



The Board of  
the Swedish Nuclear Waste Fund

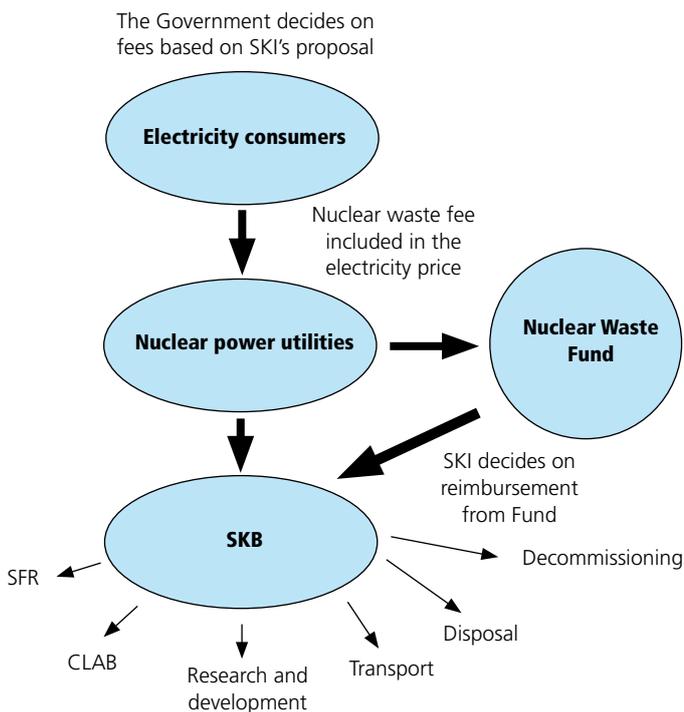
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# Preface

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 and certain other measures.

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.

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](http://www.karnavfallsfonden.se)

During 2006, SEK 648.0 million was paid into the Fund. Costs during the year amounted to SEK 1,240.4 million, most of which comprised reimbursement to the reactor owners for the operation of existing facilities and the planning and design of future facilities.

As of the time that both financing systems entered into force and up to 2006, SEK 26,912.9 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 SEK 30,192.3 million. The expenses, largely in the form of reimbursement to the reactor owners, amounted to SEK 19,404.7 million during the same period.

The capital of the Nuclear Waste Fund (the book value) amounted to SEK 37,699.8 million at year-end 2006. In addition to this, unrealized gains on financial fixed assets amounted to SEK 1,235.1 million. The market value of the Fund at year-end was therefore estimated at SEK 38,934.9 million. Of this amount, SEK 785.4 million in provisions were made for the future expenses of the management of the waste from Studsvik etc. and SEK 37,981.5 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 market 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 2007 to 2020 is no less than 2.2 %.

The administration report shows that the average real return on the capital, during the period of 1996 to 2006, was 6.3% per year. The administration report also shows that the real return in 2006 was -0.4 %. Due to its long duration, the Fund is sensitive to interest rate increases and a negative yield could therefore be realised in a year with rising interest rates. Therefore, in recent years, the Board decided to re-invest the capital in order to reduce the duration. Through the Board's decision to reduce the duration and thereby the interest rate risk in the Fund, the negative effects of the interest rate increase in 2006 were reduced.

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 2006, 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.

An application for permission to construct an encapsulation plant next to the existing Central Interim Storage Facility for Spent Nuclear Fuel (CLAB) in Oskarshamn was submitted in November 2006. According to the time-schedule it should be possible to start operation of the

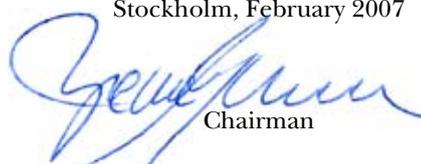
encapsulation plant in 2018. Site investigations currently in progress are expected to result in applications at the end of 2009 for permission to start the construction of a repository for spent nuclear fuel at a site. It is planned to start repository operation in 2018.

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.

In May, the Swedish Parliament passed a new Act on the Financing of the Disposal of Spent nuclear Fuel which will enter fully into force in January 2008.

The new Act, which replaces the Financing Act (1992:1537) covers all those who are licensed to own or operate nuclear facilities which generate or have generated in waste products, namely, nuclear substances that may not be re-used and nuclear waste that is not operating waste. The new Act proposes that nuclear waste fees should be charged for costs generated by the waste management and the decommissioning of nuclear facilities until the waste is deposited in a repository and all obligations have been met. As is the case today, a Fund is to be set up and, for the amounts not covered by the Fund, the possibilities of requiring security are improved. It is also proposed that the process for deciding fees and securities should be more flexible and that the opportunity of handling the risk borne by the state for the costs of the nuclear waste should be improved.

