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Plan announced for integration of German power companies

The newly-formed German power group “Neue Kraft” and its majority shareholder, Vattenfall AB, presented in Berlin today an overall business plan for the Group.

“Neue Kraft”, which consists of the companies HEW, Laubag and Veag, will be organised in a holding structure with a central holding company and business units in line with the value chain of the energy operations. The Group will concentrate on the core areas of electricity and heat.

“With Neue Kraft, a joint company is being formed from the three parts; HEW, Laubag and Veag. The business areas in the integrated group will range from mining and generation, to network operations in eastern Germany and trade with private customers in Hamburg,” explained Dr. Klaus Rauscher, Chairman of Vorstand (the steering group) at HEW, to journalists in Berlin.

As Chairman, Klaus Rauscher will lead Neue Kraft during the integration process. After the merger, he will head the holding company’s steering group. The process of joining and restructuring will be finalised by the end of 2002.

Already by the end of 2001, Klaus Rauscher will have begun his leadership of the Group holding company and the individual corporate units. The corresponding business plans for the business areas shall be ready during the first quarter of 2002.

The overall plan makes it possible for the electricity supplier Bewag in Berlin to join up later, said Dr. Rauscher

“Vattenfall and HEW have always emphasised that the door will always be open for Bewag. This applies in the future too; Bewag can quickly be integrated into the overall plan.”

HEW and Mirant each own a 44.8 per cent stake in Bewag.

From Vattenfall’s Press Office, tel: 08-739 50 10.

For further information please contact:

Karl-Erik Olsson, Vattenfall, tel. 070-538 81 38.

Martin May, Vattenfall, tel. +4940-374722-14. martin.may@vattenfall.de

Vattenfall's vision is to be a leading European energy company. 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 and heat. The Group's net sales in 2001 are estimated to over SEK 60 billion. For more information, see www.vattenfall.com