



The Board of  
the Swedish Nuclear Waste Fund

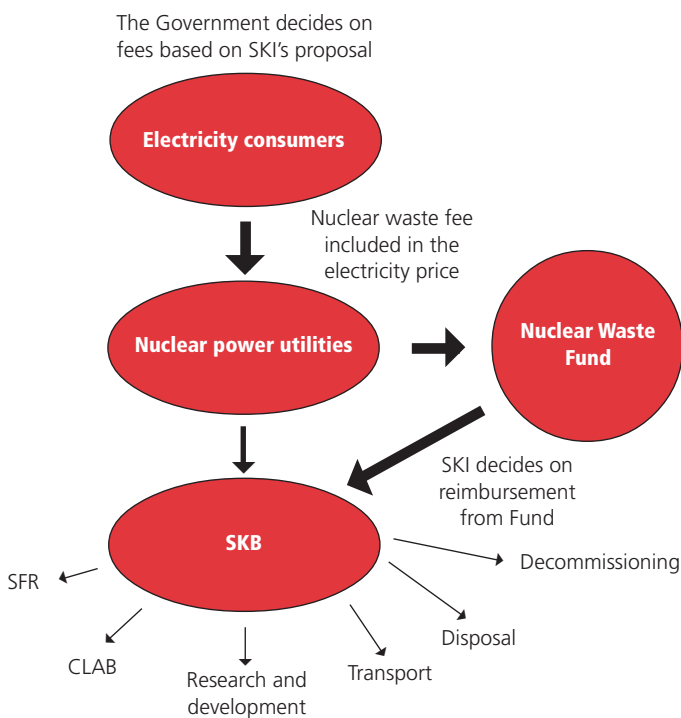
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# Preface

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.

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 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)

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 2003, about SEK 458.7 million was paid into the Fund. Disbursements during the year amounted to about SEK 1,087.1 million, most of which comprised reimbursement to the reactor owners.

As of the time that both financing systems entered into force and up to 2003, about SEK 25,067.2 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 21,256.4 million. The expenses, largely in the form of reimbursement to the reactor owners, amounted to about SEK 16,044.1 million during the same period.<sup>1</sup>

The capital of the Nuclear Waste Fund (the book value) amounted to about SEK 30,279.4 million at year-end 2003. In addition to this, unrealized gains on financial fixed assets amounted to about SEK 2,483.6 million. The market value of the Fund at year-end was therefore estimated at SEK 32,763.0 million. Of this amount, about SEK 565.1 million in provisions were made for the future expenses of the management of the waste from Studsvik. About SEK 32,071.3 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.

<sup>1</sup> Corresponding disclosures in the preface for the previous years concerning total other income and total expenditure contained slight inaccuracies. The correct figure for total other income (largely financial income in the form of interest and capital gains less capital losses) up to and including 2002 is SEK 19,777.9 million and the correct figure for the total expenditure up to and including 2002 is SEK 14,957.0 million.

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 2003 to 2020 is no less than 3.25 %.

The administration report shows that the average real return on the capital, during the eight-year period of 1996 to 2003, was 6.2 % per year. At the end of 2003, the Board decided to allow an external consultant to evaluate the administration of the Nuclear Waste Fund. As soon as the results of this evaluation are available, the Board intends to inform the Government.

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.

Based on decisions made by councillors in Oskarshamn and Östhammar municipalities, the Swedish Nuclear Fuel and Waste Management Co. (SKB) initiated investigations during 2002 at two sites (in the Simpevarp area and the Forsmark area). The initial phase should be completed during the first half of 2005. In 2006, SKB plans to submit 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, and it is expected that the plant will be taken into operation in 2017. Further site investigations are expected to result in applications in 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 hardly 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. Since autumn 2002, a negotiator at the Ministry of Industry, Employment and Communications has been negotiating with the industry in order to prepare an agreement on a sustainable policy for the further reform of the energy system. According to the underlying bill and the negotiator's terms of reference, the aim of such an agreement is to "create favourable conditions for the commercially viable continued operation and successive phase-out of nuclear power, at the same time that other environmentally acceptable forms of electricity generation are commissioned and the electricity supply is secured". Negotiations are continuing.

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 achieve a high return, the strategy of the Board is to ensure that a large part of the assets are invested with long maturities, without incurring any unnecessary interest rate risks. To meet the requirements concerning an adequate liquidity, the Board is dependent on annual forecasts from the Swedish Nuclear Power Inspectorate (SKI) concerning future disbursements from the Fund. The Board has started a close co-operation with SKI to develop these forecasts.

Since autumn 2003, a special investigator has been reviewing the financing system (Dir. 2003:41). In accordance with the directive, the investigator is to consult with the Board and others as well as present his findings to the Government no later than by August 31, 2004.

