Business Group Vattenfall Nordic

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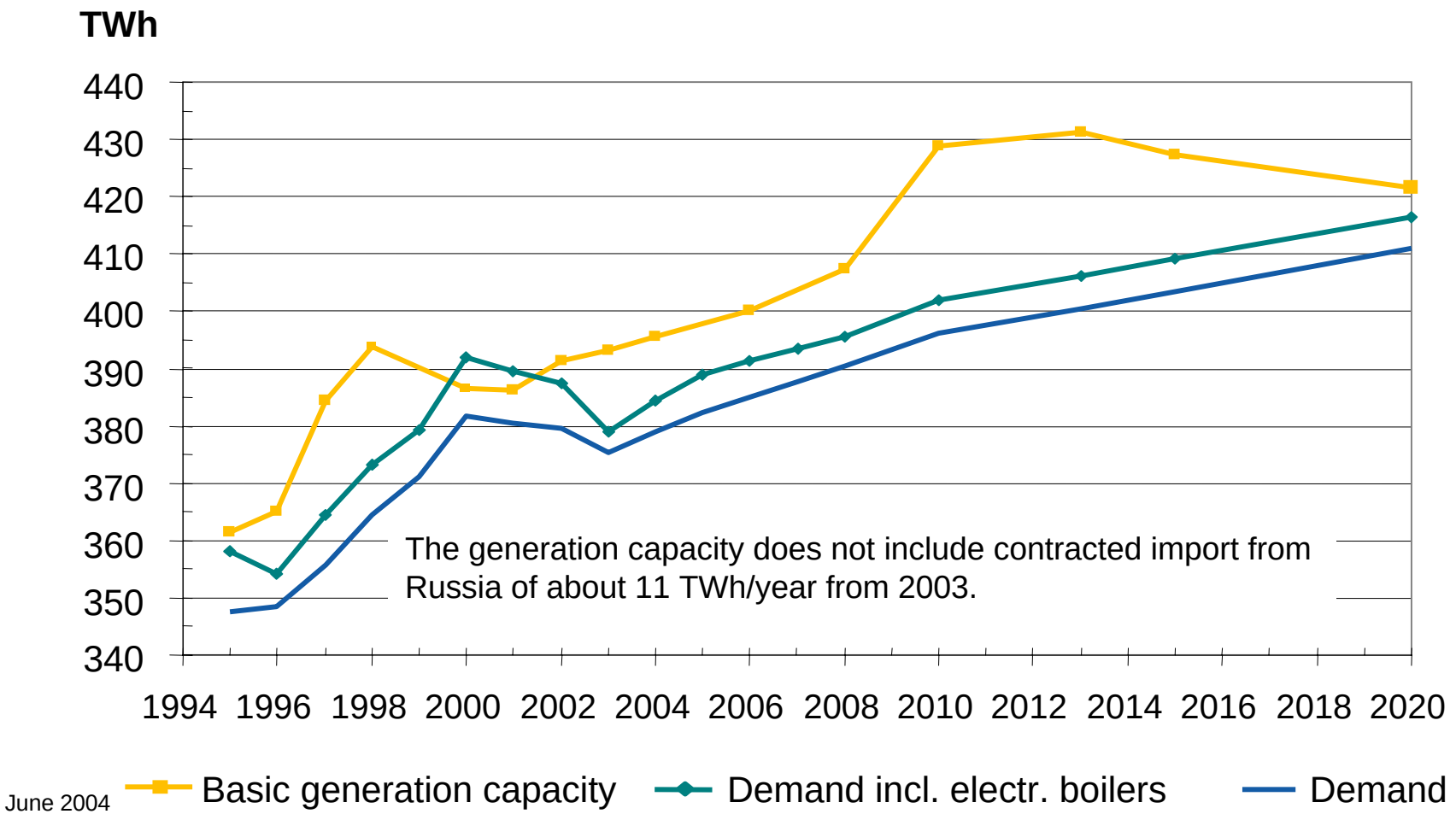
Generation capacity and consumption in the nordic countries



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Changes in base power 2004 – 2020

Sweden	15.4 TWh
Wind	6.4
Hydro	1.7
Nuclear power upgrading	9.1
Natural gas CHP*	2.1
Bio fuel CHP*	2.5
Decommissioning of nuclear units	- 8.8
Karlshamn 3	2.4

Finland	12.3 TWh
Wind	1.4
Hydro	0.5
CHP*	6.5
Nuclear	12.0
Decommissioning of coal condensing units	-8.1

