



GOVERNMENT-OWNED

COMPANIES

20000



REGERINGSKANSLIET

Ministry of Industry, Employment
and Communications, Sweden

Government-owned companies 2000

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The English version has adjustments compared to the original printed Swedish version on pages 19, 61, 69 and 92.

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For each corporation you will find a table with key figures for 1995–1999.

Valuable corporations create valuable jobs

The Government is Sweden's biggest corporate owner, with its ownership sphere employing over 200,000 people, harbouring very substantial values and encompassing several of the country's largest corporations. Accordingly, the management of these enterprises is a vital issue for Sweden and her economy. Thus, the Government bears a significant responsibility to function as an active and professional owner.

This duty of active ownership implies the owner declaring unequivocal objectives and guidelines for corporations, monitoring and evaluating them. But the Government's overarching objective is that its corporations should create value.

Value creation is crucially significant because valuable corporations create valuable jobs, which are secure and stimulating for employees, where the individual can feel that he or she is exerting an influence on his or her work. Value creation also implies the imperative of the corporations working for the long term, forging durable customer relationships and building trust as reliable, competitively priced providers.

For corporations that serve specific societal interests such as The Swedish Motor Vehicle Inspection Company and Swedish Alcohol Retailing Monopoly, Systembolaget AB, value creation implies the creation of values for society by satisfying specific objectives and through the efficient utilisation of resources.

In terms of the management of these corporations, the Government has upgraded its objectives markedly, with the increasing distinction between management and issues such as regulatory responsibility being an element of this process. Now, Government-owned companies know precisely what their owner wants from them, and indeed, the tools their owner wields to contribute to value creation.

Like the whole of Swedish business, Government-owned companies now face two major challenges, which represent threats and opportunities: the deregulation of formerly regulated markets in Europe, and the new IT society, which further underscore the significance of active ownership.

Many of the Government-owned companies were previously active on regulated markets. Today, however,

they encounter competition from domestic and international sources. Competition will accentuate further, shadowing deregulation across Europe, a trend amplified by the emergence of the IT society, where the entire production and distribution chain is rationalised by the Internet, borders effectively disappear, goods and services are marketed globally, and threats are not merely sourced from competitors nearby, but from remote locations.

Obviously, such enormous realignment will have its difficulties: adapting to a deregulated market is far from easy. But to maintain competitiveness, change is imperative, and the Government's ambition is that Government-owned companies will be well positioned to benefit from this process.

Over the year, a number of major changes occurred in the Government corporate sphere: Celsius AB has been divested, Telia AB has been floated on the stock market, the Government acquired forest products corporation Sveaskog AB, while technical inspection company SAQ Kontroll AB and central securities depository Värdepapperscentralen VPC AB were divested. However, the Government takes a pragmatic view of whether it should own a particular enterprise. The Government's intention remains to protect the interests of its assets, i.e. to be an active, long-term owner, and to confer its corporations with the right prospects to create value. The Government functioning as an active and professional owner enhances Sweden's welfare. We have a vision of Government-owned companies being the best managed and most reputable players in their individual sectors. Indeed, we believe that everybody participating in these efforts – employees, boards, managers and other parties – share this vision, which may become a reality faster than we envisage at present. This would be good for Sweden.

Stockholm, July 2000

Göran Persson
PRIME MINISTER

Björn Rosengren
MINISTER OF INDUSTRY,
EMPLOYMENT AND COMMUNICATIONS

The objective: to create value

Government-owned companies constitute a very sizeable proportion of Swedish business. Of the 63 Government-owned companies, 80 per cent are active on fully competitive markets, while 20 per cent are legislated monopolies or corporations with full or partial sole status. In terms of employee headcount, over 90 per cent of employees are active in competitive operations. Thus the Government's actions as an owner affect many groups: employees, unions, customers, suppliers, creditors and more, implying that this role necessitates attentiveness and commitment.

Due to the fact that Government ownership interests are so broad based and encompass such diverse activities, the actual practice of ownership becomes complex. Accordingly, the Government's ownership policies must vary according to whether the corporations themselves are wholly or partially owned, whether the corporation is to serve specific societal interest and whether it is a legislated monopoly or has sole status on its market. In a number of cases, such as The Swedish National Pharmacy Corporation AB, The Swedish Motor Vehicle Inspection Company, Swedish Alcohol Retailing Monopoly AB and gaming corporation Svenska Spel AB, several of these conditions apply simultaneously, rendering the practice of ownership more complex. A consequence, evaluations of the Government's ownership policy and how these corporations will satisfy their objectives become more demanding.

The review of Government-owned companies for 1999 described the Government Offices' efforts to formulate overarching, joint guidelines and objectives for managing Government corporations and the implementation of update and evaluation routines and systems. The Government established the overarching objective of creating value, i.e. a satisfactory return on Government capital, plus efficiently managed corporations and in appropriate cases to fulfil expressed societal interest.

The customary measure of value creation is that value is created when the present value of future cash flows exceeds the corporation's aggregate cost of borrowed capital and ownership capital. Accordingly, rather than owners' overall purposes or objectives of operations, this concept sets shareholder value growth in the spotlight.

Generally, value is not created within corporations with defined assignments, or that serve specific societal interests and/or policy objectives for their sectors. For example, the value and effect of the aggregate output

of special real estate landlord Specialfastigheter Sverige AB and the aforementioned Swedish Alcohol Retailing Monopoly AB, are more apparent in other societal contexts: in the former, through criminal custody premises and in the latter, reduced costs to society. Accordingly, applying the aforementioned customary measure of value creation exclusively is not appropriate for these activities. Instead, it is more important that these corporations function with the greatest possible financial efficiency and provide contracted quality. Accordingly, for these corporations, value creation relates to the societal benefits they achieve. If the spotlight remains exclusively on the customary measures of value creation in these corporations, their socio-economic objectives or values are not realised. Clearly, while these corporations may function so as to increase shareholder value, socio-economic losses could result. Accordingly, and with retained financial efficiency, these corporations are focused on the designated tasks the Government assigns them, in terms of, for example, regional diversification or selling to special customer groups.

One reform enhancing the Government's prospects of functioning as an active owner was implemented in autumn 1998, when increasingly, ownership issues were distinguished from regulatory responsibilities within the Government Offices, with thereby, the Government gaining its first opportunity to formulate active, professional ownership policies. As a consequence of ownership issues being concentrated onto a smaller cluster of Government departments, the prospects of implementing consistent ownership policy and formulating unequivocal objectives and guidelines for corporations improved. Simultaneously, the dialogue between the owner and corporate managements was eased, as was verification of whether objectives are actually being satisfied.

The Swedish Government's ownership policies have also attracted international attention, with bodies including the OECD exhibiting an interest in the Swedish Government's ownership policies, arranging a seminar on the governance of Government corporations in autumn 2000, in which Sweden will actively participate.

The Government's ownership policies will be presented in what follows. This review begins with a description of the three tools a corporate owner can utilise, followed by a review of the Government policy from the perspective of a number of issues of principle.

Three ownership tools

Primarily, value is created by an enterprise's board, management and employees. However, the owner also has three tools for contributing to value creation. Firstly, the owner's task is to ensure that the enterprise has a board with the skills and experience consistent with the enterprise's needs. Secondly, the owner must

make demands on transparency – reporting that enables comparisons with other enterprises and external analysis. Thirdly, and in consultation with the enterprise, the owner should establish the optimal capital structure, thereby among other things putting a stronger focus on core activities.

Effective boards

The board is arguably the owner's most vital instrument in the pursuit of value creation in Government-owned companies. In their report *Statens roll som ägare av bolag* (1997/98:RR99, "The Government's Role as Corporate Owner"), Sweden's parliamentary auditors offered some criticism of board nominations in Government-owned companies.

The Government Offices are now pursuing the following guidelines:

The Government will be active in board nominations for Government-owned companies, with such nominations proceeding from the need for competencies in individual corporations' boards. The objective is that the board should comprise high skills levels, adapted to individual such corporations' operations, situations and impending challenges. It is vital that board composition progresses, keeping pace with the evolution of corporations and the transformation of the surrounding world. Dialogue between the appropriate Government department, corporate management, chairman, other potential owners and other affected parties should precede new board appointments.

A high level of general competencies, either in ongoing business activities, business development, sector skills or financial issues comprise the central criterion for consideration for a board seat. For certain corporations, such as those that serve specific societal interests, other skills may also be beneficial.

Any changes to Boards will be announced in good time before Annual General Meetings, rationalised in terms of corporations' needs.

Chairmen have a special status in corporate boards,

and accordingly, particularly demanding standards should apply to these professionals in terms of expertise and a documented ability to lead board actions.

The number of members is important in terms of achieving effective boards. Typically, at present, boards comprise six to eight members. Boards should be composed to achieve a balance between competencies, backgrounds, ages and sexes. The objective is an even distribution between the sexes, with one partial objective being a minimum of 40 per cent of Board members being women by 2003.

For the sake of visibility, and in order for the main owner to contribute directly to corporations' progress, it is favourable for the Government to secure direct board representation, i.e. that boards include representatives of the Government Offices. Simultaneous with enhanced visibility, the relevant board also gains an insight into the owner's attitude to key issues.

For listed corporations in which the Government has an ownership interest, board nominations should be made in consultation with other main owners, primarily by means of a nomination committee. The resulting proposals should be publicised in good time ahead of shareholders' meetings, with committee members present at such meetings to explain their choices. In listed companies in which the Government has a major ownership holding, at least one member of the nomination committee should represent the Government. The nomination committees should comprise three to five members, with the majority representing the main owners. It is also appropriate for the nomination committee to propose board remuneration.

Increased transparency

External corporate reporting is the foundation on which capital allocation is built; efficient capital allocation being imperative for healthy finances. Reporting is particularly important from the owners' perspective because the management and board are responsible for providing the desired material, and for addressing owners' or investors' questions. Thus, reporting standards also become a key governance instrument for owners in a corporation's ongoing monitoring and evaluation.

The Government's ambition is that Government-owned companies – which actually, are jointly owned by the tax-payers – should be highly transparent and subject to reporting that enables comparisons with competitors, and the analysis of objectives and earnings.

Simultaneous with the Government's desire for Go-

vernment-owned companies to refine their reporting, the Government Offices should also improve their reporting.

One key element of these efforts is to make the Government Offices' communications on ownership policy more accessible. The first step in this direction was taken in August 1999, when the Government Offices published this review of Government-owned companies in a more readily accessible form aimed at the general public, media and other interested parties.

The Government Offices' publication of quarterly reports – a summary of the performance of various holdings over the most recent three-month period – is another element of this ambition to increase transparency.

Core operations in sharper focus

One prevalent problem applying to Government-owned companies is that they rarely consider that the owner's capital should also be assigned a cost. Simultaneously, as a consequence of uncertainty relating to the owner's preparedness to inject investment capital, distributing capital to the owner has proven problematic. On occasion, the consequence has been over-capitalised corporations.

In many cases, the result has been such corporations departing from their core operations, pursuing adjacent or non-core activities. This implies a number of risks: corporations losing focus, owner objectives either not being satisfied or marginalised, corporations becoming increasingly abstruse and less transparent. The corporation's risk level increases. Such enterprises face difficulties in creating value. Thus Government-owned companies should focus on their relevant core operations.

Optimising capital structures is one means of

increasing value sustainably. The cost of shareholders' equity is 3.5 – 5.0 per cent higher than loan financing. This higher cost implies that the proportion of shareholders' equity should be reduced to the benefit of borrowing in order to facilitate corporations achieving higher returns, and to utilise their capital more efficiently. Obviously, though, corporations' financial positions must not be compromised. With the resulting reduction in the total cost of capital (the aggregate cost of shareholders' equity and borrowing), the value of a corporation increases.

As a complement to efficient capital structures, in some cases, the Board can contribute to the corporation implementing value-based control systems associated with incentive schemes. By transferring a proportion of value gains to employees, the owner creates an incentive for the organisation to pursue precisely the same objective as the owner.

Key policy issues for Government-owned companies

A presentation of Government policy on specific issues of principle, and how they affect Government-owned companies, follows. These policy issues are an expression of the Government's intent in those spheres relevant to society as a whole, while the three tools described above comprise the traditional methods corporate owners have at their disposal. This section is concluded with a brief description of the Government's management mandate.

Government enterprises in the IT society

The Government's IT policy objective is that Sweden will become the first information society for all its members. The New Economy is characterised by speed, interdependence and the elimination of borders. IT is putting entirely novel goods and services at the consumer's disposal, with palpable effects in all sectors of society, including Government-owned companies now being forced to re-evaluate extensively – and to act quickly. Many such corporations have already made substantial progress including Swedish State Railways, Sweden Post, utility Vattenfall and The Swedish Civil Aviation Authority.

Environmental issues are a part of good business practice

The Government's policy statement stipulated that Sweden should be a leader in the realignment towards an ecologically sustainable society – Sweden will modernise ecologically. Accordingly, in a manner analogous

to the private sector, the Government should pay attention to those environmental issues relevant to the corporations in its ownership. Environmental issues warrant particular attention in those corporations that are monopolists or enjoy sole market status, and which thereby, are relatively impervious to market forces.

Active ownership is a prerequisite of a well-managed enterprise. As a consequence of the environment being viewed increasingly as a businesslike and strategic issue, owners' prospects of influencing enterprises' environmental initiatives are becoming the subject of increasing attention. Well-managed corporations require well-considered environmental initiatives and a high level of related competencies in order to avoid environmental risks and costs. Such expenses may comprise costly remedial measures or clean-ups, or may result in a tarnished reputation with suppliers, customers and the general public. In many cases, environmental adaptations have become a prerequisite for profitability.

Therefore, Government enterprises should strive towards sustainable progress, contributing to the achievement of national environmental objectives. It is their Boards' responsibility to establish corporate environmental policies, and to observe those demands made of activities in terms of ecologically sustainable progress.

All enterprises with any significant direct or indirect environmental impact should implement environmental management systems, such systems encompassing systematic environmental initiatives, clearly

expressed guidelines and objectives through measures including central controlling documentation, unequivocal division of responsibility and routines for monitoring and auditing progress.

Within the framework of established legislation, when tendering, Government enterprises should actively request products, systems or services with extensive environmental adaptation and resource conservation. Additionally, those enterprises affected should encourage environmental research and the development of environmental technology.

Gender issues are central

Sweden's pursuit of equality has been successful, attracting international recognition. However, such efforts are often something of a separate issue, with dedicated managers and committees. The focus has been on women's representation and human resources policy.

Now, Sweden's efforts in the pursuit of equality are entering a new phase, with the aim of integrating gender issues into day-to-day activities. Women and men's terms, prospects and needs should be expressed clearly through analyses of gender consequences, with these analyses becoming an instrument to enhance quality and efficiency.

Thus all elements of Government policy should be interwoven by a gender perspective, a consideration that obviously, also applies to the Government's ownership role, and to Government-owned companies. Therefore, in its efforts, the Government should ensure that corporations analyse their activities from women's and men's terms and prospects. Analyses of gender consequences should be incorporated into operations as an element of the development process. On all issues, the gender perspective must be included right from the initial considerations.

Regarding the more limited question of distribution between the sexes in Government enterprise Boards, the objective is an even distribution, with one partial objective being that by 2003, at least 40 per cent of Board members will be women. In 1999, this share was 28 per cent, which can be compared to less than 4 per cent in Sweden's listed corporations.

By redoubling efforts to increase the proportion of women on the Boards of Government corporations, simultaneous with the provision of relevant skills in each enterprise, the Government can satisfy one of its partial objectives for equality within a reasonable time.

Diversity pays off

Experience from a wealth of corporations in Sweden and other countries reveals that diversity pays off. Increased internationalisation, and the resulting accentuating competition, places demands on progressively enhanced employee skills. To become competitive for the long term, and to create value, corporations must utilise all the available competencies, which Government enterprises effect through the implementation of

human resources policies. Pursuing diversity is synonymous with learning to benefit from human dissimilarities, and to generate momentum from the fact that every employee is an individual with personal competencies, characteristics and an individual slant. Age, educational background, ethnic origin, gender and sexual orientation also form part of this outlook. The overarching objective of the pursuit of diversity is to create and implement organisational systems that allow all employees to contribute their full potential in the pursuit of an organisation's objectives.

One way of pursuing an objective oriented work is to establish action plans or policies for diversity in order to utilise the human capital in employees coming from different cultural, ethnical and social environments. The action plans can be used as tools to build a modern, effective and flexible organisation with the ability to recruit the best talents through broadening the base for recruitment.

Incentive programmes provide the right focus

Value-based control systems are an instrument for focusing attention on value gains through the more efficient utilisation of capital. Such systems create enhanced internal corporate communications, once everybody involved is working towards consistent, clearly expressed objectives. Moreover, every individual enjoys enhanced prospects to influence their work.

Experience reveals that two conditions must be satisfied for the successful implementation of value-based control systems. Firstly, the executive management must take the initiative, driving the implementation, which lends the system credibility and accesses all parts of the organisation involved. Secondly, the system can be associated with some form of incentive programme encompassing all employees.

The purpose of the incentive or bonus programmes is that employees think, act and are rewarded in the same manner as the owner. Experiences of implementation of value-based control systems illustrate that the adoption of value thinking is retarded, or indeed prevented, if it is not supported by a financial incentive programme.

A long-term view is vital in terms of value-based control systems and incentive programmes, and therefore, a "bonus bank" should be created. This system means that the bonus the employee creates is not paid in its entirety in the year it is earned. Thereby, the bonus paid each year comprises elements of the bonus accumulated over several years.

Bonus banks are vital for securing the appropriate focus. With bonus pay-outs distributed over several years, a long-term view becomes paramount – for everybody active in the corporation, nurturing customer relationships and maintaining a high quality of goods and services so that customers remain loyal is beneficial. Accordingly, methods such as increasing prices to optimise bonuses in a particular year are prevented because on a competitive market, cus-

tomers would naturally turn to an alternative supplier.

Linking bonus systems to other variables the corporation chooses to emphasise, such as quality or good service, is another important consideration. However, parameters beyond the enterprise's control, such as variations in commodity prices or exchange rates should not be used. In November 1999, the Government formulated guidelines for incentive programmes for employees in Government-owned companies.

Value-based control systems proceed from a predetermined required rate of return for entire corporations, itself determined by the aggregation of the cost of borrowing and shareholders' equity. Subsequently, all projects are evaluated against this aggregate cost of capital. In those cases where a project's operating earnings (or, for larger, multi-year projects: discounted cash flows) cover the cost of capital, value is created – if this is not the case, value is destroyed. Value-based control systems establish a consistent level of corporate value creation, and imply that all investments covering the cost of capital are effected. Without this consistent level, there is a risk that higher-yielding corporations reject those investments that do not satisfy the required rate of return standard. If, instead, the requirement is expressed in terms of the investment covering the cost of capital, more investments will be made.

Redundancy pay and other remuneration

The negotiation of Managing Directors' terms of employment is primarily an issue for Chairmen and other Board members. However, Boards should adopt a position regarding employment terms for individuals in corporate managements, and thereby, also take a view of whether such conditions are consistent with the guidelines the Government established in December 1996.

The Government guidelines stipulate that salaries and other remuneration to corporate executives are competitive, but that Government-owned companies should not pay higher salaries than corresponding private enterprises. Remuneration is payable in instances of termination of employment by the corporation, at a maximum of 24 months' salary. Upon recruitment or

income from other gainful employment, redundancy pay should be reduced by an amount corresponding to new income during a 24-month period.

The Government's management mandate

The framework for the management of enterprises with Government ownership is regulated through what is termed a management mandate established by parliament. According to Sweden's Constitution (Finansmakten, Chapter 9, §8), state funds and other assets are at the disposal of the Government. According to §9, to the necessary extent, parliament is to establish the foundation for the management of, and disposal over, state property. Accordingly, the Government should consult parliament regarding significant changes to corporate focus, dilution, capital injections, incorporations and divestments and acquisitions of shares. Parliament has granted some authorisation on the final point: the Government has the authority to liquidate ownership in Nordic Baltic Holding AB and Svenska Skogsplantor AB.

Moreover, budgetary legislation stipulates that the Government may divest Government shares in enterprises in which Government ownership represents less than half of the votes, unless parliament has resolved otherwise. However, the Government may not reduce ownership of corporations in which the state holds a minimum of half of the votes. Parliamentary decisions are not necessary for extraordinary dividends or liquidations because this forms part of regular management.

The Ministry of Industry, Employment and Communications is responsible for ownership policy within the Government Offices.

The responsibility for each corporation is within the Government Offices allocated to a specific ministry, due to what the company does. This ministry is responsible for the day-to-day management, monitoring and evaluation of enterprises. In cases where such enterprises serve specific societal interests, evaluation is also effected according to whether the corporation has fulfilled its assignments, and how changes on the market may influence such assignments.

Government-owned companies in 1999

The 63 corporations in which the Government has ownership holdings vary enormously in terms of size and focus, from Telia with revenues of SEK 52 bn to companies with sales of a few million kronor. Total sales of the 63 corporations in 1999 amounted to over SEK 310 bn, an increase of more than 3 per cent on 1998. Net earnings amounted to SEK 39 bn-plus, a lower outcome than 1998, when earnings net of financial items were SEK 42 bn. As owner, the Government received SEK 20.4 bn in dividends in 1999, SEK 7.5 b increase on the previous year. The rise in dividends comes from the holding company Stattum, where dividends rose from SEK 1 b to SEK 11 b. The employee headcount was 230,000, of which 180,000 were in Sweden.

This year's review does not include the former 50 per cent-owned enterprises VPC AB, SAQ Kontroll AB and the part-owned Celsius AB, for which agreements regarding divestments were reached in 1999.

Imego AB, a research institute at Chalmers University of Technology in Gothenburg and SweRoad (Swedish National Road Consulting AB) and financial technology corporation OM Group AB are new to this year's review.

Unlike the reviews of previous years, the SAS Group is included as a whole, rather than merely the Government's part of Swedish holding company SASSverige AB.

The 1999 review offers far more information than previously collated; some corporations had difficulties submitting certain information, indicated in the tables by "n/a" (not available). Information from real estate corporations and financial institutions has been collated according to definitions specific to their activities. Additionally, no information regarding investments is available for such enterprises.

Some tables distinguish between fully owned, majority, 50 per cent and minority-owned corporations. In some tables, corporations in liquidation are illustrated separately.

The Government's ownership holding is less than 20 per cent in four of the corporations in this review – SIS Eco-Labeling with 10 per cent, OM Group with 7.7 per cent and Sakab, in which the Government owns one share – which, in practice, implies no major ownership influence. In spring 2000, Government ownership in Nordic Baltic Holding AB was reduced from 25.9 per cent to 18.1 per cent.

Employees

Several Government-owned companies are amongst Sweden's largest enterprises; seven have over 10,000 employees, while a further eight have over 1,000 employees. Sweden Post is second only to Ericsson as an employer, while Telia and Samhall are also amongst Sweden's 10 largest business employers. In total, the 63 Government-owned companies have 229,967 employees, 49,848 of which are in foreign countries.