Stockholm, February 2004

  
Chairman

# Administration Report for the Swedish Nuclear Waste Fund, 2003

## **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) and the Studsvik Act (1988:1597). The fees shall primarily finance the future expenses for spent nuclear fuel etc.

The investment rules for the Nuclear Waste Fund were changed on July 1, 2002 through an amendment of the Act on the Financing of Future Expenses for Spent Nuclear Fuel etc. Previously, the assets could only be deposited in accounts at the National Debt Office, either as spot market investments or on terms corresponding to quoted nominal or real interest rate government bonds.

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.

At the end of 2003, real interest rate investments represented about 91 % of the market value of the invested capital, including liquid assets. The duration

of the portfolio was 11.9 years. As a result of the long duration and the large share of real interest rate bonds, the Board has secured an adequate real return on the accumulated funds for a long time in the future. In the eight years that the current fund administration system has applied, the average annual real return on the Fund has been 6.2 %. The general interest rate situation entailed that the interest rate for new investments in real interest-rate bonds fell to below 3 % at the end of 2003. However, in spite of this, and 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. At the end of 2003, the market value of the assets in the Fund was SEK 32,762,971,007.

## **Background**

Through the amendments to 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, 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



From the left: **Ing-Marie Gren**, born in 1951, PhD in economics, Professor, Swedish University of Agricultural Sciences, Head of Unit, National Institute of Economics Research. **Olof Söderberg**, born in 1935, Doctor of Philosophy, former Deputy Director General and Special Advisor to the Government for Nuclear Waste Disposal, Ministry of the Environment, Chairman. **Jan Bengtsson**, born in 1958, Bachelor of Science (Economics and Business), Director, Sydkraft AB. **Ann Ahlberg**, born in 1939, Bachelor of Science (Economics and Business), Director, Vattenfall Treasury AB. **Sten Kottmeier**, born in 1939, Bachelor of Science (Economics and Business), former Director, AMF Pension, Vice-Chairman.

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.

### ***Members of the Board of Governors***

The members of the Board of the Fund are appointed by the Government. The Government has appointed the following board members for the period of 2003 to 2004:

Former Deputy Director General Olof Söderberg,  
Chairman

Director Sten Kottmeier, Vice-Chairman

Director Ann Ahlberg

Director Jan Bengtsson

Professor Ing-Marie Gren

### **Investment Rules**

Up to July 1, 2002, the assets in the Fund were to be deposited in accounts at the National Debt Office. These investments had to take the form of spot market investments or investments at nominal or real interest rates on terms based on quoted interest rates and other terms for market-quoted nominal or real interest rate government bonds.

The investment rules for the Nuclear Waste Fund were changed on July 1, 2002, through an amendment of the Financing Act. According to the current wording of the Act, the assets in the Fund are to be deposited in interest-bearing accounts at the National Debt Office or invested in promissory notes issued by the state. This means that investments with maturities exceeding one year can no longer be made in the form of deposits in the National Debt Office and must be invested in the market in the form of ordinary government bonds. The Board has signed an agreement with the National Debt Office concerning spot market investments and short-term deposits of funds in accounts at the National Debt Office. Therefore, from July 1, 2002, 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.

According to the preparatory work for the amendment of the Act, the transition to the new investment rules would be achieved by retaining the interest rate return conditions already applying to existing investments. The transition would thus not affect the Nuclear Waste Fund's return.

When the current investment rules entered into force, the Nuclear Waste Fund's investments consisted of deposits in accounts at the National Debt Office on terms corresponding to nominal and real interest rate government bonds as well as deposits in spot market accounts.

In connection with the transition to the new fund administration system, the National Debt Office

issued new bonds in the loans that corresponded to the Nuclear Waste Fund's existing account deposits. These account investments were turned into liquid assets in accordance with a valuation based on the current market rates for the bonds which corresponded to the account investments. The liquid funds were used to acquire the newly issued bonds at the market rates that applied. The acquisition value was thereby based on the same current market rates for the bonds upon which the valuation was based in connection with the redemption of the previous account investments.

From the accounting perspective, the transition to a new fund administration system means that the Nuclear Waste Fund made significant capital gains, since the current market interest rates at the time of conversion were considerably lower than when the investments were made. The redemption value of the account investments was therefore higher than the book value, which comprised the accrued acquisition value of the investments. At the same time, the new book value of the acquired bonds increased correspondingly since it comprised the acquisition value of the bonds which, in turn, was based on the same current market rate upon which the calculation of the redemption value of the account investments was based. What happened at the time of conversion was that the market value and the book value of all of the assets coincided. Subsequent fluctuations in the market rate have once again led to the divergence of the market value and book value.

