



The Board of
the Swedish Nuclear Waste Fund

Annual Report 2005



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the Swedish Nuclear Waste Fund

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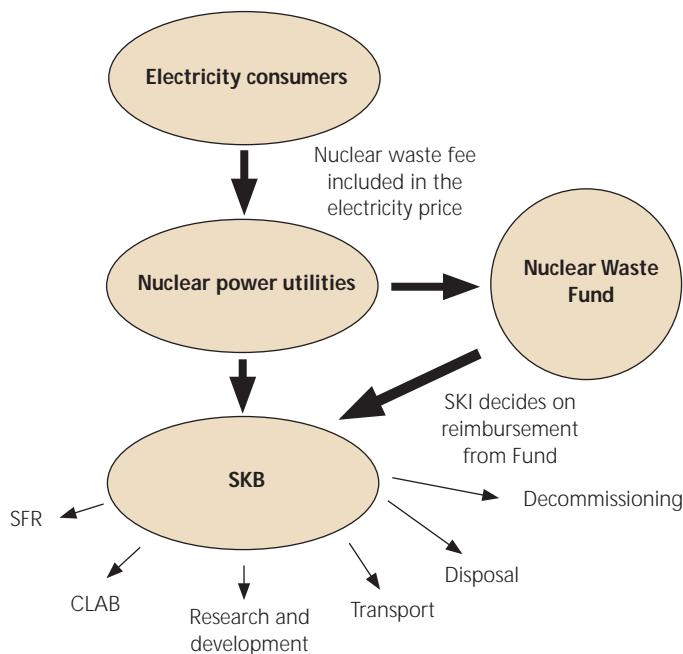
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Preface

In the early 1980's, the Swedish parliament resolved to implement a special financing system for the future expenses for the safe management of spent nuclear fuel and for the decommissioning and dismantling of nuclear reactors. In accordance with the financing system, nuclear power utilities pay a special fee to the Swedish state. The size of the fee is based on a certain amount per kWh of electricity delivered by the nuclear power plants. The nuclear power utilities are entitled to reimbursement, on a continuous basis, for any expenses which they have already incurred for measures to achieve the safe handling and disposal of spent nuclear fuel. The remainder of the funds are accumulated for future needs. In the late 1980's, a similar system was introduced for the financing of the management of certain radioactive waste from the research facility at Studsvik.

Previously, the funds were deposited in interest-bearing accounts at the Riksbank. Since 1996, the funds have been accumulated in the Nuclear Waste Fund and have been administered by the Board of the Nuclear Waste Fund. Every year, the Government decides the size of the fee while the Swedish Nuclear Power Inspectorate (SKI) decides on the reimbursement of funds (however, certain minor amounts are decided by the Government). The Legal, Financial and Administrative Services Agency performs administrative duties on behalf of the Board.

The Government decides on fees based on SKI's proposal



Some of the main features of the financing system for spent nuclear fuel etc. are presented in the diagram below. For further details, visit the website of the Board of the Nuclear Waste Fund, www.karnavfallsfonden.se

The Board of the Swedish Nuclear Waste Fund, which is a government authority, must submit to the Government each year and no later than by February 22, the Administration Report along with the Income Statement and Balance Sheet.

During 2005, about SEK 689.1 million was paid into the Fund. Costs during the year amounted to about SEK 1,013.4 million, most of which comprised reimbursement to the reactor owners.

As of the time that both financing systems entered into force and up to 2005, about SEK 26,264.9 million was paid in to the Fund. At the same time, other income (mainly financial income in the form of interest and capital gains with a deduction for capital losses) amounted to about SEK 26,716.3 million. The expenses, largely in the form of reimbursement to the reactor owners, amounted to about SEK 18,164.3 million during the same period.

The capital of the Nuclear Waste Fund (the book value) amounted to about SEK 34,816.3 million at year-end 2005. In addition to this, unrealized gains on financial fixed assets amounted to about SEK 4,236.3 million. The market value of the Fund at year-end was therefore estimated at SEK 39,052.6 million. Of this amount, about SEK 784.0 million in provisions were made for the future expenses of the management of the waste from Studsvik. About SEK 38,076.7 million was allocated for the future expenses of waste from, and for, the dismantling of the Swedish nuclear power reactors. The remaining amount concerns accrued fees from the reactor owners and the balance in the interest-bearing account at the National Debt Office. This amount has not yet been allocated for the two purposes.

The Board has set a target for the administration of the Fund for the period of 1996–2020 of an average real return on fund capital of no less than 4 % of the book value of the capital. In the light of the return achieved so far and the investments with long-term maturities already

made, the Board should achieve this target if the average annual real return for the period of 2005 to 2020 is no less than 3.25 %.

The administration report shows that the average real return on the capital, during the ten-year period of 1996 to 2005, was 6.9% per year. The administration report also shows that the real return in 2005 was 7.3 %. The satisfactory result is mainly attributable to a favourable combination of a long duration and decreasing interest rates. However, it must be emphasized that, through its long duration, the Fund is sensitive to an increase in interest rates and that the yield for a year with increasing interest rates could be negative. Therefore, in recent years, the Board decided to re-invest the capital in order to reduce the duration and, thereby, counteract the effects of such a development.

The Board of the Nuclear Waste Fund is responsible for administering the Fund so that the requirements on an adequate return and an adequate liquidity are met. To meet the requirements concerning an adequate liquidity, the Board is dependent on annual forecasts from the SKI concerning future disbursements from the Fund. In 2005, the Board has continued its work with liquidity planning.

The expenses that will be charged to the Nuclear Waste Fund over the next few years are affected, to a considerable degree, by the progress of the work on the disposal of spent nuclear fuel during the next few years. Some of the main points of the timetable that the Swedish Nuclear Fuel and Waste Management Co (SKB) are following are presented below.

The time-schedules mean that an application for permission to construct an encapsulation plant, probably next to the existing Central Interim Storage Facility for Spent Nuclear Fuel (CLAB) in Oskarshamn, will be submitted in the middle of 2006. The plant is expected to be taken into operation in 2017. Site investigations currently in progress are expected to result in applications at the end of 2008 for permission to start the construction

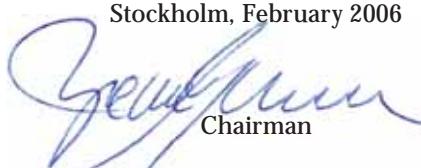
of a repository for spent nuclear fuel at a site. It is planned to start repository operation in 2017. According to plans, the disposal of spent nuclear fuel and of waste from the decommissioning of Swedish nuclear facilities is expected to be completed in the 2050's and the repository to be closed in 2060.

It is not possible to specify exact deadlines for measures for nuclear waste management including the decommissioning of nuclear facilities. These deadlines are dependent on a combination of safety considerations and business assessments which, in turn, will be affected by the guidelines for energy policy decided by the Swedish Riksdag at different times. The most recent decisions on such guidelines were made at the end of June 2002.

On December 16, 2004, the Government decided to close the second reactor at Barsebäck at the end of May 2005. This was done. An agreement was also signed between the negotiators of the Government, Vattenfall and E.ON concerning the compensation that the state should provide as a result of the decision to withdraw the operating licence for Unit 2 at Barsebäck Nuclear Power Plant from June 1, 2006.

The Government recently made a decision regarding a review by the legislative council with respect to the inquiry into Liability to Pay for Nuclear Waste (SOU 2004:125). The proposed act, which is intended to replace the Financing Act (1992:1537), comprises anyone who has a licence to own or operate nuclear facilities that give rise to high-level waste which must be disposed of for a long period of time. The new act proposes that nuclear waste fees should be charged for the costs generated by the management of waste and the decommissioning of nuclear facilities until the waste is finally disposed of. As at present, the fees are to be accumulated and, for the amounts that are not covered by the accumulated fees, improved possibilities of requiring securities should be given. It is also proposed that the process whereby fees and securities are decided should be made more flexible and that the possibilities of handling the risk that the state bears for the costs of nuclear waste should be improved.