Employees Government-owned companies

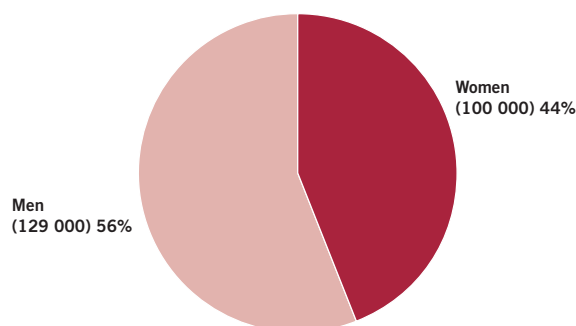
Corporation	Total no. of employees 1999	Change in no. of employees 1998-1999
Sweden Post AB (Posten AB)	50,174	-1,619
Telia AB	30,643	50
SAS Group AB (21.4%)	28,863	1,792
Samhall AB	26,183	490
Nordic Baltic Holding AB (18.1%)	18,896	-845
AssiDomän AB (35.5%)	17,060	-483
Swedish Railways (SJ)	15,006	-688
The Swedish National Pharmacy Corp.	9,396	249
Vattenfall AB	7,991	-5
Civil Aviation Authority	3,919	124
Luossavaara-Kiirunavaara AB, LKAB	3,279	-289
Swedish Alcohol Retailing Monopoly	3,246	-24
Lernia AB	2,459	147
The Swedish Motor Vehicle Inspection Company (Svensk Bilprovning, AB) (52%)	2,224	-13
Swedish Maritime Administration	1,503	-13
Teracom AB	844	-14
V&S Vin & Sprit AB	771	73
SOS Alarm Sverige AB (50%)	736	13
The Royal Swedish Opera AB	580	-10
Swedish Testing and Research Institute (SP)	560	-1
ALMI Företagspartner AB	554	-12
Svenska Spel, AB	510	27

Corporations with a minimum of 500 employees as of 31 December 1999.

For partially owned enterprises, the Government holding is in brackets.

Proportions of women and men

Of total employees, 101,000 (44 per cent) are women, and 129,000 men. The highest share of female employees is in The Swedish National Pharmacy Corporation (over 90 per cent) and the lowest in Loussavaara Kiirunavaara AB, LKAB, (less than 10 per cent). Three-quarters of Nordic Baltic Holding's employees are women, while over half of the employees of Swedish Alcohol Retailing Monopoly, SBAB and SOS Alarm are women. Corporations such as AssiDomän, Sveaskog, The Swedish Maritime Authority, Vattenfall and The Swedish Motor Vehicle Inspection Company have a low share of female employees.



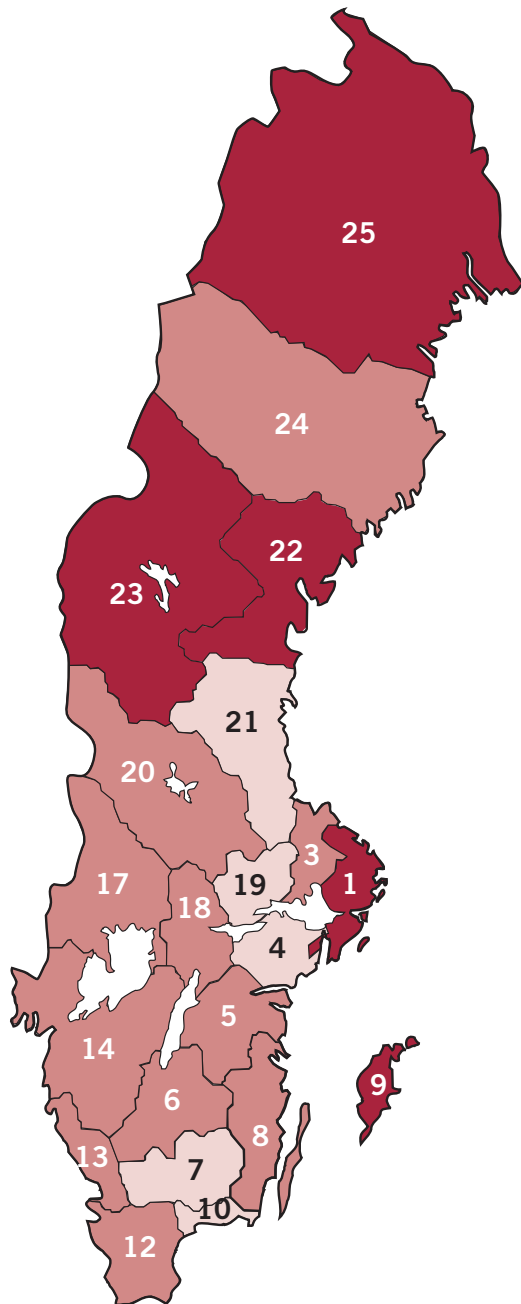
Regional distribution

Government enterprises are located across the entire country. Some, like Sweden Post and Systembolaget, have operations in all of Sweden's municipalities. Telia and The Swedish National Pharmacy Corporation are also active in a very high proportion of municipalities.

Distributed according to counties, employees of Government corporations differ from overall national employment levels. On the map, over or under-representation is indicated if the discrepancy between the proportion of employees in Government corporations and overall employment levels is more than 20 per cent.

Government corporations are most over-represented in Norrbotten, where the share is more than twice the national average, which is due to LKAB and Assi-Domän's extensive operations here. The counties of Gotland, Jämtland, Stockholm and Västernorrland also exhibit over-representation of Government corporation employees. Government corporation employees are under-represented in five southern and central Swedish counties: Blekinge, Kronoberg, Sörmland, Västmanland and Gävleborg.

The February 2000 divestment of the Government's holding in Celsius AB has enhanced the development prospects of regions including Arboga and Karlskoga.



Employees in Government-owned companies, 1999

County	Number of employees
1 County of Stockholm	53,000
3 County of Uppsala	5,000
4 County of Södermanland	3,200
5 County of Östergötland	8,400
6 County of Jönköping	6,000
7 County of Kronoberg	2,900
8 County of Kalmar	4,000
9 County of Gotland	1,400
10 County of Blekinge	2,200
12 County of Skåne	19,400
13 County of Halland	4,000
14 County of Västra Götaland	25,500
17 County of Värmland	5,300
18 County of Örebro	5,700
19 County of Västmanland	3,800
20 County of Dalarna	5,000
21 County of Gävleborg	4,200
22 County of Västernorrland	6,800
23 County of Jämtland	3,100
24 County of Västerbotten	5,100
25 County of Norrbotten	11,000
Employees in Sweden	185,000
Employees in foreign countries	50,000
Total employees	235,000¹⁾

¹⁾ The figures differ from other tables in this review because regional information may relate to differing periods and/or encompass employees regardless of full or part-time employment.

- A Above national average (more than 20%)
- B Comparable to national average (± 20%)
- C Below national average (more than 20%)

An above-average level for employees of Government-owned companies implies that Government corporations are over-represented in the relevant county. The national average is 1 in 20 business employees (5.3 per cent).

Government corporations' environmental initiatives

In many cases, Government enterprises are pursuing successful initiatives in the environmental sphere. Within transportation, Swedish State Railways and SAS are examples of corporations with renowned environmental efforts. Real estate and property management is another sector where Government enterprises are emphasising the environmental sphere. AssiDomän has accredited forestry and manufacturing operations that generate approximately 65 per cent of total group revenues. In 1998, AssiDomän initiated a successful collaboration, resulting in Forest Stewardship Council accreditation. The Swedish National Pharmacy Corporation has accredited a pharmacy group in the city of Jönköping according to EMAS, the voluntary EU environmental management system; other groups are in hand.

The Swedish Government Offices conducted a survey of Government enterprise environmental initiatives in early 2000, which revealed that many had initiated, and make substantial progress, in their environmental initiatives. Among wholly owned corporations, 40 responded to the survey on questions regarding environmental policy, environmental audits and environmental management systems.

Many (70 per cent), of these corporations have established environmental policies, which include stipulations regarding:

- Environmental standards for suppliers and contractors (86 per cent of all those with a policy);
- Undertakings regarding reduced environmental impact, such as enhanced conservation of resources and reduced emissions (86 per cent);
- Undertakings to pursue sustainable progress (82 per cent).

Statements on employee environmental training are almost as common (75 per cent).

Undertakings regarding continuous improvement are included in documents such as EU voluntary environmental management systems. These imply the enterprise working towards the gradual reduction of environmental impact. One means of achieving this is that the corporation does not cease its efforts once it has achieved an environmental objective but instead raises the level of ambition for its achievements. Statements regarding continuous or permanent improvement are included in 64 per cent of Government enterprise environmental policies.

Separate environmental audits have become an increasingly common phenomenon amongst the corporations; 30 per cent of those enterprises responding have a separate environmental audit, including enterprises or Government agencies active within transportation (The Civil Aviation Authority, Swedish State Railways, The Swedish Maritime Authority) and real estate (The Swedish Housing Finance Corporation

SBAB, Specialfastigheter Sverige, Akademiska Hus, Vasakronan). Amongst partially owned corporations, SAS and AssiDomän are renowned for their environmental audits. Higher standards in areas including Government corporation environmental reporting announced by the Ministry of Industry, Employment and Communications will further increase the transparency and potential for monitoring Government corporations' environmental initiatives.

Basically the same corporations that effect separate environment audits also operate environmental management systems. A small cluster of enterprises are still not EMAS registered nor have ISO 14001 certification. AssiDomän, Vattenfall, Sakab and The Swedish National Pharmacy Corporation have all or part of their activities accredited or registered. However, several corporations utilise in-house environmental management systems, and in total, some 45 per cent of these corporations have environmental management systems. Enterprises in the process of accreditation/registration include Swedish State Railways, SAS, The Civil Aviation Authority, Vasakronan, Swedish Alcohol Retailing Monopoly, Telia and SIS Eco-Labeling.

Apart from environmental management systems, other forms of accreditation/registration are available. Waste management enterprise Sakab operates according to The Association of Swedish Chemical Industries' Ansvar och Omsorg (Responsible Care) programme. Sveaskog and AssiDomän have joined the Forest Stewardship Council (FSC), an international organisation that pursues forestry that is positive for society, effected on environmental terms and is economically viable.

Revenues

Of all Government-owned companies, 10 had revenues exceeding SEK 10 bn, followed by a further 13 with revenues of over SEK 1 bn, and another 12 in the SEK 200 to 999 m interval. In 1999, half of the enterprises had revenues exceeding SEK 500 m, and a further 16 had sales of between SEK 50 and 500 m; 18 corporations had lower revenues, with half of this number in liquidation. Telia is the largest corporation, with revenues of SEK 52 bn, followed by SAS Group with nearly SEK 426.

In current prices, corporations in this review achieved revenues of SEK 310 bn in 1999, up nearly 5 per cent on 1998.

Aerospace player The Swedish Space Corporation and Specialfastigheter achieved the largest gains, while wine and spirits wholesaler Vin & Sprit AB also registered robust (17 per cent) expansion thanks to the successes of the Absolut vodka brand. The Swedish National Pharmacy Corporation's 12 per cent sales increase is largely due to consumer hoarding, itself the result of revised pharmaceuticals subsidy regulations.

Collateral care company Venantius registered reduced sales, a result of this corporation's role. LKAB's sales downturn is largely due to price reductions on iron ore.

Government-owned companies: revenues and earnings

Ranking	Corporation	Revenues in	Change in	Earnings after financial items	
		1999 SEK m	revenues 1998-99, %	SEK m 1999	SEK m 1998
1	Telia AB	52,121	5	5,980	7,143
2	SAS Group AB (21.4%)	41,508	1	1,846	2,857
3	Vattenfall AB	27,754	-1	4,297	4,448
4	The Swedish National Pharmacy Corporation	26,130	12	401	341
5	AssiDomän AB (35.5%)	24,497	2	-701	1,004
6	Sweden Post AB (Posten AB)	24,217	-1	-4,055 ¹⁾	1,075
7	Nordic Baltic Holding AB (18.1%)	23,091	3	11,358	11,990
8	Swedish Alcohol Retailing Monopoly	16,625	8	470	351
9	Swedish Railways	14,920	2	239	-135
10	Svenska Spel, AB	13,540	5	3,739	3,937
11	Samhall AB	9,279	-2	-386	55
12	Civil Aviation Authority	4,719	6	18	606
13	V&S Vin & Sprit AB	4,029	17	964	1,060
14	Luossavaara-Kiirunavaara AB, LKAB	3,985	-22	-244	960
15	Akademiska Hus AB	3,379	7	762	698
16	Civitas Holding AB	2,441	11	455	1,782
17	Swedish National Grid (public service company)	2,127	-1	589	605
18	OM Group AB (7.7%)	1,954	25	603	480
19	Lernia AB	1,931	3	6	30
20	Swedish Maritime Administration	1,428	2	-82	231
21	Teracom AB	1,336	5	68	98
22	The Swedish Motor Vehicle Inspection Company (52%)	1,132	2	-113	-6

The revenue figures include grants and subsidies. For partially owned enterprises, the Government holding is in brackets. For real estate corporations, revenues are defined as rental revenues. For finance institutions, revenues are defined as net interest income and net commission income.

¹⁾ excl noncomparable items SEK 236 m.

Of all Government-owned companies, 22 can be classed as billion-kronor corporations, i.e. with sales exceeding SEK 1 bn. Sweden has some 300 enterprises in this class.

Minority-owned OM Group, which posted 25 per cent revenue gains, was the most successful. Vin & Sprit AB was the most successful of the wholly owned corporations, with 17 per cent sales gains. LKAB, which shed 22 per cent of sales, suffered the heaviest contraction, the result of pressurised ore prices and currency hedging.

Four of the major corporations achieved sales gains of at least 10 per cent, while revenues declined five cases; the average earnings gains were unchanged, SEK 29 bn both years. Five Government-owned companies posted earnings exceeding SEK 1 bn, half the number in 1998. Nordic Baltic Holding AB, which earned SEK 11,358 m in 1999, posted the highest earnings, which in fact, marked a slight decline on the previous year. As a consequence of earnings derived from the divestment of shares in Pharmacia & Upjohn in January 1999, Statum registered even higher earnings, of SEK 11,716 m.

Earnings declined for 17 of the 23 corporations between 1998 and 1999; six posted losses in 1999, against two in 1998. Sweden Post registered the heaviest losses, at SEK 4,065 m, although it had provisioned for expenses resulting from the forthcoming reform of its service network amounting to SEK 2,100 m, while

also accounting expenses for new pension calculation standards of SEK 2,201 m. Excluding items affecting comparability, Sweden Post registered earnings of SEK 236 m.

Financial institutions and insurance corporations are excluded from the adjacent Affärsvärlden ranking, but with revenues of SEK 23,091 m, Nordic Baltic Holding would have achieved placing around 32nd, if Skandia had also been included. The Swedish Motor Vehicle Inspection Company and The Swedish Maritime Authority are also billion-kronor corporations but are also excluded by Affärsvärlden.

If instead, the ranking was according to operations in Sweden, Government-owned companies would achieve higher rankings. In many cases, Government corporations have a background in national service or infrastructural needs and accordingly, are subject to natural domestic territory limitations.

In terms of employee headcount in Sweden, Sweden Post would be second only to Ericsson, with its 43,193 annual contract employee equivalents, against Sweden Post's 41,349. Samhall and Telia would compete over third place with Volvo Cars, Volvo and ABB, each with some 25,000 employees in Sweden. With nearly 15,000 employees, Swedish State Railways is Sweden's tenth largest business employer.

The Government's billion-kronor corporations in Sweden's Top 500 corporations

(source: Affärsvärlden issue 19, 2000)

Ranking ¹⁾	Corporation	Revenues in 1999, SEK m	No. of employees in Sweden, 1999
13	Telia AB	52,897	25,414
15	SAS Group	41,508	9,476
24	Vattenfall AB	28,788	7,329
26	The Swedish National Pharmacy Corporation	26,156	9,395
28	AssiDomän AB	24,706	6,083
29	Sweden Post AB	24,217	41,349 ³⁾
37	Swedish Alcohol Retailing Monopoly	16,625	3,246
42	Swedish Railways	14,920	14,926
48	Svenska Spel, AB	13,541	510
107	Samhall AB	5,132 ²⁾	26,181
117	Civil Aviation Authority	4,719	3,631
124	LKAB	4,185	2,991
126	V&S Vin & Sprit AB	4,058	699
173	Vasakronan AB	2,411	348
181	Swedish National Grid	2,307	243
207	Lernia AB	1,931	2,459
264	Teracom AB	1,400	832

¹⁾ Affärsvärlden

²⁾ Samhall has been ranked excluding extra cost subsidies. Gross revenues of SEK 9,279 m would have put Samhall in 73rd place.

³⁾ Calculated in many years. Figures for the Swedish Post elsewhere in this report are the number of employees without this recalculation

Foreign operations

In many cases, Government-owned companies are oriented towards their domestic markets, and this applies particularly to corporations that were previously monopolists or had undertaken various societal roles on business terms.

In total, Government-owned companies employ 50,000 people in foreign countries, equivalent to 22 per cent of total headcount. Six out of seven employees located in foreign countries work for SAS, Nordic Baltic Holding AB or AssiDomän.

As a consequence of their ownership and organisational structures, SAS and Nordic Baltic Holding AB are already multi-nationals. AssiDomän has extensive production resources in foreign countries, even if some of its foreign activities have been divested. The majority of AssiDomän's production is sold in foreign countries; the same can be said of LKAB and V&S Vin & Sprit AB.

Telia and Sweden Post – both with origins as public service companies – have internationalised. One-sixth of Telia's revenues are derived from foreign countries, while it has over 4,000 employees outside Sweden.

An estimated SEK 90 bn of total sales (30 per cent) are made to foreign customers, an estimate which includes a share of Sweden Post's, Swedish State Railways', The Civil Aviation Authority's and The Swedish Maritime Authority's sales to foreign customers resulting from production in Sweden. However, no precise distinction is possible.

Foreign activities of Government-owned companies

Corporation	Foreign sales, SEK m 1999	Foreign sales, % 1999	Employees located in foreign countries, 1999
SAS Group (21.4 per cent)	27,395	66	19,387
Nordic Baltic Holding AB (18.1 per cent)	n/a	n/a	13,000
AssiDomän AB (35.5 per cent)	20,577	84	11,210
Telia AB	7,818	15	4,132
Vattenfall AB	6,939	25	662
Sweden Post AB	n/a	n/a	476
OM Group (7.7 per cent)	n/a	n/a	350
Luossavaara-Kiirunavaara AB, LKAB	2,949	74	290
Swedish Railways	n/a	n/a	80
V&S Vin & Sprit AB	2,820	70	69
Swedish-Danish Bridge Connection AB	n/a	n/a	48
SweRoad AB	79	96	37
Swedish Travel & Tourism Council (50 per cent)	n/a	n/a	30
Swedesurvey AB	107	100	13
Voksenåsen A/S	18	100	2
Swedish Space Corporation	269	77	1
Swedfund International AB	n/a	n/a	1
Samhall AB	2,041	22	0
Swedish Testing and Research Institute	222	53	0
Swedish Maritime Administration	186	13	0
Teracom AB	160	12	0
The Royal Opera AB	7	2	0
Total	90,000	29	49,788

Foreign sales include exports from Sweden and production in foreign countries. For Sweden Post, Swedish State Railways et al., foreign sales are defined in such a way that precise information is not presented.

For partially owned enterprises, the Government holding is in brackets.

Segments

The structure of Government-owned companies differs markedly from business generally. In many cases, Government enterprises are infrastructural, active in sectors the Government has built up, but which are confined to the domestic arena. This includes utilities like Vattenfall, telcos like Telia and transportation enterprises such as SAS, Sweden Post, The Civil Aviation Authority and The Swedish Maritime Authority. There are a number of Government enterprises within basic industries such as LKAB and AssiDomän, but none within Sweden's traditionally strong segments such as engineering, chemicals and pharmaceuticals. The highly successful V&S Vin & Sprit is the only consumer goods enterprise.

The New Economy is represented through the three telecom-oriented enterprises, but also through other corporations like Sweden Post and The Swedish National Housing Finance Corporation (SBAB).

There are numerous examples of services, wholesale and retail enterprises, although their market shares are modest. Keynote Government-owned companies are evident in several financial sector niches. The Government also owns a series of real estate corporations.

Transportation is the largest of the eleven sectors the corporations have been divided between, a division based on Morgan Stanley International's standards. Sweden Post and SAS are included in transportation. Telecom is the second-largest sector in terms of revenues, and shares second place with the services sector in terms of employee headcount. The highest earnings were generated in the financial sector. Stattum's sale of Pharmacia & Upjohn shares also implied conglomerates achieving a high earnings ranking, above the telecom sector. Utilities and leisure and tourism including gaming company Svenska Spel also achieved earnings in the billion-kronor class.

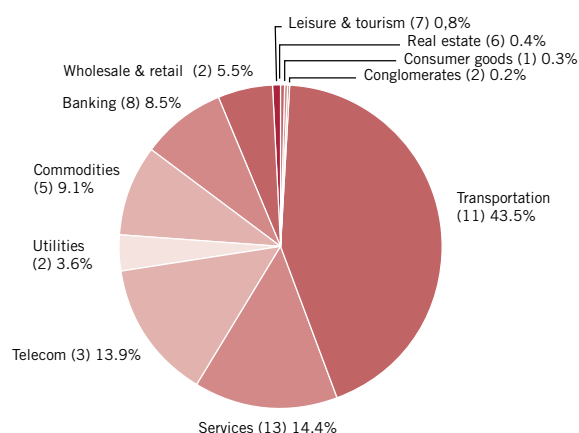
Government-owned companies by sector

Segment	Number of corporations	Revenues, SEK bn 1999	Change, % 1998-99	Foreign share, % (exc. banks) 1999	Earnings after financial items, SEK m 1999	Dividend, SEK m 1999	No. of employees 1999
Utilities	2	30	-1	18	4.9	1.9	8,234
Commodities	5	29	-2	78	-0.8	0.9	20,842
Consumer goods	1	4	17	70	1.0	0.2	771
Services	13	14	1	16	-0.6	0.0	32,890
Leisure & tourism	7	15	4	2	3.8	3.7	1,872
Wholesale & retail	2	43	10	0	0.9	0.2	12,642
Telecom	3	54	5	12	6.1	1.5	31,770
Transportation	11	88	2	32	-2.0	0.7	99,701
Banking	8	25	2	0	12.7	1.5	19,533
Real estate ¹⁾	6	7	10	0	1.3	0.8	879
Conglomerates	2	2	11	0	12.2	11.2	386
Total ²⁾	58	308	3	22	39.1	22.4	229,134

Excluding OM Group AB and SIS Eco-Labeling. ¹⁾ Including Vasakronan AB and Vasallen AB. ²⁾ Excluding Vasakronan AB and Vasallen AB.

