194 | 6,344 | 5,615 | 27,869 | 28,117 | 24,614 | 104,063 |
| Netherlands | 11,576 | 10,881 | 33,155 | 7,080 | 5,869 | 24,865 | 18,656 | 16,750 | 58,020 |
| Other countries | 3,315 | 7,968 | 30,494 | 629 | 1,358 | 3,663 | 3,944 | 9,326 | 34,157 |
| Eliminations | -1,180 | -203 | -4,878 | -16,787 | -12,233 | -58,131 | -17,967 | -12,436 | -63,009 |
| Total | 48,994 | 51,868 | 181,040 | - | - | - | 48,994 | 51,868 | 181,040 |

| Amounts in SEK million | Operating profit (EBIT) | | | Underlying operating profit ¹ | | |
|------------------------|-------------------------|---------------|----------------|--|---------------|----------------|
| | Q1 2012 | Q1 2011 | Full year 2011 | Q1 2012 | Q1 2011 | Full year 2011 |
| Sweden | 14,117 | 5,762 | 15,684 | 6,727 | 6,048 | 13,769 |
| Germany | 3,787 | 3,507 | 1,065 | 3,871 | 3,932 | 12,263 |
| Netherlands | 536 | 1,159 | 3,157 | 591 | 910 | 1,453 |
| Other countries | 516 | 1,414 | 3,301 | 486 | 1,404 | 3,306 |
| Eliminations | - | - | 2 | - | - | 2 |
| Total | 18,956 | 11,842 | 23,209 | 11,675 | 12,294 | 30,793 |

1) Operating profit excluding items affecting comparability. For definition of items affecting comparability, see pages 32-33.

Consolidated balance sheet

| Amounts in SEK million | 31 March 2012 | 31 March 2011 | 31 Dec. 2011 | Amounts in SEK million | 31 March 2012 | 31 March 2011 | 31 Dec. 2011 |
|---|----------------|----------------|----------------|--|----------------|----------------|----------------|
| Assets | | | | | | | |
| Non-current assets | | | | | | | |
| Intangible assets: non-current | 45,343 | 49,075 | 46,229 | Equity | | | |
| Property, plant and equipment | 278,650 | 286,076 | 279,445 | Attributable to owners of the Parent Company | 146,769 | 133,754 | 131,988 |
| Investment property | 521 | 612 | 539 | Attributable to non-controlling interests (minority interests) | 7,108 | 7,194 | 6,943 |
| Biological assets | 7 | 4 | 8 | Total equity | 153,877 | 140,948 | 138,931 |
| Participations in associated companies and joint ventures | 12,260 | 13,042 | 12,344 | Non-current liabilities | | | |
| Other shares and participations | 3,226 | 4,265 | 3,235 | Hybrid capital | 8,793 | 8,869 | 8,883 |
| Share in the Swedish Nuclear Waste Fund | 28,785 | 26,951 | 28,430 | Other interest-bearing liabilities | 139,562 | 141,110 | 149,602 |
| Derivatives with positive fair value | 20,005 | 16,616 | 20,691 | Pension provisions | 17,853 | 18,053 | 17,995 |
| Current tax assets, non-current | 990 | 1,190 | 990 | Other interest-bearing provisions | 66,492 | 62,460 | 66,487 |
| Prepaid expenses | 184 | 167 | 188 | Derivatives with negative fair value | 13,495 | 12,400 | 12,590 |
| Deferred tax assets | 979 | 1,730 | 1,303 | Deferred tax liabilities | 35,732 | 36,526 | 35,406 |
| Other non-current receivables | 5,690 | 4,879 | 5,732 | Other noninterest-bearing liabilities | 8,066 | 8,365 | 8,238 |
| Total non-current assets | 396,640 | 404,607 | 399,134 | Total non-current liabilities | 289,993 | 287,783 | 299,201 |
| Current assets | | | | | | | |
| Inventories | 18,544 | 16,902 | 18,564 | Current liabilities | | | |
| Biological assets | 1 | – | 1 | Trade payables and other liabilities | 29,063 | 29,449 | 35,108 |
| Intangible assets: current | 5,575 | 7,752 | 5,627 | Advance payments from customers | 469 | 2,066 | 1,142 |
| Trade receivables and other receivables | 34,468 | 36,355 | 41,880 | Derivatives with negative fair value | 8,140 | 15,873 | 9,864 |
| Advance payments to suppliers | 4,214 | 2,765 | 6,368 | Accrued expenses and deferred income | 17,807 | 24,903 | 18,507 |
| Derivatives with positive fair value | 10,160 | 15,256 | 9,408 | Current tax liabilities | 1,268 | 1,089 | 844 |
| Prepaid expenses and accrued income | 9,543 | 12,293 | 6,450 | Interest-bearing liabilities | 18,190 | 28,351 | 11,865 |
| Current tax assets | 1,648 | 1,123 | 1,853 | Interest-bearing provisions | 7,696 | 7,286 | 7,237 |
| Short-term investments | 28,254 | 28,647 | 17,417 | Liabilities associated with assets held for sale | – | – | 1,859 |
| Cash and cash equivalents | 17,456 | 10,909 | 11,268 | Total current liabilities | 82,633 | 109,017 | 86,426 |
| Assets held for sale | – | 1,139 | 6,588 | Total equity and liabilities | 526,503 | 537,748 | 524,558 |
| Total current assets | 129,863 | 133,141 | 125,424 | Pledged assets | 137 | – | 79 |
| Total assets | 526,503 | 537,748 | 524,558 | Contingent liabilities | 3,061 | 3,470 | 3,584 |