Stockholm, February 2007



Chairman

# Administration Report for the Swedish Nuclear Waste Fund, 2006

## 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 to be invested in interest-bearing accounts at the National Debt Office or in promissory notes issued by the Swedish state. The Fund is 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 market value of the fund capital.

The return on investment for 2006 was 1.2 % and the real investment rate was –0.4 %. The real interest rate investments of the Fund decreased from 61 % to 50 % of the market value of the invested capital. At the end of the year, the duration<sup>1</sup> of the portfolio

was 6.0 years. In the eleven years that the current fund administration system has applied, the average annual real return on the Fund has been 6.3 %. The general interest rate situation has resulted in a decrease in the investment rate for new investments in real interest-rate bonds to about 1.7 % regardless of maturity. 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 market value of the administered funds for the period of 1996 to 2020 can be reached. The market value of the assets in the Fund decreased during the year by SEK 117,680k to SEK 38,934,942k.

## 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 re-

<sup>1</sup>The duration is the maturity expressed in years when an investor realises a return of half of the net present value of the investment (purchase price plus accrued interest).

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Born in 1952. Bachelor of Science (Economics and Business),  
Director General, The Swedish National Financial Management  
Authority, Chairman.

**Christina Nyman**  
Born in 1966.  
Master of Political  
Science, Head of  
Division, National  
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Research  
Vice-Chairman.





**Per Anders Bergendahl**  
Born in 1947.  
Ph. D. in economics,  
Associate Professor.



**Peter Norman**  
Born in 1958.  
BSc, Executive  
President,  
Seventh AP Fund.





**Hans Borgström**  
Born in 1947.  
Master of  
Laws Degree,  
Financial Director,  
E.ON Sverige AB.



**Jan Hedendahl**  
Born in 1954.  
Bachelor of Science  
(Economics and Business),  
Investment Controller,  
Vattenfall AB.





**Ing-Marie Gren**  
Born in 1951.  
Ph. D. in economics,  
Professor,  
Swedish University of  
Agricultural Sciences.

spect, 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.

In spring 2006, the Swedish parliament adopted a new Act (2006:647) on financial measures for the management of waste products from nuclear activities. Parts of the Act will apply as of March 1, 2007. The Act will enter into force in full as of January 1, 2008 when the Financing Act ceases to apply.

### Members of the Board of Governors

The members of the Board of the Fund are appointed by the Government. In 2006, the Board comprised the following members

Yvonne Gustafsson, Chairman  
Sten Kottmeier, Vice-Chairman  
Jan Bengtsson, until March 10  
Per Anders Bergendahl  
Hans Borgström, from March 30  
Ing-Marie Gren  
Jan Hedendahl  
Christina Nyman

The Government has decided that the Board should comprise the following members from 2007

	Appointed until
Yvonne Gustafsson, Chairman	2008
Christina Nyman, Vice-Chairman	2008
Per Anders Bergendahl	2008
Ing-Marie Gren	2007
Jan Hedendahl	2007
Peter Norman	2008

## 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 corresponding 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):

	2006	2005
Forsmarks Kraftgrupp AB	1.2	1.2
OKG AB (Oskarshamn)	0.6	0.6
Ringhals AB	0.7	0.7
Barsebäck Kraft AB	0.0	0.2

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 '000):**

	2006	2005
<b>In accordance with the Financing Act</b>	<b>550 535</b>	<b>584 935</b>
Forsmarks Kraftgrupp AB	267 316	299 054
OKG AB (Oskarshamn)	94 418	99 404
Ringhals AB	188 801	182 732
Barsebäck Kraft AB	0	3 745
<b>In accordance with the Studsvik Act</b>	<b>97 476</b>	<b>104 198</b>
<b>Total</b>	<b>648 011</b>	<b>689 133</b>

**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 (SSI) as well as expenses for the Swedish National Council for Nuclear Waste – KASAM must be covered by the Fund. During the period of 2003–2005, costs for the Commission of Inquiry into Financing (M 2003:1) were also reimbursed from the Nuclear Waste Fund.