Stockholm, February 2006



Bengt Jörgensson
Chairman

Administration Report for the Swedish Nuclear Waste Fund, 2005

Summary

The present system of the administration of the Nuclear Waste Fund was introduced in 1996. Since 1981, funds have been accumulated from fees paid by the holders of licenses to own or operate nuclear power reactors, as long as the reactors are in operation. The Board of Governors of the Nuclear Waste Fund is appointed by the Government. In accordance with its terms of reference, the Board must collect the fees that are paid in accordance with the Act on the Financing of Future Expenses for Spent Nuclear Fuel etc. (1992:1537) hereafter known as the Financing Act and the Act on the Financing of the Management of Certain Radioactive Waste etc. (1988:1597), hereafter known as the Studsvik Act. The fees shall primarily finance the future expenses for spent nuclear fuel etc.

The assets of the Fund are now to be invested in interest-bearing accounts at the National Debt Office or in promissory notes issued by the Swedish state. The Fund is now to be administered so that the requirements on an adequate return and an adequate liquidity are met.

In its investment strategy, the Board has specified that the aim for the Fund – in the light of the investment framework decided by the Government – should be an average annual real return, for the period of 1996 to 2020, of a minimum of 4 % of the book value of the fund capital.

With respect to the interest rate risk, the real interest rate investments of the Fund decreased from about 74 % to about 61 % of the market value of the invested capital, including liquid assets. At the end of the year, the duration of the portfolio was 8.9 years. In the ten years that the current fund administration system has applied, the average annual real return on the Fund has been 6.9 %. The general interest rate situation entailed that, for most maturities, the interest rate for new investments

in real interest-rate bonds fell to below 2 %. However, bearing in mind the return achieved so far, the Board's opinion is that the real return target of a minimum of 4 % on the book value of the administered funds for the period of 1996 to 2020 can be reached. The market value of the assets in the Fund increased during the year by SEK 2,625,209k to SEK 39,052,622k.

Background

Through amendments to the Financing Act and the Studsvik Act, which entered into force on January 1, 1996, the current system was introduced for the administration of the fees paid by the nuclear reactor owners on the basis of the Financing Act and the Studsvik Act.

According to the Financing Act, the holder of a license to own and operate a nuclear reactor (the reactor owner) shall, as long as the reactor is in operation, pay an annual fee to finance the management of spent nuclear fuel and other radioactive waste as well as certain other expenses. According to the law, the term "management" means the safe handling and disposal of nuclear fuel used in the reactor and of any radioactive waste which originates from the reactor after the nuclear fuel and the nuclear waste have been removed from the facility, a safe decommissioning and dismantling of the reactor as well as the necessary research and development work to fulfill this obligation. The fee must also cover the expenses which are incurred by the state in this respect, including regulatory and supervisory activities and the necessary research to supplement the reactor owners' research and development work. Since 1996, these fees have been transferred to a special fund, the Swedish Nuclear Waste Fund.

The Fund is administered by the Board, which is a government authority. The authority is responsible for



ensuring that the administration of the assets satisfies the requirements on a long-term adequate return and adequate liquidity. The Board's task is to administer the funds through a suitable combination of deposits in accounts at the National Debt Office and in nominal and real interest rate government bonds. The Board does not have any supervisory duties other than that of administering the funds and the underlying securities which must be provided by the reactor owners.

The Government has decided that the Board should comprise the following members from 2006

Appointed until

| | |
|-------------------------------|------|
| Yvonne Gustafsson, Chairman | 2008 |
| Sten Kottmeier, Vice-Chairman | 2006 |
| Jan Bengtsson | 2007 |
| Per Anders Bergendahl | 2006 |
| Ing-Marie Gren | 2007 |
| Jan Hedendahl | 2007 |
| Christina Nyman | 2008 |

Members of the Board of Governors

The members of the Board of the Fund are appointed by the Government. In 2005, the Board comprised the following members

Olof Söderberg, Chairman

Sten Kottmeier, Vice-Chairman

Ann Ahlberg

Jan Bengtsson

Per Anders Bergendahl

Ing-Marie Gren

Yvonne Gustafsson

Investment Rules

According to the Financing Act, the assets of the Nuclear Waste Fund are to be deposited in interest-bearing accounts at the National Debt Office or invested in promissory notes issued by the state. Therefore the Board is applying the following investment options for the Fund.

- Spot market investment of funds through deposits in accounts at the National Debt Office, at nominal interest rates based on the repo rate.

- Short-term deposits at the National Debt Office with investment periods that can vary between one month and one year, at fixed interest rates.
- Investments in the market for treasury bills, nominal rate bonds or real interest rate bonds issued by the National Debt Office.

Market Value and Book Value

The market value of the Fund's assets is the value at a certain point in time if all of the assets were to be converted into liquid assets. The book value of the Fund at the same point in time includes the acquisition value, the annual appreciation with compensation for inflation and the accrued interest on the investments. The difference compared with the market value is that no unrealized value changes in existing investments are included. Both valuation methods mean that accumulated capital gains/losses which have arisen in connection with the early redemption of investments and sale of securities as well as accrued interest (incl. accrued inflation compensation on real rate investments) are included in the value of the Fund.

Under the old fund administration system which applied up to and including 1995, the market value and the book value were the same, since the interest rate was determined each month on the basis of the government lending rate. Under the current system, the market value may differ from the book value, depending on how the market rate has changed since the time of investment. If the market rate has decreased, an unrealized gain arises when the market rate is compared with the book value. The gain corresponds to the discounted value of the difference, for the remaining maturity, between the investment rate and the current rate. If the market rate has increased, the relationship will be the reverse.

Method of Calculating the Share of the Fund Allotted to Each Reactor Owner

According to the Ordinance (1995:1548) of the Board, the annual report must be formulated in such a way that it shows the share of the Fund which is allotted to each reactor owner. The Board has decided to use the same methods as those applied to securities funds in order to keep track of the share of the Fund that is allotted to each reactor owner. Briefly described the method is as follows:

- Initially, a nominal value is determined for a share. Each reactor owner is allotted the number of shares corre-

sponding to the reactor owner's balance at the time of the changeover to the new fund administration system.

- The market value of the balance of the Fund is determined on a daily basis. The market value of the financial fixed assets in the Fund, including accrued interest and spot market investments, divided by the number of shares, is the current value.
- Payment by and reimbursement to a reactor owner are made in the form of the "purchase/sale" of shares at the current value. In the case of payment, the number of shares held by the reactor owner increases and, in the case of reimbursement, the number decreases.
- The market value of the shares held by each reactor owner can be calculated on a current basis by multiplying the current number of shares held by the reactor owners by the current share value. The spread of the Fund among the reactor owners can also be calculated by dividing the number of shares held by each reactor owner by the total number of shares.
- The return on the Fund can be calculated on a current basis by measuring the change in the share value during the period.

Fee-based Income to the Fund

In accordance with its Ordinance, the Board must collect the fees paid by the reactor owners in accordance with the Financing Act. The size of the fee is set in relation to the energy delivered by the individual reactor owner and is decided by the Government on the basis of a proposal made by SKI. The fees were as follows (öre/kWh, 1 öre = SEK 0.01):

| | 2005 | 2004 |
|-------------------------|------|------|
| Forsmarks Kraftgrupp AB | 1.2 | 0.9 |
| OKG AB (Oskarshamn) | 0.6 | 0.5 |
| Ringhals AB | 0.7 | 0.3 |
| Barsebäck Kraft AB | 0.2 | 0.0 |

Furthermore, all reactor owners must pay a fee of 0.15 öre/kWh, in accordance with the Studsvik Act.

The following amounts were paid into the Fund (SEK):

| | 2005 | 2004 |
|---|---------|---------|
| In accordance with the Financing Act | | |
| Forsmarks Kraftgrupp AB | 584 935 | 396 015 |
| OKG AB (Oskarshamn) | 299 054 | 224 704 |
| Ringhals AB | 99 404 | 87 405 |
| Barsebäck Kraft AB | 182 732 | 83 906 |
| In accordance with the Studsvik Act | | |
| Total | 104 198 | 112 558 |
| | 689 133 | 508 573 |

Disbursements Made from the Fund for Expenses Incurred

In accordance with its Ordinance, the Board must ensure that reimbursement requested by SKI is made to the reactor owners for expenses which are to be covered by the Fund. Furthermore, in accordance with special government decisions, compensation is paid to municipalities for information work in connection with investigations for the siting of a deep repository for spent nuclear fuel as well as certain other types of compensation. Thus, the Government has decided that the expenses for certain information work incurred by the county administrative boards of Kalmar and Uppsala, SKI and the Swedish Radiation Protection Authority as well as expenses for the Swedish National Council for Nuclear Waste – KASAM – and the Financing Inquiry (M2003:1) must be covered by the Fund.