Consolidated balance sheet, cont.

| Amounts in SEK million | 31 March 2012 | 31 March 2011 | 31 Dec. 2011 | Amounts in SEK million | 31 March 2012 | 31 March 2011 | 31 Dec. 2011 |
|--|-----------------|-----------------|-----------------|---|-----------------|-----------------|-----------------|
| Supplementary information | | | | | | | |
| Net assets | 275,674 | 285,169 | 284,250 | Adjusted gross debt and net debt | -166,545 | -178,330 | -170,350 |
| Net assets, weighted average value | 282,657 | 288,502 | 283,957 | Total interest-bearing liabilities | 4,397 | 4,435 | 4,442 |
| Net debt | -8,793 | -8,869 | -8,883 | 50% of Hybrid capital | -22,167 | -20,086 | -22,461 |
| Hybrid capital | | | | Present value of pension obligations | | | |
| Bond issues, commercial paper and liabilities to credit institutions | -99,129 | -101,617 | -102,234 | Provisions for mining, gas and wind operations and other environment-related provisions | -12,406 | -12,800 | -12,542 |
| Present value of liabilities pertaining to acquisitions of subsidiaries | -30,277 | -43,298 | -30,472 | Provisions for nuclear power (net) | -18,454 | -13,081 | -18,470 |
| Liabilities to associated companies | -10,017 | -10,206 | -10,521 | Currency derivatives for hedging of debt in foreign currency | 2,986 | 1,679 | 3,282 |
| Liabilities to owners of non-controlling interests (minority owners) | -10,747 | -9,567 | -10,240 | Margin calls received | 6,216 | 3,869 | 7,369 |
| Other liabilities ¹ | -7,582 | -4,773 | -8,000 | Liabilities to owners of non-controlling interests (minority owners) due to consortium agreements | 10,307 | 9,145 | 9,771 |
| Total interest-bearing liabilities | -166,545 | -178,330 | -170,350 | Adjusted gross debt | -195,666 | -205,169 | -198,959 |
| Cash and cash equivalents | 17,456 | 10,909 | 11,268 | Reported cash and cash equivalents and short-term investments | 45,710 | 39,556 | 28,685 |
| Short-term investments | 28,254 | 28,647 | 17,417 | Unavailable liquidity ² | -5,433 | -4,069 | -5,757 |
| Loans to owners of non-controlling interests (minority owners) in foreign subsidiaries | 238 | 492 | 576 | Adjusted cash and cash equivalents and short-term investments | 40,277 | 35,487 | 22,928 |
| Net debt | -120,597 | -138,282 | -141,089 | Adjusted net debt | -155,389 | -169,682 | -176,031 |

1) Of which, margin calls received within the financing activities SEK 6,216 million (31 March 2011: 3,869)

2) Of which Vattenfall's share of solidarity agreement ("Solidarvereinbarung") between German nuclear operators SEK 3,011 million, margin calls paid within finance activities SEK 756 million, and other SEK 1,666 million.

Consolidated statement of cash flows

| Amounts in SEK million | Q1 2012 | Q1 2011 | Full year 2011 | Last 12 months |
|---|----------------|---------------|----------------|----------------|
| Operating activities | | | | |
| Profit before tax | 16,502 | 9,949 | 14,298 | 20,851 |
| Reversal of depreciation, amortisation and impairment losses | 4,870 | 5,090 | 33,040 | 32,820 |
| Tax paid | -2,185 | -3,326 | -5,250 | -4,109 |
| Capital gains/losses, net | -8,086 | -690 | -4,827 | -12,223 |
| Other, incl. non-cash flow items | 1,616 | 1,133 | 995 | 1,478 |
| Funds from operations (FFO) | 12,717 | 12,156 | 38,256 | 38,817 |
| Changes in inventories | 41 | 74 | -3,350 | -3,383 |
| Changes in operating receivables | -5,541 | -2,122 | 944 | -2,475 |
| Changes in operating liabilities | -5,711 | -3,968 | 668 | -1,075 |
| Other changes | 2,685 | 1,467 | -3,050 | -1,832 |
| Cash flow from changes in operating assets and operating liabilities | -8,526 | -4,549 | -4,788 | -8,765 |
| Cash flow from operating activities | 4,191 | 7,607 | 33,468 | 30,052 |
| Investing activities | | | | |
| Acquisitions in Group companies | - | -1 | -257 | -256 |
| Investments in associated companies and other shares and participations | -55 | 13 | -140 | -208 |
| Other investments in non-current assets | -5,717 | -6,211 | -35,353 | -34,859 |
| Total investments | -5,772 | -6,199 | -35,750 | -35,323 |
| Divestments | 21,017 | 1,248 | 16,280 | 36,049 |
| Cash and cash equivalents in divested companies | -150 | - | -1,332 | -1,482 |
| Cash flow from investing activities | 15,095 | -4,951 | -20,802 | -756 |
| Cash flow before financing activities | 19,286 | 2,656 | 12,666 | 29,296 |
| Financing activities | | | | |
| Changes in short-term investments | -10,989 | 2,811 | 11,292 | -2,508 |
| Changes in loans to owners of non-controlling interests (minority owners) in foreign subsidiaries | 333 | -200 | -287 | 246 |
| Loans raised ¹ | 816 | 618 | 10,511 | 10,709 |
| Amortisation of debt pertaining to acquisitions of subsidiaries | - | - | -13,538 | -13,538 |
| Amortisation of other debt | -3,348 | -7,770 | -15,688 | -11,266 |
| Dividends paid to owners | -11 | -16 | -6,701 | -6,696 |
| Contribution from owners of non-controlling interests (minority interests) | 65 | 229 | 569 | 405 |
| Cash flow from financing activities | -13,134 | -4,328 | -13,842 | -22,648 |
| Cash flow for the period | 6,152 | -1,672 | -1,176 | 6,648 |