**The following amounts were reimbursed from the Fund (SEK '000):**

	2006	2005
Forsmarks Kraftgrupp AB	314 411	298 186
OKG AB (Oskarshamn)	214 291	202 168
Ringhals AB	329 228	311 118
Barsebäck Kraft AB	236 825	129 225
<b>In accordance with the Studsvik Act</b>	<b>119 428</b>	<b>49 090</b>
Municipalities	11 975	11 232
NGOs	2 958	3 000
County administrative boards <sup>1)</sup>	585	360
KASAM	4 093	2 936
Financing Inquiry	0	344
SKI	0	300
Swedish Radiation Protection Authority (SSI) <sup>1)</sup>	1 000	758
<b>Total</b>	<b>1 234 884</b>	<b>1 008 717</b>

<sup>1)</sup> In 2006, the County Administrative Board of Kalmar repaid non-utilized funds for 2005 amounting to SEK 109k. The County Administrative Board

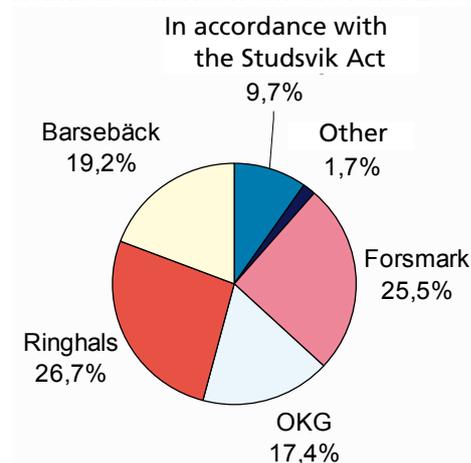
of Uppsala repaid SEK 6k. The county administrative boards in Kalmar and Uppsala were granted SEK 300k and SEK 400k for 2006. The amounts were disbursed in 2006.

In 2006, SEK 1,000k was granted and disbursed to SSI. In 2005, SSI repaid non-utilized funds for 2004 amounting to SEK 742k 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 5,494k has been disbursed to cover the costs for the administration of the Fund (see Administration below).

**Reimbursements from the Fund 2006**



**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 market 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 2007 to 2020 is a minimum of 2.2 %. 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 exposure on the market 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 duration of the 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. 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 sub-

mitted 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 August 25, 2005), about 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 9.6 years at December 31, 2006. At the same time, the duration of the Nuclear Waste Fund was 6.0 years (including liquid assets).

## **Investments**

### **Duration**

The Board has in recent years chosen to limit the interest rate risk in the portfolio by successively reducing the duration. In 2004, the duration was 11.1 years, in 2005, it was 8.9 years and at the end of 2006 it was 6.0 years. This occurred through the sale of bonds with longer maturities and purchase of 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. The reduction of the duration meant that the market value of the Fund did not decrease as much when the interest rates increased as it would have done if the duration had remained the same.

### **Share of real interest rate bonds**

Through reinvestment during the year, the share of real interest rate bonds decreased from 61% to 50%. Three years ago, the share in real terms was 91%. Over the past three 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.

Since that time, the conditions have changed. In 1993, the Riksbank introduced an inflation target with the aim of attaining a low and stable inflation. Since that time the inflation rate has stayed below an average of 2%. Another change is that the interest on real interest rate bonds has decreased substantially. 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. In 1996, the interest on real interest rate bonds was about 4.5% compared with current real interest rates which are about 1.7%. 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.

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. On the open market, real interest rate bonds are less liquid compared

with nominal interest rate bonds. For this reason, a decision was made to increase the share of nominal interest rate bonds in order to limit the liquidity risk in the Fund.

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 end of the year, the real share of bonds in the Fund was 50%.

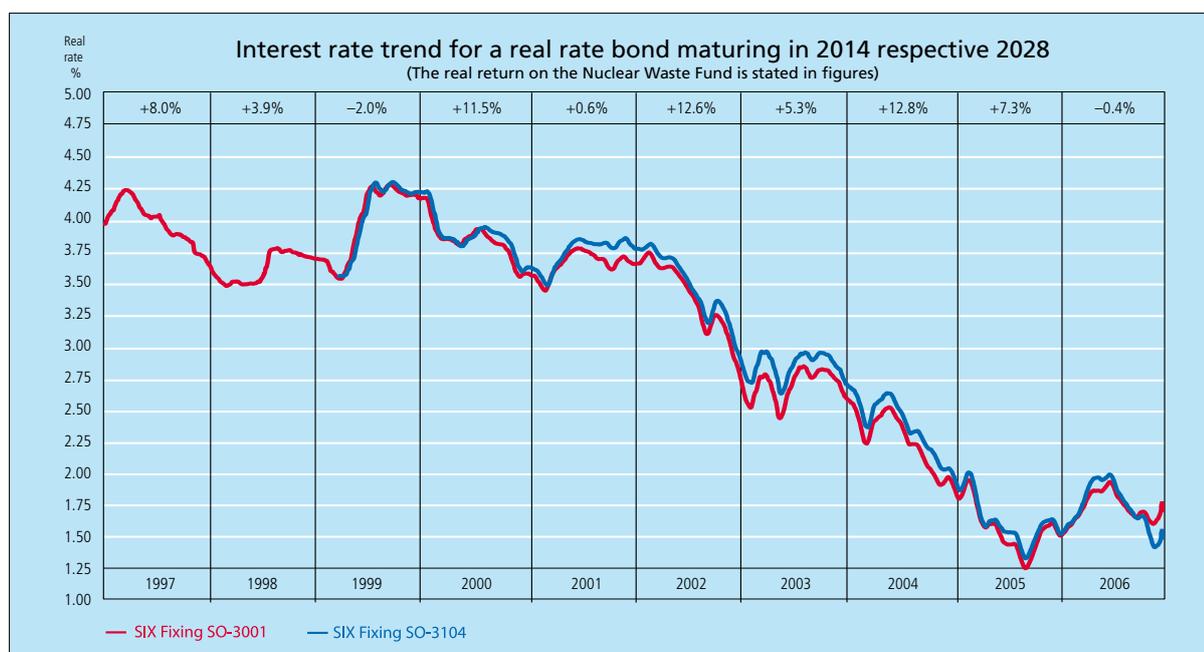
During the year, the Board purchased nominal rate bonds and sold real interest rate bonds. The reason why the Board continued to sell real interest rate bonds in 2006 is that it is expected that inflation in Sweden will continue to be on par with the Riksbank's inflation rate. Inflation measured in accordance with the Consumer Price Index, 12-month change, was 1.6% in December 2006.