### **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 regular basis (every week and at the end of each month). 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**

According to the 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):

	2003	2002
Forsmarks Kraftgrupp AB	0.9	1.2
OKG AB (Oskarshamn)	0.5	0.5
Ringhals AB	0.3	0.8
Barsebäck Kraft AB	0.0	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):**

	2003	2002
<b>In accordance with the Financing Act</b>	<b>360 397 271</b>	<b>545 724 173</b>
Forsmarks Kraftgrupp AB	214 557 795	276 200 844
OKG AB (Oskarshamn)	68 958 335	66 962 985
Ringhals AB	76 881 141	202 560 344
Barsebäck Kraft AB	0	0
<b>In accordance with the Studsvik Act</b>	<b>98 306 368</b>	<b>98 404 504</b>
<b>Total</b>	<b>458 703 639</b>	<b>644 128 677</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, the Swedish Nuclear Power Inspectorate 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):**

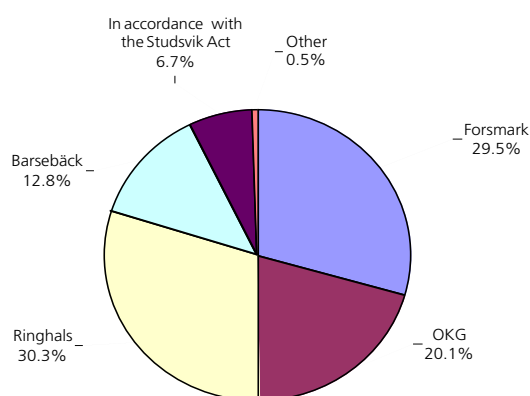
	2003	2002
Forsmarks Kraftgrupp AB	320 049 200	302 614 976
OKG AB (Oskarshamn)	217 704 157	203 141 286
Ringhals AB	328 331 739	305 154 602
Barsebäck Kraft AB	139 104 764	130 094 774
In accordance with the Studsvik Act	73 094 139	69 889 688
Municipalities	2 912 190	13 722 100
County administrative boards	233 011	600 000
KASAM	2 379 325	2 054 361
Financing Inquiry	824 138	0
Special Advisor to the Government for Nuclear Waste Disposal	0	1 604 210
Swedish Nuclear Power Inspectorate	0	1 500 000
Swedish Radiation <sup>*)</sup> Protection Authority <sup>*)</sup>	0	1 500 000
<b>Total</b>	<b>1 084 632 664</b>	<b>1 031 875 997</b>

\*) The disbursements in 2002 concerned activities in 2003.

SEK 2,506,548 has been disbursed to cover the costs for the administration of the Fund (see Administration below).

Reimbursements from the Fund are illustrated by the following diagram.

**Reimbursements from the Fund 2003:**



**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 2003 to 2020 is a minimum of 3.25 %. After that time, the average annual rate of return is expected to amount to a minimum of 2.5 %.

**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 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. 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 the Swedish Nuclear Fuel and Waste Management Co (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 60 % 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, the Swedish Nuclear Power Inspectorate'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.