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

Consolidated statement of cash flows, cont.

| Amounts in SEK million | Q1 2012 | Q1 2011 | Full year 2011 | Last 12 months |
|--|-----------------|-----------------|-----------------|-----------------|
| Cash and cash equivalents at the beginning of the period | 11,268 | 12,595 | 12,595 | 10,909 |
| Cash and cash equivalents included in assets held for sale | | | | |
| Cash flow for the period | 6,152 | -1,672 | -1,176 | 6,648 |
| Translation differences | 36 | -14 | -151 | -101 |
| Cash and cash equivalents at the end of the period | 17,456 | 10,909 | 11,268 | 17,456 |
| Supplementary information | | | | |
| Cash flow before financing activities | 19,286 | 2,656 | 12,666 | 29,296 |
| Financing activities | | | | |
| Dividends paid to owners | -11 | -16 | -6,701 | -6,696 |
| Contribution from owners of non-controlling interests (minority interests) | 65 | 229 | 569 | 405 |
| Cash flow after dividend | 19,340 | 2,869 | 6,534 | 23,005 |
| Analysis of change in net debt | | | | |
| Net debt at beginning of the period | -141,089 | -144,109 | -144,109 | -138,282 |
| Changed calculation of net debt | | | | |
| Cash flow after dividend | 19,340 | 2,869 | 6,534 | 23,005 |
| Changes as a result of valuation at fair value | 471 | 915 | -2,210 | -2,654 |
| Changes in interest-bearing liabilities for leasing | -741 | 19 | 114 | -646 |
| Interest-bearing liabilities/short-term investments acquired/divested | 344 | - | -459 | -115 |
| Changes in liabilities pertaining to acquisitions of subsidiaries, discounting effects | -110 | -169 | -549 | -490 |
| Interest-bearing liabilities associated with assets held for sale | -344 | - | 344 | - |
| Translation differences on net debt | 1,532 | 2,193 | -754 | -1,415 |
| Net debt at the end of the period | -120,597 | -138,282 | -141,089 | -120,597 |
| Free cash flow | 2,041 | 5,063 | 17,637 | 14,615 |

Consolidated statement of changes in equity

| Amounts in SEK million | 31 March 2012 | | | 31 March 2011 | | | 31 Dec. 2011 | |
|--|--|--|---------------|--|--|--------------|--|--|
| | 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) |
| Balance brought forward | 131,988 | 6,943 | 138,931 | 126,704 | 6,917 | 133,621 | 126,704 | 6,917 |
| Dividends paid to owners | - | -11 | -11 | - | -16 | -16 | -6,500 | -201 |
| Group contributions from(+)to(-) owners of non-controlling interests (minority interests), net after tax | - | - | - | - | - | - | - | 358 |
| Changes in ownership | - | 68 | 68 | - | 228 | 228 | -224 | 557 |
| Cash flow hedges: | | | | | | | | |
| Changes in fair value | 4,334 | -5 | 4,329 | 2,201 | 1 | 2,202 | -4,689 | 14 |
| Dissolved against income statement | -1,593 | 2 | -1,591 | 319 | - | 319 | 6,667 | 1 |
| Transferred to cost of hedged item | 25 | 5 | 30 | -66 | - | -66 | 213 | 11 |
| Tax attributable to cash flow hedges | -700 | - | -700 | -577 | - | -577 | -631 | -7 |
| Total cash flow hedges | 2,066 | 2 | 2,068 | 1,877 | 1 | 1,878 | 1,560 | 19 |
| Hedging of net investments in foreign operations | 1,174 | - | 1,174 | 935 | - | 935 | 960 | - |
| Tax attributable to hedging of net investments in foreign operations | -294 | - | -294 | -246 | - | -246 | -242 | - |
| Total hedging of net investments in foreign operations | 880 | - | 880 | 689 | - | 689 | 718 | - |
| Translation differences | -1,949 | -26 | -1,975 | -1,927 | -22 | -1,949 | -1,974 | -40 |
| Translation differences and exchange rate effects net, divested companies | 79 | - | 79 | - | - | - | 621 | - |
| Revaluation of available-for-sale financial assets | -18 | - | -18 | -706 | - | -706 | -1,591 | - |
| Transferred to the income statement, available-for-sale financial assets | - | - | - | - | - | - | 1,591 | - |
| Total other comprehensive income for the period | 1,058 | -24 | 1,034 | -67 | -21 | -88 | 925 | -21 |
| Profit for the period | 13,723 | 132 | 13,855 | 7,117 | 86 | 7,203 | 11,083 | -667 |
| Total comprehensive income for the period | 14,781 | 108 | 14,889 | 7,050 | 65 | 7,115 | 12,008 | -688 |
| Balance carried forward | 146,769 ¹ | 7,108 | 153,877 | 133,754 ¹ | 7,194 | 140,948 | 131,988 ¹ | 6,943 |
| | 2,311 | | | 562 | | | 245 | |

