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Agreement on structural deal

Vattenfall to sell Oslo Energi to Norwegian Hafslund

Vattenfall AB is to sell its wholly-owned subsidiary Oslo Energi to the Norwegian power group Hafslund ASA, and will at the same time become a part owner of the new Norwegian power group that will be formed as a result of this deal.

Vattenfall and Hafslund have signed an agreement of intent under which Hafslund will buy Oslo Energi, a wholly-owned subsidiary of the Vattenfall Group. Payment will consist of the transfer of loans, cash and Hafslund shares amounting to approximately 10 per cent of the share capital. The final details of the agreement will be negotiated in August and September.

The deal is part of the structural transformation of the Norwegian power market and will provide considerable synergies on both the income and cost sides. Hafslund is also to merge with Viken Energinett, which means that a new Norwegian power group will be formed. This acquisition will make Hafslund one of the largest players in the Nordic region in the electricity transmission and sales field.

"I am convinced that Oslo Energi will develop well in co-operation with Hafslund," says Vattenfall's President and CEO Lars G Josefsson. "We believe that the deal is right from the structural point of view and that it will provide major synergies and much greater opportunities for an appreciation in value for Vattenfall than if Oslo Energi were to remain outside the new Norwegian power group. At the same time it will sharpen the focus of our own resources on Sweden, Finland, Germany and Poland in line with the Group's strategy."

Vattenfall will retain an independent presence on the Norwegian market even after the sale of Oslo Energi. Apart from the part ownership of Hafslund, Vattenfall has a total order portfolio of approximately 56 TWh through agreements with Norwegian industrial companies, and also sells other services.

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Vattenfall's vision is to be a leading European energy company. The Nordic region, Poland and Germany are its domestic markets. Today, Vattenfall generates power and supplies energy solutions to several million customers in the Nordic region and northern Europe. The largest electricity customers are industrial plants and energy companies. Vattenfall's main products are electricity, heat and natural gas, as well as network, consulting and maintenance services. The Group's net sales in 2001 are calculated to around SEK 70 billion.