Government-owned companies by sector, according to employee headcount

Number of corporations in brackets and share of total employee headcount in Government-owned companies



Sector division according to Morgan Stanley Capital International (MSCI)

Sector division has been effected from the perspective of investment

- Utilities: Swedish National Grid, Vattenfall AB.
- Commodities/basic industries: AssiDomän AB, Grängesbergs Gruvor AB*, Luossavaara-Kiirunavaara AB, LKAB, Sakab, AB Sveaskog, Svenska Skogsplanter AB.
- Consumer goods: V&S Vin & Sprit AB.
- Services: SIS Eco-Labeling, Swedesurvey AB, The Swedish Environmental Management Council, ALMI Företagspartner AB, Ireco, Lernia AB, Samhall AB, SGAB*, SKD företagen AB*, SOS Alarm Sverige AB, Swedish Testing and Research Institute (SP), The Swedish Motor Vehicle Inspection Company, Svenska Lagerhusaktiebolaget, Imego AB.
- Tourism & leisure: The Royal Dramatic Theatre of Sweden AB, The Royal Swedish Opera AB, Voksenåsen A/S, Swedish Travel & Tourism Council, Kurortsverksamhet, AB*, Norrland Center AB, AB Svenska Spel.
- Wholesale & retail: The Swedish National Pharmacy Corporation, Swedish Alcohol Retailing Monopoly.
- Telecom: Teracom AB, Swedish Space Corporation, Telia AB.
- Transportation: A-Banan projekt AB, AB Göta kanalbolag, The Swedish Civil Aviation Authority, Sweden Post AB, SAS Group AB, Swedish State Railways, Swedish Maritime Administration, Statens Väg- och Baninvest AB, Swedish-Danish Bridge Connection AB, SweRoad AB, Zenit Shipping AB*.
- Finance: Bostadsgaranti AB, Nordic Baltic Holding AB, OM Group AB, SBAB, Statens Premiefond AB*, Swedfund International AB, SEK (Swedish Export Credit Corporation), Swedish Ship Mortgage Bank, Venantius AB.
- Real estate: Akademiska Hus AB, A/O Dom Shvetsii, Kasernen Fastighets AB, Specialfastigheter Sverige AB, Vasakronan AB, Vasallen AB.
- Conglomerates: Civitas AB, Stattum Holding.

Financial institutions

Primarily, financial institutions with Government ownership function on market terms, even if several of them perform a niche role, issuing specific credits and guarantees. However, in these niches, such institutions have secure market positions.

The Government's ownership of Nordic Baltic Holding

amounts to only 18.1 per cent subsequent to its April merger with UniDanmark. Ownership of the bank was rationalised at the beginning of the year, now effected through one company exclusively. The bank has placed a bid for Norway's Kreditkassen (Christiania Bank) whose main owner, the Norwegian Government, has yet to make its definitive response.

Total assets and capital ratios of Government-owned financial institutions

Corporation	Total assets, SEK m		Lending, SEK m		Tier 1 capital adequacy, %	
	1999	1998	1999	1998	1999	1998
Bostadsgaranti, AB	214	208	n/a	n/a	n/a	n/a
Nordic Baltic Holding AB	890,304	911,113	584,050	567,612	8.3	7.3
SBAB	150,982	155,304	145,543	144,660	6.5	6.9
Swedish Export Credit Corporation (SEK)	149,477	138,963	60,314	60,625	16.7	16.2
Swedish Ship Mortgage Bank	3,470	2,537	2,710	1,842	29.3	42.8
Venantius AB	25,708	27,350	n/a	n/a	n/a	n/a

n/a=information not available or applicable

Earnings generated in the Government's part of the financial sector were very favourable in 1999, but declined slightly as a consequence of lower interest rates.

Earnings generated by Government-owned financial institutions

Corporation	Earnings before credit losses, SEK m		Credit losses, SEK m		Return on total assets, %	
	1999	1998	1999	1998	1999	1998
Bostadsgaranti, AB	8	3	0	1	n/a	n/a
Nordic Baltic Holding AB	11,553	13,212	195	1,222	1.3	1.3
SBAB	385	497	-12	1	0.3	0.3
Swedish Export Credit Corporation (SEK)	815	922	12	0	0.5	0.7
Swedish Ship Mortgage Bank	43	47	0	0	1.2	1.9
Venantius AB	159	-89	n/a	n/a	0.6	-0.3

The total Government financial sector comprises 20,000 employees, nearly half of which are located in Sweden. This element comprises less than one-fifth of Sweden's financial sector.

Revenues in the financial sector are calculated as the total of net commission income and net interest income; AB Bostadsgaranti's revenues consist of guarantee fees.

Real estate corporations

The Government real estate sector does not include that proportion owned by The National Property Board. Instead, the Government real estate corporation sphere comprises a number of specific enterprises that emerged from the former Vasakronan. Civitas Holding is owner of

Vasakronan and Vasallen, and of the Government's 45 per cent holdings in listed real estate corporation Celtica. Since 1 July 1998, Specialfastigheter, Kasernen and Akademiska Hus have been outside this sphere, all of which are directly owned by the Government through the Ministry of Finance.

Vacancies in Government-owned real estate corporations

Corporation	Vacancy, %		Premises area (000 m ²)		Book value, real estate	
	1999	1998	1999	1998	1999	1998
Akademiska Hus AB	1.2%	1.0%	3,015	1,845	18,572	16,826
Kasernen Fastighets AB	n/a	n/a	n/a	n/a	230	252
Specialfastigheter Sverige AB	1%	1%	986	797	5,277	4,898
Vasakronan AB	8%	8%	2,674	2,444	18,159	16,508
Vasallen AB	18%	19%	320	323	173	152

The property yield and profitability of Government real estate corporations is stable; the property yield is between 6 and 12 per cent.

Government-owned real estate corporation: revenues and earnings

Corporation	Revenues, SEK m		Operating surplus, SEK m		Property yield, %	
	1999	1998	1999	1998	1999	1998
Akademiska Hus AB	3,379	3,170	2,157	2,100	12.2	12.8
Civitas AB	2,441	2,203	1,358	1,177	7.3	7.0
Kasernen Fastighets AB	27,5	30,3	20,3	22,4	8.8	8.9
Specialfastigheter Sverige AB	777	602	486	398	9.5	10.0
Vasakronan AB ¹⁾	2,380	2,110	1,337	1,131	7.7	7.7
Vasallen AB ¹⁾	47,8	80,7	10,1	38,3	6.2	25.7

Although they have few employees, Government real estate corporations represent book values exceeding SEK 40 bn. Only Vasakronan has calculated the market value of its real estate, at SEK 27 bn, implying that the book value is 67 per cent. Applying this relationship to other enterprises, the portfolios of Government real estate corporations are worth some SEK 60 bn.

¹⁾ Owned by Civitas Holding AB.

Value-added

Value-added corresponds to a corporation's GDP contribution, which in this document, is defined as the relevant corporation's total payroll including social security contributions and operating earnings before depreciation. Corporate value-added includes production in other countries, i.e. the share of other countries' GDPs.

In the following table, information on value-added is not available for several of the corporations, and in such cases, value-added has been estimated using standardised earnings and employee headcount measures.

The Government corporate sector's total value-added equates to approximately 7 per cent of Sweden's GDP, with Telia, SAS, Nordic Baltic Holding AB and Vattenfall making the largest contributions.

Calculated in terms of value-added per employee, Svenska Spel made the largest contribution, of SEK 10 m-plus per employee, followed by V&S Vin & Sprit. Capital-intensive corporations such as Vattenfall have value-added per employee of some SEK 2 m. Samhall's value-added per employees is less than SEK 100,000. The average value-added per employee for all Government-owned companies is approximately SEK 600,000.

Value-added, Government-owned companies

Corporation	Value-added, SEK m 1999	Value-added, SEK m per employee 1999
Telia AB	24,672	0.81
SAS Group AB ¹⁾	20,000	0.69
Nordic Baltic Holding AB	18,159	0.96
Vattenfall AB ¹⁾	14,000	1.75
Sweden Post AB ¹⁾	9,862	0.20
AssiDomän AB	8,534	0.50
Swedish Railways ¹⁾	7,300	0.49
Svenska Spel, AB	5,303	10.40
The Swedish National Pharmacy Corporation	3,746	0.40
The Swedish Civil Aviation Authority	3,342	0.85
V&S Vin & Sprit AB	2,887	3.74
Samhall AB	2,484	0.09
Luossavaara-Kiirunavaara AB, LKAB	2,073	0.63
Swedish National Grid	1,846	7.60
Swedish Alcohol Retailing Monopoly	1,421	0.47
The Swedish Motor Vehicle Inspection Company ¹⁾	975	0.40
Lernia AB	946	0.38
Swedish Maritime Administration	815	0.54
SBAB	788	2.11
Teracom AB	583	0.69
SOS Alarm Sverige AB	387	0.53
Sveaskog AB ¹⁾	300	1.42
Swedish Testing and Research Institute (SP)	251	0.45
The Royal Opera AB	206	0.36
ALMI Företagspartner AB	205	0.37
Total	135,000	0.59

Value-added is defined as total payroll including social security contributions and operating earnings before depreciation; value-added corresponds to the enterprise's GDP contribution, part of it to the GDP of other countries.

¹⁾ Estimate, the enterprise provided no data.

Investments

Government-owned companies are major investors; in 1999, Telia invested over SEK 12 bn, or over 20 per cent of revenues. Vattenfall, SAS and The Civil Aviation Authority also have high investment ratios.

In total, Government-owned companies invested nearly SEK 40 bn, although this does not include real estate corporations and financial institutions. Investments increased by 10 per cent from 1998 levels.

Akademiska Hus invested SEK 2.2 bn in 1999, and made three major real estate acquisitions totalling nearly SEK 1 bn (IBM Kista, the Örebro medical school and three properties in Haga, Gothenburg). LKAB invested in new main levels in the mines in Kiruna and Malmberget, while also preparing extraction at Sjömalmen in Kiruna. An upgrade of the Ofoten rail link, to a 30-ton axle weight, and the procurement of new rolling stock, is in hand.

The Civil Aviation Authority is investing in the construction of a third runway, due for completion in 2002.

In 1999, Vasakronan made SEK 1.8 bn of real estate acquisitions, and SEK 0.3 bn of divestments. Investments and maintenance with a value of SEK 1.2 bn were also effected.

Net investments¹⁾ by Government-owned companies

Corporation	Investments, SEK m 1999	Investments, SEK m 1998
Telia AB	12,145	11,684
Vattenfall AB	7,968	4,528
SAS Group AB	5,870	6,112
Akademiska Hus AB	3,323	1,908
The Swedish Civil Aviation Authority	2,935	731
Swedish National Grid	1,381	1,056
Vasakronan AB	1,200	n/a
Sweden Post AB	1,103	1,064
Luossavaara-Kiirunavaara AB, LKAB	986	1,358
AssiDomän AB	903	3,439
Swedish Railways	737	1,128
V&S Vin & Sprit AB	686	119
Teracom AB	352	522
The Swedish National Pharmacy Corporation	281	237
Samhall AB	275	213
Svenska Spel, AB	207	283
ALMI Företagspartner AB	187	210
Swedish Alcohol Retailing Monopoly	165	31
Sveaskog AB	102	
Swedish Maritime Administration	97	42
Swedish Testing and Research Institute	60	37
Lernia AB	47	85
SOS Alarm Sverige AB	34	36
The Royal Opera AB	5	8
Nordic Baltic Holding AB	n/a	n/a
The Swedish Motor Vehicle Inspection Company	n/a	n/a
Total	39,000	35,000

¹⁾ Includes R&D

No information for real estate corporations and financial institutions
n/a not available.

Research and development

Only few corporations indicated investments in research and development (R&D), partly due to development initiatives in services companies not being classified as R&D. However, this probably also reflects the fact that the share of R&D is relatively modest. Government corporations are active in sectors with relatively low R&D intensity.

Telia's R&D share is equivalent to nearly 3 per cent of revenues, high in international terms, but modest compared to telecom technology corporation Ericsson.

Ownership holdings and forms of ownership

The predominant form of ownership for Government-owned companies is wholly owned limited companies. Only four activities are pursued as public service companies: The Civil Aviation Authority, The Swedish Maritime Authority, Swedish State Railways and Swedish National Grid.

The Government is an owner in a total of eleven corporations, four of which are listed. The Government

exerts a majority influence, but does not hold 100 per cent of the capital of The Swedish Motor Vehicle Inspection Company, IRECO Institute for Research and Competence Holding AB and The Swedish Environmental Management Council.

The Government holds half of the capital of five corporations: Swedish Travel & Tourism Council, AB Bostadsgaranti, SOS Alarm Sverige AB, SEK (Swedish Export Credit Corporation) and Värdepapperscentralen VPC AB (holding divested in July 1999).

The Government has minority holdings of less than 20 per cent in: Nordic Baltic Holding, OM Group, Sakab and SIS Eco-Labeling.

The Government is the biggest owner in the four listed corporations (AssiDomän, Celtica, Nordic Baltic Holding and SAS Sverige), the Government owns 7.7 per cent of OM Group.

The ownership of Celtica is effected through Civitas Holding/Agilia Holding.

Government-owned companies, by holding

Holding	No. of corporations	Revenues, SEK bn 1999	Change, % 1998-99	Foreign share, % (financial institutions) 1999	Earnings after financial items, SEK m 1999	Earnings after financial items, SEK m 1998	No. of employees 1999	Change, no. 1998-99
Wholly owned (100 %)	40	216	4	18	14.0	23.5	160,843	-1,435
Majority or 50% owned (50-99 %)	7	3	1	0	0.7	0.9	3,111	-14
Minority owned (<50 %)	7	91	2	41	13.1	16.3	65,656	766
All	54	310	3	23	27.8	40.8	229,728	-552
Companies in liquidation and holding companies	8	3	10	0	12.2	2.6	743	-33

Excluding Sakab

Principals for Government ownership

The Government Offices have accumulated resources and skills for the management of Government assets in dedicated units within the Ministry of Industry, Employment and Communications and the Ministry of Finance.

The Ministry of Industry, Employment and Communications Government manages 32 corporations, which represent an aggregate 84 per cent of employee headcount and 69 per cent of revenues. The majority of these enterprises are utilities, telecom, forest products and transportation sector players; most are exposed to competition.

The Ministry of Industry, Employment and Communications' corporate unit was formed coincident with the autumn 1998 merger of the formerly separate labour market, industry and trade and communication ministries. This unit comprises 16 people; six corporate managers, four analysts that also deal with corporate governance issues, two people working on the stock market flotation of Telia, three assistants and one unit head/coach. Corporate managers and analysts are active according to sector.

The Ministry of Finance is the second major manager of Government ownership, managing 14 corporations primarily in the financial and real estate sectors. These corporations employ 9 per cent of the headcount, and generate 16 per cent of the revenues of Government corporations.

The Ministry of Finance's corporate unit comprises ten individuals, and manages real estate corporations,

financial institutions, V&S Vin & Sprit and AB Svenska Spel. This unit also deals with lottery issues, plus The National Property Board and The Swedish Fortification Corps.

The purpose of these units is to actively monitor and manage Government assets to ensure optimal value performance, and the satisfaction of specific societal interests.

These units effect their assignments primarily through active research and Board activities, monitoring and observing trends in the various sectors, and proposing suitable measures. The units' professionals also interface between the corporations and those political appointees that bear ultimate executive responsibility. Accordingly, these units prepare supporting data and submissions for consideration by the Government Offices.

Additionally, the Ministries of Health and Social Affairs, Culture, the Environment, Foreign Affairs, and Education and Science manage Government ownership in 12 corporations, representing 7 per cent of total employee headcount and 15 per cent of aggregate revenues. The Ministry of Health and Social Affairs manages corporations that pursue socio-political objectives, while the Ministry of Culture manages enterprises with cultural policy objectives. The Ministry of the Environment manages corporations active in the environmental sphere.

Enterprises with Government ownership of less than 20 per cent lie outside the scope of this review.

Government-owned companies by principal

Principal	No. of corporations	Revenues, SEK bn 1999	Earnings after financial items, SEK bn 1999	Dividend, SEK bn 1999	No. of employees 1999
Ministry of Finance	14	48.8	18.0	5.8	21,593
Ministry of Culture	4	1.9	0.1	0.0	1,789
Ministry of the Environment	2	0.1	0.0	0.0	41
Ministry of Industry, Employment and Communications	32	213.4	19.3	16.0	192,600
Ministry of Health and Social Affairs	3	42.9	1.0	0.2 ¹⁾	12,999
Ministry of Education and Science	1	0.0	-0.0	0.0	12
Ministry of Foreign Affairs	2	0.9	0.8	0.5	100
All	58	307.8	39.1	22.4 ¹⁾	229,134

Excluding OM Group AB, Sakab and SIS Eco-Labeling. Vasakronan and Vasallen are included in Civitas Holding.

¹⁾ The figures include SEK 11.7 bn in dividends from Stattum Holding.

Government-owned companies by principal, April 2000

Corporation	Holding	Corporation	Holding
Ministry of Industry, Employment and Communications ^{6, 8)}			
A-Banan projekt AB	100%	Dom Shvetsii, A/O	36%
ALMI Företagspartner AB	100%	Kasernen Fastighets AB	100%
AssiDomän AB ¹⁾	35.5%	Nordic Baltic Holding AB ⁵⁾	18.1%
Grängesbergs Gruvor AB ⁹⁾	100%	OM Group AB	7.7%
Göta kanalbolag, AB	100%	SIS Eco-Labeling	10%
IRECO Holding AB	55%	SKD företagen AB ⁹⁾	100%
Lernia AB	100%	Specialfastigheter Sverige AB	100%
The Swedish Civil Aviation Authority	public service company	SBAB (Swedish National Housing Finance Corp.)	100%
Luossavaara-Kiirunavaara AB, LKAB	100%	Statens Premiefond AB ⁹⁾	100%
Norrland Center AB	33.3%	Akademiska Hus AB	100%
Sweden Post AB	100%	Svenska Lagerhusaktiebolaget	100%
Samhall AB	100%	Svenska Spel, AB	100%
SAS Group AB ²⁾	21.4%	V&S Vin & Sprit AB	100%
Swedish Maritime Administration	public service company	Vasakronan AB ⁴⁾	100%
SOS Alarm Sverige AB	50%	Vasallen AB ⁴⁾	100%
Swedish State Railways, SJ	public service company	Venantius AB	100%
Statens Väg- och Baninvest AB	100%	Ministry of Culture	
Stattum Holding	100%	The Royal Dramatic Theatre of Sweden AB	100%
Sveaskog AB	100%	The Royal Swedish Opera AB	100%
The Swedish Motor Vehicle Inspection Company	52%	Teracom AB	100%
Swedish National Grid	public service company	Voksenåsen A/S	100%
Swedish Space Corporation	100%	Ministry of the Environment	
Swedish Ship Mortgage Bank	100%	Sakab	1 share
Svenska Skogsplantor AB	100%	The Swedish Environmental Management Council	90%
Swedish-Danish Bridge Connection	100%	Swedesurvey AB	100%
Sveriges Geologiska AB, SGAB in liquidation ⁹⁾	100%	Ministry of Health and Social Affairs	
Swedish Testing and Research Institute (SP)	100%	The Swedish National Pharmacy Corporation	100%
Swedish Travel & Tourism Council	50%	Kurortsverksamhet, AB ⁹⁾	100%
SweRoad AB	100%	Swedish Alcohol Retailing Monopoly	100%
Telia AB	100%	Ministry of Foreign Affairs	
Vattenfall AB	100%	Swedfund International AB	100%
Zenit Shipping AB ⁹⁾	100%	SEK (Swedish Export Credit Corporation)	50%
Ministry of Finance ^{3, 7)}			
Agilia Holding AB ⁴⁾	100%	Ministry of Education and Science	
Bostadsgaranti, AB	50%	Imego AB	100%
Celtica AB ⁴⁾	45%		
Civitas Holding AB ⁴⁾	100%		

¹⁾ 50.24% prior to hive-off of Sveaskog AB in summer 1999.

²⁾ 50% by SAS Sverige AB.

³⁾ Statens Premiefond AB included in 1998, but in liquidation and partially replaced by the 7th AP (National Pensions Insurance) Fund.

⁴⁾ Civitas Holding AB owns Agilia Holding AB and Vasakronan AB. In turn, Vasallen AB is a subsidiary of Agilia Holding AB. Celtica is a listed corporation 45% owned by Agilia.

⁵⁾ Formerly 42.5% owned by Nordbanken Holding AB, although this has been restructured to direct ownership in Nordic Baltic Holding AB, with a 25.9% holding in the merged corporation. Subsequent to the spring 2000 merger with UniDanmark, the Government's ownership holding is 18.1%.

⁶⁾ SAQ Kontroll AB, managed by Ministry of Industry, Employment and Communications, was divested in June 1999.

⁷⁾ The holding in Värdepapperscentralen VPC AB, managed by the Ministry of Finance, was divested in July 1999.

⁸⁾ 25% holding in Celsius AB divested to Saab AB/BAe in February 2000.

⁹⁾ In liquidation or up for divesting.

Corporations owned directly by the Government Offices, April 2000

Corporation	Revenues	Change,	Foreign	Earnings after		Return on		Return on		Dividend,		No. of	Change
	SEK m	%	sales, %	financial items,	financial items,	equity, %	equity, %	operating capital, %	operating capital, %	SEK m	employees	no.	
	1999	98-99	1999	1999	1998	1999	1998	1999	1998	1999	1998	1999	98-99
Wholly owned enterprises (100 %)													
A-Banan projekt AB	15.3	40	0	0	0	neg	neg	neg	neg	0	0	2	0
ALMI Företagspartner AB	560	27	0	-112	255 ⁴⁾	-3	6			0	0	554	-12
The Swedish National Pharmacy Corporation	26,130	12	0	401	341	14	14	9	7	100	1,500	9,396	249
Civitas AB	2,441	11	n/a	455	1,782	5	18	7	7	164	411	386	-25
Grängesbergs Gruvor AB ¹⁾	0	0	0	0	0	n/a	n/a	n/a	n/a	0	0	0	0
Göta kanalbolag, AB	51	-24	0	2.3	-0.4	6	0	0	0	0	0	51	-43
Imego AB	1.4	new	0	-13.2		-35		neg		0	0	12	12
Kasernen Fastighets AB	27.5	-9	0	-4.7	8.6	-7	11	9	9	2.2	2.1	3	0
The Royal Dramatic Theatre of Sweden AB	210	-8	0	-1	6	neg	86	n/a	n/a	0	0	303	-3
The Royal Swedish Opera AB	347	-2	2	1	-16	29	neg	0	neg	0	0	580	-10
Kurortsverksamhet, AB ¹⁾	165	-6	0	63	-4	102	neg	n/a	n/a	0	0	357	-8
Lernia AB	1,931	3	n/a	6	30	2	8	n/a	n/a	-	22	2,459	147
The Swedish Civil Aviation Authority	4,719	6	0	18	606	0	20	2	11	0	78	3,919	124
Luossavaara-Kiirunavaara AB, LKAB	3,985	-22	74	-244	960	-3	8	-7	10	231	231	3,279	-289
Sweden Post AB	24,217	-1	n/a	-4,055 ⁵⁾	1,075	neg	17	neg	29	0	0	50,174	-1,619
Samhall AB	9,279	-2	22	-386	55	-27	2	-184	1	0	0	26,183	490
SBAB	782	-8	0	397	496	8	11	0	0	89	96	374	62
Sveriges Geologiska AB ¹⁾	0	0	0	0	0	0	0	0	0	0	0	0	0
Swedish State Railways, SJ	14,920	2	²⁾	239	-135	10	-5	7	5	0	0	15,006	-688
Swedish Maritime Administration	1,428	2	13	-82	231	-9	16	-8	19	0	55	1,503	-13
SKD företagen AB ¹⁾	0	0	0	0	0	0	0	0	0	0	0	0	0
Swedish Testing and Research Institute (SP)	422	5	53	17	21	6	8	9	11	0	0	560	-1
Specialfastigheter Sverige AB	777	29	0	149	114	11	9	10	10	60	115	91	4
Statens Premiefond AB ¹⁾	0	0	0	-3	-2	n/a	n/a	n/a	n/a	0	0	0	0
Statens Väg- och Baninvest AB	129	-43	0	1	-8	6	neg	0	neg	0	0	26	-16
Akademiska Hus AB	3,379	7	0	762	698	13	12	7	8	600	400	399	10
Stattum Holding	-	-	-	11,716	817	66	14	neg	neg	11,000	1,000	0	0
Sveaskog AB	517	-8	n/a	188	-	30	-	27	new	0	0	212	2
Svedab	471	4	0	0	0	0	0	0	0	0	0	100	2
Swedesurvey AB	107	6	100	4	4	11	12	1	0	0	0	39	2
Swedfund International AB	42	-2	-	-29	16	2	0	n/a	n/a	0	0	18	-1
Swedish National Grid (public service company)	2,127	-1	n/a	589	605	9	10	7	8	384	302	243	8
Svenska Lagerhusaktiebolaget	155	8	<1	20	13	29	19	41	23	0	0	118	10
Swedish Space Corporation	349	32	77	13	1	11	0	34	-16	0	0	283	-2
Swedish Ship Mortgage Bank	56	-5	0	43	47	6	6	1	2	0	0	9	0
Svenska Skogsplantor AB	197	-9	0	-5	13	-5	11	1	8	3.0	0	291	-1
Svenska Spel, AB	13,540	5	0	3,739	3,937	100	100	159	153	3,739	3,937	510	27
SweRoad AB	82	30	96	14	-2	37	-9	130	-27	0	0	57	2
Swedish Alcohol Retailing Monopoly	16,625	8	0	470	351	26	23	81	49	50	122	3,246	-24
Telia AB	52,121	5	15	5,980	7,143	14	19	15	18	1,470	1,400	30,643	50
Teracom AB	1,336	5	12	68	98	3	7	8	11	0	16	844	-14
V&S Vin & Sprit AB	4,029	17	70	964	1,060	31	27	93	126	230	840	771	73
Vasakronan AB ³⁾	2,380	13	0	437	1,114	6	13	8	8	157	982	348	27
Vasallen AB ³⁾	48	-41	0	-33	1	-29	1	6	26	0	0	38	4
Vattenfall AB	27,754	-1	25	4,297	4,448	8	8	n/a	n/a	1,500	1,500	7,991	-5
Venantius AB	285	-25	0	159	-89	5	-3	1	0	0	0	146	-59
Voksenåsen A/S	19	125	100	0.4	0.6	4	n/a	37	11	0	0	62	60
Zenit Shipping AB ¹⁾	-	6	-	n/a	9.3	n/a	n/a	n/a	53	0	0	0	0
Total, wholly owned Government enterprises excluding Stattum	215,726	3.7	11	14,113	24,168	11	15			8,622	11,027	161,200	-1,499
Total, wholly owned Government enterprises including Stattum	215,726	3.7	11	25,829	24,985	15	15			19,622	12,027	161,200	-1,499

¹⁾ In liquidation or up for divesting.