1) Of which, Reserve for cash flow hedges

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

| In % unless otherwise stated. (x) means times | Q1 2012 | Q1 2011 | Full year 2011 | Last 12 months |
|---|-------------------|-------------------|----------------|----------------|
| Operating margin | 38.7 | 22.8 | 12.8 | 17.0 |
| Operating margin ¹ | 23.8 | 23.7 | 17.0 | 16.9 |
| Pre-tax profit margin | 33.7 | 19.2 | 7.9 | 11.7 |
| Pre-tax profit margin ¹ | 20.5 | 20.1 | 12.9 | 12.9 |
| Return on equity | 13.4 ² | 12.6 ² | 8.6 | 13.4 |
| Return on net assets | 9.6 ² | 9.9 ² | 7.1 | 9.6 |
| Return on net assets ¹ | 9.5 ² | 10.0 ² | 9.8 | 9.5 |
| EBIT interest cover, (x) | 3.1 ² | 4.7 ² | 2.5 | 3.1 |
| EBIT interest cover, (x) ¹ | 3.1 ² | 4.8 ² | 3.3 | 3.1 |
| FFO interest cover, (x) | 4.7 ² | 7.0 ² | 4.8 | 4.7 |
| FFO interest cover, net, (x) | 5.7 ² | 9.0 ² | 5.8 | 5.7 |
| Cash flow interest cover after maintenance investments, (x) | 2.6 ² | 6.1 ² | 3.0 | 2.6 |
| FFO/gross debt | 23.3 ² | 23.8 ² | 22.5 | 23.3 |
| FFO/net debt | 32.2 ² | 30.7 ² | 27.1 | 32.2 |
| EBITDA/net financial items, (x) | 12.9 | 11.8 | 6.9 | 7.4 |
| EBITDA/net financial items, (x) ¹ | 9.0 | 12.2 | 7.6 | 7.4 |
| Equity/total assets | 29.2 | 26.2 | 26.5 | 29.2 |
| Gross debt/equity | 108.2 | 126.5 | 122.6 | 108.2 |
| Net debt/equity | 78.4 | 98.1 | 101.6 | 78.4 |
| Gross debt/gross debt plus equity | 52.0 | 55.9 | 55.1 | 52.0 |
| Net debt/net debt plus equity | 43.9 | 49.5 | 50.4 | 43.9 |
| Net debt/EBITDA, (x) | 2.0 ² | 2.4 ² | 2.6 | 2.0 |

1) Based on underlying operating profit, i.e., operating profit excl. items affecting comparability.

2) Last 12-month values.

Quarterly information, Vattenfall Group

| Amounts in SEK million | Q1 2012 | Q4 2011 | Q3 2011 | Q2 2011 | Q1 2011 |
|--|----------------|----------------|----------------|----------------|----------------|
| Income statement | | | | | |
| Net sales | 48,994 | 50,453 | 38,276 | 40,443 | 51,868 |
| Cost of products sold | -33,756 | -37,449 | -29,238 | -40,997 | -36,808 |
| Other operating income and expenses, net | 3,730 | -2,845 | -4,666 | -2,397 | -3,463 |
| Participations in the results of associated companies | -12 | - | 75 | -288 | 245 |
| Operating profit before depreciation and amortisation (EBITDA) | 23,876 | 15,447 | 9,593 | 12,566 | 16,932 |
| Operating profit (EBIT) | 18,956 | 10,159 | 4,447 | -3,239 | 11,842 |
| Underlying operating profit | 11,675 | 7,343 | 5,774 | 5,382 | 12,294 |
| Financial items, net | -2,454 | -2,628 | -2,800 | -1,590 | -1,893 |
| Financial items, net ¹ | -1,843 | -2,319 | -2,933 | -1,211 | -1,430 |
| Profit before tax | 16,502 | 7,531 | 1,647 | -4,829 | 9,949 |
| Profit for the period | 13,855 | 5,103 | 1,345 | -3,235 | 7,203 |
| - of which, attributable to owners of the Parent Company | 13,723 | 5,602 | 1,106 | -2,742 | 7,117 |
| - of which, attributable to non-controlling interests (minority interests) | 132 | -499 | 239 | -493 | 86 |
| Balance sheet | | | | | |
| Non-current assets | 396,640 | 378,443 | 385,438 | 389,453 | 387,991 |
| Short-term investments | 28,254 | 17,417 | 19,498 | 18,959 | 28,647 |
| Cash and cash equivalents | 17,456 | 11,268 | 11,848 | 20,238 | 10,909 |
| Other current assets | 84,153 | 117,430 | 107,704 | 94,540 | 110,201 |
| Total assets | 526,503 | 524,558 | 524,488 | 523,190 | 537,748 |
| Equity | 153,877 | 138,931 | 133,223 | 132,493 | 140,948 |
| - of which, attributable to owners of the Parent Company | 146,769 | 131,988 | 126,032 | 125,715 | 133,754 |
| - of which, attributable to non-controlling interests (minority interests) | 7,108 | 6,943 | 7,191 | 6,778 | 7,194 |
| Hybrid capital | 8,793 | 8,883 | 9,207 | 9,084 | 8,869 |
| Other interest-bearing liabilities | 157,752 | 161,467 | 166,548 | 172,809 | 169,461 |
| Pension provisions | 17,853 | 17,995 | 18,792 | 18,517 | 18,053 |
| Other interest-bearing provisions | 74,188 | 73,724 | 75,081 | 74,840 | 69,746 |
| Deferred tax liabilities | 35,732 | 35,406 | 33,877 | 34,395 | 36,526 |
| Other noninterest-bearing liabilities | 78,308 | 88,152 | 87,760 | 81,052 | 94,145 |
| Total equity and liabilities | 526,503 | 524,558 | 524,488 | 523,190 | 537,748 |
| Net assets | 276,054 | 284,250 | 284,187 | 281,771 | 285,169 |
| Net debt | -120,597 | -141,089 | -143,808 | -142,153 | -138,282 |