At year-end 2006, the assets of the Nuclear Waste Fund were invested as follows:

<b>Investment</b>	<b>Maturity</b>	<b>Market-Value, (SEK '000*)</b>
SO 1037	2007-08-15	3 697 428
SO 1040	2008-05-05	1 897 509
SO 1043	2009-01-28	2 745 164
SO 1048	2009-12-01	2 673 735
SO 1046	2012-10-08	1 258 751
SO 1041	2014-05-05	2 120 142
SO 1049	2015-08-12	1 094 548
SO 1045	2011-03-15	2 743 182
<b>Total nominal treasury bonds</b>		<b>18 230 459</b>
SO 3101	2008-12-01	1 843 420
SO 3106	2012-04-01	4 952 948
SO 3105	2015-12-01	4 532 567
SO 3102	2020-12-01	4 012 805
SO 3104	2028-12-01	3 949 467
<b>Total real rate treasury bonds</b>		<b>19 291 207</b>
<b>Spot market</b>		<b>634 824</b>
<b>Total invested capital</b>		<b>38 156 490</b>

\*) Excluding interest accrued.

A more detailed description of the investments is provided in Note 8 to the balance sheet. In addition to the invested capital, assets existed in the form of pre-paid items and a cash account for current payments. Thus, the total market value of the assets in the Fund amounted to SEK 38,934,942k.



## 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 <sup>1)</sup> (%)	Inflation <sup>2)</sup> (%)	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
2006	1.2	1.6	-0.4

Average per year <sup>3)</sup>	7.5	1.2	6.3
--------------------------------	-----	-----	-----

<sup>1)</sup> 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).

<sup>2)</sup> 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.

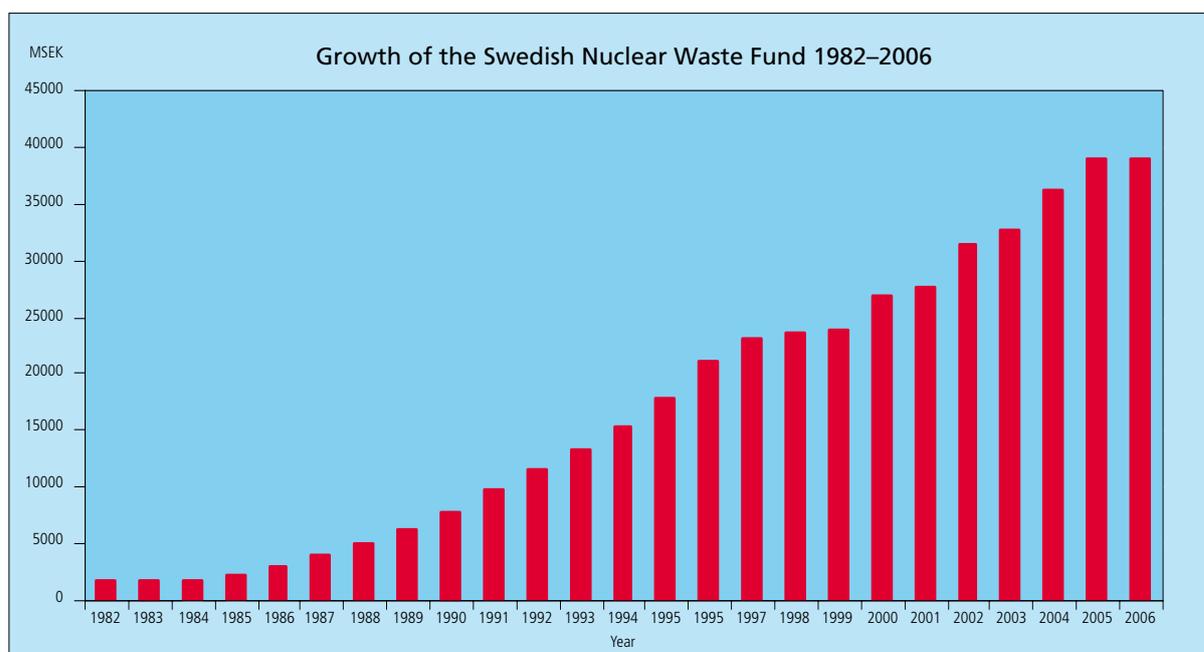
<sup>3)</sup> The average annual real return is calculated as the geometrical average of the annual figures.