Norway	8.3 TWh
Wind	4.7
Natural gas	0
Hydro	3.6

Denmark	**-7.8 TWh**
Wind	2.5
Decommissioning of coal condensing units	-10.3

Total 28.2 TWh

June 2004

* CHP and back-pressure generation

Vattenfall Nordic - Key figures

Net revenues 2003:		42 514 MSEK
Operating profit (EBIT) 2003 FY:		8 535 MSEK
2004 H1:		6 588 MSEK
Net Assets 2003 avg value:		55 948 MSEK
No. of employees June 30, 2004:		8 740 Headcount
		8 230 FTE
Electricity generation 2003:		60,8 TWh *
(normal year approx. 70 TWh)		
	of which: nuclear	36,3 TWh
	hydro	24,0 TWh
	wind	0,05 TWh

*excl. minority owners portion

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Vattenfall Nordic – Key figures 2003

Heat generation:

7,9 TWh

2,5 TWh)

No. of Customers:

	Sweden	Finland	Total
Electricity	681 000	292 000	973 000
Network	900 000	365 000	1 265 000
Heat	13 000	3 000	16 000

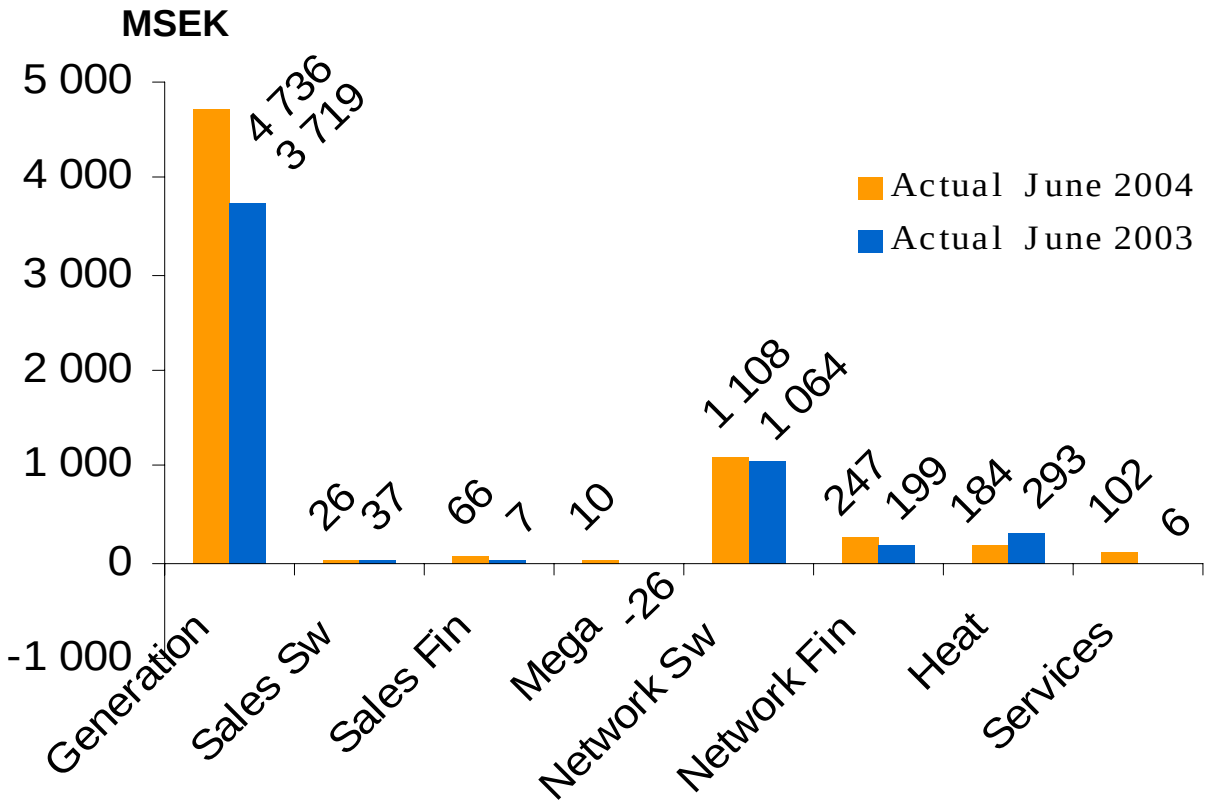
Network length (km):