The following amounts were reimbursed from the Fund (SEK):

| | 2005 | 2004 |
|--|------------------|------------------|
| Forsmarks Kraftgrupp AB | 298 186 | 329 805 |
| OKG AB (Oskarshamn) | 202 168 | 223 670 |
| Ringhals AB | 311 118 | 340 546 |
| Barsebäck Kraft AB | 129 225 | 144 078 |
| In accordance with the Studsvik Act | 49 090 | 52 651 |
| Municipalities | 11 232 | 7 748 |
| NGOs | 3 000 | 0 |
| County administrative boards ¹⁾ | 360 | 587 |
| KASAM | 2 936 | 2 907 |
| Financing Inquiry | 344 | 2 170 |
| SKI ¹⁾ | 300 | -2 323 |
| Swedish Radiation Protection Authority (SSI) ¹⁾ | 758 | 350 |
| Total | 1 008 717 | 1 102 189 |

¹⁾In 2005, the County Administrative Board of Kalmar repaid non-utilized funds for 2004 amounting to SEK 179k. The County Administrative Board of Uppsala repaid SEK 61k. The County Administrative Board of Kalmar and Uppsala were granted SEK 300k each for 2005. The amounts were disbursed in 2005.

In 2005, SEK 300k was granted and disbursed to SKI. In 2004, SKI repaid non-utilized funds for 2002 and 2003 amounting to SEK 2,623k and received SEK 300k in granted and disbursed funds.

In 2005, SEK 1,500k was granted and disbursed to SSI. In 2005, SSI repaid non-utilized funds for 2004 amounting to SEK 742k. In 2004, SSI repaid non-utilized funds for 2002 and 2003 amounting to SEK 1,150k and received SEK 1,500k in granted and disbursed funds.

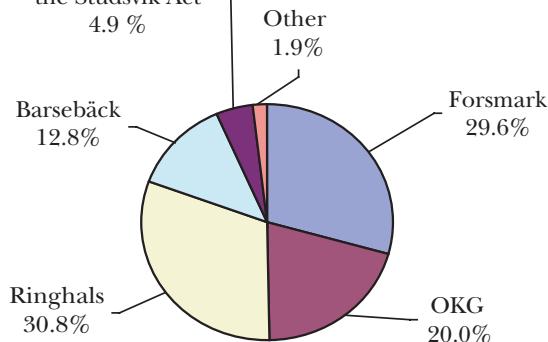
An amendment to the Financing Act in 2004, has made it possible for the Government to provide support to NGOs for their work on issues relating to the siting of facilities for the handling and disposal of spent nuclear fuel. No more than SEK 3 million per

year in such compensation may be provided from the Fund during the period from 2005 to 2008.

SEK 4,729k has been disbursed to cover the costs for the administration of the Fund (see Administration below).

Reimbursements from the Fund 2005

In accordance with the Studsvik Act



Investment Strategy

Each year, the Board establishes an investment strategy for the Nuclear Waste Fund. The investment strategy is based on the framework for the activity established by the Government in the Financing Act and the Ordinance for the Board as well as the investment options which exist for the Fund. The investment strategy largely consists of the following.

Return Target

The target is – taking into account the limitation on the investment activities that the Government has decided – to attain the highest possible real return on the administered capital. For the period of 1996 to 2020, the fund administration target of the Board is to achieve an average annual rate of return of a minimum of 4 % of the book value of the fund capital. In the light of the return achieved so far and the investments with long-term maturities that have already been made, the Board should achieve this target if the annual rate of return for the period of 2005 to 2020 is a minimum of 3.25 %. For the subsequent period, the assessment should be based on a more socioeconomic approach, which leads to an assumption that the average real rate of return for the period after 2020 will be a minimum of 2.5 % per year.

Financial Risks

The capital is exposed to financial risks when it is invested on the interest rate market. The instruments and markets can evolve in a way that deviates from expectations and this has an impact on the return. The exposure and risks in the investment activities are to be regularly measured and followed up by applying generally accepted financial market methods. In order to limit the financial risks, the administration is to be conducted within a certain framework, known as limits, and these are described below.

Interest Rate Risks

Interest rate risks are the changes in the value of interest-bearing securities which arise when the market rates rise or fall. The impact is determined by the maturity. A longer maturity will result in a greater value change in connection with a given market rate change. Interest rate risks can therefore be reduced by limiting the maturity. The measure applied to interest rate risk is usually the duration, whereby a duration limit is usually established in order to limit the interest rate risk. The duration of the Nuclear Waste Fund may not deviate from the comparison index (OMRX real interest rate bond index) by more than 5 years.

Credit Risks

Credit risks comprise *issuer risks* and *counterparty risks*.

Issuer risk is the risk that the party issuing a promissory note will not pay the interest and repay the principal on the due date. Since investments are only allowed in bonds and treasury bills issued by the Swedish state, no limits are needed for the issuer risk.

Counterparty risk is the risk that a counterparty, in connection with a purchase or sale, will not be able to fulfil his obligations in connection with the settlement of the transaction. Counterparty risk must be limited as follows:

- Securities transactions may only be conducted with securities institutions that are licensed to trade in financial instruments on behalf of others in their own name, in accordance with the Act (1991:981) on securities services. The Legal, Financial and Administrative Services Agency is responsible for continuously maintaining a list of approved counterparties that meet this requirement and which are otherwise deemed to be suitable counterparties by the Agency in order to limit counterparty risks as much as possible.

- Only transactions involving settlement upon delivery are allowed.
- The number of days between the transaction day and the settlement day may not exceed the norm for the market and for the securities transaction concerned. Any deviation must be approved in advance by the Chairman and Vice-Chairman of the Board.

Liquidity Risks

Liquidity risk is the risk that, due to the market situation, a security cannot be sold at the desired time, at the desired price and/or at the desired volume. Nominal rate government bonds and treasury bills normally have a good liquidity on the interest rate market. On the other hand, in the case of real interest rate bonds, the market is normally not so liquid that substantial volumes can be sold at short notice. Since the administration of the Nuclear Waste Fund is long term, no specific limit is specified for the liquidity risk in real interest rate investments.

The Board of the Nuclear Waste Fund is to administer the funds so that requirements on a good return and satisfactory liquidity are met. In order to ensure a satisfactory liquidity, the Board must have access to information concerning the timing of different costs which are to be reimbursed through the Fund.

Every year, on June 30, SKB submits to SKI information on the estimated future costs to be covered by the Nuclear Waste Fund. This document includes information on the dates that various costs are expected to be incurred. The information is reviewed by SKI and then used by SKI as a basis for its proposal to the Government in October regarding fees and securities for the forthcoming year, in accordance with the Financing Act.

SKI's fee proposal contains information on future annual disbursements for the Fund's purposes, based on SKI's review of the information submitted by SKB. The fee proposal is also based on forecasts of future fee payments up to 2010. In December each year, SKB submits an activity plan to SKI containing information on estimated expenditure over the next few years. Both SKB and SKI consider the information in the activity plan to be more accurate than the information submitted by SKB in June. Via SKI, the Board is given access to this information and to SKI's evaluation of the information.

The Board uses this information, together with the calculated flows from the administration of the Fund,

as the basis for a liquidity forecast. This forecast is updated at every board meeting as well as after SKI's annual forecasts for disbursements for expenditure and for fees received and is used as a basis for the Board's future considerations regarding Fund investments.

With respect to the portfolio as a whole, the liquidity risk is limited by ensuring that funds that are expected to be appropriated for disbursements over the coming 12-month period may only be deposited in spot market accounts and in treasury bills (or in accounts with corresponding maturities).