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 2012 | Q4 2011 | Q3 2011 | Q2 2011 | Q1 2011 |
|--|--------------|---------------|---------------|--------------|---------------|
| Cash flow | | | | | |
| Funds from operations (FFO) | 12,717 | 10,120 | 9,855 | 6,125 | 12,156 |
| Cash flow from changes in operating assets and operating liabilities | -8,526 | -6,841 | 932 | 5,670 | -4,549 |
| Cash flow from operating activities | 4,191 | 3,279 | 10,787 | 11,795 | 7,607 |
| Cash flow from investing activities | 15,095 | -4,173 | -7,145 | -4,533 | -4,951 |
| Cash flow before financing activities | 19,286 | -894 | 3,642 | 7,262 | 2,656 |
| Changes in short-term investments | -10,989 | -956 | -289 | 9,726 | 2,811 |
| Loans raised/Amortisation of debt, net, etc. | -2,134 | 297 | -11,047 | -560 | -7,123 |
| Dividends paid to owners | -11 | -3 | - | -6,682 | -16 |
| Cash flow from financing activities | -13,134 | -662 | -11,336 | 2,484 | -4,328 |
| Cash flow for the period | 6,152 | -1,556 | -7,694 | 9,746 | -1,672 |
| Free cash flow | 2,041 | -2,270 | 6,434 | 8,410 | 5,063 |

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

In % unless otherwise stated. (x) means times

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Return on equity ¹ | 13.4 | 8.6 | 6.3 | 6.6 | 12.6 |
| Return on net assets ¹ | 9.6 | 7.1 | 5.3 | 5.7 | 9.9 |
| Return on net assets ^{1,2} | 9.5 | 9.0 | 9.6 | 10.1 | 11.3 |
| EBIT interest cover, (x) ¹ | 3.1 | 2.5 | 2.9 | 3.0 | 4.7 |
| EBIT interest cover, (x) ^{1,2} | 3.1 | 3.1 | 4.7 | 4.7 | 5.3 |
| FFO/gross debt ¹ | 23.3 | 22.5 | 22.6 | 20.3 | 23.8 |
| FFO/net debt ¹ | 32.2 | 27.1 | 27.7 | 26.0 | 30.7 |
| Equity/assets ratio | 29.2 | 26.5 | 25.4 | 25.3 | 26.2 |
| Gross debt/equity | 108.2 | 122.6 | 131.9 | 137.3 | 126.5 |
| Net debt/equity | 78.4 | 101.6 | 107.9 | 107.3 | 98.1 |
| Net debt/net debt plus equity | 43.9 | 50.4 | 51.9 | 51.8 | 49.5 |
| Net debt/EBITDA, (x) ¹ | 2.0 | 2.6 | 2.6 | 2.6 | 2.4 |

1) Last 12-month values.

2) Based on Underlying operating profit, i.e. Operating profit excl. items affecting comparability.

Exchange rates

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

| | Q1 2012 | Q1 2011 | Full year 2011 | | 31 March 2012 | 31 March 2011 | 31 Dec. 2011 |
|---------------------|---------|---------|----------------|--------------------------------|---------------|---------------|--------------|
| Average rate | | | | Balance sheet date rate | | | |
| EUR | 8.8728 | 8.9140 | 9.0215 | EUR | 8.8455 | 8.9380 | 8.9400 |
| DKK | 1.1934 | 1.1955 | 1.2110 | DKK | 1.1889 | 1.1985 | 1.2033 |
| NOK | 1.1649 | 1.1358 | 1.1579 | NOK | 1.1633 | 1.1340 | 1.1505 |
| PLN | 2.1010 | 2.2450 | 2.1900 | PLN | 2.1303 | 2.2300 | 2.0300 |
| GBP | 10.5948 | 10.3544 | 10.3810 | GBP | 10.6074 | 10.1775 | 10.6800 |
| USD | 6.7119 | 6.5114 | 6.4922 | USD | 6.6229 | 6.3025 | 6.9200 |