	Sweden	Finland	Total
Regional	16 000	1 400	17 400
Local	110 000	58 400	168 400
Total	**126 000**	**59 800**	**185 800**

Market position in the Nordic area

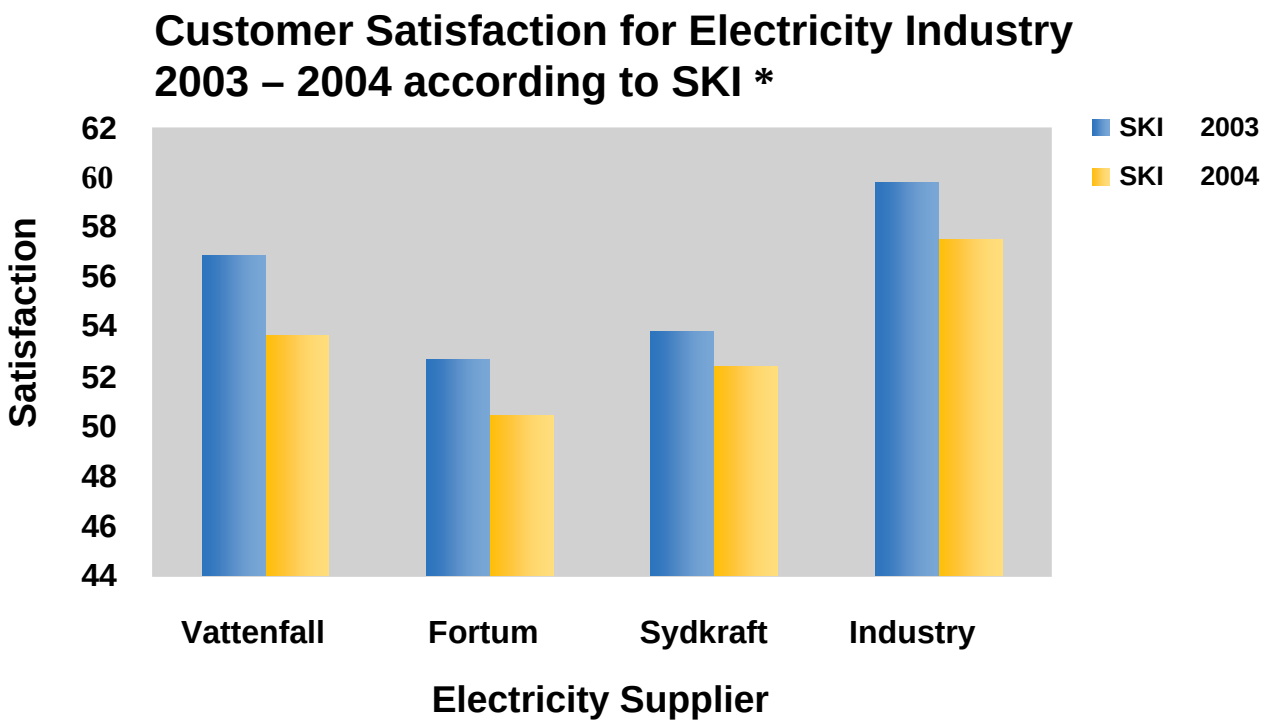
Generation:		18% of 380 TWh
Networks:		
Local	Sweden	17% of 5 200 000 customers
	Finland	12% of 2 200 000 customers
Regional	Sweden	50% of 150 TWh
Sales:	Sweden	33% of 150 TWh
	Finland	6% of 84 TWh
Heat:	Sweden	9 % of 45 TWh
	Finland	3% of 30 TWh

Vattenfall Nordic operating profit per BU



Total Vattenfall Nordic	**June 2004**	**6 588 MSEK**
	June 2003	**5 471 MSEK**

Customer satisfaction is falling in the electricity sector



	Satisfaction 2004 (-03)
Telge Energi	73
Jämtkraft	73
Mälarenergi	66
Dalakraft	63
Öresundskraft	62
Graninge	61
Plusenergi	59
Vattenfall	54 (-3)
Sydkraft	52 (-2)
Fortum	50 (-2)
Industry	**58 (-2)**

* SKI = Svenskt Kvalitetsindex
(part of the European Performance Satisfaction Index, EPSI Rating)