Currency Risks

According to information from SKB (document dated November 14, 1997), less than 10 % of the expenses that the Fund is to cover are expected to be in foreign currencies. Therefore, currency risks are minimal. Furthermore, it is difficult to predict, at this time, which currencies will be involved. In the light of this, there is no reason, at present, to invest funds in foreign currencies. However, the Board will monitor options for investing funds, within the framework of the investment limitations specified by the Government, in other currencies besides SEK in case such a need should arise at a later stage.

Long-term Distribution between Investments with Nominal and Real Returns

To reduce the risk of the value of the capital being eroded by inflation, a minimum of 50 % of the capital must be invested with a real return, until further notice. In the Board's opinion, this is compatible with what has previously been stated concerning liquidity risks associated with real rate investments.

Maturities

When selecting instruments with different maturities, SKI's estimates of payments into and out of the Fund must be taken into account. A large part of the Fund's investments should be sufficiently long-term in nature so as to ensure that the payment flows from the investments closely match the calculated net disbursements from the Fund if the investments are kept until maturity.

Administrative Risks

Administrative risks can arise due to deficient routines concerning how transactions are to be conducted, confirmed, controlled, registered, accounted for etc.

Administrative risks are managed by the Legal, Financial and Administrative Services Agency handling the administration and applying the same routines that the Agency otherwise applies in its asset management activities. All securities transactions are to be terminated through the depository used.

Follow-up

An assessment of the market value of the fund assets is made on a daily basis. The return is calculated on a daily basis and is the sum of the realised and unrealised value changes in the portfolio plus the received and accrued interest income (including inflation compensation on real rate investments). Results are reported on a monthly basis. Since the return target is expressed in real terms, both the nominal and the real returns are calculated.

In order to compare the return on the Fund with market developments, the nominal return is related to a comparison index (OMRX real interest rate bond index). The duration of this comparison index, which only comprises real interest rate bonds, was 10.3 years at December 31, 2005. At the same time, the duration of the Nuclear Waste Fund was 8.9 years (including liquid assets).

Investments

Share of real interest rate bonds

Through reinvestment during the year, the share of real interest rate bonds decreased from 74 % to 61 %. Two years ago, the share in real terms was 91 %. Over the past two years, the share of real interest rate investments in the Fund has decreased significantly from a situation where the share was very high for many years. The background to the Board's decision to reduce the share of real interest rate bonds is described below.

Prior to the formation of the Fund, an inquiry (SOU 1994:107) was conducted and this was subsequently followed by a bill (1995/96:83). At this time, Sweden had experienced a long period of very high inflation. This can explain the major concern expressed in the inquiry and the bill that inflation would weaken the Fund's capital. Therefore, it was important to have a very high share of real interest rate investments in order to safeguard the capital against inflation.

When the Fund was formed in 1996, the interest on real interest rate bonds was highly favourable and, therefore, investments were almost only made

in real interest rate bonds. The interest rate for such bonds was about 4.5 % in 1996, compared with the current rate of 1.6 %. The advantage of real interest rate bonds was also that their maturities were very long compared with nominal rate bonds. On the other hand, nowadays there are Swedish nominal rate bonds with long maturities.

However, since the inflation target of the Riksbank was introduced in 1993, the average inflation rate per year has only been about 1.3 %.

In 1996, the Fund was only allowed to make deposits at the Swedish Debt Office under market-like forms. This is important, since when the Fund was allowed to invest funds with the Swedish Debt Office, funds could be withdrawn with one day's notice and the investments could immediately be sold at market rates. This meant that the liquidity risk was eliminated as a matter of principle. After the reform in 2002, the Fund was allowed to invest directly in Swedish treasury bills on the bond market. In this way, the Fund could invest on an open market where the price is determined by supply and demand and the liquidity risk increased for real interest rate bonds in particular. At times, these bonds were very difficult to sell.

However, the strong emphasis in the inquiry and bill on investment obligations at real interest rates means that a significant portion of the Fund has to contain real interest rate bonds also in the future. The exact size of the portion can be decided by the Board at each meeting on the basis of existing market conditions. According to the investment strategy of the Board, a minimum of 50 % of the capital should be invested in bonds with real interest rates. At the beginning of the year, the limit was 60 %, but in December, the Board decided to reduce the limit to 50 %.

During the year, the Board purchased nominal rate bonds and sold real interest rate bonds. At the beginning of 2004, the Board decided that there was a certain probability that inflation would be very low for a long period. This forecast also continued in 2005 and, at the end of the year, it proved to be a correct assessment, since inflation only corresponded to 0.9 % (December-December). This meant that the return on nominal rate bonds was better than that on real rate bonds during the year.

Duration

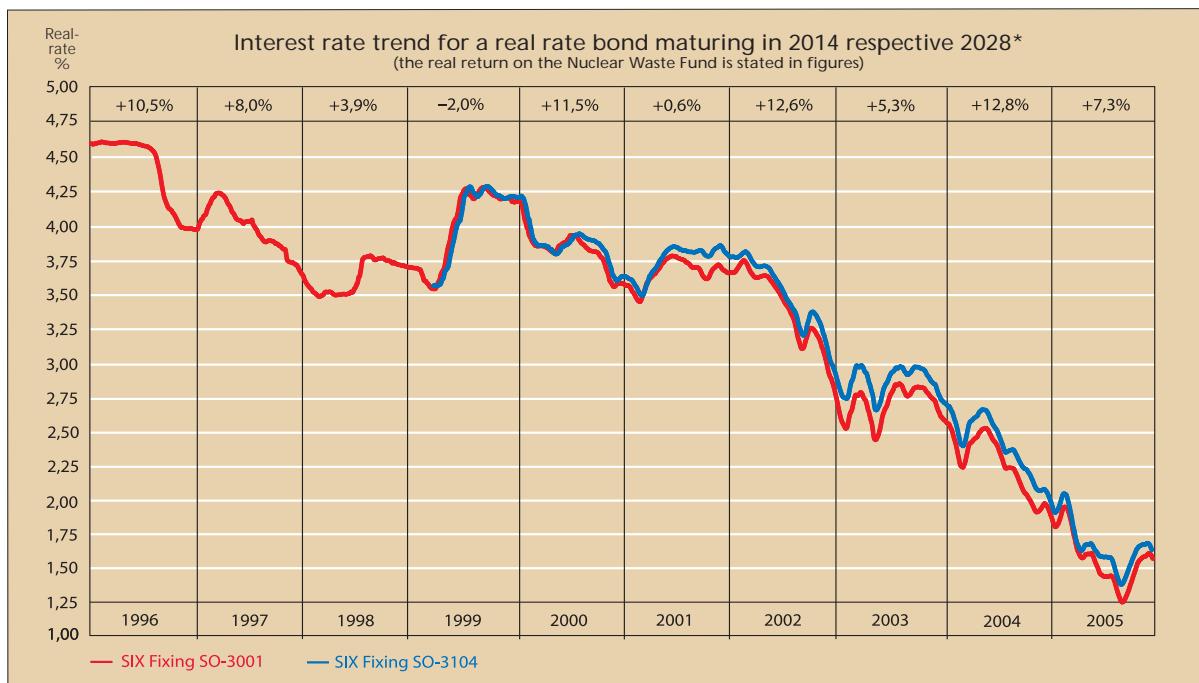
The Board has chosen to successively reduce the duration (interest rate risk) in the portfolio from 11.9 years (2003), 11.1 years (2004) to 8.9 years (2005). This has occurred through the Board gradually selling bonds with longer maturities and instead purchasing bonds with shorter maturities. In this way, the Board has utilized the very low interest rate level in order to reduce the interest rate risk in the Fund. If the interest rate goes up, the measures will prevent the market value from falling as much as if the Fund had retained all of the long-term investments.