²⁾ Precise definition of foreign sales problematic for certain corporations.

³⁾ Not included in totals. Holding company Civitas included only.

⁴⁾ Excl sales of shares SEK -153 m.

⁵⁾ Excl non comparable items SEK 236 m.

For financial institutions, revenues are substituted by net interest income and net commission income; for real estate corporations, rental revenues are used.

GOVERNMENT-OWNED COMPANIES IN 1999

Corporation	Revenues, Change, SEK m		Foreign sales, %	Earnings after financial items, SEK m		Return on equity, %		Return on operating capital, %		Dividend, SEK m		No. of employees	Change no. 98-99
	1999	98-99		1999	1999	1998	1999	1998	1999	1998	1999		
Partially owned (min. 50%)													
Bostadsgaranti, AB (50%)	14.6	40	0	7.8	2.4	103	10.8	n/a	n/a	0	0	8	0
IRECO, Institute for Research and Competence Holding AB (55%)	102	2	0	0	0	n/a	n/a	n/a	n/a	0	0	3	1
SOS Alarm Sverige AB (50%)	553	3	0	22	31	12	19	27	38	7	0	736	13
The Swedish Motor Vehicle Inspection Company (52%)	1,132	2	0	-113	-6	-9	-1	n/a	n/a	0	4	2,224	-13
SEK (Swedish Export Credit Corporation) (50%)	898	-10	²⁾	803	922	13	14	1	1	450	667	82	-7
The Swedish Environmental Management Council (90%)	2.8	-30	-	-0.2	0.9	n/a	n/a	n/a	207	0	0	2	0
Swedish Travel & Tourism Council (50%)	221	-7	²⁾	5	-2	n/a	n/a	n/a	n/a	0	0	56	-8
Partially owned, (< 50%)													
AssiDomän AB (35.5%)	24,497	2	84	-701	1,004	3	5	6	7	710	651	17,060	-483
Dom Shvetsii, A/O (36%)	n/a											n/a	
Nordic Baltic Holding AB (18.1%)	23,091	3	n/a	11,358	11,990	21	14	1	1	948	902	18,896	-845
Norrland Center AB (33.3%)	3.8	-17	-	0.3	-0.2	2	-2	-83	-30	0	0	4	1
OM Group AB (7.7%)	1,954	25	n/a	603	480	16	14	n/a	n/a	419	377	805	298
SAS Group AB (21.4%)	41,508	1	66	1,846	2,857	8	13	8	17	658	658	28,863	1,792
SIS Eco-Labeling (10%)	37	1	-	6	5	28	28	28	28	0	0	28	3
Sakab (1 share)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total, corporations with Government part ownership	94,015	2.4	69	13,836	17,284	14	12			2,733	2,934	68,767	752
Total, Government-owned companies	309,742	3.3	29	39,666	42,269	14	14			25,754	14,962	229,967	-747
Total, Government-owned companies, excl. Statum	309,742	3.3	29	27,950	41,452	11	14			14,754	13,962	229,967	-747
Total, corporations with Government part ownership weighted by holding ⁴⁾	240,410	3.3	17	29,326	29,522	14	14			20,359	12,879	179,898	-1,492

For financial institutions, revenues are substituted by net interest income and net commission income; for real estate corporations, rental revenues are used.

¹⁾ In liquidation or up for divesting.

²⁾ Precise definition of foreign sales problematic for certain corporations.

³⁾ Not included in totals.

⁴⁾ Ownership holdings only included for partially owned corporations.

Level of commercial activity, April 2000

Corporation	Minimum earnings requirement	Specific societal interest ¹⁾	Competition	Comment
Wholly owned corporations				
A-Banan projekt AB	No	Yes		Partially grant financed, temporary enterprise
ALMI Företagspartner AB	No	Yes		Partially grant financed
The Swedish National Pharmacy Corporation	Yes	Yes	Legislated monopoly	
Civitas Holding AB med Agilia Holding AB	Yes	No		
Grängesbergs Gruvor AB	No	No		In liquidation
Göta kanalbolag, AB	No	Yes		Partially grant financed
Imego AB	Yes	No		New research institution
Kasernen Fastighets AB	Yes	Yes	Sole status	
The Royal Dramatic Theatre AB	No	Yes		Partially grant financed
The Royal Opera AB	No	Yes		Partially grant financed
Kurortsverksamhet, AB	No	No		Partially grant financed, in liquidation
Lernia AB	Yes	No		
Civil Aviation Authority	Yes	Yes		
Luossavaara-Kiirunavaara AB, LKAB	Yes	No		
Sweden Post AB	Yes	Yes		Certain services grant financed
Samhall AB	No	Yes		Partially grant financed
Swedish Railways	Yes	No		
Swedish Maritime Administration	Yes	Yes		
SKD företagen AB	Yes	No		In liquidation
Swedish Testing and Research Institute	Yes	No		Certain services grant financed
Specialfastigheter Sverige AB	Yes	No	Partial sole status	
SBAB (Swedish National Housing Finance Corp.)	Yes	No		
Statens Premiefond AB	Yes	Yes		In liquidation
Statens Väg- och Baninvest AB	No	No		
Akademiska Hus AB	Yes	No	Partial sole status	
Stattum Holding	Yes	No		Holding company
Sveaskog AB	Yes	Yes		Acquired from AssiDomän AB
Swedish-Danish Bridge Connection AB	No	Yes		Öresund link construction
Swedesurvey AB	Yes	No		
Swedfund International AB	Yes	No		
Swedish National Grid	Yes	Yes	Sole status	
Svenska Lagerhusaktiebolaget, SLAB	Yes	No		
Swedish Space Corporation	Yes	No		
Swedish Ship Mortgage Bank	Yes	No		
Svenska Skogsplantor AB	Yes	No		
Svenska Spel, AB	Yes	No	Legislated monopoly	
Sveriges Geologiska AB		No		In liquidation
SweRoad AB				
Swedish Alcohol Retailing Monopoly	Yes	Yes	Legislated monopoly	
Telia AB	Yes	No		
Teracom AB	Yes	Yes	Partial monopoly	
V&S Vin & Sprit AB	Yes	No		
Vasakronan AB	Yes	No		
Vasallen AB	Yes	No		
Vattenfall AB	Yes	No		
Venantius AB	No	Yes		Partially grant financed
Voksenåsen A/S	No	Yes	Sole status	Partially grant financed
Zenit Shipping AB	No	No		In liquidation
Majority or 50%-owned companies, holding in brackets				
Bostadsgaranti, AB (50%)	No	No		
IRECO Institute for Research and Competence Holding AB (55%)	No	Yes		
SOS Alarm Sverige AB (50%)	Yes	No	Partial sole status	
The Swedish Motor Vehicle Inspection Company (52%)	No	Yes	Legislated monopoly	
SEK (Swedish Export Credit Corporation) (50%)	Yes	No		Issues Government-backed credits
The Swedish Environmental Management Council (90%)	No	No	Sole status	Partially grant financed
Swedish Travel & Tourism Council (50%)	No	No		Partially grant financed
Minority-owned companies, holding in brackets				
Dom Shvetsii, A/O (36%)				
AssiDomän AB (35.5%)	Yes	No		
Nordic Baltic Holding AB (18.1%)	Yes	No		
Norrland Center AB (33.3%)	No			
OM Group AB (7.7%)	Yes	No		
SAS Group AB (21.4%)	Yes	No		
SIS Eco-Labeling (10%)	No	No		
Sakab (1 share)	Yes	No		

¹⁾ Specific societal interests means the majority of activities are grant financed and/or regulated by legislation or parliamentary decision.

Government ownership of listed corporations

The Government has ownership holdings in five corporations listed on OM Stockholm Exchange. In SAS Group and MeritaNordbanken, Government ownership is effected through holdings in SAS Sverige (50 per cent) and Nordic Baltic Holding respectively.

The residual Government holdings in Pharmacia & Upjohn were divested in January 1999. In autumn of that year, Saab AB/BAE bid for Celsius AB; the Government divested its holding in February 2000.

In summer and autumn 1999, the Government acquired Sveaskog AB from AssiDomän through a combined hive-off and share exchange, whereby the Government reduced its holdings in AssiDomän from 50.2 per cent to 35.5 per cent.

The value of the Government's stock portfolios declined by SEK 1,826 m, or 5 per cent, in 1999, excluding shares in Pharmacia & Upjohn. By 20 July 2000, the portfolio excluding Celsius and Telia had

expanded by SEK 8,842 m, or 24 per cent. The OM Stockholm Exchange General Index (SX) rose by 66 per cent in 1999, and by 9 per cent between 1 January and 20 July 2000.

The initial public offering of 29.4 per cent of Telia in the beginning of June 2000 gave the Government SEK 75.0 bn, whereof SEK 12.8 bn goes to Telia. The Government's share of 70.6 per cent has a market value of SEK 176 bn 20 July 2000.

Government shareholdings correspond to 1 per cent of aggregate market capitalisation. According to the book *Ägarna och Makten 2000* (Owners and Power 2000), the Swedish Government ranked 14th as an owner of Swedish listed corporations. That share rises to 5 per cent of the total market capital on OM Stockholm Exchange if also Telia is included. That makes the Government the biggest owner over all.

Listed Government-owned companies as of 31 December 1998, 1999 and 20 July 2000

Corporate ranking	Government holding capital/votes, 4 July 2000	Government proportion of market capitalisation			Share price performance, %		
		31 Dec 1998	31 Dec 1999	4 July 2000	Dec 98- Dec 99	Dec 99- 4 July 2000	Dec 98- 4 July 2000
Nordic Baltic Holding AB ¹⁾	18.1	28,185	27,101	35,231	-4	30	25
AssiDomän AB ²⁾	35.5	7,612	5,818	5,398	8	-7	0
OM Group AB	7.7	654	1,186	2,649	81	123	305
SAS Sverige AB ³⁾	50	2,626	2,679	2,344	2	-13	-11
Celtica ⁴⁾	38.5	46	52	56	13	8	22
Celsius AB ⁵⁾	24.9	770	1,232	0	60	-	-
Pharmacia & Upjohn ⁶⁾	7.0	16,237	0	0	-	-	-
Total excl. Telia		56,131	38,068	45,678	-3	24	18
Telia	70.6	-	-	175,817	-	-	-
Total incl. Telia		56,131	38,068	221,634	66		
Index (SX)					66	9	82

¹⁾ Previously 25.9 per cent and during 1999 25.5 per cent through 42.5 per cent of Nordbanken Holding which owned 60 per cent of MeritaNordbanken (21.3 per cent of the vote because Nordbanken Holding held only 50 per cent of the votes).

²⁾ The Government's ownership holding was 50.2 per cent prior to the Sveaskog transaction.

³⁾ SAS Sverige AB owns three-sevenths of SAS Group, whereby the Government ownership holding is 21.4 per cent.

⁴⁾ Through Civitas Holding AB

⁵⁾ The Government held 61.7 per cent of the vote, although this was only utilised in specific situations. Although the holding was divested in February, the first funds were received in March 2000.

⁶⁾ 7 per cent of share capital divested in January 1999.

Change in Government ownership of listed corporations from 1999 to Q2 2000

Timing	Operations, acquisition/divestment	Buyer	Transaction total
<i>Acquisition</i>			
January 1999	OM Group AB	Ministry of Finance	6,413,154 shares
<i>Divestment</i>			
January 1999	Stattum Holding	Pharmacia & Upjohn Inc	357,662,282 shares/ SEK 15,400 m
June 1999	Stattum Holding	AssiDomän AB	1)
January 2000	The Government and Stattum Holding	Celsius AB	SEK 1,253 m
June 2000 ²⁾	Government	Telia	SEK 75,048 m

¹⁾ Hive-off of Sveaskog and exchange of AssiDomän shares for Sveaskog shares with other shareholders.

²⁾ 1,008,619 persons signed for the Telia Share. The Telia share was listed 13 June on the A-list on OM Stockholmsbörsen.

This list includes transactions with the corporations' name, timing, buyer, seller, ownership holdings, amounts, etc.

Acquisitions and divestments implemented by the corporations themselves are mainly indicated under the relevant corporation; including Sweden Post's acquisition of shares in ASG in June 1999, and the subsequent divestment of these shares to Deutsche Bundespost. Vattenfall has also acquired shares in companies including Germany's HEW.

Significant events in 1999 and early 2000

There was brisk activity in acquisitions, restructuring and investments in 1999 and so far in 2000. The latest major event was the sale of Celsius to Saab AB/BAe in February 2000. The construction of Sveaskog AB was another structural measure. Acquisitions, mergers and divestments have also been effected with foreign counterparties, with the sale of SAQ Kontroll, Nordic Baltic Holding's merger with UniDanmark and Vattenfall's acquisition of power distributors and producers in Finland, Norway, Poland and Germany all examples of these phenomena.

A review of investments, acquisitions and restructuring, and executive appointments in Government-owned companies follows. However, this is preceded by a brief and separate review of a number of the most notable transactions.

Pharmacia & Upjohn

The Government's residual holdings in Pharmacia & Upjohn were divested in January 1999 when the share price set its all-time high. The total sales revenues amounted to SEK 15.4 bn, generating capital gains of some SEK 10.8 bn. The divested holding amounted to 7 per cent of this corporation's share capital.

Telia's stock market flotation

In March 2000, the Government submitted a bill requesting the divestment of shares equating to up to 49 per cent of Telia, which was approved by Parliament in May, with the first sale in June 2000.

Divestment of Government holdings in Celsius AB

On 16 November 1999, Saab AB/BAe made a public bid for all the shares in Celsius AB, of SEK 179 cash for each class A and B share to Celsius AB's shareholders; the offering had a total value of some SEK 5 bn. The Government resolved to accept the offering for all its class A and B shares, implying that the Government and Stattum Holding sold 3,000,000 class A shares and 4,000,000 class B shares, corresponding to 24.9 per cent of the capital and 61.7 per cent of the votes in Celsius for SEK 1,253 m. This decision was reached on 17 February 2000 supported by parliamentary authorisation granted on the preceding day. Payment was received on 3 March 2000.

The divestment of the Celsius AB holding to Saab AB/BAe has contributed to the restructuring of the Swedish and international defence industries through

the creation of a competitive and secure corporation with good international collaboration prospects.

Divestment of SAQ

On 24 June 1999, SAQ Kontroll AB, the technical inspection company, was divested to Det Norske Veritas for SEK 270 m plus a conditional element to the specified subsequently. This divestment results in the Swedish Government deregulating and de-monopolising The Swedish Motor Vehicle Inspection Company market that began ahead of Sweden's 1995 entry into the EU.

Divestment of Government holdings in VPC

The Government divested its 50 per cent holding in VPC on 15 July 1999, as did the Federation of Swedish Industries and the Stockholm Chamber of Commerce, which each held one-eighth of the company. The purchase price was SEK 900 m, SEK 600 m to be paid to the Government. Subsequently, VPC is 98.6 per cent owned by four major Swedish banks: FöreningsSparbanken (Swedbank), Nordic Baltic Holding, SEB and Svenska Handelsbanken, with the remaining 1.4 per cent owned by various securities institutions. OM Group AB has a collaboration agreement with the banks regarding the option to purchase 11 per cent.

Sveaskog AB

In June 1999, Sveaskog AB was formed as a wholly owned Government forest products corporation. This structure was achieved by AssiDomän transferring approximately one-third of its forest assets to a subsidiary that was spun off to shareholders at its Annual General Meeting on 14 June 1999. Coincident with this transfer, the Government offered to exchange shares in Sveaskog for those AssiDomän shares held by the Government. The offering gained broad acceptance, with the Government securing a first tranche of 98 per cent of the shares in Sveaskog. Compulsory redemption is in hand.

An autumn 1998 parliamentary decision ahead of this corporate formation stipulated that Sveaskog would function as an independent party on the timber market and serve the interests of the environment and natural habitats.

Corporate acquisitions and divestments

As of 1 January 2000, AssiDomän divested Niab Hestra AB and the Hestra sawmill to the Vida AB saw milling group. In February 2000, AssiDomän signed a

letter of intent with Frantschach AG regarding the sale of the Dynäs and Sepap paper mills, all sack-paper facilities and the Barrier Coating business unit. The definitive agreement was signed in May 2000. At the end of 1999, AssiDomän also initiated the divestment of the Carton Board business unit

– In 1999, Bostadsgaranti secured a concession for its subsidiaries to pursue insurance operations, with an insurance company registered in January 2000.

– Civitas Holding acquired subsidiary Agilia Holding's shareholdings in listed real estate corporation Celtica during 1999. In 1999, Agilia Holding divested all shares in Bonifazius AB and InfraCity AB. A merger process between Agilia Holding and its subsidiary Vasallen was initiated in 1999.

– On 13 January 1999, Imego AB was registered as a micro-technology research institute for research assignments targeted on microelectronic systems. This enterprise's activities are pursued at the Chalmers University of Technology Vasa research park in Gothenburg.

– From autumn 1999 onwards, Loussavaara-Kiirunavaara AB, LKAB became the sole owner of transportation corporation MTAB after acquiring 24.5 per cent of this corporation each from Swedish State Railways and NSB of Norway.

– In autumn 1999, Nordic Baltic Holding/MeritaNordbanken submitted a NOK 24.3 bn cash bid for Norway's Christiania bank og Kreditkassen. The offering to shareholders was subsequently extended.

In January 2000, MeritaNordbanken changed corporate name to Nordic Baltic Holding subsequent to Merita's shareholders exchanging their shares for shares in Nordbanken Holding. The prevailing merger and bidding implies that this new name may also be changed.

In March 2000, Nordic Baltic Holding made an offering to the shareholders of UniDanmark regarding a share exchange attendant to a merger with MeritaNordbanken. Subsequent to the exchange, the Swedish Government's holding will be 18.1 per cent.

– Sweden Post sold 15 per cent of Svensk Adressändring AB to CityMail AB. Sweden Post also initiated the divestment of Postgirot Bank AB. In spring 1999, Sweden Post acquired several major shareholdings in ASG AB. Subsequent to a bidding battle and negotiations, these shares were divested to Danzas (owned by Deutsche Post). Arbitration regarding the interpretation of a shareholder agreement is in process.

– Teracom acquired shares in SmartCom AS and TravelVision AS of Norway, and additional shares in Senda i Sverige AB, Boxer TV-Access AB and Active TV i Linköping AB. In April 2000, 30 per cent of the Boxer

TV-Access AB shareholding was divested to Skandia.

– During the year, SAS divested parts of its shareholding in computer networking enterprise Equant N.V.

– Statens Premiefond AB was formed in spring 1999 subsequent to parliament's 1998 decision to form a Government mutual fund corporation active in the premium pensions system. This corporation was liquidated later in the year, partially replaced by the 7th AP (National Pensions Insurance) Fund.

– In spring 1999, Telia and Telenor of Norway received parliamentary approval to merge. The merger process was aborted in December.

– Vattenfall: acquisition of Finnish utilities Revon Sähkö and Heinola Energia with a total of 67,000 customers in 1999, followed by Keski-Suomen Valo, with 75,000 customers in early 2000. In Norway, Vattenfall acquired 49 per cent of OsloEnergi, with its 385,000 customers and 40 per cent of Fredrikstad Energi with 35,000 customers. A sales collaboration was also initiated with Göteborg Energi through a newly incorporated 50 per cent-owned enterprise, Plusenergi AB. In Germany, Vattenfall acquired 25.1 per cent of Hamburgische Electricitäts-Werke (HEW) with 900,000 energy customers, while also agreeing on a collaboration with the City of Hamburg, which owns a further 25.1 per cent. This transaction confers Vattenfall with board control over HEW. In the Czech Republic, Vattenfall increased its shareholding in electricity distributor Vycodoceska Energetica to 42 per cent; this enterprise has 676,000 customers. In January 2000, Vattenfall acquired 55 per cent of Elektrociepłownia Warszawskie, with electricity generation and heating provision in Warsaw, Poland.

– In December, Vin & Sprit acquired Danish distillers De Danske Sprit-fabrikker, and Czech vodka distiller Dynybyl in May 1999. V & S acquired Coates & Co. of the UK in 2000, producer of the premium Plymouth Gin brand. V & S also acquired the Nordic market rights to the Lord Calvert whisky brand.

– As of 31 December 1998, AB Väg- och Baninvest was transferred from the Swedish National Road Administration to the Government Offices (Ministry of Industry, Employment and Communications).

– At the end of 1998, the management of SweRoad was transferred from AB Väg- och Baninvest to The Swedish National Road Administration.