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 fall

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

The return in 2006 was 1.2 %. The real return (return after inflation) was -0.4 %. Through its long duration, the Fund is sensitive to interest rate increases. This means that the return could be negative during a year with increasing interest rates. Therefore, in recent years, the Board had decided on certain re-investments of capital in the aim of reducing the duration and thereby counteracting the effects of such a trend. This strategy has been successful and meant that the Fund was not affected as much by the interest rate increase in 2006 as it would have been if the duration had remained the same.

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 eleven years that the current form of administration has been applied (from 1996 to 2006), the real return is 6.3 % on average per year. This level should be compared with the target of the Board to achieve an average real return of a minimum of 4 % per year



of the market 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 1.7 % at the end of 2006. 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 2006. At that time, the remaining capital-weighted maturity was 7.2 years and the duration, 6.0 years.

The annual real rate of return was 6.3 % in 1996–2006 and investments made so far have secured a good return for a long period of time into the future. 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 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 2006, the balance decreased by SEK 117,680k.

### **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.

### **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):

	<b>Market Value</b>	<b>Book Value</b>
<b>In accordance with the Financing Act</b>	<b>37 981 485</b>	<b>36 935 734</b>
Forsmarks Kraftgrupp AB	11 471 797	11 155 942
OKG AB (Oskarshamn)	8 833 442	8 590 229
Ringhals AB	12 508 991	12 164 579
Barsebäck Kraft AB	5 167 255	5 024 984
<b>In accordance with the Studsvik Act</b>	<b>785 650</b>	<b>764 019</b>
<b>Total</b>	<b>38 767 135</b>	<b>37 699 753</b>

The market values specified above concern the aggregate of the Fund's nominal and real rate invest-

ments as well as spot market investments. Fees accrued from the reactor owners for the fourth quarter of 2006, 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. The Board has provided this information to SKI.

### **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 2006, the Government has decided that the following guarantees shall apply. (Amounts in SEK 000.):

	Guarantee I	Guarantee II
Forsmarks Kraftgrupp AB	561 000	2 736 000
OKG AB (Oskarshamn)	200 000	1 974 000
Ringhals AB	307 000	3 160 000
Barsebäck Kraft AB	0	1 360 000
<b>Total</b>	<b>1 068 000</b>	<b>9 230 000</b>

According to a Government Ordinance, the Board of the Fund must administer the securities. The Government established the guarantees for 2006 through a decision on December 15, 2005. In a supplementary decision on May 18, 2006, 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 2006.

### **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 2006 may not exceed SEK 6,150k. Total administrative expenses amounted to SEK 5,494k of which SEK 4,800k 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		2006	2005
<b>Income</b>			
Fee-based income	(Note 1)	648 011	689 133
<b>Total income</b>		<b>648 011</b>	<b>689 133</b>
<b>Expenses</b>			
Reimbursement to reactor owners	(Note 2)	-1 214 273	-989 787
Support to NGOs	(Note 3)	-2 958	-3 000
Compensation to municipalities	(Note 4)	-11 975	-11 232
Reimbursement to other government agencies	(Note 5)	-5 678	-4 698
Operating expenses			
Fees to board members		-300	-325
Other operating expenses		-5 194	-4 404
<b>Total expenses</b>		<b>-1 240 378</b>	<b>-1 013 446</b>
<b>Result before financial income and expenses</b>		<b>-592 367</b>	<b>-324 313</b>
<b>Financial income and expenses</b>			
Interest income	(Note 6)	1 608 301	2 176 204
Capital gains		1 911 148	1 284 119
Interest expense		-1	-65
Capital losses		-43 530	-266
Other financial expenses	(Note 7)	-114	-113
<b>Total financial income and expenses</b>		<b>3 475 804</b>	<b>3 459 879</b>
<b>Change in capital for the year</b>		<b>2 883 437</b>	<b>3 135 566</b>

