

Invitation to the press

November 30, 1999

Barsebäck: agreement reached

The Government, Sydkraft and Vattenfall negotiating teams have now agreed on a solution for the Barsebäck nuclear power plant. They will be presenting their proposals at a press conference to be held at 1 p.m. today, November 30, in Stockholm at Operaterrassen (2nd floor of the Operakällaren restaurant). The Government negotiator, Kaj Janérus, Sydkraft's CEO, Lars Frithiof, and Vattenfall's negotiator, Staffan Nordin will be participating in this press conference.

Sydkraft will also hold a press conference at the Barsebäck plant in Kävlinge in southern Sweden, at which Sydkraft's Deputy CEO, Leif Josefsson and Barsebäck Kraft's President, Per Lindell, will participate. In addition, Sydkraft's CEO, Lars Frithiof, will be available at Sydkraft's head office at Carl Gustafs väg 1 in Malmö at 5 p.m. to answer any further questions. Vattenfall's President, Carl-Erik Nyquist may be contacted by telephone after the press conference to answer any additional questions regarding Vattenfall.

The main points of the agreement are as follows:

The agreement applies to the Barsebäck 1 reactor in its entirety and, to some extent, to Barsebäck 2. Sydkraft will receive compensation when Barsebäck 1 is shut down, in the form of the corresponding electricity production, at the same cost and with the same environmental impact. Vattenfall is to sell its production capacity at Ringhals to the Kingdom of Sweden on market terms.

Sydkraft will shut down Barsebäck 1 today, November 30, and will simultaneously receive equivalent power supplied by Vattenfall.

In accordance with the agreement, Barsebäck Kraft AB and Ringhals AB will be merged into a single corporate Group in which Vattenfall will own 74.2% and Sydkraft 25.8%. If Barsebäck 2 is subsequently shut down as the result of a political decision, Sydkraft will receive a higher proportion of ownership, corresponding to electricity production from Barsebäck 2, and Vattenfall will receive financial compensation under the terms of the agreement drawn up between Vattenfall and the Government. Sydkraft will be responsible for demolition and decommissioning the Barsebäck facility. Vattenfall will assume the corresponding responsibility for the Ringhals 1-4 reactors.

Vattenfall will receive compensation for the 25.8% of Ringhals transferred to Sydkraft. Vattenfall's total compensation following a shutdown will amount to approximately SEK 5.7 billion. The Government will make a cash payment to Vattenfall of SEK 2.65 billion, spread over four years. Vattenfall will also receive 74.2% of the electricity production at Barsebäck 2. In addition, Sydkraft will pay SEK 113 M annually to Vattenfall, since production costs at Barsebäck are higher than at Ringhals (1.4 öre/kWh). These payments are index-linked.

The Government will compensate the joint company for the additional costs incurred for "single operation" of the Barsebäck 2 plant, and for decommissioning and service costs for Barsebäck 1. This compensation is to be paid annually to the new Group in the form of an initial sum of SEK 400 M, which will be gradually reduced to approximately SEK 240 M in the final year. The cumulative payments will amount to approximately SEK 3.3 billion.

When it discussed the settlement yesterday evening, Sydkraft's Board decided to convene a Special General Meeting on December 22, at which shareholders will vote on the proposal. As an independent third party, Handelsbanken Markets will present its views on the proposed agreement to shareholders prior to the Special General Meeting.

In Handelsbanken Market's opinion, these financial transactions and the other main terms of the agreement will not have a negative impact on the value of Sydkraft AB shares.

Vattenfall's Board has approved the agreement.

The proposed agreement is subject to approval by the Swedish Government.

Distributed by:

The Kingdom of Sweden (Ministry of Industry, Employment and Communications), Sydkraft AB and Vattenfall AB