Other significant events

A-banan: Arlandabanan, the Arlanda Airport to Stockholm City centre rail link was opened for commuter traffic on 25 November 1999, with main line services following on 10 January.

- A parliamentary decision permitted the Swedish National Pharmacy Corporation to retain its sole rights to pharmaceuticals retailing in Sweden.
- Subsequent to the autumn 1999 decision to exercise an option agreement, the Municipality of Ludvika took over mining corporation Grängesberg Gruvor. This sale is subject to parliamentary approval.
- AB Kurortsverksamhet and subsidiary AB Tranås Kuranstalt, which pursued activities at the National Social Insurance Board hospitals in Nynäshamn and Tranås until 1999, are in liquidation.
- From March 2000, the former AmuGruppen AB has been re-named Lernia.
- LKAB was restructured from its previous geographical orientation to a process-oriented model.
- OM Group: the Copenhagen Stock Exchange migrated to the same trading system as the Stockholm Stock Exchange in June. In November, the Oslo Stock Exchange signed a letter of intent with OM Stockholm Exchange and the Copenhagen Stock Exchange regarding participation in the Norex alliance. In early 2000, OM and Morgan Stanley Dean Witter announced their intention to jointly initiate a new, entirely electronic exchange, named Jiway. This exchange, located in London, will offer access to trading in more than 6,000 US and European equities.
- In 1999, Sweden Post terminated its collaboration agreement with Nordbanken regarding banking services. This agreement ceases on 31 March 2001.
- Samhall restructured from its previous 13 regional subsidiaries to seven and reduced its former nine business areas to five.
- SAS International Hotels divested hotel properties in Amsterdam and London. SAS ordered a further five DeHavilland Q400 aircraft. SAS announced its intention to divest its shareholding in British Midland to Lufthansa and has also decided to acquire 10 Airbus aircraft for a total of SEK 10 bn, and to purchase new large aircraft for Europe and Scandinavia. This transaction will encompass 12 Airbus A321-100s worth SEK 4.5 bn. SAS incorporated an enterprise alongside GECAS, to which 30 McDonnell Douglas MD-80 aircraft have been transferred.
- SBAB reduced its number of sales regions from five to four, and established a collaboration with Ikanobanken regarding intermediation of SBAB's first mortgage product. A major Internet mortgage routines initiative is underway.
- Swedish State Railways divested subsidiaries Scandlines AB and AB Trafikrestauranger. From 1 January 2000, SJ comprises six sectors: SJ Resor (travel), SJ Cargo Group, SJ Färjetrafik (ferry routes), SJ Teknik (technology), SJ Terminalproduktion (terminals) and SJ Fastigheter (real estate). SJ International has been formed to enable international expansion. In March 2000, the Government submitted a bill regarding the re-constitution of Swedish State Railways as a limited company. The Government put scheduled services on 13 lines out to tender, of which Swedish State Railways will operate ten. In 2000, Swedish State Railways will carry two-thirds of total rail passenger miles, and some 40 per cent of rail departures.
- In February 2000, The Swedish Maritime Authority sold the ice-breakers Tor and Njord to a foreign acquirer. Three new offshore ice-breaking vessels will be delivered in 2000. The Swedish Maritime Authority has reached an agreement regarding investments in improved shipping lanes into Gothenburg harbour.
- Swedish Testing and Research Institute (SP): a national meteorological institute was formed in 1999.
- In spring 2000, Sveaskog relocated its head offices from Östersund to Kalix.
- The Swedish Motor Vehicle Inspection Company implemented a new district structure as of 1 January 1999.
- Since the mid-1990's, Government power grid operator Swedish National Grid has been laying optical fibre links in the national power grid. In December 1999, newly incorporated enterprise Swedish National Grid Gasturbiner AB acquired six gas turbines from Vattenfall AB, which will be used in the event of grid disruptions. Swedish National Grid's construction of a DC cable to Poland was basically complete in 1999, with commercial inauguration scheduled for May 2000.
- On 1 March 2000, Svenska Lagerhusaktiebolaget transferred its medical technology unit to the newly incorporated Swedish Emergency Medical Systems AB (SEMS), with 36 per cent in SEMS as part-payment. The remainder of SEMS is owned by Svensk Akut- och Katastroftrustning AB. Svenska Lagerhusaktiebolaget acquired a facility in Falkenberg from Vin & Sprit AB, and will take possession on 30 June 2000.
- Swedish Space Corporation received an order to produce the SMART-I lunar probe.
- In June 1999, parliament granted Svenska Spel permission to operate international casinos in Sweden. In December, the Government decided the casinos would be located in Gothenburg, Malmö, Stockholm and

Sundsvall, with the first scheduled opening in the latter location in autumn 2000. Svenska Spel also piloted www gaming during the year.

– Swedish-Danish Bridge Connection: the land links of the Öresund link between Denmark and Sweden remain to be completed. Traffic opening remains on schedule, for 1 July 2000.

– In autumn 1999, SEK (Swedish Export Credit Corporation) signed an agreement to fund Saab's deliveries of JAS Gripen fighter aircraft to South Africa. The funding may total SEK 10 bn (USD 1.1 bn).

– Swedish Alcohol Retailing Monopoly: proposals in the alcohol policy bill regarding the establishment of new retail outlets, trial Saturday opening, extended opening hours and credit card payments were implemented.

– Telia slimmed its number of business areas from eight to five during 2000 as part of the concentration of its organisational structure. Operator pre-selection and number portability reforms were implemented in autumn 1999, resulting in Telia losing some customers.

– In 1999, Teracom initiated terrestrial digital TV broadcasts.

– Vattenfall will hold 74.2 per cent of the corporate grouping formed by Barsebäck Kraft AB and Ringhals AB, with the remaining 25.8 per cent to be held by Sydkraft. The Government's remuneration to Vattenfall will be paid over four years. A settlement between the Government, Vattenfall and Sydkraft ahead of the closure of the Barsebäck nuclear reactor, which is subject to a parliamentary financing decision, was reached in 1999.

– Venantius and Agilia continued to divest the residual assets of collateral care company Securum.

New Managing Directors and Chairmen

ALMI Företagspartner: in June 1999, Claes Ihre, formerly Deputy Managing Director, replaced Peter Smedman as Managing Director.

AssiDomän: Gunnar Palme became Managing Director on 1 September 1999, replacing Roger Asserståhl, Managing Director from April to August (Mr. Asserståhl replaced Lennart Ahlgren). A new Board was appointed on 14 June 1999, with Bernt Magnusson as Chairman.

The Swedish National Pharmacy Corporation: Stefan Carlsson became Managing Director in March 1999;

Jan Bergqvist was appointed Chairman in May 1999. AB Bostadsgaranti: Kåre Eriksson succeeded Hans Sundström as Managing Director on 1 August 1999.

Civitas Holding AB: Egon Jacobsson became Chairman in May 2000, replacing Rune Brandinger.

Nordic Baltic Holding AB: Vesa Vainio became Chairman in April 2000, succeeding Jacob Palmstierna.

Sweden Post AB: Lennart Grabe became Managing Director on 15 February 1999. Predecessor: Ulf Dahlsten.

Samhall: Göran Gunnarsson, Managing Director from August 1999, taking over from temporary Managing Director Göran Sevebrant, who replaced Gerhard Larsson in spring 1999.

SBAB (Swedish National Housing Finance Corp.): Christer Malm, Managing Director from 18 March 1999, succeeding Sune Jussil.

Sveaskog: Lars Sköld appointed Managing Director in January 2000.

The Swedish Motor Vehicle Inspection Company: Hans Tivéus, temporary Managing Director from April onwards, replaced Per Egon Johansson. Olof Johansson succeeded Stig Malm as Chairman in May 2000.

SweRoad: Gunnel Färm became Chairman in 1999.

Swedish Alcohol Retailing Monopoly: Anitra Steen became Managing Director on 1 September 1999, replacing Gabriel Romanus. Gunnar Larsson appointed Chairman from May 1999.

Telia: Jan-Åke Kark, Managing Director from 1 March 1999, succeeding Lars Berg. Mr. Kark was Executive Chairman of Telia-Telenor during the subsequently shelved merger, but was then re-appointed Managing Director. Lars-Eric Petersson became Chairman in January 2000, after Jan Stenberg.

Vasakronan: Egon Jacobsson became Chairman in May 2000, taking over from Rune Brandinger.

Vattenfall: Gerhard Larsson, Chairman from April 2000, succeeding Jörgen Andersson.

V&S: Peter Lagerblad became Managing Director on 10 April 2000. The Managing Director until the present, Egon Jacobsson, will remain as full-time Deputy Chairman for one year.

The Corporations

The following material describes corporations with Government ownership. While the Central Government Offices are responsible for the qualitative descriptions, the companies themselves are responsible for the quantitative information.

The descriptions encompass both limited companies in which the Government's shareholding is held by the Central Government Offices and the four Government agencies. Those limited companies owned by, for example, the Riksbank or other authorities are not included. However, A-Banan projekt AB, Statens Väg- och Baninvest AB, Swedish-Danish Bridge Connection and Swedish National Road Consulting AB, whose shares are held by the Central Government offices but managed by authorities, are included.

The corporations are included in alphabetical order. Dormant companies and companies undergoing liquidation are included on pages 126-129.

The various key figures included depend on whether the relevant enterprises can be classified as operational, real estate or bank/credit market companies. Additionally, the number of key figures has increased compared to the 1999 review of Government-owned companies. The definitions of key figures are given on page 131.

The Central Government Offices presents business concepts/objectives, a description of operations, a description of external factors, significant events in 1999 and so far in 2000, environmental initiatives, equal opportunities and a forecast for 2000 for all enterprises. An evaluation section is also included.

The corporate descriptions include information regarding the composition of boards in 1999, but also changes of chairmen and chief executive officers up to and including May 2000. All board members, with details of board positions in Government-owned companies and titles, are indexed on pages 138-146.

Other information regarding the companies are available from their annual reports. The relevant addresses, telephone and fax numbers, e-mail addresses and Website addresses are also indexed on pages 147-148.

Changes compared to the 1999 review

In addition to an expansion of the key figures, the Government's evaluation of each corporation and statements regarding each corporation's environmental and

equal opportunities initiatives are also presented.

Celsius AB, Tumba Bruk AB, SAQ Kontroll AB and Värdepapperscentralen VPC AB have been excluded from this year's review.

The Government's holdings in Celsius AB were divested to Saab AB in February 2000.

Tumba Bruk AB is owned by the Riksbank and from 2000 onwards, comes under the auspices of the Riksbank's annual reports.

In June 1999, SAQ Kontroll AB was divested to Den Norske Veritas for SEK 270 m, plus a conditional element to be determined subsequently. Government bill 1995/96: 141 regarding the active management of Government corporate ownership conferred the Government with authorization to divest the Government's shares in SAQ Kontroll AB irrespective of Parliamentary approval.

Svenska Statens Språkresor AB was liquidated in May 1999; its operations were divested to Aspect Språkresor as early as in 1996.

The Government's 50 per cent holding in Värdepapperscentralen VPC AB was divested in July 1999 to four major Swedish banks: FöreningsSparbanken, Merita-Nordbanken, SEB and Handelsbanken. Authorization to divest the Government's holdings in VPC was received in Government bill 1996/97: 150, the 1997 spring budget.

Imego AB, Statens Premiefond AB, SKD företagen AB, OM Group AB and Swedish National Road Consulting AB (SweRoad) are new to this year's review.

Central Government Offices information on Government-owned companies

Each year, the Swedish Central Government Offices submit a written report on Government-owned companies to Parliament. From 1999 onwards, the Central Government Offices have also published a more readily accessible version of this statement.

From 2000 onwards, the Central Government Offices will publish quarterly reports illustrating the progress of Government-owned companies.

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A-Banan projekt AB

Business concept

The purpose of A-Banan projekt AB's ("A-Banan") operations is to monitor the Government's rights and obligations according to those agreements that regulate implementation of Arlandabanan, the Stockholm Airport rail-link.

Evaluation

A-Banan projekt AB has served its purpose satisfactorily; revenues in 1999 were SEK 15.3 m.

Operations

A-Banan's tasks include monitoring the extension of facilities and the assembly of trains for airport commuting traffic. Monitoring the operation of airport commuting and the facility, plus monitoring re-payments of the conditional Government loan that A-Train AB (A-Train) has received are also included.

A-Train is the enterprise that tendered for the construction, financing and operation of Arlandabanan.

After project completion in 1999, A-Banan took over the facility, which was then leased to A-Train.

A-Banan is a wholly owned Government corporation, with its shares managed 50:50 by the Swedish Civil Aviation Authority and the National Rail Administration.

The company's share capital amounts to SEK 10 m. A-Train is owned by the winning consortium comprising Alstom, NCC, John Mowlem and Vattenfall.

External factors

Until now, the number of airport commuting travelers has been slightly lower than forecast.

Significant events in 1999 and 2000

Initiatives regarding the construction of Arlandabanan began in July 1995 and were completed in November 1999. Arlandabanan was opened for airport commuting traffic between Central Stockholm and Arlanda Airport, branded Arlanda Express, on 25 November 1999, extending to regional and national rail traffic on 10 January 2000.

Environmental initiatives

The project has been characterized by environmental consideration. Although the corporation itself has no stated environmental policy or environmental management system, it has demanded that the party utilizing the facility and operating airport commuting does possess such tools for its environmental initiatives.

Equal opportunities

The company currently has two employees; this small headcount obviates any need for an equal opportunities plan.

Forecast 2000

At present, discussions regarding the integration of the rail-link with other commuter traffic in the Stockholm region are in hand.

Board 1999

Skogö, Ingemar, Chairman
Bårström, Sven
Danielson, Jan
Francke, Ulrika
Karlstrand, Hans
Öhman, Hans
Lundin, Ulf, Deputy
Sundberg, Kjell, Deputy

Chief Executive Officer

Sundberg, Kjell

SEK m	1999	1998
Revenues	15.3	10.9
Operating earnings before depreciation	0.0	0.4
Gross margin, %	0	0
Earnings after financial items	n/a	n/a
Adjusted equity	9.9	9.8
Dividends	0	0
Total employee headcount	2	2
– Number of female employees	n/a	n/a
– Number of employees in foreign countries	0	0
Government ownership holding	100%	100%



Business concept

ALMI is to promote the growth and renewal of Swedish business by contributing to new enterprise start-ups and small businesses achieving profitable growth through offering advisory services, skills enhancement, financing and the creation of contacts.

Evaluation

To all intents and purposes, ALMI is considered to have achieved established objectives.

Operations

ALMI Företagspartner AB is owned by the Government and is the parent company of its group. Operations are pursued through 21 regional subsidiaries, in which generally, ALMI Företagspartner AB owns 51 per cent. ALMI's customers comprise small and medium-sized enterprises spread across all sectors with up to 250 employees. Activities build on geographical proximity to customers and adaptations to the varying business structure of Sweden's regions.

ALMI's core operations comprise corporate development — developmental initiatives and advisory services in combination with loan financing for growth enterprises or potential growth enterprises. ALMI also offers a varied selection of general service and advisory activities. The services are open to all enterprises, potential entrepreneurs and innovators.

In 1999, ALMI effected 21,000 in-depth initiatives in various enterprises, a decline on the previous year due to factors including the time spent on each client company rising, and the increasing time devoted to seeking growth enterprises actively. Total new lending in 1999 increased slightly compared to the 1998 figures; new lending stood at SEK 776 (741) m of approved credits, of which SEK 610 (706) m had been drawn down.

External factors

ALMI's role is as a complement to banks and other financial institutions; during the year, ALMI contributed to a further SEK 2,228 (2,785) m being injected to enterprises that received loans from ALMI. ALMI contributed to over SEK 3,000 (3,500) m in lending to small and medium-sized enterprises.

Significant events in 1999 and 2000

Agreements regarding credit guarantees between ALMI and the European Investment Fund will imply ALMI being able to increase lending to small enterprises by about SEK 300 m annually over a two-year period. ALMI's Chief Executive Officer and President Peter Smedman departed from ALMI in June 1999 and was replaced by the then Deputy Chief Executive Officer Claes Ihre. Key Government economic policy players, including ALMI, are currently subject to

review, and in the slightly longer term, the result of this process may alter ALMI's purpose and organizational structure.

Environmental initiatives

At present, all ALMI companies are in the process of quality control initiatives, which include the formulation of environmental policies and a declaration of how environmental consideration is being achieved. A number of companies are also operating in accordance with ISO 14000 environmental management systems, although as yet, no company has received accreditation.

Equal opportunities

A group-wide equal opportunities policy has been in use since 1998. The parent company's Board also has an objective for subsidiary Boards to comprise an average of 40 per cent of female members by the midpoint of 2001. During 1999, the group has prioritized diversity. The project includes the training of opinion-formers, plus a series of seminars regarding the significance of diversity.

Forecast 2000

New lending is expected to increase to just over SEK 900 m during 2000. Looking ahead, enterprises with the will and ability to grow will be prioritized.

Board 1999

Johansson, Arne, Chairman
Elväng, Katja
Engström, Gunvor
Jansson, Ingrid
Kronstam, Karin
Lindberg, Leif
Sandberg, Mona
Stark, Annelie
Hallberg, Gunilla, Employee Representative
Hellberg, Björn, Employee Representative

Chief Executive Officer and President

Ihre, Claes

SEK m	1999	1998	1997	1996
Revenues (including support)	560	442	554	627
of which support ¹⁾	238	222	211	232
Operating earnings before depreciation	-107	-158	-69	4
Gross margin, % ²⁾	n/a	n/a	n/a	n/a
Earnings after financial items	-112	255	-60	38
Earnings after financial items adjusted for non-operating items ³⁾	-112	-153	-60	38
Net earnings	-112	264	-54	43
Adjusted equity	4,366	4,478	4,214	4,265
Net debt ⁴⁾	n/a	n/a	n/a	n/a
Net debt-equity ratio ⁴⁾	n/a	n/a	n/a	n/a
Return on equity, %	-2.5	6	-1	1
Return on operating capital, % ⁵⁾	n/a	n/a	n/a	n/a
Value-added ⁶⁾	n/a	n/a	n/a	n/a
Cash flow before investments ⁷⁾	128	31	n/a	n/a
Net investments ⁷⁾	187	210	n/a	n/a
of which R&D investments	0			
Dividends	0	0	0	0
Foreign share of sales	0	0	0	0
Total employee headcount, year-end/average	547/554	571/566	562/559	545/532
– Number of female employees	238/234	243/235	232/231	223/221
– Number of employees located in foreign countries	0	0	0	0
Government ownership holding in parent company	100%	100%	100%	100%

¹⁾ Subsidiaries received operating support from their owners and other types of support from county administrative boards and other sources.

²⁾ Key figure not relevant to ALMI's operations because approximately half of revenues comprise support.

³⁾ Earnings for 1998 have been adjusted for gains from the sale of shares.

⁴⁾ Key figure not relevant; ALMI has interest-bearing liabilities of approximately SEK 50 m, while interest-bearing assets are some SEK 4,500 m. The change between years is insignificant.

⁵⁾ Key figure not relevant; almost exclusively, ALMI has interest-bearing assets.

⁶⁾ Key figure not relevant.

⁷⁾ ALMI utilizes cash flow analysis for financial corporations. Relates to the "cash flow from ongoing operations" balance, i.e. the balance before considering investment activity. Figures are only available for 1999 and 1998 because legislation governing cash flow analysis was first adopted in 1999, with the comparative year 1998.



Business concept/objectives

There are nearly 900 pharmacies in Sweden, all operated by The Swedish National Pharmacy Corporation, which the Government has assigned to pursue pharmaceuticals retailing according to § 4 of the legislation (1996:1152) regarding trading in pharmaceuticals and related activities. The Government's contract with The Swedish National Pharmacy Corporation implies that this Corporation will ensure good supply of pharmaceuticals across the country and pursue the judicious use of pharmaceuticals. Moreover, the Corporation will be responsible for producer-independent information for individual consumers, and offer similar material to the healthcare sector. The supply of pharmaceuticals will be effected at the lowest possible cost in distribution and elsewhere.

Additionally, the Government's ownership objectives encompass a dividend requirement corresponding to SEK 100 m for the financial year 1999, and for the Corporation to generate sufficiently healthy earnings to progress while retaining balanced finances and to fund its own investments.

Evaluation

The Corporation's annual NKI (satisfied customer index) score reveals that generally, customers are satisfied with the service and advice they receive. However, customers do think that shorter queues are an imperative. On this item, in 1999, the Corporation had established an objective of at least 85 per cent of prescription customers being served within ten minutes, and with all customers being served within 20 minutes. Queuing time measurements were effected on a number of occasions, with the result revealing that 85 per cent of 112,000 customers had experienced queuing times of less than 10 minutes, with 96 per cent served in less than 20 minutes. In 1999, the Swedish National Pharmacy Corporation's overall NKI was 80 (on a scale of 0-100), the same result as the previous year.

Operations

The Swedish National Pharmacy Corporation's operations are intended to satisfy needs for favorable distribution of pharmaceuticals to customers and other interested parties; the Corporation strives to achieve this through systematic renewal and operational development.

The Corporation has a nationwide system for distributing pharmaceuticals, which is to be well adapted to local conditions, and to satisfy standards for the safe and efficient supply of pharmaceuticals. The Corporation is responsible for warehousing and delivery of pharmaceuticals, which should satisfy the prevailing healthcare standards. On an ongoing basis, the

Corporation contributes to the production of statistics relating to the type and extent of pharmaceuticals consumption, as well as information regarding producer and distribution expenses. Moreover, the Corporation follows progress in the pharmaceuticals sphere, both within Sweden and in foreign countries, while pursuing ongoing efficiency and rationalization initiatives.

As a foundation for the Corporation's long-term evolution, the Swedish National Pharmacy Corporation has adopted an action plan that was formulated in the ("Consultation") development project, a plan that has subsequently been complemented by a series of strategic decisions regarding the Corporation's relationships with its interest groups in efforts to achieve judicious usage of pharmaceuticals through society.

External factors

The ongoing evaluation, and formulation, of proposals regarding pharmaceuticals subsidies and decisions associated with their reform to be reached over the next year are of central significance to The Swedish National Pharmacy Corporation, as is the county councils' takeover of the associated expenses in 2001, and its consequences for the Corporation. The changes to pharmaceuticals pricing and pharmacy services will also affect the company.

Technological progress may also imply changes to distribution, as may international progress generally. Notably, the substantial increase in the introduction of pharmaceuticals that are new, and in many cases compared to current products, novel, may affect operations both in terms of staff skills and customer information.

Significant events in 1999 and 2000

The Swedish National Pharmacy Corporation's management function altered in 1999; Stefan Carlsson took up the Chief Executive Officer post in mid-March. The May AGM appointed Jan Bergqvist as the Board's new Chairman.

The cost increase of pharmaceutical subsidies was retarded slightly by the reform of the cost ceiling implemented from 1 June 1999 onwards when the threshold price was increased from SEK 1,300 to 1,800. Earnings growth was also influenced by the two margin adjustments resolved from 1 November 1999 and 1 February 2000 onwards respectively, which in annualized terms, imply the Corporation's gross earnings declining by SEK 255 m, in turn raising demands on the Corporation's financial controlling.