Parent Company income statement

| Amounts in SEK million | Q1 2012 | Q1 2011 | Full year 2011 |
|--|---------------|--------------|----------------|
| Net sales | 11,940 | 9,501 | 31,655 |
| Cost of products sold | -6,114 | -5,197 | -19,037 |
| Gross profit | 5,826 | 4,304 | 12,618 |
| Selling expenses, administrative expenses and research and development costs | -1,013 | -734 | -3,538 |
| Other operating income and expenses, net | -273 | -2,656 | -3,136 |
| Operating profit (EBIT) | 4,540 | 914 | 5,944 |
| Result from participations in Group companies | 8,725 | 1,323 | 13,935 |
| Result from participations in associated companies | - | - | 1 |
| Result from other shares and participations | 10 | - | -1,523 |
| Group contributions received | - | - | 1,921 |
| Group contributions paid | - | - | -2,862 |
| Other financial income | 1,289 | 1,471 | 6,037 |
| Other financial expenses | -1,498 | -1,666 | -7,005 |
| Profit before appropriations and tax | 13,066 | 2,042 | 16,448 |
| Appropriations | 592 | 4,734 | 3,253 |
| Profit before tax | 13,658 | 6,776 | 19,701 |
| Income tax expense | -1,489 | -1,407 | -2,847 |
| Profit for the year | 12,169 | 5,369 | 16,854 |

Parent Company statement of comprehensive income

| Amounts in SEK million | Q1 2012 | Q1 2011 | Full year 2011 |
|--|---------------|--------------|----------------|
| Profit for the year | 12,169 | 5,369 | 16,854 |
| Total other comprehensive income | - | - | - |
| Total comprehensive income for the year | 12,169 | 5,369 | 16,854 |

Parent Company balance sheet

| Amounts in SEK million | 31 mars 2012 | 31 mars 2011 | 31 dec. 2011 |
|---------------------------------------|----------------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets: non-current | 197 | 151 | 206 |
| Property, plant and equipment | 4,016 | 3,993 | 4,086 |
| Shares and participations | 179,335 | 194,118 | 178,670 |
| Deferred tax assets | - | 359 | - |
| Other non-current assets | 78,838 | 56,635 | 72,495 |
| Total non-current assets | 262,386 | 255,256 | 255,457 |
| Current assets | | | |
| Inventories | 323 | 205 | 360 |
| Intangible assets: current | 649 | 894 | 334 |
| Current receivables | 26,905 | 44,414 | 47,431 |
| Current tax assets | 137 | - | 565 |
| Short-term investments | 23,310 | 24,016 | 12,839 |
| Cash and cash equivalents | 11,873 | 8,109 | 6,265 |
| Total current assets | 63,197 | 77,638 | 67,794 |
| Total assets | 325,583 | 332,894 | 323,251 |
| 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 | 79,644 | 68,832 | 62,790 |
| Profit for the year | 12,169 | 5,369 | 16,854 |
| Total equity | 99,684 | 82,072 | 87,515 |
| Untaxed reserves | 9,763 | 8,874 | 10,355 |
| Provisions | 332 | 192 | 191 |
| Non-current liabilities | | | |
| Hybrid capital | 8,793 | 8,869 | 8,883 |
| Other interest-bearing liabilities | 127,173 | 133,869 | 134,972 |
| Deferred tax liabilities | 940 | - | 932 |
| Other noninterest-bearing liabilities | 5,873 | 4,335 | 5,864 |
| Total non-current liabilities | 142,779 | 147,073 | 150,651 |
| Current liabilities | | | |
| Interest-bearing liabilities | 46,859 | 56,973 | 50,202 |
| Current tax liabilities | - | 497 | - |
| Other noninterest-bearing liabilities | 26,166 | 37,213 | 24,337 |
| Total current liabilities | 73,025 | 94,683 | 74,539 |
| Total equity and liabilities | 325,583 | 332,894 | 323,251 |

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

Group

Accounting policies

The consolidated accounts for the first quarter of 2012 have, as in the year-end accounts for 2011, 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 calculation methods applied in this interim report are the same as those described in Vattenfall's 2011 Annual Report (Note 2 to the consolidated accounts), with exception for the amended IFRS endorsed by the EU and described below, which is effective as of the 2012 financial year.

Amendments in IFRS 7 – *Financial Instruments: Disclosures*. The amendments require additional quantitative and qualitative disclosures when derecognising financial instruments from the balance sheet. If transferred assets are not derecognised in their entirety, this fact shall be disclosed. In the same way, if the entity has a continuing involvement in the derecognised asset, this shall also be disclosed.

New definition of items affecting comparability

Vattenfall has previously defined items affecting comparability as: Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses pertaining to non-current assets, and other non-recurring items. For the first quarter of 2012, this definition has been expanded to also include unrealised changes in the fair value of energy derivatives, which according to IAS 39 cannot be recognised using hedge accounting, and unrealised changes in the fair value of inventories.

In the third quarter of 2011 Vattenfall introduced the profit measure "Underlying operating profit". For the first quarter of 2012, this profit measure is defined as operating profit (EBIT) excluding items affecting comparability.

Comparison figures and key ratios containing items affecting comparability for prior periods have been recalculated to reflect these new definitions.

Other changes in the financial statements

Information about geographical areas has been changed compared to what previously has been published. Information is now disclosed for the core markets Sweden, Germany and the Netherlands. In addition, activities in other countries are reported as a total. Comparison figures have been recalculated.