# Balance Sheet

SEK '000		Dec. 31, 2006	Dec. 31, 2005
<b>Assets</b>			
<b>Financial fixed assets</b>	(Note 8)		
Nominal rate investments		18 774 559	13 627 928
Real rate investments		17 511 918	19 593 623
<b>Total, financial fixed assets</b>		<b>36 286 477</b>	<b>33 221 551</b>
<b>Current assets</b>			
<i>Receivables</i>			
Receivables from other authorities		12	21
Other receivables		1 573	0
<i>Cut-off items</i>			
Prepaid expenses	(Note 9)	10	2 193
Accrued fees from reactor owners etc.	(Note 10)	168 030	188 007
Accrued interest income from the reactor owners		0	1 831
Accrued interest income from investments	(Note 11)	610 673	419 024
<i>Cash and bank balances</i>			
Interest-bearing account for payment/reimbursement		2 504	2 444
Spot market investments		634 824	983 470
<b>Total current assets</b>		<b>1 417 626</b>	<b>1 596 990</b>
<b>Total assets</b>		<b>37 704 103</b>	<b>34 818 541</b>
<b>Fund capital and liabilities</b>			
<b>Fund capital</b>			
Fund capital, opening balance		34 816 316	31 680 750
Change in capital for the year		2 883 437	3 135 566
<b>Total fund capital</b>	(Note 12)	<b>37 699 753</b>	<b>34 816 316</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Liabilities to other authorities	(Note 13)	2 664	1 952
Payables – trade		1 612	190
<i>Cut-off items</i>			
Social security expenses		16	14
Accrued expenses, intra-state agencies	(Note 14)	58	69
<b>Total cut-off items</b>		<b>74</b>	<b>83</b>
<b>Total liabilities</b>		<b>4 350</b>	<b>2 225</b>
<b>Total fund capital and liabilities</b>		<b>37 704 103</b>	<b>34 818 541</b>

# Notes

## Note 1 Income from fees

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

<b>Fees, according to the Financing Act</b>	<b>SEK '000</b>	<b>2006</b>	<b>2005</b>
Forsmarks Kraftgrupp AB		267 316	299 054
OKG AB		94 418	99 404
Ringhals AB		188 801	182 732
Barsebäck Kraft AB		0	3 745
<b>Total, according to the Financing Act</b>		<b>550 035</b>	<b>584 935</b>
<b>Fees, according to the Studsvik Act</b>		<b>97 476</b>	<b>104 198</b>
<b>Total fee income</b>		<b>648 011</b>	<b>689 133</b>

	Fee in öre per kWh		Electricity delivered TWh (= 1 000 000 000 kWh)	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Forsmarks Kraftgrupp AB	1.2	1.2	22.3	24.9
OKG AB	0.6	0.6	15.7	16.7
Ringhals AB	0.7	0.7	27.0	26.1
Barsebäck Kraft AB	0.0	0.2	0.0	1.9
<b>Total</b>			<b>65.0</b>	<b>69.6</b>
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.

	<b>SEK '000</b>	<b>2006</b>	<b>2005</b>
Forsmarks Kraftgrupp AB		-314 411	-298 186
OKG AB		-214 291	-202 168
Ringhals AB		-329 228	-311 118
Barsebäck Kraft AB		-236 825	-129 225
<b>Total, according to the Financing Act</b>		<b>-1 094 755</b>	<b>-940 697</b>
<b>According to the Studsvik Act</b>		<b>-119 518</b>	<b>-49 090</b>
<b>Total</b>		<b>-1 214 273</b>	<b>-989 787</b>

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. The value for the previous year under the Studsvik Act has been corrected since an error occurred in the printed report for 2005.

	SEK '000	2006	2005
Forsmarks Kraftgrupp AB		5 250	22 389
OKG AB		3 404	14 609
Ringhals AB		5 468	22 472
Barsebäck Kraft AB		2 316	9 960
<b>Total, according to the Financing Act</b>		<b>16 438</b>	<b>69 430</b>
<b>According to the Studsvik Act</b>		<b>18 318</b>	<b>17 698</b>
<b>Total</b>		<b>34 756</b>	<b>87 128</b>

**Note 3 Support to NGOs**

	SEK '000	2006	2005
The Nuclear Waste Secretariat of the Environmental NGOs		-1 000	-1 000
Environmentalists for Nuclear Power		42	-50
Swedish Renewable Energies Association		-75	0
Swedish NGO Office for Nuclear Waste Review		-1 925	-1 950
<b>Total</b>		<b>-2 958</b>	<b>-3 000</b>