Environmental initiatives

The Swedish National Pharmacy Corporation pursues an environmental policy that implies the Corporation adapting its activities with respect to the environment

and for the entire environmental considerations to become a natural element of quality control. In order to realize these objectives, and without compromising function, product safety and supply obligations, the Swedish National Pharmacy Corporation will perform tasks including the following. Providing environmental goods and services, actively influencing all suppliers in the environmental adaptation of goods and services, operating in premises that are constructed of, and equipped with, environmental materials, using environmental goods and conserving natural resources in all operations, offering open and impartial information on the environmental characteristics of goods and the Corporation's environmental initiatives.

The Corporation regulates the pursuit of environmental initiatives, and effects monitoring and reporting. The Corporation's environmental initiatives are co-ordinated and pursued via an environmental coordinator within each pharmacy group, who comprise the Swedish National Pharmacy Corporation's Environmental Board. One pharmacy group has implemented an environmental management system under the auspices of EMAS. The introduction of environmental management systems for other groups has been initiated.

Equal opportunities

The Corporation's objective during 1999 was for a minimum of half of managers appointed in pharmacies with a minimum of 20 employees to be women; this objective was achieved. The Swedish National Pharmacy Corporation's management team comprises four women and four men.

An update and review of local equal opportunities

plans for 1999 was completed. The guidelines for operational planning in 2000 emphasized equal opportunities plans.

During preparations for the 1999 equal opportunities plans, the increasing salary differences in favor of men in several staff categories became apparent. For this reason, the Corporation has initiated a more detailed analysis, which will continue during 2000.

Forecast 2000

The Swedish National Pharmacy Corporation expects overall sales gains. Although in absolute terms, gross earnings are expected to increase, margins will contract in percentage terms. The expected sales gains comprised volume expansion, combined with a transition towards more expensive pharmaceuticals. Apoteket AB's operating earnings are expected to be below the 1999 level.

Board 1999

Bergquist, Jan, Chairman
Eberstein, Susanne
Engström Laurent, Anna
Persson, Margareta
Tiusanen, Bertil
Örtendahl, Claes
Behazadi, Mohammed, Employee Representative
Skoglösa, Britt-Marie, Employee Representative
Johansson, Kristina, Employee Representative, Deputy
Söderhjelm, Margareta, Employee Representative, Deputy

Chief Executive Officer

Carlsson, Stefan

SEK m	1999	1998	1997	1996	1995
Revenues	26,130	23,419	21,508	23,431	20,584
Operating earnings before depreciation	553	486	1,359	1,435	1,343
Gross margin, %	2.1	2.1	6.3	6.1	6.5
Earnings after financial items	401	341	1,126	1,176	576
Earnings after financial items adjusted for non-operating items	401	340	-128	516	451
Net earnings	396	255	800	801	427
Adjusted equity	2,032	1,873	3,076	2,600	1,910
Net debt	1,850	1,915	1,150	1,040	1,658
Net debt-equity ratio, %	91.0	102.2	37.4	40.0	86.8
Return on equity, %	14.1	13.6	-11.7	5.5	22.3
Return on operating capital, %	8.8	6.8	26.2	41.3	14.6
Value-added	3,746	3,495	4,372	4,447	3,342
Cash flow before investments	306	1 165	329	721	825
Net investments	281	237	248	215	-182
of which R&D investments	n/a	n/a	n/a	n/a	n/a
Dividends	100	100	1 500	300	100
Foreign share of sales	0	0	0	0	0
Total employee headcount	9,396	9,147	9,447	9,585	9,590
– Number of female employees	8,587	8,388	n/a	n/a	n/a
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	66.6%	66.6%	66.6%



AssiDomän

Business concept

AssiDomän is to be the best corporation for satisfying demanding customer needs for efficient, wood fiber-based packaging solutions and first-class timber goods. This implies that the group's operations proceed from the demands set by customers and end-users.

The group's long-term strategic objective is to be Europe's leading corporation in its product areas in terms of profitability, productivity, quality and skills.

AssiDomän's base is raw materials from Sweden's forests, which based on market demands, are refined into wood products, strong packaging paper, paper packaging and board. Recycled fiber is a complement to be utilized in a way that best satisfies market needs.

Evaluation

In 1999, AssiDomän's net revenues were SEK 24,497 (23,993) m, up SEK 504 m, or 2 per cent, on 1998. All business areas increased revenues apart from Barrier Coating and Wood Supply & Forestry. Corrugated & Container Board's gains were largely attributable to the acquisition of corrugated board player Esswell at the midpoint of 1998.

Operating earnings for the year were SEK -201 (1,578) m, with earnings burdened by a SEK -1,540 m write-down of fixed assets in the fourth quarter. Operating earnings before this write-down were SEK 1,339 (1,578) m, a decline of SEK 239 m, or 15 per cent, on 1998. Cartonboard and Corrugated & Container Board's operating earnings increased on the 1998 figures. Earnings generated by other business

areas declined, and the deteriorated earnings for forestry operations were due partly to the spin-off of Sveaskog and lower harvesting levels in remaining forest reserves.

Operations

AssiDomän is one of Europe's pre-eminent forest industry corporations. Manufacture encompasses packaging paper, packaging, sawn timber goods and timber processing. The group is also a significant owner of forest reserves, with 2.4 million hectares of productive forest land in Sweden.

Europe is AssiDomän's primary market, while a growing share of consolidated paper and pulp sales are made to what are termed overseas markets; nearly 85 per cent of sales are made to customers outside Sweden. AssiDomän's base production is primarily located in Sweden, which apart from the forest operations, comprises the manufacture of packaging paper for corrugated board, sacks and other value-added packaging products, liquid and packaging board. The group also runs paper and pulp mill operations in Italy, France, the Czech Republic and Slovakia. The Italian and French mills manufacture recycled fiber grades.

Some 36 per cent of AssiDomän's paper raw materials are used for internal processing into corrugated board and sacks. AssiDomän has some 70 conversion facilities in 17 countries: Sweden, Belgian, Denmark, France, Italy, Croatia, Lithuania, the Netherlands, Norway, Poland, Russia, Switzerland, Slovakia, Spain, the UK, the Czech Republic and Germany.

The group is Europe's sack and kraft paper market leader, occupies second position in sacks and barrier-coated products, is third in corrugated board and liquid packaging board and fifth in sawn timber goods.

External factors

Forest product corporations have generated low returns for a number of years, and additionally have highly cyclical earnings. Temporary supply and demand imbalances have arisen as a consequence of capacity-enhancing investments, while capital tied-up has simultaneously increased. With few exceptions, the ability to create value has been low. The forest products sector has been increasingly marginalised on the stock market as a consequence of robust value growth in other sectors, and a rising number of other investment alternatives. The sector is under acute pressure to take measures that create long-term value growth.

The need to exploit economies of scale and to respond to a progressively more globalised demand picture has elicited a concentration of resources on to fewer segments. Accordingly, the forest products industry is now undergoing a marked restructuring process, with corporations concentrating and focusing their activities. This process has accelerated over the last year, with a considerable number of acquisitions and divestments, plus mergers and buy-outs.

Significant events in 1999 and 2000

AssiDomän subsidiary Sveaskog AB, with some 900,000 hectares of productive forest reserves, was spun off to shareholders in 1999. Coincident with this transaction, the Swedish Government offered to exchange parts of its shareholding in AssiDomän for Sveaskog shares. After securing acceptance from some 99 per cent of shareholders, the Government's ownership holding declined from 50.2 per cent to approximately 35 per cent.

AssiDomän's June 1999 Annual General Meeting saw the appointment of a largely new board, with Bernt Magnusson as the new Chairman. Gunnar Palme took up position as Chief Executive Officer on 1 September 1999.

Initiatives to improve profitability and efficiency through an over-arching program of profitability enhancing measures was intensified in 1999, and has started to pay off. In the first quarter of 2000, earnings after financial items increased by 210 per cent on the corresponding period of the previous year.

An internal evaluation of AssiDomän's future focus and operational portfolio was initiated in 1999. The objective is to identify competitive structures, and to create shareholder value. All AssiDomän's elements have been evaluated with the intention of divining the optimal alternative, which may encompass both operations being retained for continued development and expansion, or the creation of new structures through

mergers or divestments. In late 1999, AssiDomän initiated the sale of the Cartonboard business unit, which the corporation assesses to enjoy better developmental prospects in a structure other than within AssiDomän, whose other operations only integrate with Cartonboard to a limited extent. This sales process is expected to be complete before summer 2000.

As of 1 January 2000, AssiDomän had divested Niab Hestra AB and Hestra sawmill to the Vida AB sawmilling group.

In early February 2000, AssiDomän and Frantschach AG signed a letter of intent implying AssiDomän making a cash sale of the Dynäs and Sepap papermills, all sacking factories and the Barrier Coating business unit. The final agreement was signed in May 2000. This transaction is consistent with AssiDomän's efforts to focus activities. AssiDomän's capital structure will be adapted subsequent to the completion of prevailing divestments and the decision regarding future focus. The Board's intention is that the majority of funds raised from sales will be transferred to shareholders with share buy-backs, redemptions or dividends all under consideration.

Environmental initiatives

AssiDomän assigns a high priority to environmental issues; the corporate environmental policy contains overall guidelines regarding sustainable forestry and the protection of biological diversity, constant improvement, conservation of resources, considerate processes, environmental standards for suppliers, waste minimization, recycling and natural cycles.

Activities in Sweden including forest activities (which are FSC and ISO 14001 accredited and EMAS registered) correspond to 53 per cent of consolidated net revenues. If activities outside Sweden are also included, this proportion amounts to 64 per cent. The introduction of environmental management systems has resulted in structured and goal-oriented environmental initiatives, also implying strengthened group profitability. The key figures for sustainable development and environmental efficiency indicate that AssiDomän's environmental initiatives have resulted in improvements in several prioritized areas. In recent years, significant environmental investments have been made in process and purification equipment. It is fair to conclude that the group's activities have maintained high environmental standards.

The collaboration between AssiDomän and the WWF (World Wildlife Fund) to promote sustainable forestry was recognized as the best industrial environmental initiative in the Swedish part of "The European Environment Prize 2000" competition.

Equal opportunities

Equal opportunities initiatives in AssiDomän are founded on a dedicated equal opportunities policy stating the group's ambition to strive actively for measures to be

taken in its workplaces so that they are suitable for men and women. The policy also stipulates that the group is to strive to increase the number of women in management positions, and for no salary discrimination on gender grounds.

Proceeding from the policy and applicable legislation, each unit has an equal opportunities plan. The group actively pursues the adaptation and development of equal opportunities plans with the intention of attracting more women to work in the company, and to offer them the opportunity to progress within the group.

Forecast 2000

The positive cyclical progress that characterized the final months of 1999 has sustained into 2000. Progress across remains solid across the board, now also encompassing the key Western European economies to a greater extent than previously. The current state of the market is assessed to imply positive price and volume performance this year for the majority of the group's products.

Overall, this implies very good prospects for favorable progress in 2000. Ongoing profitability-enhancing measures are amplifying the positive earnings trend.

Board 1999

Magnusson, Bernt, Chairman
 Björnsson, Björn
 Carlsson, Hans
 Duveblad, Gunnel
 Helgesson, Lars-Åke
 Palme, Gunnar
 Ros, Carl Wilhelm
 Tegnér, Per
 Johanson, Roland A, Employee Representative
 Johansson, Roland N, Employee Representative
 Pettersson, Lars-Olof, Employee Representative
 Eriksson, Torbjörn, Employee Representative, Deputy
 Jönsson, Lennart, Employee Representative, Deputy
 Utterström, Gösta, Employee Representative, Deputy

Chief Executive Officer

Palme, Gunnar (from 1 September 1999)

SEK m	1999	1998	1997	1996	1995
Revenues	24,497	23,993	20,725	18,548	21,016
Operating earnings before depreciation	3,302	3,428	3,366	2,987	5,484
Gross margin, %	13	14	16	16	26
Earnings after financial items	-701	1,004	1,462	1,713	4,346
Net earnings	-863	710	772	1,407	3,418
Adjusted equity	13,914	15,777	15,623	15,499	14,707
Net debt	8,420	9,600	6,979	2,278	2,298
Net debt-equity ratio, multiple	0.64	0.61	0.44	0.15	0.16
Return on equity, % (exc. write-down)	3	5	5	9	26
Return on equity, % (inc. write-down)	neg	5	5	9	26
Return on operating capital, %	n/a	n/a	n/a	n/a	n/a
Value-added	8,534	8,565	n/a	n/a	n/a
Cash flow before investments ¹⁾	3,125	2,377	3,156	2,880	3,615
Net investments	903	3,439	6,485	1,889	4,219
of which R&D investments ²⁾	41	45	79.6	28	22
Dividends	710	651	621	622	592
Foreign share of sales, %	84	82	80	79	77
Total employee headcount	17,060	17,543	16,914	13,648	13,119
– Number of female employees	3,133	3,447	3,459	2,225	2,140
– Number of employees in foreign countries	11,210	11,261	10,374	6,893	6,203
Government ownership holding	35.5%	50.2%	50.2%	50.2%	50.4%

¹⁾ 1995-1997, according to Annual Reports. In 1998 and 1999, the Swedish Financial Accounting Standards Council's recommendation RR 7 regarding accounting of cash flows was applied.

²⁾ Excludes buildings.

Bostadsgaranti

Business concept/objectives

Bostadsgaranti is to provide guarantees for newly constructed single-family houses and tenant-owner apartments, and to pursue the diligent and skilled implementation of tenant-owner housing projects by establishing guidelines and information for housing producers.

Evaluation

In 1999, guarantees issued increased compared to the previous year.

Operations

The corporation was formed in 1962 by the Swedish construction sector organization Svenska Byggnadsentreprenörföreningen (now named Sveriges Byggindustrier). Originally, operations comprised the provision of guarantees for new construction and conversion of tenant-owner apartments. In 1976, a 10-year guarantee for purchasers of newly constructed single-family houses was introduced. In 1984, this guarantee was transformed into a condition for Government loans (and later for interest subsidies) to owner-occupiers and single-family houses with rights of tenant-ownership. Coincident with this reform, the Government entered the company as a 50 per cent owner.

The strategy is to attain high standards in terms of screening construction enterprises, projects and documentation in order to provide guarantees that offer good consumer protection for purchasers of new tenant-owner housing and owner-occupiers, while maintaining modest organizational resources.

External factors

During 2000, the majority of Bostadsgaranti's activities will be transferred to a newly incorporated subsidiary, Försäkringsaktiebolaget Bostadsgaranti. This subsidiary's guarantee and insurance products will be offered in competition with several other insurance corporations active in the same sphere.

Single-family house guarantees of the type Bostadsgaranti offers constitute a condition for receiving interest subsidies for newly constructed owner-occupied housing. However, no interest subsidies are issued for such housing constructed from 1 January 2000 onwards, and thereby, one incentive for issuing single-family housing guarantees has been eliminated. For this reason, the Minister of Justice has appointed an Inquiry that will submit proposals regarding how consumer protection for house-buyers can be ensured. This Inquiry will be complete in September 2000.

Significant events in 1999 and 2000

In 1999, Bostadsgaranti received permission to pursue insurance activities through a proposed subsidiary. This

insurance corporation was registered with the Swedish Financial Supervisory Authority in January 2000.

Environmental initiatives

Bostadsgaranti has not formulated an environmental policy.

Equal opportunities

The corporation strives for an even distribution between the sexes amongst its personnel.

Forecast 2000

Housing construction saw a substantial upward turnaround during the first half-year 1999. In its budget bill for 2000, the Government perceives good prospects for a sustained firm rally of housing construction this year. Against this background, it is reasonable to assume that guarantee issues will increase in 2000 compared to the previous year.

Board 1999

Brink, Stig, Chairman
 Eriksson, Lennart
 Hagberg, Michael
 Hansén, Märten
 Larsson, Sven
 Lönnberg, Anders
 Westerståhl, Kristina
 Drugge, Gun, Deputy
 Kruuse, Thomas, Deputy
 Queckfeldt, Ewa, Deputy
 Ringdahl, Thomas, Deputy
 Schönning, Eje, Deputy
 Thor, Anders J, Deputy

Chief Executive Officer

Sundström, Hans (up to and including 31 July 1999)
 Eriksson, Kåre (from 1 August 1999 onwards)

SEK m	1999	1998	1997	1996
Guarantee revenues	14.6	10.4	19.5	15.4
Earnings before guarantee losses	7.8	3.3	6.4	3.0
Guarantee losses	0	0.9	-1.3	4.5
Operating earnings	0	-13.7	-16.7	-15.6
Net earnings	10.4	0.5	0.5	0.5
Total assets	214.3	207.5	186.8	171.9
Adjusted equity	15.3	4.9	4.4	3.9
Return on equity, %	103.0	10.8	12.0	13.7
Income/costs ratio excluding credit losses	0.7	0.5	0.5	0.6
Dividends	0	0	0	0
Total employee headcount	8	8	8	8
– Number of female employees	3	3	3	3
– Number of employees in foreign countries	0	0	0	0
Government ownership holding	50%	50%	50%	50%

Civitas Holding AB

Civitas Holding AB is a Government holding company for the Ministry of Finance's ownership of real estate corporations. The company changed corporate name from Vasakronan Holding AB. At present, Civitas Holding AB has two subsidiaries — Vasakronan AB and Agilia Holding AB — and part-ownership in the quoted real estate corporation Celtica AB.

Board 1999

Brandinger, Rune, Chairman
 Kylberg, Lars V, Deputy Chairman
 Bryngelson, Håkan
 Engman, Gerd
 Israelsson, Mats
 Ljungh, Claes
 Gustafsson, Marianne, Employee Representative
 Kjällbring, Rolf, Employee Representative

Civitas Holding

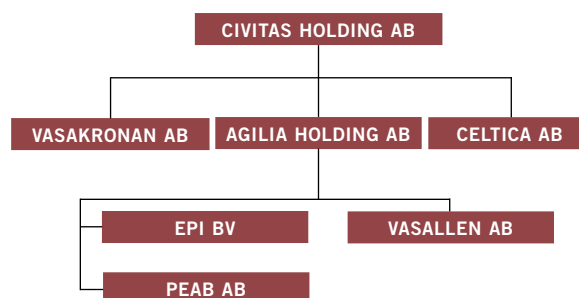
During 1999, Civitas Holding AB acquired Agilia Holding AB's shareholding in Celtica AB for a book value of SEK 39 m.

Agilia Holding AB

The subsidiary Agilia Holding AB was formed as a dedicated equity management corporation to handle the real estate-related assets from Securum that had been transferred to the Civitas Holding group.

In 1999, Agilia Holding AB divested all shares in InfraCity AB, Bonifazius AB and Celtica AB. The residual assets comprise convertibles in PEAB with a book value of SEK 67 m, plus EPI BV with two properties in Germany with a book value of SEK 0 m.

The year 1999 also marked the start of a merger process between Vasallen AB and Agilia Holding AB. This transaction is expected to be complete in spring 2000.



SEK m	1999	1998	1997	1996	1995
Revenues	2,441	2,203	2,875	3,172	3,449
Operating surplus	1,358	1,177	1,455	1,844	2,071
Depreciation of real estate	-354	-324	-413	-398	-406
Operating earnings	994	2,041	2,414	1,416	1,535
Capital gains/losses on real estate sales	64	1,303	1,528	139	63
Earnings after financial items	455	1,782	1,846	362	686
Net earnings	333	1,750	1,194	253	494
Adjusted equity	9,770	9,861	9,610	6,803	6,850
Market value of real estate	-	-	-	-	-
Book value of real estate	18,501	16,850	15,696	16,817	17,951
Property yield	7.3	7.0	9.3	11.0	11.5
Net debt	8,469	6,273	7,383	8,619	9,446
Adjusted equity ratio, %	n/a	n/a	n/a	n/a	n/a
Cash flow before investments	830	1,555	-1,179	-	-
Net investments including real estate acquisitions/divestments	n/a	-1,992	605	973	-409
Dividends	164	411	1,160	300	300
Total employee headcount	386	411	790	886	953
– Number of female employees	120	123	205	197	209
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept

As a real estate corporation, Vasakronan's purpose is to achieve the optimal sustainable total return and value growth on shareholders' equity. Vasakronan's vision is to be Sweden's leading real estate corporation as an investment alternative, landlord and employer.

As an investment alternative, Vasakronan will satisfy those demands made of a reputable quoted corporation, and will be perceived as the best investment among Sweden's real estate corporations.

As a landlord, Vasakronan will be recognized as the most highly skilled real estate owner.

As an employer, Vasakronan is to offer the best developmental opportunities and working environment for its personnel in the sector.

Vasakronan's business concept is to be the leader on selected markets for commercial premises in Sweden — primarily offices. Vasakronan offers efficient premises and customized services, with the intention of achieving satisfied and loyal customers. With its high skills levels, constant improvement and customer collaboration, Vasakronan is to achieve a secure market position with healthy earnings and value performance.

Evaluation

Vasakronan's over-arching measure of financial performance is return on adjusted equity, which incorporates operating surpluses, earnings from real estate divestments, as well as changes to the market value of the entire real estate holding. Required rates of return are not a fixed objective, but instead change at a pace with variations in inflation and interest rates. The required rate of return is the risk-free interest rate, defined as five-year government bonds plus five percentage points. In 1999, this required rate of return was 9.5 per cent, with an actual return of 18.2 per cent.

As of 31 December 1999, Vasakronan's equity ratio was 38 per cent. The equity ratio target has been defined against the background of real estate management as a capital-intensive activity; to cope with major investments and the cyclical elements in the sector, financial strength is necessary. The objective is to achieve a visible equity ratio with a long-term minimum level of 35 per cent.

The target dividend is to attain a dividend pay-out ratio corresponding to 3 per cent of adjusted equity, although dividends shall comprise a maximum of 50 per cent of earnings after financial expenses with deductions for standard rate tax. A dividend of SEK 157 m was proposed for 1999, equivalent to 50 per cent of earnings after financial expenses.

Operations

Vasakronan's strategy is oriented both functionally and geographically.

Functionally, the real estate holding is concentrated on commercial premises, and geographically, on those locations in Sweden with healthy developmental potential. Vasakronan concentrates on attaining a secure local position with premises primarily in city-center locations. This implies that the real estate holding incorporates sizeable elements of retail premises and malls. A secure local position confers the opportunity to offer customers alternative premises within the real estate holding.

Vasakronan is active in Stockholm, Malmo and Gothenburg, plus a further 12 cities: Lund, Kristianstad, Växjö, Linköping, Jönköping, Karlstad, Örebro, Uppsala, Gävle, Sundsvall, Umeå and Luleå.

External factors

The enhanced growth the Swedish economy has achieved has implied firmer demand on the market for rental premises, primarily in the high-growth regions. The cyclical phase associated with limited new production has created accentuating demand pressure for commercial premises in central locations. This progress is now spreading to areas outside city centers. Significant rent increases are apparent in major cities and university towns, with Stockholm making the strongest progress.

Based on a favorable rental market, a brisk economy and low interest rates, the Swedish real estate market also made strong progress in 1999, urged on by many corporations focusing on their core activities, implying an abundance of real estate transactions creating liquidity in the market. Accordingly, the real estate market has been robust in the majority of locations with healthy growth. Stockholm has stood out as one of the world's most active markets.

The market situation in major cities has created scope for some new production of commercial premises.

There were fewer buy-outs, mergers and acquisitions in 1999 than in 1998 but in 2000, the tempo of restructuring has stepped up markedly, with the creation of larger, and what for investors, are more attractive constellations.