At year-end 2005, the assets of the Nuclear Waste Fund were invested as follows:

| Investment | Maturity | Market-Value, (SEK*) |
|---------------------------------------|------------|----------------------|
| SO 1037 | 2007-08-15 | 4 338 903 |
| SO 1040 | 2008-05-05 | 1 331 758 |
| SO 1043 | 2009-01-28 | 1 098 784 |
| SO 1048 | 2009-12-01 | 1 435 711 |
| SO 1046 | 2012-10-08 | 1 318 096 |
| SO 1041 | 2014-05-05 | 2 362 986 |
| SO 1049 | 2015-08-12 | 1 363 443 |
| SO 1047 | 2020-12-01 | 644 802 |
| Total nominal treasury bonds | | 13 894 483 |
| SO 3101 | 2008-12-01 | 1 740 774 |
| SO 3106 | 2012-04-01 | 3 369 811 |
| SO 3105 | 2015-12-01 | 1 930 474 |
| SO 3102 | 2020-12-01 | 8 167 172 |
| SO 3104 | 2028-12-01 | 8 355 142 |
| Total real rate treasury bonds | | 23 563 373 |
| Spot market | | 983 470 |
| Total invested capital | | 38 441 326 |

*) Excluding interest accrued.

A more detailed description of the investments is provided in Note 9 to the balance sheet. In addition to the invested capital, assets existed in the form of prepaid items and a cash account for current payments. Thus, the total market value of the assets in the Fund amounted to SEK 39,052,622.



Return

The nominal and real returns on the capital in the Fund, since the introduction of the current form of administration, are presented in the following table:

| Year | Nominal return ¹⁾ (%) | Inflation ²⁾ (%) | Real return (%) |
|--------------------------------|----------------------------------|-----------------------------|-----------------|
| 1996 | 10.6 | 0.1 | 10.5 |
| 1997 | 9.9 | 1.9 | 8.0 |
| 1998 | 3.3 | -0.6 | 3.9 |
| 1999 | -0.8 | 1.2 | -2.0 |
| 2000 | 12.9 | 1.4 | 11.5 |
| 2001 | 3.5 | 2.9 | 0.6 |
| 2002 | 14.9 | 2.3 | 12.6 |
| 2003 | 6.7 | 1.4 | 5.3 |
| 2004 | 13.2 | 0.4 | 12.4 |
| 2005 | 8.2 | 0.9 | 7.3 |
| Average per year ³⁾ | 8.1 | 1.2 | 6.9 |

¹⁾ The nominal return is measured as the sum of realized and unrealized value changes in the investments as well as interest accrued (including inflation compensation on real rate investments).

²⁾ In order to measure the rate of inflation, SCB's consumer price index for December – the 12-month change and percentage (new inflation rate method) are used. Note that from January 2005, SCB has applied a new calculation method. Information on the inflation rate up to 2004 is based on the old method used by SCB which was no longer applied after December 2004. According to SCB, the inflation rate calculated in accordance with the new method, is expected to be about 0.2 percentage points lower than the method that was previously used, viewed over many years.

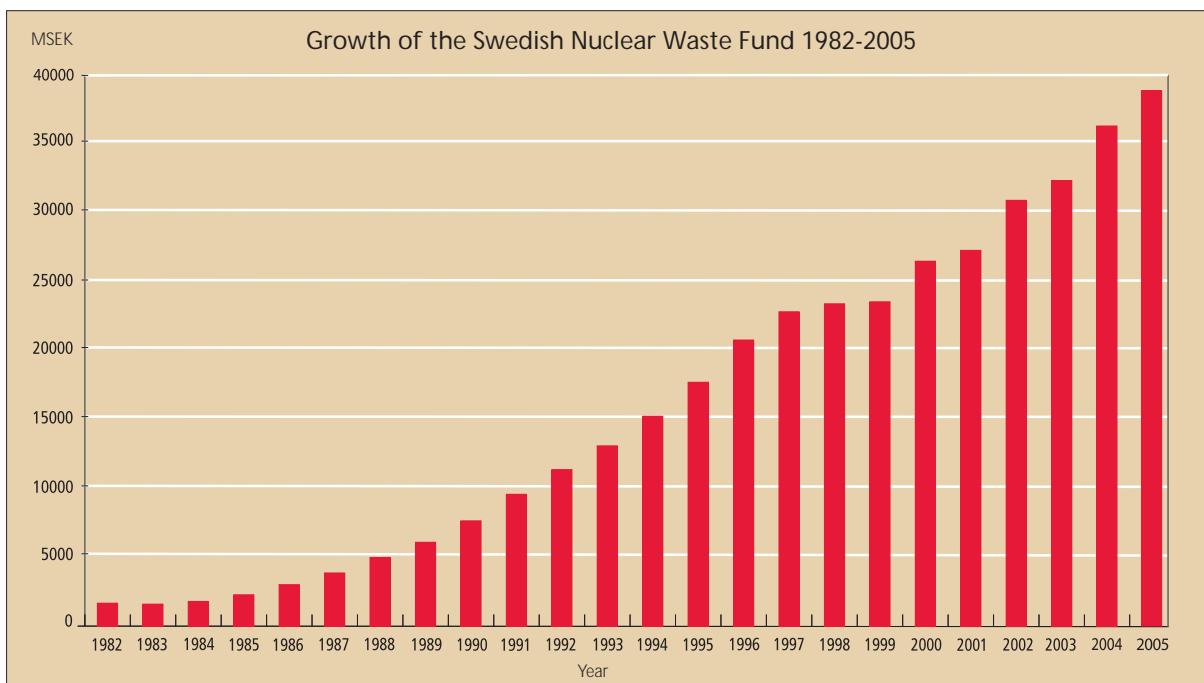
³⁾ The average annual real return is calculated as the geometrical average of the annual figures.

fall in a given financial year and decreases if market interest rates should increase. The relationship between the return on the fund assets in accounts at the National Debt Office and the change in the market rates is shown in the diagram above.

The real rate return for 2005 was just over 7 %. The increase in the share of nominal rate bonds in the portfolio has contributed positively since these have developed more favourably than real rate bonds. Through the decision to reduce the duration in the portfolio during the second half of the year, the market value of the portfolio did not decrease as much as if the duration had been unchanged. The Board is aware that the Fund, through its long duration, is sensitive to an increase in interest rates and that the yield for a year with increasing interest rates could be negative. In recent years, the Board has therefore chosen to reduce the duration when the interest rate was low.

Therefore, the reported real return in a given year does not provide sufficient information to determine whether the funds have a satisfactory long-term return. Information on the average annual real return over a longer period of time is a better indicator. In the ten years that the current form of administration has been applied (from 1996 to 2005), the real return is 6.9 % on average per year. This level should be compared with the target of the Board to achieve an

According to the rules for long-term investment of fund assets the market value of the assets increases if market interest rates applying to the assets should



average real return of a minimum of 4 % per year of the book value of the fund capital during the period from 1996 to 2020.

From 1996 to July 1, 2002, the Fund's real rate investments were an average of 4.2 %. After this time, the real market rate fell and was about 1.6 % at the end of 2004. The Board considers that the real investment rate for new and re-investments in the future will probably be significantly lower than 4 %. The capital-weighted average investment interest rate of the real rate investments was 2.8 % at the end of 2005 including liquid assets. At that time, the remaining capital-weighted maturity was 11.2 years and the duration, 8.9 years.

Altogether, this means that the investment rate in connection with new investments is now significantly lower than 4 %. However, the book value is considerably higher than before. Therefore, the overall assessment of the Board is that a long-term return target comprising an average real return of a minimum of 4 % of the book value of the administered funds for the period of 1996 to 2020 is still realistic.

Growth of the Fund

The closing balances (market value) for each year of the funds administered in accordance with the Financing Act (up to and including 1995) as well as

the Nuclear Waste Fund (from 1996) are shown in the diagram above.

In 2005, the balance increased by SEK 2.625.210k million. According to earlier estimates the SKI has calculated that the annual fee payments to the Fund from 2000 would be less than the reimbursements disbursed from the Fund. Since the return on capital is greater than the annual payment deficits, in the Board's opinion, the Fund will continue to grow for an additional number of years.

Repayment from the Fund

Once the spent nuclear fuel and nuclear waste have been deposited in a repository which is then closed, and once a particular reactor has been decommissioned and dismantled, there may be funds remaining. If such a situation should arise, the reactor owner is entitled, under the Financing Act, to a repayment of the owner's allotted share of the remaining capital. Furthermore, the Financing Act makes it possible for the Government to permit early repayment if the actual expenses for the measures are less than estimated and the balance in the Fund is such that repayment would not entail the risk of a future lack of funds.