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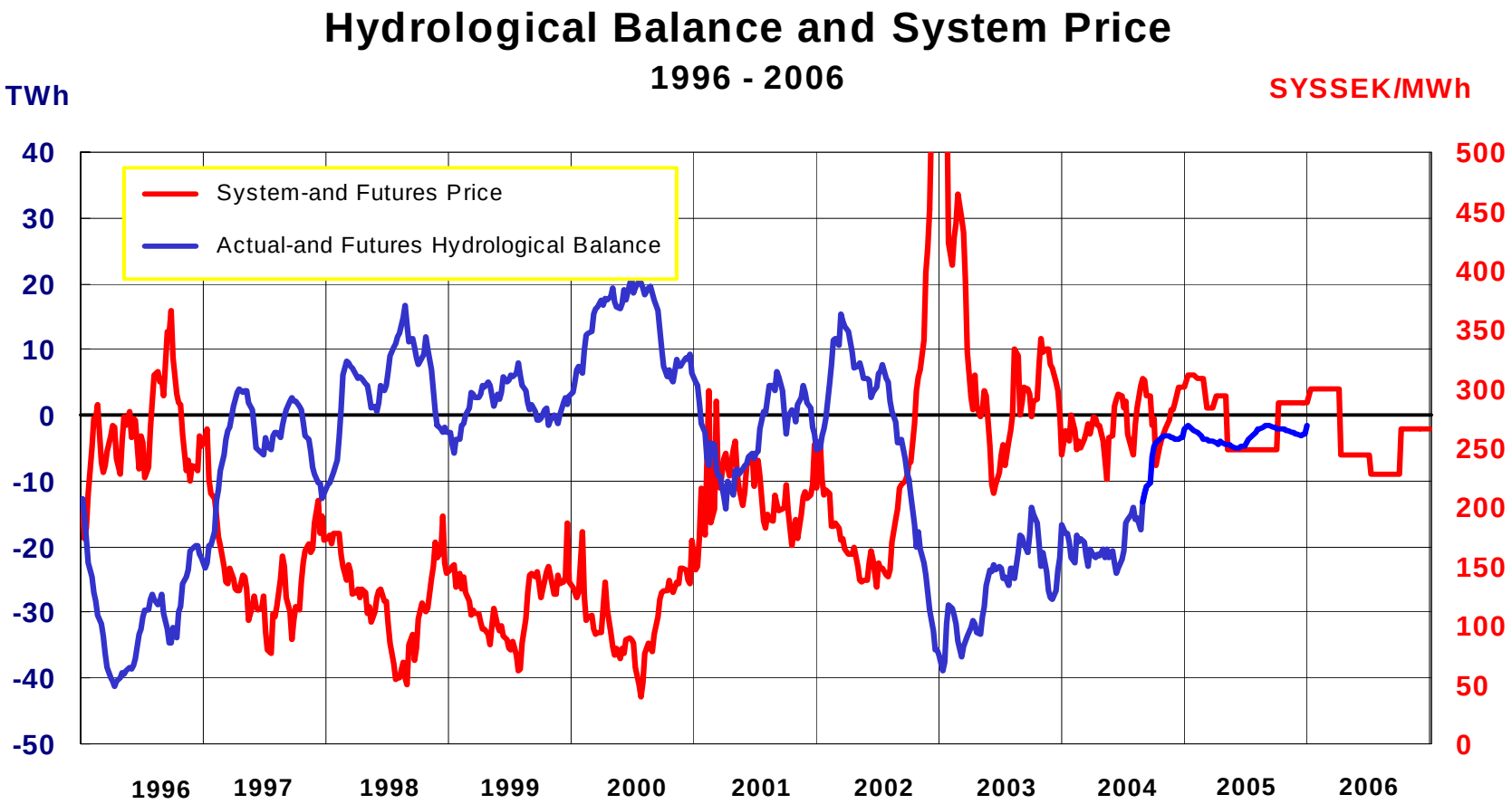
Market overview Nordic