In the balance sheet a split has been made for "Derivatives with positive fair values" so that these, on the assets side of the balance sheet, have been split into current assets and non-current assets, respectively. Previously such derivatives were recognised only as current assets. Similarly, the item "Derivatives with negative fair values" has been split into current liabilities and non-current liabilities, respectively, compared with previously, when these were recognised as current liabilities in their entirety. Comparison figures have been recalculated.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2011 Annual Report, pages 57–65. No other material changes, other than what is stated in this interim report, have taken place since publication of the 2011 Annual Report.

Other

Significant related-party transactions are described in Note 54 to the consolidated accounts in Vattenfall's 2011 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2011 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 2011 Annual Report (Note 2 to the Parent Company accounts).

First quarter 2012

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

Sales amounted to SEK 11,940 million (9,501).

Profit before appropriations and tax was SEK 13,066 million (2,042). The higher profit compared with a year ago is mainly attributable to the sale of Vattenfall's electricity distribution and heat business in Finland, which generated a capital gain of SEK 10,051 million. Impairment of shares in Vattenfall Biomass Liberia AB and provisions for obligations related to this company were charged against profit in the amount of SEK 1,503 million.

The balance sheet total was SEK 325,583 million (31 December 2011: 323,251).

Investments for the period amounted to SEK 1,564 million (177). During the period, a new issue of SEK 3,000 million was carried out in the subsidiary Vattenfall Vindkraft AB. In addition, a shareholder contribution of SEK 1,450 million was repaid from the Finnish operations.

Cash and cash equivalents and short-term investments amounted to SEK 35,183 million (31 December 2011: 19,104).

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2011 Annual Report, pages 57–65. No material changes, other than what is stated in this report, have taken place since publication of the 2011 Annual Report.

Other

Significant related-party transactions are described in Note 40 to the Parent Company accounts in Vattenfall's 2011 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2011 Annual Report.

Stockholm, 3 May 2012

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.

Definitions and calculations of key ratios

Figures for the Group in 2012. Amounts in SEK million unless stated otherwise.

| | |
|--|--|
| EBIT = | Earnings Before Interest and Tax. |
| EBITDA = | Earnings Before Interest, Tax, Depreciation and Amortisation. Also other close-down costs than impairment losses pertaining to the close-down of German nuclear power plants during 2011 are here treated as 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. |
| Hybrid capital = | 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. |

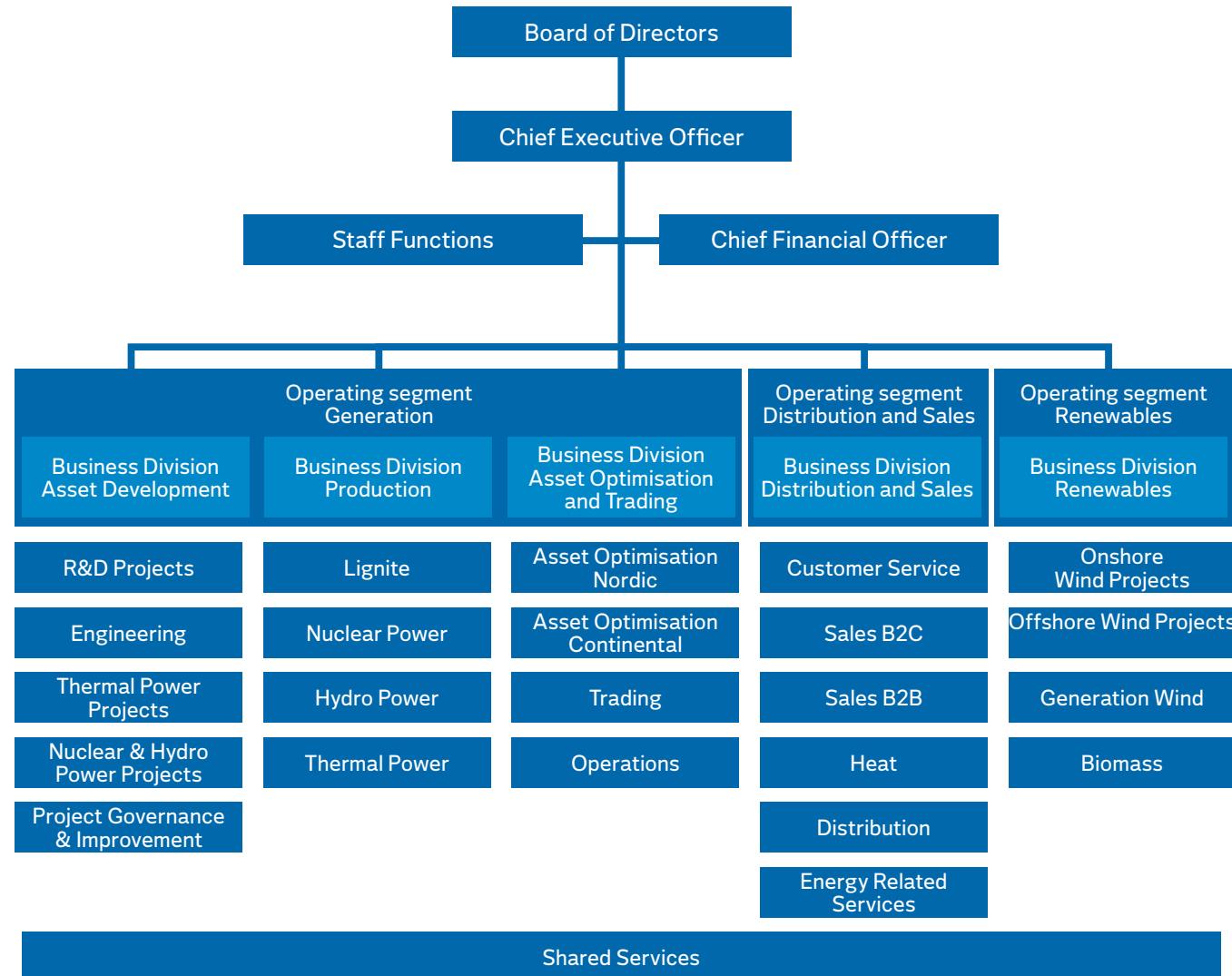
The key ratios are presented as percentages (%) or times (x).