Distribution among Reactor Owners

The method used for determining the share of the Fund's assets which is allotted to each reactor owner has been described above. At year-end closing, the distribution was as follows (SEK '000):

| | <i>Market Value</i> | <i>Book Value</i> |
|-------------------------------|---------------------|-------------------|
| In accordance with the | | |
| Financing Act | 38 076 749 | 34 114 268 |
| Forsmarks Kraftgrupp AB | 11 361 178 | 10 178 870 |
| OKG AB (Oskarshamn) | 8 851 448 | 7 930 316 |
| Ringhals AB | 12 527 514 | 11 223 830 |
| Barsebäck Kraft AB | 5 336 609 | 4 781 251 |
| In accordance with | | |
| the Studsvik Act | 783 593 | 702 048 |
| Total | 38 860 342 | 34 816 316 |

The market values specified above concern the aggregate of the Fund's nominal and real rate investments as well as spot market investments. Fees accrued from the reactor owners for the fourth quarter of 2005, the balance in the interest account or accrued liabilities have not been taken into consideration.

Basis for Calculating the Fee

According to the Ordinance, the Board must keep SKI informed about its activities in such a way that SKI can calculate fees, estimate future reimbursement and, in other ways, fulfill its duties in accordance with the Financing Act and the Studsvik Act. The task of the Board, in connection with the calculation of the fee, is to report to SKI the Fund balance and to determine the real interest rate which can be expected to apply for the fund capital which the Board is responsible for investing.

In connection with the calculation of the fee for 2005, the Board recommended that the book value of the Fund should be used as well as an assumption concerning the future real interest rate, based on the actual investment rates for the capital. Applying this method, the fee calculation will be based on the book value of the fund capital as at December 31, 2004 and a real interest rate of 3.25 % for the administered amount during the period up to the year 2020 and 2.5 % for the subsequent period. SKI's fee calculation for the year 2005 has been based on these assumptions.

Underlying Securities

According to the Financing Act the reactor owners must also provide securities for waste-related expenses which are not covered by the paid-in fees.

To compensate for the fees which will not be paid to the Fund in the event of an early reactor shutdown, the reactor owner must provide adequate securities (Guarantee I). Through these guarantees, payments will be made to the Fund at the same rate as if the reactor had been in operation. Since this will be done, the funds will be accumulated as planned, regardless of whether one or a few reactors are shut down before they have been in operation for the 25 years upon which the fee calculation is based.

The reactor owners must also provide adequate securities to cover the lack of funds in the event that the Fund balance, after all of the reactors are shut down, should be found to be inadequate to finance the expenses of the final disposal of the spent nuclear fuel etc. (Guarantee II). Even if the funds are accumulated as planned, such a lack of funds can arise if certain measures prove to be more expensive than estimated, if certain measures must be adopted earlier than intended or if the return on the capital should be lower than assumed in the fee calculation.

The Government decides the size of the securities on the basis of a proposal by SKI. Furthermore, the Government decides which types of securities are to be accepted on the basis of a statement by the National Debt Office.

For 2005, the Government has decided that the following guarantees shall apply. (Amounts in SEK million.):

| | <i>Guarantee I</i> | <i>Guarantee II</i> |
|-------------------------|--------------------|---------------------|
| Forsmarks Kraftgrupp AB | 794 | 2 290 |
| OKG AB (Oskarshamn) | 329 | 1 580 |
| Ringhals AB | 422 | 2 920 |
| Barsebäck Kraft AB | 0 | 1 350 |
| Total | 1 545 | 8 140 |

According to a Government Ordinance, the Board of the Fund must administer the securities. The Government established the guarantees for 2005 through a decision on December 16, 2004. In a supplementary decision on May 12, 2005, the Government allowed the security for the established amounts to be provided through guarantees from the owners of Forsmarks Kraftgrupp AB, OKG AB, Ringhals AB and

Barsebäck Kraft AB. All of the guarantees had been received by the Nuclear Waste Fund at the beginning of September 2005.

Administration

In accordance with the Ordinance (1995:1548) with instructions for the Board of the Nuclear Waste Fund, the Legal, Financial and Administrative Services Agency performs secretariat duties for the Board under an agreement between the Board and the Agency. Under the agreement, the Agency is responsible for ensuring that the following tasks are carried out:

- Preparation of matters to be dealt with by the Board and implementation of board decisions.
- Secretarial functions for the Board.

- Administration of capital.
- Handling of payments and accounting services.
- Preparation of the annual report etc.
- Registration of documents and filing.

The Board has no employees.

The Government has decided a budget for the Board of the Swedish Nuclear Waste Fund. In accordance with the decision, the administrative expenses for 2005 may not exceed SEK 5,200k. Total administrative expenses amounted to SEK 4,729k of which SEK 4,000k comprised reimbursement to the Legal, Financial and Administrative Services Agency.

Accounting Principles

Taking into account the fact that the investments are long-term, all investments with longer maturities than one year are reported as fixed assets.

Investments with maturities exceeding one year are reported on the balance sheet at acquisition value.

In the case of deposits in interest-bearing accounts, accrued interest is reported as interest income on the income statement and as a prepaid item on the balance sheet.

In the case of nominal coupon rate investments, accrued interest is reported as interest income on the income statement and as a prepaid item on the balance sheet.

Real interest rate investments are accounted for annually as described below.

- In the case of real zero coupon rate investments, accrued interest and accrued inflation compensation are reported as interest income on the income statement and as an adjustment of the book value on the balance sheet.
- In the case of real coupon rate investments, accrued interest including inflation compensation on the coupon rate is reported as interest income on the income statement and as a prepaid item on the balance sheet. The accrued inflation compensation on invested capital is reported as interest income on the income statement and as an adjustment of the book value on the balance sheet.

The income statement and balance sheet schedules deviate somewhat from the regulations and recommendations of the National Financial Management Authority. The deviations are justified by the special conditions that apply to the Fund.

The administration report describes how the capital is added to the Fund and how this capital must be used. The accounting principles comply with the National Financial Management Authority's guidelines (ESV 1998:7) on accounting for funds and provisions. The sub-title of these guidelines is: "Guidance on accounting for funds and provisions within government agencies."

Income Statement

| SEK '000 | | 2005 | 2004 |
|--|----------|-------------------|-------------------|
| Income | | | |
| Fee-based income | (Note 1) | 689 133 | 508 573 |
| Total income | | 689 133 | 508 573 |
| Expenses | | | |
| Reimbursement to reactor owners | (Note 2) | -989 787 | -1 090 750 |
| Support to NGOs | (Note 3) | -3 000 | 0 |
| Compensation to municipalities | (Note 4) | -11 232 | -7 748 |
| Reimbursement to other government agencies | (Note 5) | -4 698 | -3 691 |
| Operating expenses | | | |
| Fees to board members | | -325 | -362 |
| Other operating expenses | | -4 404 | -4 272 |
| Other accrued expenses | | 0 | -12 |
| Total expenses | | -1 013 446 | -1 106 835 |
| Result before financial income and expenses | | -324 313 | -598 262 |
| Financial income and expenses | | | |
| Interest income | (Note 6) | 2 176 204 | 1 532 228 |
| Capital gains | | 1 284 119 | 467 545 |
| Interest expense | | -65 | -5 |
| Capital losses | | -266 | 0 |
| Other financial expenses | (Note 7) | -113 | -106 |
| Total financial income and expenses | | 3 459 879 | 1 999 662 |
| Change in capital for the year | | 3 135 566 | 1 401 400 |