Significant events in 1999 and 2000

In 1999, Vasakronan's operations were concentrated on the consolidation of acquisitions, new leasing and renegotiation, the enhancement of skills and customer orientation, brisk property development and Y2K adjustments.

Vasakronan's structure has been altered by a series of real estate transactions, with a total of SEK 1.8 bn of properties being acquired. Vasakronan divested SEK 0.3 bn of real estate, primary non-strategic housing. Substantial investments and renovation initiatives in the existing holding have been undertaken, amounting to a total of just over SEK 1.2 bn.

Vasakronan's initial portfolio in 1993 had a value of just over SEK 17 bn. Since 1996, the corporation has turned over real estate with a value of SEK 20 bn: SEK 10 bn of divestments and SEK 10 bn of acquisitions. All properties of a specific purpose or character have been transferred to the wholly government-owned company Specialfastigheter AB, with the present holding entirely exposed to competition.

Vasakronan's extensive restructuring has altered its customer mix. Vasakronan has an increasing share of retail premises, with tenants such as high-growth enterprises within sectors including finance, IT, media and consulting placing demands that differ from Vasakronan's sphere of government tenants, which now generate less than 50 per cent of rental revenues.

Environmental initiatives

Vasakronan's environmental policy is to pursue real estate business that satisfies the conditions for a long-term sustainable society in collaboration with the customer. Apart from observing legislation and sector agreements, this implies: reducing the dependency on fossil fuels, phasing out non-biodegradable and artificial substances, conservation of resources, striving towards healthy indoor environments and the pursuit of environmental initiatives that form a part of Vasakronan's quality programs.

Vasakronan is in preparation for ISO 14001 environmental accreditation in 2001.

Equal opportunities

Vasakronan establishes an annual equal opportunities

plan to promote this issue. Of total staff, 31 per cent are women and 69 per cent men. Traditionally, the nature of the work Vasakronan performs has implied an uneven distribution between the sexes. Vasakronan is striving consciously to achieve a greater balance between the number of women and men, which also applies to the number of women in management positions.

Forecast 2000

As a consequence of renegotiations and reducing vacancies, rental revenues will increase. Operation and maintenance expenses will remain at an approximately unchanged level. Depreciation is increasing because of investments and real estate acquisitions implemented. In 1999, administration and marketing implied a positive non-recurring effect relating to the dissolution of pension liabilities. The net financial position is growing because of higher borrowing, dependent on acquisitions implemented. Vasakronan forecasts that earnings after financial items, with the existing holding and before earnings generated by real estate divestments, will amount to approximately SEK 400 m.

Board 1999

Brandinger, Rune, Chairman until April 2000
Jacobsson, Egon, Chairman from April 2000
Kylberg, Lars V, Deputy Chairman
Bryngelson, Håkan
Danell, Georg
Engman, Gerd
Lilja, Maria
Ljungh, Claes
Lydahl, Rolf
Gustafsson, Marianne, Employee Representative
Kjällbring, Rolf, Employee Representative

Chief Executive Officer

Bryngelson, Håkan

SEK m	1999	1998	1997	1996	1995
Revenues	2,380	2,110	2,396	2,832	2,858
Operating surplus	1,337	1,131	1,093	1,403	1,541
Depreciation of real estate	-347	-314	-283	-305	-301
Operating earnings	1,018	1,573	2,686	1,183	1,248
Capital gains/losses on real estate divestments	63	834	2,008	144	61
Earnings after financial items	437	1,114	2,225	262	637
Net earnings	321	830	1,614	191	459
Adjusted equity	7,593	8,254	7,504	5,986	6,095
Market value of real estate	27,200	22,280	17,810	n/a	n/a
Book value of real estate	18,159	16,508	12,777	14,771	14,848
Property yield	7.7	7.7	7.9	9.5	10.5
Net debt	10,034	7,183	1,753	7,276	7,300
Adjusted equity ratio, %	47	52	51	n/a	n/a
Cash flow before investments	808	185	-113	n/a	n/a
Net investments including real estate acquisitions/divestments	-2,469	-3,463	3,837	-80	-164
Floor area (000 m ²)	2,674	2,444	2,312	3,268	3,341
Area-based vacancy (000 m ²)	214	196	208	327	267
Dividends	157	982	330	1,029	450
Total employee headcount	348	321	592	865	910
– Number of female employees	108	103	142	190	n/a
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept

Vasallen develops and upgrades former defense real estate to new applications with the intention of creating value growth so that, ultimately, the premises can be divested on commercial terms. New premises are to be the best alternative available in terms of functional, environmental and financial considerations.

Evaluation

Vasallen AB should be considered as an investment project within the property development sphere. As yet, the corporation remains in a very early stage of the value-added processes of its individual property projects, and accordingly, the first occasion on which an evaluation is possible is during 2000, when the market value of these premises can be set against their capital cost. Those parts of the holding affected by the Government's resolution on defense in 2000 will be evaluated subsequently.

Operations

Vasallen is to evolve into a real estate corporation, which is to rapidly become a significant player on its local markets through individual subsidiaries. Vasallen is active in: Östersund A 4, Tullinge F 18, Linköping I 4/A 1, Borås I 15, Ystad Lv 4 and Uddevalla I 17.

The acquired defense premises are extensive both in terms of buildings and land areas, and accordingly, Vasallen has opted to formulate new overall and detailed planning in close collaboration with each individual municipality. The objective is to create the right prospects for the new usage both of existing buildings and new building permits. The focus of property development work varies between spheres, but primarily, value can be created within the training, cultural, research and development, office, housing, community service and industrial spheres.

Project values to develop these activities amount to SEK 735 m. The biggest projects so far resolved are construction for Mid-Sweden University in Östersund with a value of some SEK 300 m and construction for the Rättscentrum legal center in Linköping, worth approximately SEK 350 m.

External factors

The favorable progress the Swedish economy is making has contributed to increasing investment activity on

the Swedish real estate market and lower vacancies in real estate corporations' holdings. The accentuating demand for premises has been expressed in increased rent levels and rental revenues for real estate corporations. Property values have risen sharply in recent years. During the realignment of defense facilities for civil usage, Vasallen operates in full competition with other real estate players in the relevant locations.

Significant events in 1999 and 2000

Vasallen AB and Mid-Sweden University have signed a rental agreement. The majority of the former A4 regimental barracks in central Östersund are to be converted into a state-of-the-art university. The first construction phase was initiated in 1999.

Environmental initiatives

Vasallen's active environmental initiatives imply that in collaboration with its customers, the corporation will pursue operations that are consistent with the sustainable society. This environmental policy is linked to The Natural Step Foundation's four systemic conditions. In other words, Vasallen is striving towards reducing its dependency on fossil fuels, phasing out non-biodegradable and artificial substances, contributing to maintaining the long-term production capacity and diversity of nature, as well as reducing the consumption of energy and materials.

Equal opportunities

Vasallen has an action plan for achieving a more even distribution between women and men throughout the company. A more even distribution between the sexes is always considered when recruiting.

Forecast 2000

During 2000, Vasallen will continue to lay the foundation of favorable property development by being engaged in the planning of former defense premises in Ystad, Borås, Uddevalla, Linköping, Tullinge and Östersund. Assessments at the present stage suggest that as a whole, it may take 5-15 years to complete the development initiatives.

Ongoing investments previously resolved relating to conversion, extension and new construction amount to approximately SEK 725 m. Additionally, the anticipated further investment decisions are equivalent to a

value of some SEK 325 m during this year. Vasallen's five-year plan suggests an investment requirement of nearly SEK 2 bn.

Vasallen is negotiating with The Swedish Fortification Corps regarding acquisitions of a further 10 or so defense facilities in accordance with the proposed Parliamentary resolution on the defense sector in 2000.

Board

Bryngelson, Håkan, Chairman
 Jonsson, Jan-Peter
 Lindström, Björn
 Linglöf, Jan
 Netz, Bo
 Sandesten, Stefan,
 Westling, Rickard
 Kull, Jan-Inge, Employee Representative

Chief Executive Officer

Jonsson, Jan-Peter

SEK m	1999	1998	1997
Revenues	47.8	80.7	11.9
Operating surplus	10.1	38.3	6.1
Depreciation of real estate	-3.3	-3.2	-0.4
Operating earnings	-29	5	-0.4
Capital gains/losses on real estate divestments	1.4	0	0
Earnings net of financial items	-33.1	1.2	-1.2
Net earnings	-23.9	0.8	0.4
Adjusted equity	113.3	113.1	12.4
Book value of real estate	172.6	152.1	145.9
Property yield	6.2	25.7	45.6
Net debt	225	60	142
Adjusted equity ratio, %	29.6	54.2	7.1
Cash flow before investments	-53.8	15.2	4.8
Net investments including real estate acquisition/divestments	126.9	32.7	149.3
Floor area	320,000	323,000	327,000
Area-based vacancy ¹⁾	59%	60%	5%
Dividends	0	0	0
Total employee headcount	38	34	6
Number of employees in foreign countries	0	0	0
Government ownership holding	100%	100%	100%

¹⁾A high proportion of floor area will not become available to let until after conversion.

A/O Dom Shvetsii

Business concept

A/O Dom Shvetsii manages a single property — Sverige Huset (Sweden House) in St Petersburg, Russia.

Operations

A/O Dom Shvetsii is a Russian limited company 49 per cent owned by Skanska, 36 per cent owned by the Swedish Government and 15 per cent by the City of St Petersburg. This corporation has shareholders' equity of approximately SEK 20 m. A/O Dom Shvetsii owns Sverige Huset and has a rights of disposal over the associated land for 49 years. The property has some 5,000 m² of lettable floor space divided between some 3,500 m² of offices and 1,500 m² of housing. The Swedish Consulate-General, which rents about one-third of the property, is the biggest single tenant.

External factors

The demand for premises from new and established enterprises is dependent on progress on the Russian market.

Environmental initiatives

The company has no environmental initiatives.

Equal opportunities

The company has no employees.

Forecast 2000

A/O Dom Shvetsii's operations are entirely dependent on the scale of demand for premises in St Petersburg. At present, Sverige Huset has occupancy of approximately 80 per cent.

Board 1999

Lundberg, Gunnar, Chairman
 Alvemur, Christer
 Avdeev, Kirill V
 Bergman, Johan
 Gunnarsson, Carl-Johan

Chief Executive Officer

Koppeli, Risto

Stattum Holding

Objective

The company's purpose is to manage selected shareholdings.

Evaluation

Sales revenues from the divestment of the company's shareholdings in Pharmacia & Upjohn Inc. amounted to SEK 15.3 bn, implying capital gains of approximately SEK 10.8 bn. Thereby, the Government has ended all ownership in the pharmaceuticals industry.

Sales revenues from the divestment of the company's holdings in Celsius AB stood at SEK 769 m, implying capital gains of approximately SEK 590 m. The sale was effected at a price of SEK 179 per share. Coincident with the initial public offering of Celsius in 1994, the Government sold off shares to the general public at a price of SEK 100 per share. The sale of the Celsius AB holding to Saab AB/BAE has contributed to the restructuring of the Swedish and international defense industries through the creation of a competitive and hard-hitting corporation with good international collaboration prospects.

Operations

The Stattum group encompasses the dormant subsidiaries Statsföretag AB and AB Fortia. Apart from these subsidiaries, as of 31 December 1999, the company also comprised holdings in Celsius AB, Fastighets AB Varvsudden, AssiDomän AB and Sveaskog AB. The company's holdings in AssiDomän AB correspond to 3 per cent of the capital of the company. This corporation is temporarily managing the Government's Sveaskog shares during the compulsory redemption of the remaining outstanding shares. This holding corresponds to 99 per cent of the capital of Sveaskog AB.

External factors

The Stattum group gained its current corporate name in 1993 when SIB-Invest changed corporate name to Förvaltningsaktiebolaget Stattum. Subsequently, Stattum has been a concentrated management corporation for long-term shareholdings and shareholdings intended for liquidation.

Significant events in 1999 and 2000

In January 1999, all Government shares, corresponding to some 7 per cent of the total capital of Pharmacia & Upjohn were divested. All shares in Celsius AB were divested to Saab AB/BAE in March 2000, a holding corresponding to approximately 15 per cent of the total capital of Celsius AB. Simultaneously, the Swedish Government disposed of all directly owned Celsius AB shares, corresponding to 10 per cent of the capital.

In March 2000, all shares in Fastighets AB Varvsudden (the Landskrona docks) were sold off to Öresundsvarvet AB, a holding equating to some 26 per cent of the total capital of that corporation. Sales revenues were about SEK 2.6 m and generated capital losses of approximately SEK 7.4 m.

Environmental initiatives

The company has no environmental policy.

Equal opportunities

The company has no employees and therefore, no equal opportunities plan.

Forecast 2000

Subsequent to the divestments effected, the shareholdings in dormant subsidiaries Statsföretag AB and AB Fortia, plus holdings in AssiDomän AB and Sveaskog AB are the only residual shareholdings. The company has demanded compulsory redemption of the outstanding shares in Sveaskog AB.

Board 1999

Rekke, Lars, Chairman
Eriksson, Per Olof
Magnusson, Bernt
Nilsson, Lennart
Sprängare, Björn
Stenberg, Jan

Chief Executive Officer

Detter, Dag

SEK m	1999	1998	1997	1996	1995
Revenues	0	0	0	0	-0,3
Operating earnings before depreciation	-9.7	-3.3	-121	-0.6	-0.3
Gross margin, %	neg	neg	neg	neg	neg
Earnings after financial items	11,716	817	218	314	17
Earnings after financial items adjusted for non-operating items	11,716	817	218	314	17
Net earnings	8,635	772	174	276	17
Adjusted equity	13,076	5,440	5,594	5,745	6,019
Net debt	-15,249	-444	-278	-319	-781
Net debt-equity ratio	-	-	-	-	-
Return on equity, %	66	14	3	5	0
Return on operating capital, %	neg	neg	neg	neg	neg
Cash flow before investments	8,635	1,058	13	-163	49
Net investments	n/a	-904	11	165	0
Dividends	11,000	1,000	925	325	550
Total employee headcount	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept

AB Göta kanalbolag is to nurture and develop the Göta Canal as Sweden's most significant cultural construction feature, subject to high quality and environmental considerations. The Göta Canal is to be Sweden's pre-eminent tourist waterway and travel destination.

Evaluation

Future responsibility for AB Göta kanalbolag was effected by the Parliamentary resolution to re-construct Domänverket (The Swedish National Forest Enterprise) as a limited company. Parliament concluded that it was in the national interest to renovate and operate the Canal in the future to optimize its value as a cultural construction feature and tourist attraction. Using Government funds, and other measures, AB Göta kanalbolag has enhanced the value of the Canal as a cultural construction feature and tourist attraction.

Operations

Since 1 July 1992, AB Göta kanalbolag has been a wholly Government-owned company. Its development efforts are made in close collaboration with relevant municipalities, county councils and county administrative boards adjacent to the Göta Canal itself. The primary activity is operating the Canal, while additionally, AB Göta kanalbolag pursues real estate and forest management, operates marine repair wharves, undertakes contract work, dry-docking, while also organizing exhibitions and museum activities.

AB Göta kanalbolag's objective is to re-create the Canal and adjacent environment in its original condition, within the bounds of reasonable possibility, to create long-term returns on its forest and real estate assets without consuming the company's capital, to

increase the selection of service activities and experiences alongside the canal, to utilize a customer-oriented organizational structure to offer high service levels showing consideration to the environment, nature and cultural values associated with the Canal, to attain satisfied customers and persuade visitors to return, while also offering the maximum number of visitors access to recreation and active outdoor life in the Canal area.

Significant events in 1999 and 2000

In 1999, passenger traffic increased by 15 per cent, while leisure vessel traffic declined by 3 per cent. Overall, Canal traffic revenues rose by 4 per cent to SEK 6 m. The probable reason for deteriorated leisure vessel traffic lies in the curtailed opening introduced in 1999. Canal opening will increase during 2000, while marketing initiatives will be pursued in collaboration with all municipalities adjacent to the Canal, the County Administrative Boards of Östergötland and Västra Götaland and the County Councils of the Östergötland and Västra Götaland regions, and local business. This project will run for three years, with the parties involved making annual investments approaching SEK 4.5 m.

A travel magazine was published in January 2000 intended to stimulate activity on and around the Canal further.

In the construction sector periodical Byggindustrin, the Swedish population voted the Göta Canal as Sweden's construction project of the Millennium.

Environmental initiatives

The company has an environmental policy comprising a working plan for pursuit of the policy within the company.

Equal opportunities

The company has had an equal opportunities plan, evaluated and re-formulated on alternate years, since 1996.

Forecast 2000

In 2000, Canal opening will increase, with substantial initiatives on marketing the Canal and activities alongside it.

Board 1999

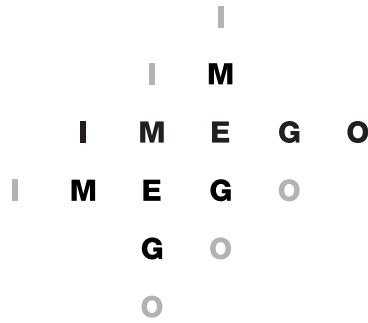
Janérus, Kaj, Chairman
Berggren, Christer, vice Chairman

Andersson, Elving
Modin, Anita
Svenheim, Lars-Olof
Söderlund, Thord
Wärn, Ragnhild
Johansson, Billy, Employee Representative
Löfström, Britt-Marie, Employee Representative
Pettersson, Leif, Employee Representative, Deputy
Åhfeldt, Per-Olof, Employee Representative, Deputy

Chief Executive Officer

Österlund, Claes-Göran

SEK m	1999	1998	1997	1996	1995
Revenues including support	51.3	67.6	58.8	46.0	63.9
of which support	15.4	24.3	20.3	14.3	24.6
Operating earnings before depreciation	0.6	0	0.3	0.1	-0.8
Gross margin, %	1.8	0	0.1	0	0
Earnings after financial items	2.3	-0.4	0.5	0.8	0.5
Earnings after financial items adjusted for non-operating items	0	-0.6	0.2	0.8	0.5
Net earnings	2.3	-0.4	0.5	0.8	0.5
Adjusted equity	38.2	36.0	26.4	35.9	35.1
Net debt	0	0	0.7	0	0
Net debt-equity ratio	0	0	0.7	0	0
Return on equity, %	5.9	0	1.3	2.2	1.3
Return on operating capital, %	0	0	0	0	0
Value-added	15.8	25.8	18.9	13.9	12.8
Cash flow before investments	9.1	2.7	5.3	-9.6	1.3
Net investments	4.1	1.6	4.9	0	2.6
of which R&D investments	0	0	0	0	0
Dividends	0	0	0	0	0
Foreign share of sales	0	0	0	0	0
Total employee headcount	51	94	60	50	59
– Number of female employees	18	16	18	18	16
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100 %	100%	100%	100%	100%



Business concept/objectives

Imego AB is a corporation wholly owned by the Government whose purpose is to pursue research assignments focused on microelectronics-based systems for developing new products and processes from the idea to complete prototype stage. In a nationwide perspective, the company's activities are to complement and support other initiatives at industrial research institutes, universities and institutes of higher education. The long-term objective is to support education and research, while also contributing to consolidating the progress and international competitiveness of Swedish business, which also encompasses technology transfers to small and medium-sized enterprises.

Evaluation

The company was founded at the end of 1998 and remains in its build-up phase. Revenues generated from assignments in the first operational year easily exceed those anticipated in studies ahead of the company's formation.

Operations

In 1999, Imego built up its operations and established collaborations with enterprises, institutes of further education and other institutes in the microelectronics, micromechanics and sensor systems spheres. The rapid derivation of silicon-based sensor prototypes in systems forms a cornerstone of activities. Imego has recruited well-functioning organizational resources within the optical/IR systems, micromechanics, materials and surface characteristics, systems design and ASIC construction, electromagnetic sensors, fabrication packages and product design spheres, and put them into operation.

During the year, Imego made extensive investments in software, electrical verification equipment, plus optical and chemical laboratories. Refraining from investing in fabrication equipment forms part of Imego's fundamental strategy. Instead, Imego creates close relationships with "wafer fabs" — providers with packaging and fabrication capacity. These networks guarantee that Imego can use optimal processes for each application, and that thereby, specialist professionals are responsible for fabrication. Through this

extensive network, Imego is not merely capable of choosing the appropriate technology, but also the provider with the necessary capacity to satisfy Imego's customers' expectations of short lead-times.

External factors

The need for measurement and for sensor systems is already acute and will accentuate still further in the immediate future. Market analysis suggests that the potential facing micromechanics exceeds that for microelectronics (processors and computer memory). Products utilizing micromechanics include printer jet nozzles, hard disk read and write heads, pressure sensors, accelerometers for, say, airbags, micro-reflectors for projectors and basic medical diagnostic equipment. At present, the automotive industry is driving technology for gyroscopes, although in the future, biosensors are expected to constitute the major market.

Significant events in 1999 and 2000

Subsequent to a proposal from the Government inquiry "A Technology Research Institute in Gothenburg" (SOU 1997:37) and the resulting committee, the company was registered on 13 January 1999. Operations are pursued in the Chalmers Vasa research park in Gothenburg.

Right since inception, Imego has pursued network collaborations with researchers and sector enterprises. Imego has been well received by enterprises and institutes of further education; the company has effected a series of feasibility study projects. The majority of projects are expected to result in sequel work.

A state-of-the-art, IT-based project management system has been implemented, and alongside other IT initiatives, is contributing to quality assure operations and create a platform for impending certification. ISO 9001 certification is scheduled for spring 2000. During the year, the corporate intranet and extranet were also constructed.

Two patent applications in the sensor construction sphere were submitted to the Swedish Patent and Registration Office during the year.

In terms of technology transfer, Swedish engineering sector organization Sveriges Verkstadsindustrier assigned Imego to produce an extensive handbook entitled "Microsystems — Threat or Opportunity?"

Environmental initiatives

The company intends to initiate ISO 14001 certification once its quality accreditation is complete.

Equal opportunities

At the end of the operational year some 18 per cent of employees were women. Several highly qualified female applicants are being considered for recruitment and Imego anticipates that eventually, it will improve this position.

Forecast 2000

The outlook for Imego's second operational year is positive. During 2000, the company plans to achieve revenues of some SEK 20 m, of which SEK 6 m will be billed to customers, from a headcount of some 25 as of the end of 2000.

Board 1999

Sahlin, Mauritz, Chairman
Lewin, Thomas
Netzler, Göran
Nilsson, Aina
Olsson, Eva
Omling, Pär
Torell, Lena

Chief Executive Officer

Brox, Bill

Tkr	1999
Revenues, excluding support	1,439
Support (shareholders' contribution, no operating subsidiaries)	49,773
Operating earnings before depreciation	-11,827
Gross margin, %	n/a
Earnings after financial items	-13,208
Earnings after financial items adjusted for non-operating items	-13,208
Net earnings	-13,208
Adjusted equity	37,566
Net debt	-34,576
Net debt-equity ratio	n/a
Return on equity, %	-35
Return on operating capital, %	-680
Value-added	1,139
Cash flow before investments	40,572
Net investments	5,271
of which R&D investments (pro forma)	4,276
Dividends	0
Foreign share of sales	0
Total employee headcount (Medelantal helårsanställningar)	12
– Number of female employees	2
– Number of employees in foreign countries	0
Government ownership holding	100%

IRECO

INSTITUTE FOR RESEARCH
AND COMPETENCE HOLDING AB

Business concept

In partnership with industrial research institutions, IRECO is to promote technological progress and the dissemination of skills through the business sector. By financial and other means, the company is to contribute to research institutes long-term skills development within those spheres that are strategically significant to Swedish industry, and to strive towards an expedient structure within the institutional system. The company's objective is not to return earnings to shareholders. All industrial research institutes within the IRECO group is to pursue operations as limited liability companies by 2001, with IRECO as minority owner, and the company having shareholder agreements with those representatives of the business sector that are majority owners in institute companies.