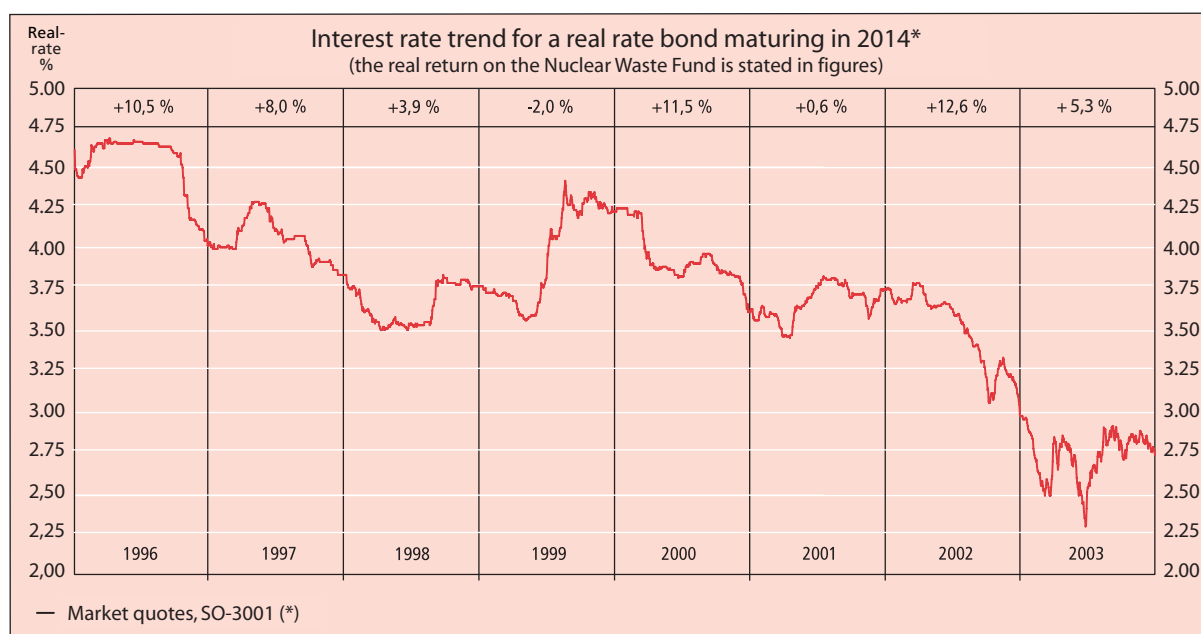
### **Administrative Risks**

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 every Monday and at the end of every month. The return is calculated at the end of every month 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). 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 about 11 years (July 31, 2003). At the same time, the duration of the Nuclear Waste Fund was about 12 years (including liquid assets).

### Investments

The duration of the portfolio in 2003 fell from 12.3 to 11.9 years. The share of real interest rate investments has increased by just over one percentage point to about 91 % of the invested capital including liquid assets. At year-end 2003, the assets of the Nuclear Waste Fund were invested as follows:

<b>Investment Maturity</b>	<b>Market Value (SEK) *</b>
Spot market	1 978 159 685
Nominal coupon bond SO 1041	1 036 007 250
Real rate zero coupon bond SO 3001	6 859 987 409
Real rate coupon bond SO 3101	611 235 000
Real rate coupon bond SO 3105	1 752 420 000
Real rate coupon bond SO 3102	11 745 109 350
Real rate coupon bond SO 3104	8 552 985 320
<b>Total invested capital</b>	<b>32 535 904 014</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

prepaid items and a cash account for current payments. Thus, the total market value of the assets in the Fund amounted to SEK 32,762,971,007.

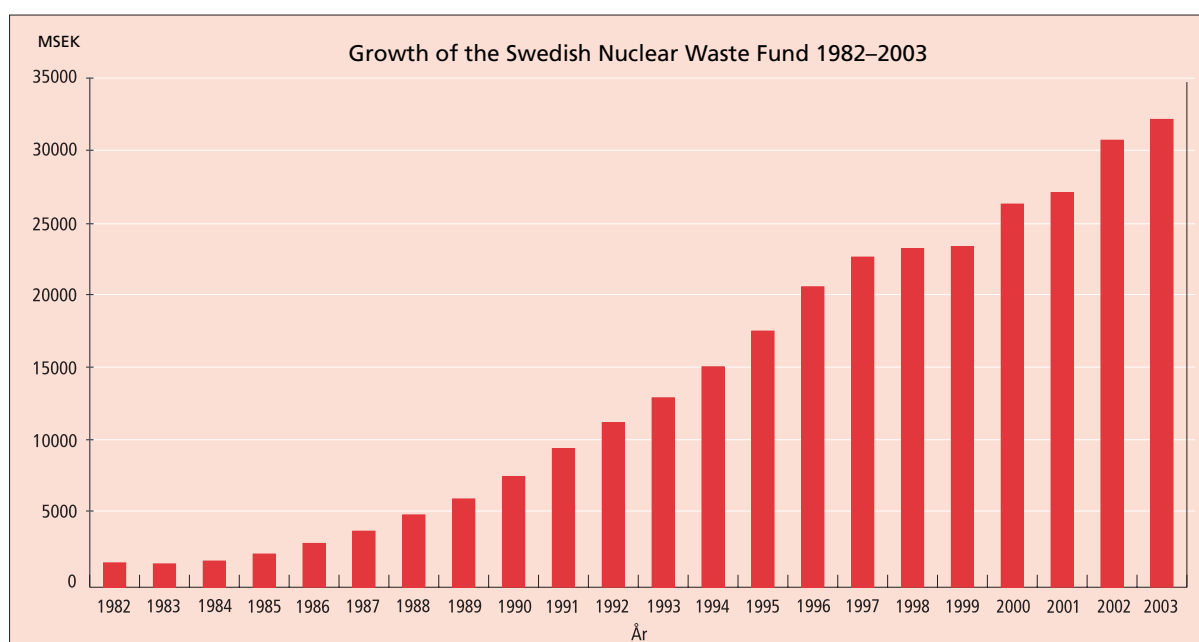
### Return

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 <sup>3)</sup>	0.1 <sup>3)</sup>	10.5 <sup>3)</sup>
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 <sup>4)</sup>	11.5 <sup>4)</sup>
2001	3.5	2.9	0.6
2002	14.9	2.3	12.6
2003	6.7	1.4	5.3
<b>Average per year</b>	<b>7,6</b>		<b>6,2<sup>5)</sup></b>

<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> Statistics Sweden's inflation index (12-month changes in the consumer price index) as at December each year is applied as a measure of inflation.  
<sup>3)</sup> In the 1996 annual report, the nominal return was specified at 10.8 %, inflation at -0.2 % and the real return at 11.0 %. The figures have been re-stated so that the same method of calculation is used for all years.  
<sup>4)</sup> The information concerning inflation for 2000 was corrected from 1.1 to 1.4 % after the annual accounts for the previous year had been compiled. As a result of this correction, the information on the real return has been changed from 11.8 to 11.5 %.  
<sup>5)</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



*In the diagram, the value from 2000 has been adjusted in accordance with Note 13 to the balance sheet.*

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 in accounts at the National Debt Office and the change in the market rates is shown in the diagram on page 10.