**Note 4 Compensation to municipalities**

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

	SEK '000	2006	2005
Hultsfred municipality		-1 573	-1 457
Oskarshamn municipality		-6 000	-5 500
Östhammar municipality		-3 359	-3 125
Regional Association, Uppsala County		-900	0
Regional Association, Kalmar County		-143	-1 150
<b>Total</b>		<b>-11 975</b>	<b>-11 232</b>

**Note 5 Reimbursement to other government agencies**

	SEK '000	2006	2005
According to special government decisions.			
County administrative board, Kalmar		-300	-300
County administrative board, Uppsala		-400	-300
Swedish Nuclear Power Inspectorate (SKI)		0	-300
Swedish Radiation Protection Authority (SSI)		-1 000	-1 500
Financing Inquiry		0	-344
Swedish National Council for Nuclear Waste – KASAM		-4 093	-2 936
<b>Total</b>		<b>-5 793</b>	<b>-5 680</b>

**Repayment from other government authorities**

According to special government decisions.

County administrative board, Kalmar		109	179
County administrative board, Uppsala		6	61
Swedish Radiation Protection Authority (SSI)		0	742
<b>Total</b>		<b>115</b>	<b>982</b>
<b>Total reimbursement to other government agencies</b>		<b>-5 678</b>	<b>-4 698</b>

**Note 6 Interest income**

<i>Interest income on investments etc.</i>	<b>SEK '000</b>	<b>2006</b>	<b>2005</b>
Interest account for payments made and received		74	59
Spot market account		19 699	20 616
Nominal rate investments		919 450	580 158
Real rate investments		669 078	1 573 540
<b>Total</b>		<b>1 608 301</b>	<b>2 174 373</b>
Calculated accrued interest income on advance payments to the reactor owners		0	1 831
<b>Total interest income</b>		<b>1 608 301</b>	<b>2 176 204</b>

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

**Not 7 Other financial expenses**

	<b>SEK '000</b>	<b>2006</b>	<b>2005</b>
National Debt office, account charges		-20	-20
Skandinaviska Enskilda Banken, fee charge		-943	-93
<b>Total</b>		<b>-114</b>	<b>-113</b>

**Not 8 Financial fixed assets December 31, 2006 SEK '000**

	<b>Maturity</b>	<b>Nominal holding</b>	<b>Book value</b>	<b>Acquisition rate</b>	<b>Market rate</b>	<b>Market value</b>
<b>Nominal rate investments</b>						
SO 1037	07-08-15	3 597 000	4 014 093	2.14	3.340	3 697 428
SO 1040	08-05-05	1 830 000	2 012 691	2.41	3.625	1 897 509
SO 1043	09-01-28	2 678 000	2 818 797	3.09	3.720	2 745 164
SO 1048	09-12-01	2 658 000	2 737 858	3.20	3.780	2 673 735
SO 1045	11-03-15	2 600 000	2 822 354	3.34	3.805	2 743 182
SO 1046	12-10-08	1 160 000	1 255 279	4.28	3.825	1 258 751
SO 1041	14-05-05	1 788 500	2 070 527	4.65	3.805	2 120 142
SO 1049	15-08-12	1 042 000	1 042 960	4.45	3.800	1 094 548
<b>Total nom. rate investments</b>		<b>17 353 500</b>	<b>18 774 559</b>			<b>18 230 459</b>
<b>Real rate investments, 1 % coupon rate</b>						
SO 3106	12-04-01	5 061 000	5 086 673	1.29	1.820	4 952 948
<b>Real rate investments, 3.5 % coupon rate</b>						
SO 3105	15-12-01	3 538 000	4 434 931	1.98	1.705	4 532 567
SO 3104	28-12-01	2 620 000	2 895 320	3.57	1.595	3 949 467
<b>Real rate investments, 4 % coupon rate</b>						
SO 3101	08-12-01	1 511 000	1 854 259	1.27	1.585	1 843 420
SO 3102	20-12-01	2 662 000	3 240 735	3.60	1.640	4 012 805
<b>Total real rate investments</b>		<b>15 392 000</b>	<b>17 511 918</b>			<b>19 291 207</b>
<b>Total financial fixed assets</b>						
<b>December 31, 2006</b>		<b>32 745 500</b>	<b>36 286 477</b>			<b>37 521 666</b>
<i>Total financial fixed assets,</i>						
<i>December 31, 2005</i>		<i>29 838 500</i>	<i>33 221 551</i>			<i>37 457 856</i>

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.