Balance Sheet

| SEK '000 | | Dec. 31, 2005 | Dec. 31, 2004 |
|--|-----------|-------------------|-------------------|
| Assets | | | |
| Financial fixed assets | (Note 8) | | |
| Nominal rate investments | | 13 627 928 | 7 675 730 |
| Real rate investments | | 19 593 623 | 22 372 446 |
| Total, financial fixed assets | | 33 221 551 | 30 048 176 |
| Current assets | | | |
| <i>Receivables</i> | | | |
| Receivables from other authorities | | 21 | 20 |
| Other receivables | | 0 | 3 |
| <i>Cut-off items</i> | | | |
| Prepaid expenses | (Note 9) | 2 193 | 53 |
| Accrued fees from reactor owners etc. | (Note 10) | 188 007 | 138 746 |
| Accrued interest income from the reactor owners | | 1 831 | 3 962 |
| Accrued interest income from investments | (Note 11) | 419 024 | 201 666 |
| <i>Cash and bank balances</i> | | | |
| Interest-bearing account for payment/reimbursement | | 2 444 | 2 287 |
| Spot market investments | | 983 470 | 1 288 182 |
| Total current assets | | 1 596 990 | 1 634 919 |
| Total assets | | 34 818 541 | 31 683 095 |
| Fund capital and liabilities | | | |
| Fund capital | | | |
| Fund capital, opening balance | | 31 680 750 | 30 279 351 |
| Change in capital for the year | | 3 135 566 | 1 401 400 |
| Total fund capital | (Note 12) | 34 816 316 | 31 680 751 |
| Liabilities | | | |
| <i>Current liabilities</i> | | | |
| Liabilities to other authorities | (Note 13) | 1 952 | 2 211 |
| Payables – trade | | 190 | 54 |
| <i>Cut-off items</i> | | | |
| Social security expenses | | 14 | 12 |
| Accrued expenses, intra-state agencies | (Note 14) | 69 | 55 |
| Accrued expenses, not from state agencies | | 0 | 12 |
| Total cut-off items | | 83 | 79 |
| Total liabilities | | 2 225 | 2 344 |
| Total fund capital and liabilities | | 34 818 541 | 31 683 095 |

Notes

Note 1 Income from fees

Fees are paid by the reactor owners in relation to the energy delivered.

| Fees, according to the Financing Act | SEK '000 | 2005 | 2004 |
|--|-----------------|----------------|----------------|
| Forsmarks Kraftgrupp AB | | 299 054 | 224 704 |
| OKG AB | | 99 404 | 87 405 |
| Ringhals AB | | 182 732 | 83 906 |
| Barsebäck Kraft AB | | 3 745 | 0 |
| Total, according to the Financing Act | | 584 935 | 396 015 |
| Fees, according to the Studsvik Act | | 104 198 | 112 558 |
| Total | | 689 133 | 508 573 |

| | Fee in öre per kWh | | Electricity delivered TWh (= 1 000 000 000 kWh) | |
|-------------------------------------|--------------------|-------------|--|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Forsmarks Kraftgrupp AB | 1,2 | 0,9 | 24,9 | 25,0 |
| OKG AB | 0,6 | 0,5 | 16,7 | 17,5 |
| Ringhals AB | 0,7 | 0,3 | 26,1 | 28,0 |
| Barsebäck Kraft AB | 0,2 | 0,0 | 1,9 | 4,6 |
| Total | | | 69,6 | 75,1 |
| Fees, according to the Studsvik Act | 0,15 | 0,15 | | |

Note 2 Reimbursement to reactor owners

The reactor owners are entitled to reimbursement for certain expenses.

| | SEK '000 | 2005 | 2004 |
|--|-----------------|----------------|------------------|
| Forsmarks Kraftgrupp AB | | 298 186 | 329 805 |
| OKG AB | | 202 168 | 223 670 |
| Ringhals AB | | 311 118 | 340 546 |
| Barsebäck Kraft AB | | 129 225 | 144 078 |
| Total, according to the Financing Act | | 940 697 | 1 038 099 |
| According to the Studsvik Act | | 49 090 | 52 651 |
| Total | | 989 787 | 1 090 750 |

Reimbursement to the reactor owners etc., paid in advance, is reported as an expense at the time of disbursement, in accordance with the National Financial Management Authority's recommendation (1999:24) "Transfers – guidance on accounting for contributions made etc. within government agencies".

Of the reimbursement amounts in the table above, the following amounts had not been settled at December 31, 2005.

| | SEK '000 | 2005 | 2004 |
|--|----------|----------------|---------------|
| Forsmarks Kraftgrupp AB | | 22 389 | 22 914 |
| OKG AB | | 14 609 | 15 432 |
| Ringhals AB | | 22 472 | 22 883 |
| Barsebäck Kraft AB | | 9 960 | 10 474 |
| Total, according to the Financing Act | | 69 430 | 71 703 |
| According to the Studsvik Act | | -17 698 | 11 200 |
| Total | | 51 732 | 82 903 |

Note 3 Support to NGOs

| | SEK '000 | 2004 | 2003 |
|---|----------|--------------|----------|
| The Nuclear Waste Secretariat of the Environmental NGOs | | 1 000 | 0 |
| Environmentalists for Nuclear Power | | 50 | 0 |
| Swedish NGO Office for Nuclear Waste Review | | 1 950 | 0 |
| Total | | 3 000 | 0 |

Note 4 Compensation to municipalities

Municipalities can obtain compensation for information work concerning the final disposal of spent nuclear fuel and nuclear.

| | SEK '000 | 2005 | 2004 |
|-------------------------------------|----------|---------------|--------------|
| Hultsfred municipality | | 1 457 | 1 457 |
| Oskarshamn municipality | | 5 500 | 5 000 |
| Östhammar municipality | | 3 125 | 1 291 |
| Regional Association, Kalmar County | | 1 150 | 0 |
| Total | | 11 232 | 7 748 |

Note 5 Reimbursement to other government agencies

| According to special government decisions. | SEK '000 | 2005 | 2004 |
|--|----------|--------------|--------------|
| County administrative board, Kalmar | | 300 | 300 |
| County administrative board, Uppsala | | 300 | 300 |
| Swedish Nuclear Power Inspectorate (SKI) | | 300 | 300 |
| Swedish Radiation Protection Authority (SSI) | | 1 500 | 1 500 |
| Financing Inquiry | | 344 | 2 170 |
| Swedish National Council for Nuclear Waste – KASAM | | 2 936 | 2 907 |
| Total | | 5 680 | 7 477 |

Pepayment from other government authorities

According to special government decisions.

| | | |
|--|--------------|--------------|
| County administrative board, Kalmar | 179 | 13 |
| County administrative board, Uppsala | 61 | 0 |
| Swedish Nuclear Power Inspectorate (SKI) | 0 | 2 623 |
| Swedish Radiation Protection Authority (SSI) | 742 | 1 150 |
| Total | 982 | 3 786 |
| Total | 4 698 | 3 691 |

Note 6 Interest income

| <i>Interest income on investments etc.</i> | SEK '000 | 2005 | 2004 |
|--|------------------|------------------|-------------|
| Interest account for payments made and received | 59 | 40 | |
| Spot market account | 20 616 | 32 689 | |
| Interest income, not from state authorities | 0 | 4 | |
| Nominal rate investments | 580 158 | 220 097 | |
| Real rate investments | 1 573 540 | 1 275 436 | |
| Total | 2 174 373 | 1 528 266 | |
| Calculated accrued interest income on advance payments to the reactor owners | 1 831 | 3 962 | |
| Total interest income | 2 176 204 | 1 532 228 | |

The difference in interest income on real rate investments over the years is due to the compensation for inflation during the year.

Not 7 Other financial expenses

| | SEK '000 | 2005 | 2004 |
|---|-----------------|-------------|-------------|
| National Debt office, account charges | 20 | 20 | |
| Skandinaviska Enskilda Banken, fee charge | 93 | 86 | |
| Total | 113 | 106 | |