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 eight years that the current form of administration has been applied (from 1996 to 2003), the real return is 6.2 % 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 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 below 3.0 % at the end of 2003. The Board considers that the real investment rate for new and re-investments in the future will probably be lower than 4 %.

On the other hand, the book value of the financial assets in the Fund increased by mid-2002 by about SEK 2.3 billion from 25.9 billion to 28.2 billion. As was described above, the reason was that capital gains and interest income arose on real rate investments with

zero coupons in connection with re-investments in accordance with the new investment rules. Furthermore, in 2003, the book value of the financial assets increased by about SEK 0.9 billion, from SEK 29.4 to 30.3 billion.

The capital-weighted average investment interest rate of the real rate investments was about 3.5 % at the end of 2003. At that time, the remaining capital-weighted maturity was 15.9 years and the duration, 11.9 years.

Altogether, this means that the investment rate in connection with new investments is now 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 2003, the balance increased by SEK 1,457 million. According to earlier estimates the Swedish Nuclear Power Inspectorate 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):

	<b>Market Value</b>	<b>Book Value</b>
<b>In accordance with the Financing Act</b>	<b>32 071 287 185</b>	<b>29 755 027 182</b>
Forsmarks Kraftgrupp AB	9 400 120 296	8 721 222 609
OKG AB (Oskarshamn)	7 455 921 208	6 917 437 923
Ringhals AB	10 612 144 129	9 845 711 374
Barsebäck Kraft AB	4 603 101 552	4 270 655 276
<b>In accordance with the Studsvik Act</b>	<b>565 138 924</b>	<b>524 323 328</b>
<b>Total</b>	<b>32 636 426 109</b>	<b>30 279 350 510</b>

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 2003, 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 2004, 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, 2002 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 2003 has been based on these assumptions.

### **Underlying Securities**

According to the amendments to the Financing Act which came into force on January 1, 1996, besides a change in the fund administration system, 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 2003, the Government has decided that the following guarantees shall apply. (Amounts in SEK million.):

	<b>Guarantee I</b>	<b>Guarantee II</b>
Forsmarks Kraftgrupp AB	1 022	1 020
OKG AB (Oskarshamn)	463	740
Ringhals AB	401	1 280
Barsebäck Kraft AB	0	740
<b>Total</b>	<b>1 886</b>	<b>3 780</b>

According to a Government Ordinance, the Board of the Fund must administer the securities. The Government established the guarantees for 2003 through a decision on December 19, 2002. In a supplementary decision on December 18, 2003, 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. Since the Board of the Fund was only informed of the latter decision on December 23, 2003, it was not possible for the Board to collect the securities until after the end of the year that the securities concern, namely 2003. All of the securities have not yet been received.

## **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 2003 may not exceed SEK 2,480,000. Total administrative expenses amounted to SEK 2,506,548 of which SEK 1,600,000 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

		2003	2002
<b>Income</b>			
Fee-based income	(Note 1)	458 703 639.00	644 128 677.00
<b>Total income</b>		<b>458 703 639.00</b>	<b>644 128 677.00</b>
<b>Expenses</b>			
Reimbursement to reactor owners	(Note 2)	-1 078 283 999.00	-1 010 895 326.00
Compensation to municipalities	(Note 3)	-1 912 190.06	-13 722 100.00
Reimbursement to other government agencies	(Note 4)	-3 436 474.00	-7 258 571.00
Operating expenses			
Fees to board members		-229 527.60	-310 463.04
Other operating expenses		-2 277 020.00	-1 545 826.53
Other accrued expenses	(Note 5)	-1 000 000.00	0.00
<b>Total expenses</b>		<b>-1 087 139 210.66</b>	<b>-1 033 732 286.57</b>
<b>Result before financial income and expenses</b>		<b>-628 435 571.66</b>	<b>-389 603 609.57</b>
<b>Financial income and expenses</b>			
Interest income	(Note 6)	1 459 674 499.90	2 119 195 151.00
Capital gains/losses, nominal rate investments		18 888 100.00	1 586 842 975.00
Interest expense		0.00	-455 859.00
Other financial expenses	(Note 7)	-99 445.00	-186 196.00
<b>Change in capital for the year</b>		<b>850 027 583.24</b>	<b>3 315 792 461.43</b>