Mid September 2004

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Customer initiatives

Remote meter reading

- 70 000 meters installed in 2003
- 250 000 meters installed at the end of 2005

Prepayment discarded in Sweden

- Includes network and sales customers

Late meter reading billing protection

- Actions for billing are limited from three to one year

Interruption guarantee

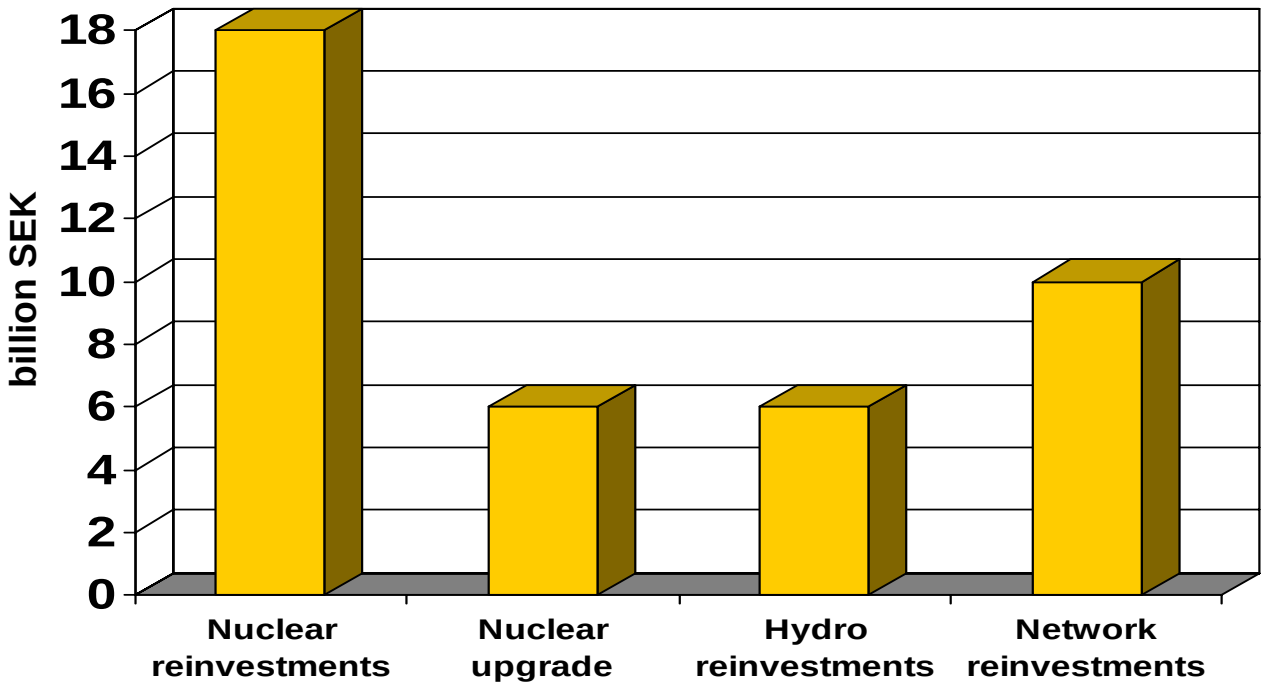
- Customer compensation in case of delivery failures over 24 hours

Customer ombudsman

- A representative to safeguard the customer perspective

BG Nordic investment program

In order to make a substantial improvement in generation capacity and network standard, investment programs have been decided totalling 40 billion SEK in the Nordic area over a 10 year period



The network performance assessment model (1)

The electricity act:

"The total revenue of the network company shall be fair in relation to the objective conditions and the performance (quality of supply)"

To support this regulation "The Network Performance Assessment Model (NPAM)" has been developed by STEM - the Swedish regulatory authority.

The network performance assessment model (2)

A “virtual” network for local distribution has been designed based on the following input:

- Customers: position, energy demand, revenue, voltage level
- Generation: corresponding data
- Connections to other networks: corresponding data
- Quality of supply

The virtual network is based on cables, wires and transformers in four voltage levels: 0,4 kV, 10 kV, 40 kV and 130 kV.

The network performance assessment model (3)

Billing Ratio (BR) = The ratio between total revenues and Network Performance as defined below (A+B+C+D-E):

A: Cost of capital and operation and maintenance as a percentage of the replacement value of the model network (normalized investment costs in cables, wires and transformers).

B: Customer related costs calculated from standard costs for metering, billing, customer service etc.

C: Cost of losses based on standard values of losses and a market price of power.

D: Cost for the upstream regional network

E: A quality deduction is based on real quality compared with normalized quality defined by the model. The deduction is capped.

BR < 1 indicates fair prices.

Vattenfall is positive to the approach…

- Vattenfall is positive to a regulation based on the performance of the network operator
- The customers set the demands for performance - and they are increasing!
- Vattenfall believes its tariffs are fair
- The model should only be used as an instrument for selection

Current issues for Vattenfall Nordic

- Image development
- Market price development
- Number One for the Customer
- Electricity network regulation
  (Nätnyttomodellen, the network performance assessment model)
- The future of Swedish nuclear production
- Expansion in the Nordic area
- Continued growth in profitibility