Not 8 Financial fixed assets SEK '000

| | Maturity | Nominal holding | Book value | Acquisition rate | Market rate | Market value |
|---|-------------------|------------------------|-------------------|-------------------------|--------------------|---------------------|
| Nominal treasury bonds | | | | | | |
| SO 1037 | 07-08-15 | 3 997 000 | 4 460 476 | 2.20 | 2.545 | 4 338 903 |
| SO 1040 | 08-05-05 | 1 230 000 | 1 367 702 | 2.23 | 2.800 | 1 331 758 |
| SO 1043 | 09-01-28 | 1 037 000 | 1 107 251 | 2.88 | 2.945 | 1 098 784 |
| SO 1048 | 09-12-01 | 1 387 000 | 1 446 422 | 2.96 | 3.035 | 1 435 711 |
| SO 1046 | 12-10-08 | 1 160 000 | 1 255 279 | 4.28 | 3.225 | 1 318 096 |
| SO 1041 | 14-05-05 | 1 888 500 | 2 186 296 | 4.66 | 3.260 | 2 362 986 |
| SO 1049 | 15-08-12 | 1 242 000 | 1 243 144 | 4.47 | 3.295 | 1 363 443 |
| SO 1047 | 20-12-01 | 541 000 | 561 358 | 4.01 | 3.345 | 644 802 |
| Total | | | 13 627 928 | | | 13 894 483 |
| Real rate investments, 1 % coupon rate | | | | | | |
| SO 3106 | 12-04-01 | 3 449 000 | 3 453 749 | 1.09 | 1.503 | 3 369 811 |
| Real rate investments, 3.5 % coupon rate | | | | | | |
| SO 3105 | 15-12-01 | 1 490 000 | 1 821 048 | 2.25 | 1.575 | 1 930 474 |
| SO 3104 | 28-12-01 | 5 620 000 | 6 077 465 | 3.62 | 1.658 | 8 355 142 |
| Real rate investments, 4 % coupon rate | | | | | | |
| SO 3101 | 08-12-01 | 1 400 000 | 1 745 179 | 1.13 | 1.220 | 1 740 774 |
| SO 3102 | 20-12-01 | 5 397 000 | 6 496 182 | 3.61 | 1.618 | 8 167 172 |
| Total | | | 19 593 623 | | | 23 563 373 |
| Total financial fixed assets | 29 838 500 | 33 221 551 | | | | 37 457 856 |

The value of the nominal holding is the amount which is obtained if the investment is held until maturity. For real rate investments, compensation for inflation must be added.

Note 9 Prepaid expenses

| | SEK '000 | 2005 | 2004 |
|-------------------------------------|-----------------|--------------|-------------|
| Environmentalists for Nuclear Power | | 0 | 50 |
| Oskarshamn municipality | | 2 000 | 0 |
| Agresso AB | | 3 | 3 |
| Calvia Terratel AB | | 3 | 0 |
| Vattenfall AB | | 163 | 0 |
| Freebook | | 24 | 0 |
| Total | | 2 193 | 53 |

Note 10 Accrued fees from the reactor owners etc.

The fees are paid by the reactor owners, retroactively, on a quarterly basis and within one month of the end of the quarter. The accrued fees pertain to the fourth quarter of the year concerned.

| | SEK '000 | 2005 | 2004 |
|-------------------------------|-----------------|----------------|----------------|
| Forsmarks Kraftgrupp AB | | 82 782 | 61 217 |
| OKG AB | | 26 688 | 23 757 |
| Ringhals AB | | 50 661 | 23 013 |
| According to the Studsvik Act | | 27 876 | 30 759 |
| Total | | 188 007 | 138 746 |

Note 11 Accrued interest income on investments

| | SEK '000 | 2005 | 2004 |
|--------------------------|-----------------|----------------|----------------|
| Interest account | | 8 | 6 |
| Nominal rate investments | | 345 734 | 147 723 |
| Real rate investments | | 73 282 | 53 937 |
| Total | | 419 024 | 201 666 |

Note 12 Market value of the Fund and distribution at year-end

| | SEK '000 | 2005 | 2004 |
|---|-----------------|-------------------|-------------------|
| Book value fund capital | | 34 816 316 | 31 680 751 |
| Unrealized gains on financial fixed assets | | 4 236 306 | 4 746 661 |
| Market value at year-end¹ | | 39 052 622 | 36 427 412 |

¹The market value on the fund capital is reported in the note. The market valuation include accrued fees from reactor owners and the balance in the interest account at the National Debt Office.

| | SEK '000 | 2005 | 2004 |
|--------------------------------|-------------------|-------------------------|-------------------|
| | | Number of Shares | |
| Of which, Financing Act | 38 076 749 | 174 390 617.1648 | 35 614 550 |
| Forsmarks Kraftgrupp AB | 11 361 178 | 52 033 929.4756 | 10 531 479 |
| OKG AB | 8 851 448 | 40 539 424.8787 | 8 288 642 |
| Ringhals AB | 12 527 514 | 57 375 717.4939 | 11 739 306 |
| Barsebäck Kraft AB | 5 336 609 | 24 441 545.3166 | 5 055 123 |
| Of which, Studsvik Act | 783 593 | 3 588 834.1241 | 670 130 |
| Total² | 38 860 342 | 177 979 451.2889 | 36 284 680 |

²The distribution is calculated exclusively for the financial fixed assets in the Fund, including accrued interest income and spot market investments.

Share rate, December 31, 2005: SEK 218.3417

| Note 13 | Liabilities to other authorities | SEK '000 | 2005 | 2004 |
|----------------|--|-----------------|--------------|--------------|
| | Ministry of Sustainable Development | | 912 | 1 201 |
| | The Legal, Financial and Administrative Service Agency | | 1 000 | 975 |
| | Swedish National Audit Office | | 18 | 16 |
| | The Tax Authorities | | 22 | 19 |
| | Total | | 1 952 | 2 211 |

| Not 14 | Cut-off items | SEK '000 | 2005 | 2004 |
|---------------|-------------------------------|-----------------|-------------|-------------|
| | Swedish National Audit Office | | 69 | 55 |
| | Total | | 69 | 55 |

| Other | Remuneration, benefits, other positions held | | |
|----------------------------------|---|------------------------------|--|
| | <i>Board member</i> | <i>Remuneration, SEK</i> | <i>Other positions on boards of directors</i> |
| Ann Ahlberg | | 23,600 | Nacka Energi AB SEB Fonder AB SEB Fondholding AB SEB Fondinvest AB SEB Nationella Fonder AB |
| Jan Bengtsson | | 21,500 | E.ON Finland Oy, Sydkraft Energy Trading AB, Chairman Sydkraft Fastigheter AB, Chairman Sydkraft Försäkrings AB, Chairman WM-data Utilities AB |
| Per Anders Bergendal | | 23,600 | National Housing Credit Guarantee Board |
| Ing-Marie Gren | | 17,300 | Expert Group for Environmental Studies |
| Yvonne Gustafsson | | 21,500 | BAE Systems Bofors AB National Government Employee Pensions Board Svenska Kraftnät |
| Sten Kottmeier, Vice-Chairman | | 30,600 | Innovationsbron AB, investment committee Trade Union of Journalists, investment committee Legal Financial and Administrative Services Agency, Funds Delegation Swedish Industrial Development Fund Investment Committee Åke Wibergs stiftelse (foundation) |
| Olof Söderberg, Chairman | | 67,600 | National Council for Nuclear Waste (KASAM), Expert |

The annual report for 2005 was adopted at the board meeting on February 20, 2006

Board of the Swedish Nuclear Waste Fund

Yvonne Gustafsson
Chairman

Jan Bengtsson

Per Anders Bergendahl

Ing-Marie Gren

Jan Hedendahl

Sten Kottmeier

Christina Nyman

Auditors' Report

On March 21, 2006, the Swedish National Audit Office submitted the following auditors' report:

The Swedish National Audit Office has examined the Nuclear Waste Fund's Board's annual report, decided on February 20, 2006, for the financial year 2005.

The management of the authority is responsible for ensuring that the activity is conducted efficiently and as stipulated. This responsibility includes providing a reliable account to the Government of the activity in the annual report.

The Swedish National Audit Office's responsibility is to, in accordance with Generally Accepted Auditing Standards in Sweden, audit the authority's annual report and underlying accounts with the aim of evaluating whether the report is reliable and whether the financial statements present a true and fair view as well as to examine whether the administration by the management is in agreement with the applicable regulations and special Government decisions.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain a reasonable basis for establishing whether the annual report presents a true and fair view. Thus, the audit comprised assessing, on a test basis, significant transactions and administration decisions.

We believe that our audit provides a reasonable basis for our opinion set out below.

The financial statements have been prepared in accordance with the Ordinance concerning annual reports and budget documents, agency directives and other decisions that apply to the authority.

In the opinion of the Swedish National Audit Office the annual report essentially presents a true and fair view.

The Audit Director, Bertil Forsslundh has decided on this matter. Accountant Kristoffer Göthberg was the rapporteur.

Bertil Forsslundh

Kristoffer Göthberg



The Board of
the Swedish Nuclear Waste Fund

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