# Balance Sheet

	Dec. 31, 2003	Dec. 31, 2002
<b>Assets</b>		
<b>Financial fixed assets</b>	(Note 8)	
Nominal rate investments	1 020 323 350.00	0.00
Real rate investments	27 053 800 482.00	26 113 841 965.00
<b>Total, financial fixed assets</b>	<b>28 074 123 832.00</b>	<b>26 113 841 965.00</b>
<b>Receivables</b>		
Receivables from other government agencies	9 700.64	6 046.24
<b>Cut-off items</b>		
Accrued fees from reactor owners etc.	(Note 9) style="text-align: right;">125 483 505.00	181 800 603.00
Accrued interest income from investments	(Note 10) style="text-align: right;">100 538 759.00	55 933 882.00
<b>Cash and bank balances</b>		
Interest-bearing account for payment/reimbursement	3 549 901.38	965 210.74
Spot market investments	1 978 159 684.84	3 081 392 907.94
<b>Total assets</b>	<b>30 281 865 382.86</b>	<b>29 433 940 614.92</b>
<b>Liabilities and fund capital</b>		
<b>Liabilities</b>		
<i>Current liabilities</i>		
Liabilities to other authorities	(Note 11) style="text-align: right;">1 357 938.90	4 025 472.00
Accounts payable – trade	22 869.00	3 241.20
<i>Cut-off items</i>		
Social security charges	12 577.28	11 369.28
Accrued interest expense for reactor owners	0.00	455 859.00
Accrued expenses relating to government agencies	(Note 12) style="text-align: right;">121 488.00	121 747.00
Accrued expenses not relating to government agencies	(Note 5) style="text-align: right;">1 000 000.00	0.00
<i>Total cut-off items</i>	<i>1 134 065.28</i>	<i>588 975.28</i>
<b>Total liabilities</b>	<b>2 514 873.18</b>	<b>4 617 688.48</b>
<b>Fund capital</b>		
Fund capital, opening balance	29 429 322 926.44	26 113 530 465.01
Change in capital for the year	850 027 583.24	3 315 792 461.43
<b>Total fund capital</b>	(Note 13) style="text-align: right;"> <b>30 279 350 509.68</b>	<b>29 429 322 926.44</b>
<b>Total liabilities and fund capital</b>	<b>30 281 865 382.86</b>	<b>29 433 940 614.92</b>



# 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	2003	2002
Forsmarks Kraftgrupp AB	214 557 795	276 200 844
OKG AB	68 958 335	66 962 985
Ringhals AB	76 881 141	202 560 344
Barsebäck Kraft AB	0	0
<b>Total, according to the Financing Act</b>	<b>360 397 271</b>	<b>545 724 173</b>
<b>Fees, according to the Studsvik Act</b>	<b>98 306 368</b>	<b>98 404 504</b>
<b>Total</b>	<b>458 703 639</b>	<b>644 128 677</b>

	Fee in öre per kWh		Electricity delivered TWh (= 1 000 000 000 kWh)	
	2003	2002	2003	2002
Forsmarks Kraftgrupp AB	0.9	1.2	23.8	23.0
OKG AB	0.5	0.5	13.8	13.4
Ringhals AB	0.3	0.8	25.6	25.3
Barsebäck Kraft AB	0.0	0.0	2.3	3.9
<b>Total</b>			<b>65.5</b>	<b>65.6</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.

	2003	2002
Forsmarks Kraftgrupp AB	320 049 200	302 614 976
OKG AB	217 704 157	203 141 286
Ringhals AB	328 331 739	305 154 602
Barsebäck Kraft AB	139 104 764	130 094 774
<b>Total, according to the Financing Act</b>	<b>1 005 189 860</b>	<b>941 005 638</b>
<b>According to the Studsvik Act</b>	<b>73 094 139</b>	<b>69 889 688</b>
<b>Total</b>	<b>1 078 283 999</b>	<b>1 010 895 326</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 amounts in the table on the next page, the following had not been settled at December 31, 2003.

	<b>2003</b>	<b>2002</b>
Forsmarks Kraftgrupp AB	5 894 923	10 150 800
OKG AB	3 929 361	6 395 843
Ringhals AB	5 754 165	9 368 261
Barsebäck Kraft AB	2 522 350	4 495 236
<b>Total, according to the Financing Act</b>	<b>18 100 799</b>	<b>30 410 140</b>
<b>According to the Studsvik Act</b>	<b>18 513 098</b>	<b>16 005 861</b>
<b>Totalt</b>	<b>36 613 897</b>	<b>46 416 001</b>

**Note 3 Compensation to municipalities**

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

	<b>2003</b>	<b>2002</b>
Hultsfred municipality	1 225 600	2 000 000
Nyköping municipality	0	-939 900
Oskarshamn municipality	3 977 004	4 000 000
Tierp municipality	-2 495 046	3 466 000
Älvkarleby municipality	-1 723 368	2 096 000
Östhammar municipality	928 000	3 100 000
<b>Total</b>	<b>1 912 190</b>	<b>13 722 100</b>

**Note 4 Reimbursement to other government agencies**

According to special government decisions.