Key ratios based on the last 12-month period, April 2011–March 2012:

| | | | | |
|---|---|----------------|---|-------------|
| Operating margin, % = 100 x | <u>Operating profit (EBIT)</u> | <u>30,323</u> | = | 17.0 |
| | <u>Net sales</u> | <u>178,166</u> | | |
| Operating margin excl. items affecting comparability, % = 100 x | <u>Operating profit (EBIT) excl. items affecting comparability</u> | <u>30,174</u> | = | 16.9 |
| | <u>Net sales</u> | <u>178,166</u> | | |
| Pre-tax profit margin, % = 100 x | <u>Profit before tax</u> | <u>20,851</u> | = | 11.7 |
| | <u>Net sales</u> | <u>178,166</u> | | |
| Pre-tax profit margin excl. items affecting comparability, % = 100 x | <u>Profit before tax excl. items affecting comparability</u> | <u>23,014</u> | = | 12.9 |
| | <u>Net sales</u> | <u>178,166</u> | | |
| Return on equity, % = 100 x | <u>Profit for the period attributable to owners of the Parent Company</u> | <u>17,689</u> | = | 13.4 |
| | <u>Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges</u> | <u>132,296</u> | | |
| Return on net assets, % = 100 x | <u>Operating profit (EBIT) + discounting effects attributable to provisions</u> | <u>27,142</u> | = | 9.6 |
| | <u>Weighted average of net assets for the period</u> | <u>282,657</u> | | |
| Return on net assets excl. items affecting comparability, % = 100 x | <u>Operating profit (EBIT) excl. items affecting comparability + discounting effects attributable to provisions</u> | <u>26,993</u> | = | 9.5 |
| | <u>Weighted average of net assets for the period</u> | <u>282,657</u> | | |
| EBIT interest cover, (x) = | <u>Operating profit (EBIT) + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund</u> | <u>32,451</u> | = | 3.1 |
| | <u>Financial expenses excl. discounting effects attributable to provisions</u> | <u>10,434</u> | | |

| | | | | |
|---|---|---------|---|-------|
| 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 | 32,302 | = | 3.1 |
| | Financial expenses excl. discounting effects attributable to provisions | 10,434 | | |
| FFO interest cover, (x) = | Funds from operations (FFO) + financial expenses excl. discounting effects attributable to provisions | 49,251 | = | 4.7 |
| | Financial expenses excl. discounting effects attributable to provisions | 10,434 | | |
| 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 | 47,123 | = | 5.7 |
| | Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | 8,306 | | |
| 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 | 23,998 | = | 2.6 |
| | Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs | 9,383 | | |
| FFO/gross debt, % = 100 x | Funds from operations (FFO) | 38,817 | = | 23.3 |
| | Interest-bearing liabilities | 166,545 | | |
| FFO/net debt, % = 100 x | Funds from operations (FFO) | 38,817 | = | 32.2 |
| | Net debt | 120,597 | | |
| EBITDA/net financial items, (x) = | Operating profit before depreciation and amortisation (EBITDA) | 61,432 | = | 7.4 |
| | Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | 8,306 | | |
| EBITDA excl. items affecting comparability/net financial items, (x) = | Operating profit before depreciation and amortisation (EBITDA) excl. items affecting comparability | 61,283 | = | 7.4 |
| | Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | 8,306 | | |
| Key ratios based on the balance sheet as per 31 March 2012: | | | | |
| Equity/total assets, % = 100 x | Equity | 153,877 | = | 29.2 |
| | Balance sheet total | 526,503 | | |
| Gross debt/equity, % = 100 x | Interest-bearing liabilities | 166,545 | = | 108.2 |
| | Equity | 153,877 | | |
| Net debt/equity, % = 100 x | Net debt | 120,597 | = | 78.4 |
| | Equity | 153,877 | | |
| Gross debt/gross debt plus equity, % = 100 x | Interest-bearing liabilities | 166,545 | = | 52.0 |
| | Interest-bearing liabilities + equity | 320,422 | | |
| Net debt/net debt plus equity, % = 100 x | Net debt | 120,597 | = | 43.9 |
| | Net debt + equity | 274,474 | | |
| Net debt/EBITDA, (x) = | Net debt | 120,597 | = | 2.0 |
| | Operating profit before depreciation and amortisation (EBITDA) | 61,432 | | |

Vattenfall's organisational structure 2012





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