**Not 9 Prepaid expenses**

	SEK '000 December 31, 2006	December 31, 2005
Oskarshamn municipality	0	2 000
Agresso AB	4	3
Calvia Terratel AB	3	3
Plusgirot	3	0
Vattenfall AB	0	163
Freebook	0	24
<b>Total</b>	<b>10</b>	<b>2 193</b>

**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 Dec. 31 2006	Dec. 31 2005
Forsmarks Kraftgrupp AB	71 363	82 782
OKG AB	21 643	26 688
Ringhals AB	49 982	50 661
According to the Studsvik Act	25 042	27 876
<b>Total</b>	<b>168 030</b>	<b>188 007</b>

**Note 11 Accrued interest income on investments**

	SEK '000 Dec. 31 2006	Dec. 31 2005
Interest account	28	8
Nominal rate investments	536 983	345 734
Real rate investments	73 662	73 282
<b>Total</b>	<b>610 673</b>	<b>419 024</b>

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

	SEK '000 Dec. 31 2006	Dec. 31 2005
Book value fund capital according to the balance sheet	37 699 753	34 816 316
Unrealized gains on financial fixed assets	1 235 189	4 236 306
<b>Market value at year-end<sup>1</sup></b>	<b>38 934 942</b>	<b>39 052 622</b>

<sup>1</sup>The 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 Dec.31 2006	Dec. 31 2006	Dec. 31 2005
	Number of Shares	Market value	Market value
<b>Of which, Financing Act</b>			
Forsmarks Kraftgrupp AB	51 895 066.5142	11 471 797	11 361 178
OKG AB	39 959 920.7797	8 833 442	8 851 448
Ringhals AB	56 587 030.5813	12 508 991	12 527 514
Barsebäck Kraft AB	23 375 157.7252	5 167 255	5 336 609
<b>Total Financing Act</b>	<b>171 817 175.6004</b>	<b>37 981 485</b>	<b>38 076 749</b>
<b>Of which, Studsvik Act</b>	<b>3 554 050.4852</b>	<b>785 650</b>	<b>783 593</b>
<b>Total<sup>2</sup></b>	<b>175 371 226.0856</b>	<b>38 767 135</b>	<b>38 860 342</b>

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

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<b>Note 13</b>	<b>Liabilities to other authorities</b>	<b>SEK '000</b>	<b>Dec. 31 2006</b>	<b>Dec. 31 2005</b>
	Ministry of Sustainable Development		1 433	912
	The Legal, Financial and Administrative Service Agency		1 200	1 000
	Swedish National Audit Office		13	18
	The Tax Authorities		18	22
	<b>Total</b>		<b>2 664</b>	<b>1 952</b>

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<b>Note 14</b>	<b>Accrued expences, intra-state agencies</b>	<b>SEK '000</b>	<b>Dec. 31 2006</b>	<b>Dec. 31 2005</b>
	Swedish National Audit Office		58	69
	<b>Total</b>		<b>58</b>	<b>69</b>

<b>Other</b>	<b>Remuneration, benefits, other positions held</b>	
<i>Board member</i>	<i>Remuneration, SEK</i>	<i>Other positions on boards of directors</i>
Jan Bengtsson until March 10, 2006	2,108	E.ON Finland Oy, E.ON Energy Trading AB, Chairman E.ON Fastigheter AB, Chairman E.ON Försäkrings AB, Chairman
Per Anders Bergendal	21,500	
Hans Borgström from March 30, 2006	17,292	E.On Fastigheter Sverige AB E.ON Fastigheter Nord AB E.ON Tyfonen Fastigheter AB Sydkraft Polen AB
Ing-Marie Gren	19,400	Expert Group for Environmental Studies
Yvonne Gustafsson	67,600	BAE Systems Bofors AB National Government Employee Pensions Board Svenska Kraftnät (position terminated in 2006) Swedish Export Credits Guarantee Board
Jan Hedendahl	23,600	Vattenfall Trading Services Sp.zo.o Strafina AB
Sten Kottmeier, Vice-Chairman until December 31, 2006	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)
Christina Nyman	23,600	
<i>Total</i>	<i>205,700</i>	

**The annual report for 2006 was adopted at the board meeting on February 20, 2007**

**Board of the Swedish Nuclear Waste Fund**

Yvonne Gustafsson <i>Chairman</i>	Per Anders Bergendahl	Hans Borgström
Ing-Marie Gren	Jan Hedendahl	Peter Norman
Christina Nyman		

# Auditors' Report

On March 5, 2007, 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, 2007, for the financial year 2006.

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

It is the responsibility of the Swedish National Audit Office, in accordance with Generally Accepted Auditing Standards in Sweden, to audit the authority's annual report. The aim is to evaluate whether the report and underlying accounts are 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.

In the opinion of the Swedish National Audit Office the annual report essentially presents adequate and appropriate evidence for the following audit statement.

The financial statements have been prepared in accordance with appropriate parts of the Ordinance concerning annual reports and budget documents and in accordance with 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