	<b>2003</b>	<b>2002</b>
County administrative board, Kalmar	121 055	300 000
County administrative board, Uppsala	111 956	300 000
Swedish Nuclear Power Inspectorate	0	1 500 000
Swedish Radiation Protection Authority	0	1 500 000
Financing Inquiry	824 138	0
Special advisor to the Government for Nuclear Waste Disposal	0	1 604 210
Swedish National Council for Nuclear Waste – KASAM	2 379 325	2 054 361
<b>Total</b>	<b>3 436 474</b>	<b>7 258 571</b>

**Note 5 Other accrued expenses**

Reimbursement according to special government decisions

	<b>2003</b>	<b>2002</b>
Oskarshamns municipality	1 000 000	0
<b>Summa</b>	<b>1 000 000</b>	<b>0</b>

**Note 6 Interest income**

*Interest income on investments etc.*

	<b>2003</b>	<b>2002</b>
Interest-bearing and income tax account	65 399	101 273
Spot market account	84 201 900	85 078 890
Nominal rate investments	6 199 688	37 815 857
Real rate investments	1 369 207 513	1 996 199 131
<b>Total</b>	<b>1 459 674 500</b>	<b>2 119 195 151</b>

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

**Note 7 Other financial expenses**

Expenses concern account charges at the National Debt Office and a depository fee to SEB.

**Note 8 Financial fixed assets**

	Maturity	Nominal holding	Book value	Acquisition rate	Market rate	Market value
<b>Nominal treasury bonds</b>						
SO 1041	2014-05-05	895 000 000	1 020 323 350	4.99	4.78	1 036 007 250
<b>Real rate investments, zero coupon</b>						
SO 3001	2014-04-01	7 970 000 000	6 398 736 812	3.46	2.76	6 859 987 409
<b>Real rate investments, 3.5 % coupon rate</b>						
SO 3104	2028-12-01	7 108 000 000	7 571 382 720	3.63	2.90	8 552 985 320
SO 3105	2015-12-01	1 500 000 000	1 709 866 000	3.02	2.77	1 752 420 000
<b>Real rate investments, 4 % coupon rate</b>						
SO 3101	2008-12-01	500 000 000	611 368 600	2.37	2.38	611 235 000
SO 3102	2020-12-01	8 955 000 000	10 762 446 350	3.46	2.85	11 745 109 350
<b>Summa</b>		<b>26 928 000 000</b>	<b>28 074 123 832</b>			<b>30 557 744 329</b>

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 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.

	<b>2003</b>	<b>2002</b>
Forsmarks Kraftgrupp AB	60 266 142	79 594 452
OKG AB	17 094 305	18 936 145
Ringhals AB	21 652 074	55 447 368
Barsebäck Kraft AB	0	0
According to the Studsvik Act	26 470 984	27 822 638
<b>Total</b>	<b>125 483 505</b>	<b>181 800 603</b>

**Note 10 Accrued interest income on investments**

	<b>2003</b>	<b>2002</b>
Interest-bearing account	16 664	29 613
Nominal rate investments	39 435 938	0
Real rate investments	61 086 157	55 904 269
<b>Total</b>	<b>100 538 759</b>	<b>55 933 882</b>

**Note 11 Liabilities to other authorities**

	<b>2003</b>	<b>2002</b>
Ministry of Environment	932 308	684 663
Swedish Radiation Protection Authority	0	1 500 000
Swedish Nuclear Power Inspectorate	0	1 500 000
The Legal, Financial and Administrative Services Agency	400 000	300 000
National Audit Office	0	23 931
Swedish National Audit Office*	6 400	0
The Tax Authorities	19 231	16 878
<b>Total</b>	<b>1 357 939</b>	<b>4 025 472</b>

\* National Audit Office, after Swedish name change.

**Note 12 Cut-off items**

	<b>2003</b>	<b>2002</b>
National Audit Office	0	120 000
Swedish National Audit Office	120 000	0
National Debt Office	1 488	1 747
<b>Total</b>	<b>121 488</b>	<b>121 747</b>

**Note 13 Market value of the Fund and distribution at year-end**

	<b>2003</b>	<b>2002</b>
Book value fund capital	30 279 350 510	29 429 322 926
Unrealized gains on financial fixed assets	2 483 620 497	1 876 205 537
<b>Market value at year-end</b>	<b>32 762 971 007</b>	<b>31 305 528 463</b>

The market value on the fund capital is reported in the note. The previous year, the note showed the market value for financial fixed assets exclusively, including accrued interest income and spot market investments. The market valuation from 2001 also include accrued fees from reactor owners and the balance in the interest account at the National Debt Office.

	<b>2003</b>		<b>2002</b>
	<b>Number of Shares</b>		
<b>Of which, Financing Act</b>	<b>32 071 287 185</b>	<b>179 830 031.7582</b>	<b>30 623 827 171</b>
Forsmarks Kraftgrupp AB	9 400 120 296	52 708 328.2162	8 892 125 105
OKG AB	7 455 921 208	41 806 820.5326	7 128 829 391
Ringhals AB	10 612 144 129	59 504 384.8658	10 155 064 688
Barsebäck Kraft AB	4 603 101 552	25 810 498.1436	4 447 807 987
<b>Of which, Studsvik Act</b>	<b>565 138 924</b>	<b>3 168 845.3911</b>	<b>503 517 508</b>
<b>Total</b>	<b>32 636 426 109</b>	<b>182 998 877.1492</b>	<b>31 127 344 679</b>

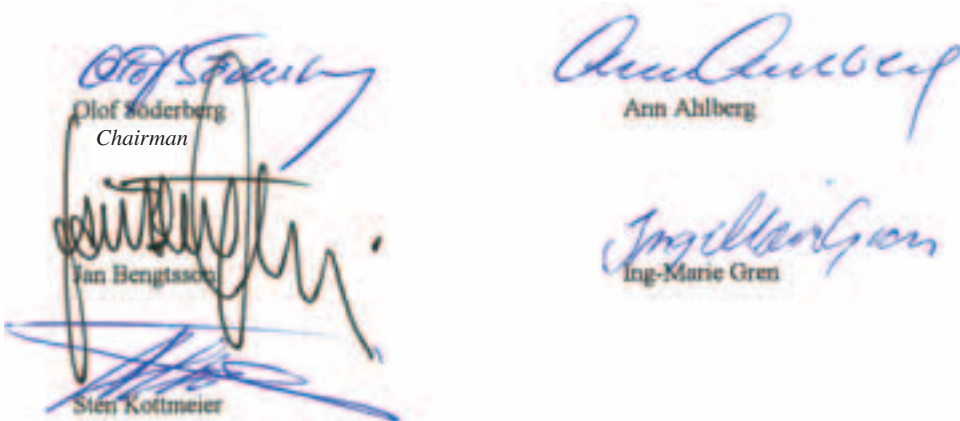
The distribution is calculated exclusively for the financial fixed assets in the Fund, including accrued interest income and spot market investments.

Share rate, December 31, 2003: SEK 178.3422

**Other Remuneration, benefits, other positions held**

<i>Board member</i>	<i>Remuneration, SEK</i>	<i>Other positions on boards of directors</i>
Ann Ahlberg, President	25 368	Försäkringsaktiebolaget Vattenfall Insurance, alternate SEB Fondförvaltning AB, board member SEB Fondholding AB. board member Vattenfall Reinsurance S.A., Luxembourg, Chairman Vattenfall Pension Fund, alternate Vattenfall Treasury AB, alternate and President
Jan Bengtsson, Director	23 268	E.ON Finland Oy, board member Graninge AB, board member Sydkraft Energy Trading, Chairman Sydkraft Försäkrings AB, Chairman
Ing-Marie Gren, Professor	21 185	
Sten Kottmeier, Director, Vice-Chairman	32 200	Trade Union of Journalists, investment committee Åke Wibergs stiftelse (foundation), board member Legal Financial and Administrative Services Agency, Funds Delegation Swedish Industrial Development Fund Investment Committee
Olof Söderberg, former Deputy Director General, Chairman	68 034	Financing Inquiry (M2003:01), expert National Council for Nuclear Waste (KASAM), Expert

The annual report for 2003 was adopted at the board meeting on February 17, 2004

**Board of the Swedish Nuclear Waste Fund**


Olof Söderberg  
Chairman

Ann Ahlberg

Jan Bengtsson

Ing-Marie Gren

Sten Kottmeier

# Auditors' Report

On March 17, 2004, the Swedish National Audit Office submitted the following auditors' report:

The Swedish National Audit Office has examined the Nuclear Waste Fund's Board's (KAF's) annual report, decided on February 17, 2004, for the financial year 2003.

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.

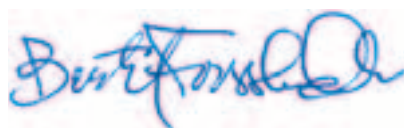
We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain a reasonable basis for establishing whether the annual report presents a true and fair view. Thus, the audit comprised assessing, on a test basis, 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, 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, Authorized Public Accountant, Bertil Forsslundh has decided on this matter. Accountant Oskar Tollknäpper was the rapporteur. Audit Manager Gina Funnemark participated in the final handling of this matter.



Bertil Forsslundh



Oskar Tollknäpper