Evaluation

IRECO is a shareholder in seven industrial research enterprises. In 1999, IRECO assisted in three research institute mergers. As yet, eight institutes have yet to complete the incorporation process, and IRECO is still not a partner in one of the institutions that is already operating in incorporated form. For legal and other reasons, the incorporation process has been unexpectedly protracted.

Operations

Resources are concentrated on supporting institutes in their incorporation processes and on partnership negotiations with business. In 1999, a decision was reached regarding the allocation of SEK 225 m to the Institute's competence development in 2000-2002. During the year, IRECO will allocate SEK 50 m to institutions for collaborations with new universities and institutes of further education.

External factors

In order for IRECO become a shareholder in an industrial research institute, it must convert from foundation to limited company status. The legal framework regulating foundations is complex, and to some extent abstruse, which obstructs the incorporation process.

Significant events in 1999 and 2000

Bills regarding the policies associated with research and innovation and its organizational resources have been submitted by the government to the parliament, and may be significant to the company's and research institutes' future activities.

Environmental initiatives

The criteria IRECO has established for industrial research institutes include striving towards environmentally sustainable growth and business sector renewal, while using activities to contribute to long-term sustainable societal progress.

Equal opportunities initiatives

The company has no internal equal opportunities initiatives.

Forecast 2000

The owners have provided the company with capital for operations for the years 2000 – 2002 as well as for financing certain research projects within the IRECO group of industrial research institutes.

Board 1999

Svedberg, Gunnar, Chairman
Caesar, Madeleine
Marklund, Kari
Nielsen, Niels Christian
Råland, Birgitta
Salzmann, Tomas
Ullenius, Christina

Chief Executive Officer

Widmark, Håkan

SEK m	1999	1998	1997
Revenues	102.4	100.6	97.0
of which support	102.4	100.6	97.0
Operating earnings before depreciation	-0.4	-0.4	0
Earnings after financial items	0	0	0
Adjusted equity	0.8	0.8	0.7
Return on equity, %	1	6	0
Return on operating capital ¹⁾	n/a	n/a	n/a
Value-added	n/a	n/a	n/a
Cash flow before investments	-	-	-
Net investments	0	0	0
of which R&D investments ²⁾	0	0	0
Dividends	0	0	0
Foreign share of sales	-	-	-
Total employee headcount	3	2	1
– Number of female employees	2	1	0
– Number of employees in foreign countries	0	0	0
Government ownership holding	55%	55%	55%

¹⁾ Return on operating capital not relevant.

²⁾ IRECO has invested SEK 100 m in R&D within part-owned industrial research enterprises



Business concept

Kasernen Fastighets AB's operations comprise the establishment, acquisition, ownership, renting and management of real estate with the primary intention of providing defense sector employees with study accommodation, hotel rooms and permanent housing.

Evaluation

In 1999, Kasernen Fastighets AB satisfied its established financial and other objectives.

Operations

Kasernen Fastighets AB is wholly owned by the Government; the group encompasses five wholly owned subsidiaries: Fastighets AB Kasernen i Stockholm, Fastighets AB Kasernen i Kristinehamn, Fastighets AB Kasernen i Skövde, Fastighets AB Kasernen i Halmstad and Fastighets AB Kasernen i Uppsala.

In total, Kasernen Fastighets AB manages 16 rental properties comprising over 500 apartments, one hotel property and seven tenant-owner properties.

External factors

In spring 2000, Parliament will pass a resolution to halve the basic organizational resources within the defense sector, which may reduce rental revenues as a

consequence of the reforms that will be implemented within Swedish Defense High Command.

Environmental initiatives

Kasernen's activities are assessed as too modest to justify the formulation of environmental plans or management systems.

Equal opportunities

Kasernen's headcount is regarded as insufficient to justify the establishment of an equal opportunities plan.

Forecast 2000

Kasernen's year-2000 forecast is for earnings after financial item, but before potential earnings from real estate divestments, to reduce.

Board 1999

Johansson, Bengt A W, Chairman
 Alvmur, Christer
 Lorentzon, Arne
 Lundberg, Monica
 Nyberg, Gunnar

Chief Executive Officer

Lorentzon, Arne

SEK m	1999	1998	1997	1996	1995
Rental revenues	27.5	30.3	34.3	31.8	30.4
Operating surplus	20.3	22.4	25.7	22.1	25.9
Depreciation of real estate	-6.2	-6.2	-7.3	-7.0	-7.8
Write-downs on real estate	-15.0	-	-	-	-
Operating earnings	0.9	19.4	21.1	15.1	13.6
Capital gains/losses on real estate divestments	1.9	3.2	2.7	-	4.5
Earnings after financial items	-4.7	8.6	10.6	11.3	15.1
Net earnings	-7.6	4.7	7.7	8.2	10.8
Adjusted equity	66.2	75.9	73.4	67.7	57.4
Book value of real estate	230.1	251.9	307.7	315.8	305.9
Property yield	8.8	8.9	8.4	7.0	8.4
Net debt	153.6	167.5	222.6	237.2	233.7
Adjusted equity ratio, %	27.8	24.7	20.5	19.6	16.9
Cash flow before investments	13.7	5.0	n/a	n/a	n/a
Net investments including real estate acquisition/divestments	2.4	9.4	n/a	n/a	n/a
Floor area	n/a	n/a	n/a	n/a	n/a
Vacancy	n/a	n/a	n/a	n/a	n/a
Dividends	2.2	2.1	2.2	2.0	-
Total employee headcount	3	3	4	4	4
– Number of female employees	1	1	1	1	1
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%

DRAMATEN

Purpose

Kungliga Dramatiska Teatern AB (The Royal Dramatic Theatre) is Sweden's national theatre venue, which operates on a non-profit basis.

Evaluation

During the year, activities were focused on achieving the objectives conditional for Government subsidies to the Royal Dramatic Theatre in terms of quality and accessibility inter alia. The extent to which these objectives have been achieved is considered satisfactory.

An element of the 1997 financial reconstruction saw the Government taking over a SEK 25 m loan to the Royal Dramatic Theatre from the National Debt Office, which will be fully amortized at the end of 2002. The Government's objective for the Royal Dramatic Theatre's activities is to produce financial results that allow the Theatre to pay interest and loan amortization. To achieve this objective, the Royal Dramatic Theatre has implemented a number of organizational changes to enable more flexible working methods and to optimize the utilization of resources in the production process.

Operations

During 1999, the Royal Dramatic Theatre performed 33 (29) productions in its repertoire, of which 19 (19) were new productions.

The Royal Dramatic Theatre made a total of 1,004 (1,025) performances on the Theatre's six stages, for an audience total of 242,134 (275,259) people. During the year, average occupancy was 84 (86) per cent; in 1999, audience and performance figures were adversely affected by the closure of the Lilla scenen (Small Stage) for much of the year's season. During 1999, the Royal Dramatic Theatre presented 105 (125) performances on tour for an audience total of 37,627 (34,226). In 1998, when Stockholm was Europe's Cultural Capital, the Royal Dramatic Theatre was the host for a broad selection of guest performances, while during 1999, such activities remained at more normal levels.

In 1999, ticket revenues were SEK 28.8 m, equivalent to 14 per cent of total income.

Significant events in 1999 and 2000

In May 1999, the Small Stage was closed for renovation, with re-opening scheduled for late-October 2000. As a

consequence of the renovation, Government real estate agency Statens Fastighetsverk will increase its rent billing, which the Royal Dramatic Theatre will finance through departing from other rented premises.

A new four-year main sponsorship agreement with Telia came into force in January 1999, the agreement on the same financial terms as the previous contract, while also allowing for two further long-term sponsors; a three-year deal with Ernst & Young came into force in July 1999, which increased sponsorship revenues by 50 per cent. Both agreements include options to finance tours in addition to the fixed sponsorship fees. In 1999, sponsorship subsidies equated to 2.9 per cent of total income, including the Government's operating support.

Environmental initiatives

Environmental initiatives have been focused primarily on the working environment.

Equal opportunities

In 1999, the proportion of women in the Royal Dramatic Theatre's activities was 41 per cent; the division between the genders varies with the demands set by the Royal Dramatic Theatre's repertoire. The Royal Dramatic Theatre has an equal opportunities plan.

Forecast 2000

The required loan repayment schedule implies considerable demands on the Royal Dramatic Theatre's financial management and operational planning until 2003.

Board 1999

Wikström, Jan-Erik, Chairman
 Bonnier, Eva
 Dahlberg, Ingrid
 Låftman, Lennart
 Nilsson, Sam
 Wästberg, Per
 Göranzon, Marie, Employee Representative
 Åkerblom, Kjäll, Employee Representative
 Damberg, Jan, Employee Representative, Deputy
 Lindberg, Lars, Employee Representative, Deputy

Chief Executive Officer

Dahlberg, Ingrid

SEK m	1999	1998	1997	1996 ¹⁾	95/96
Revenues, including support	210	228	208	100	200
of which support	162	162	164	83	166
Operating earnings before depreciation	3	12	9	-17	2
Gross margin, %	6	18	21	-	6
Earnings after financial items	-1	6	2	-19	-5
Net earnings	-1	6	2	-19	-5
Adjusted equity	6	7	3	-24	-5
Cash flow before investments	2	13	20	-22	5
Net investments	5	6	7	3	6
of which R&D investments	n/a	n/a	n/a	n/a	n/a
Dividends	0	0	0	0	0
Total employee headcount	303	306	342	367	350
– Number of female employees	124	135	157	150	144
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ Six months



Purpose

Kungliga Operan AB (the Royal Opera) is Sweden's national venue for opera and ballet, which operates on a non-profit basis.

Evaluation

As far as possible, activities during the year were focused on achieving those objectives conditional for Government subsidies to the Royal Opera in terms of quality and accessibility inter alia.

The extent to which these objectives have been achieved is considered satisfactory.

Operations

In 1999, the Royal Opera performed a total of 34 (52) opera and ballet productions on its repertoire, with 11 (17) of these being new productions. The Royal Opera presented 46 (59) concerts. When making comparisons with 1998, consideration should be given to the fact that in that year, Stockholm was Europe's Cultural Capital, with consequently, the Royal Opera disposing over additional production resources.

Despite fewer productions, the number of performances and other events under the auspices of the Royal Opera is continuing to increase. In 1999, the total number of events was 371 (361), occupancy was 82 (84) per cent for opera and 73 (87) per cent for ballet. To some extent, the lower figure for ballet is due to the ballet repertoire including a relatively high proportion of contemporary productions, which have yet to find their audience.

In 1999, the Royal Opera's second stage (the Vasa Theatre) presented a number of smaller-scale opera pieces, both under its own auspices and in collaboration with institutions such as the Stockholm Opera School. The Vasa Theatre premises have also been brought into use for guest performances, concerts and children's events.

During the summer, the Royal Opera Company performed at the Drottningholm Court Theatre and at a few open-air arenas. In July 1999, the Royal Opera Ballet

Company toured the US. Collaboration has continued within the so-called Opera Academy comprising the Royal Opera's main sponsors: Länsförsäkringar, Pharmacia & Upjohn, SAS, Svenska Dagbladet and Vattenfall. During the initial contract period from 1997 to 2000 inclusive, these corporations will provide a total of SEK 32 m in support to the Royal Opera. In 1999, sponsorship subsidies comprised 2.8 per cent of total income including grants from the Government. In 1999, ticket revenues amounted to SEK 41.9 m, equivalent to 12 per cent of total income; ticket revenues increased by SEK 4.7 m compared to 1997.

Environmental initiatives

Environmental initiatives have been focused primarily on the working environment.

Equal opportunities

Of the Royal Opera's total employees in 1999, 44 per cent were women. The Royal Opera has an equal opportunities plan.

Forecast 2000

The Royal Opera forecasts zero earnings for 2000.

Board 1999

Dalborg, Hans, Chairman
 Andersson, Benny
 Engdahl, Horace
 Reinius, Ulla
 Starrin, Karin
 Stenberg, Jan
 Tham, Carl
 Tivéus, Meg
 Alm, Eric, Employee Representative
 Swartz, Göran, Employee Representative
 Lundén, Gun-Maj, Employee Representative, Deputy
 Onne, Madeleine, Employee Representative, Deputy

Chief Executive Officer

Hall, Bengt

SEK m	1999	1998	1997	1996/95, 18mån	1994/95
Revenues, including support	347	353	319	480	303
of which support.	287	276	269	422	254
Operating earnings before depreciation	9	-8	-12	15	-14
Gross margin, %	3	neg	neg	3	neg
Earnings after financial items	1	-16	-20	5	-10
Net earnings	1	-12	-13	1	-4
Adjusted equity	4	3	18	36	17
Net debt	14	16	17	19	22
Net debt-equity ratio, %	350	533	94	53	129
Return on equity, %	29	neg	neg	4	neg
Return on operating capital, %	0	neg	neg	3	neg
Value-added	206	240	231	343	208
Cash flow before investments	16	10	n/a	n/a	n/a
Net investments	5	8	5	15	7
Dividends	0	0	0	0	0
Foreign share of sales	2	n/a	n/a	n/a	n/a
Total employee headcount	580	590	586	581	649
– Number of female employees	255	260	252	250	n/a
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept

Lernia's business concept is to help equip broad-based working groups to face a changeable working life.

This corporation strives towards being a broad-based multifaceted competence corporation active within training, operational development and personnel hire. Lernia is a competence corporation for broad-based employee groups.

Evaluation

In 1999, the Lernia group's total revenues were SEK 1,931 (1,870) m. Sales of labor market and corporate training comprised 91 (92) % of total sales, with the remainder primary consisting of revenues from the personnel hire activities, restaurant activities, as well as sales of products manufactured on contract.

Consolidated earnings after depreciation according to plan were SEK 2 (17) m. A positive net financial position of SEK 4 (13) m resulted in earnings after financial items to SEK 6 (30) m. Net earnings after tax emerged at SEK 6 (30) m. The consolidated return on total equity in 1999 was 1.1%, with returned on capital employed of 1.9%, and return on equity after tax of 1.5%, which did not satisfy the established objective of approximately 14%.

One key contributor to the declining earnings was a very sharp downturn in tendering for labor market training during the latter half-year 1999.

Apart from declining revenues from training activities, the fact that the corporation has not yet succeeded in achieving the necessary operational flexibility and efficiency provides another explanation for the deteriorated earnings.

Despite the distinct downturn in training volumes, the group managed to maintain market shares, and in some cases, actually increase them. Lernia has been able to reduce labor market training as a proportion of total revenues in comparison to previous years, which is entirely consistent with the corporation's strategy of reducing its dependency on a single market.

Personnel hire activities exceeded expectations in 1999, and are making sustained healthy progress in 2000.

Operations

Lernia AB is wholly owned by the Swedish Government. In 1999, group activities were pursued under the cor-

porate name AmuGruppen, and in five business areas: Yrke, Växa, Delta, Hadar and Nu Personaluthyrning (personnel hire); this latter pair operated as autonomous legal entities with their own human resources.

During the year, the management and Board focused on a review of activities with the intention of consolidating the group's presence on key corporate markets and the burgeoning schools market. One consequence has been to collate all business areas under a single brand. The division into the aforementioned business areas ceased on 1 February 2000, simultaneous with an internal re-organization coming into force.

External factors

Lernia is the biggest player on Sweden's training market. During the fiscal year, 69 (70) per cent of revenues comprised labor market training tendered by county labor boards and employment offices. The sector is currently characterized by low profitability, comprising a multitude of small local players, with anachronistic education methods and low start-up costs.

The market for training and education is engaged in a change process where many new players, both Swedish and foreign, have either started up or are in the process of becoming established. There is plenty of evidence to suggest that in the coming years, changes both to the traditional school system and the remaining market for training and education will become apparent. An altered view of educational methods and techniques comprises a key driver in this context. Moreover, it is fair to conclude that both the labor market's players and private individuals are increasing their commitment to competence enhancement issues. Notably, the opportunities progress within IT is creating will influence and change the market for training and education. Sweden has one of the world's highest Internet penetration levels, and probably, e-learning will eventually comprise an increasingly important part of the market for training and education.

Significant events in 1999 and 2000

A 10 January 2000 Extraordinary General Meeting resolved that the corporation would change corporate name from the former AmuGruppen AB to Lernia AB. The subsidiaries Nu Personaluthyrning and AmuGruppen Hadar AB changed corporate name to Lernia

Personaluthyrning AB and Lernia Hadar AB — developments comprising a significant element of Lernia's brand strategy.

The corporation has also revised its internal organizational resources with the intention of working towards a sharper market focus. The division between business areas has been changed to: Training, Corporates, Schools and Individuals.

Several subsidiaries received quality and environmental accreditation in 1999.

Environmental initiatives

Some elements of Lernia's training and education activities are liable for reporting according to Chapter 9 § 6 of prevailing environmental legislation. These activities comprise plastics and engineering technology training, mainly pursued at a total of 100 locations. Any environmental impact is limited, though, because these activities relate to training rather than production.

Lernia's environmental initiatives in recent years have resulted in parts of activities receiving ISO 14001 accreditation. Lernia is currently engaged in intensive efforts to implement environmental management systems in the remaining activities, with the objective of Lernia AB achieving accreditation during 2000.

Equal opportunities

Equal opportunities activities are pursued systematically from the perspective of an established equal opportunities plan, revised annually. In 1999, the number of women in the group increased, while the number of men reduced. Women now comprise 33 per cent of employees. The number of female executives in the corporate management team increased significantly during the year, although the number of women in middle management posts rose only marginally.

Forecast 2000

During the year 2000, the competence development market will be comparable to 1999 levels. Support funds for tendered labor market training are expected to reduce, but in return, new funds will be available from other sources such as regional growth agreements and a dedicated initiatives relating to competence development in working life (KIA).

Several tendering rounds are expected in the schools market, the majority starting in 2001. In the longer-term, Lernia expects the available markets to increase, while the influence of individuals will also rise gradually. On the hiring market, Lernia Personaluthyrning has succeeded in becoming established; this market is expected to sustain robust growth. The annual forecast for 2000 implies revenues of SEK 1,910 m, with operating earnings of SEK 33 m and a contribution margin of 1.7 per cent.

Board 1999

Dockered, Bo, Chairman
Blomquist, Bo-Gunnar
Carrick, Peter
Eriksson, Olle
Hansson, Lise-Lott
Hjalmarson, Lennart
Jonson, Lars Christer
Kronstam, Karin
Larsson, Bengt
Nordmark-Nilsson, Anna-Stina
Johansson, Jan, Employee Representative

Chief Executive Officer

Carrick, Peter

SEK m	1999	1998	1997	1996	1995
Revenues	1,931	1,870	1,870	2,542	3,380
Operating earnings before depreciation	88	99	128	-559	-58
Gross margin, %	4.6	5.3	6.8	neg	neg
Earnings after financial items	6	30	67	-582	-112
Net earnings	6	30	67	18	-89
Adjusted equity	388	404	396	329	311
Net debt	neg	neg	neg	neg	neg
Net debt-equity ratio, %	neg	neg	neg	neg	neg
Return on equity, %	1.5	7.8	18.5	neg	neg
Value-added	946	899	935	1,322	1,758
Cash flow before investments	14	-593	118	-341	-132
Net investments	47	85	40	31	75
of which R&D investments	n/a	n/a	n/a	n/a	n/a
Dividends	0	22	22	0	0
Foreign share of sales	0	0	0	0	0
Total employee headcount	2,459	2,312	2,888	3,997	4,892
– Number of female employees	836	763	1,011	1,439	1,756
– Number of employees in foreign countries	-	-	-	-	-
Government ownership holding	100%	100%	100%	100%	100%



Objectives

Luftfartsverket (LFV), the Swedish Civil Aviation Authority, which is a Government agency, is intended to promote progress in civil aviation, while assuming responsibility for the operation and development of national airports for civil aviation, and to regulate the safety of civil air traffic. LFV is to be responsible for the air traffic control of civil and military aviation traffic in peace time, the protection of the environment against pollution from civil air traffic, and to provide contingency planning for civil air transport.

LFV is to contribute to the long-term sustainable provision of air transport for citizens and business nationwide in a socioeconomically efficient manner. LFV is responsible for operating and developing civil air traffic control, airports and associated activities in a financially viable manner. The long-term objective for returns is that earnings after tax equivalent will amount to 8 per cent of shareholders' equity, while maintaining a minimum equity ratio of 25 per cent. On average year to year, air traffic control fees, excluding on route-charges, security and noise pollution fees, may increase by a maximum equivalent to the net price index measured from 1993 onwards.

Evaluation

LFV's return on equity after tax and tax equivalent declined in 1999 as a consequence of items affecting comparability. Primarily, a district court ruling against LFV in a rental dispute with SAS was the cause of LFV failing to achieve its target return for 1999. This expense was some SEK 600 m; LFV has appealed against the ruling. LFV's share (50 per cent) of Arlandabanan (the Stockholm to Arlanda Airport rail-link) has been accounted, posted to the Balance Sheet for 1999. This transaction implies a reduction to the equity ratio of approximately three percentage points, implying that the equity ratio target was not achieved. In 1999, price increases were 4.3 per cent — below the Government's established price ceiling. Earnings in 1999 were SEK 18 m, against SEK 606 m in 1998. Operating revenues were SEK 4,719 (4,469) m, a 5 per cent gain, more than half of which comprised increased volumes, and just under half derived from price changes implemented from 1 January 1999 onwards. Operating expenses stood at SEK 3,878 (3,545) m, a 9 per cent increase.

Operations

Apart from the Government agency, the LFV group comprises wholly owned holding company LFV Holding AB and its wholly owned subsidiaries LFV Airport Center AB and Swedavia AB. LFV Handling AB is 50 per cent owned.

LFV operates 14 Government airports, while additionally it manages civil air traffic at five military facilities. Those airports under the auspices of the Government are operated in a single system, with basically, consistent standards at all airports.

LFV's air traffic control services direct air traffic through Sweden's flight information regions, which apart from Swedish territory, also encompass major parts of the surrounding sea and the island of Bornholm. LFV also operates air traffic control services for military aviation.

Commercial activities generate some 40 per cent of revenues.

External factors

Over the forthcoming three-year period, growth of over 4 per cent for domestic and international air traffic is expected. SAS's position on the domestic market remains secure, while competition between the global alliances will accentuate. Discount flights are expected to expand significantly over the forthcoming five years. The capacity of European airspace is expected to improve, but during the peak phase, will probably be consumed by increasing traffic.

Significant events in 1999 and 2000

The year 1999 was another record for air traffic with 21.8 million passengers, up 5 per cent, or 1.1 million passengers, on 1999. Foreign flights increased by 6 per cent, with domestic flights rising by 5 per cent.

Arlandabanan was inaugurated on 24 November 1999. The Arlanda Express' travel time between Stockholm Central Station and Arlanda Airport is a maximum of 20 minutes, with four trains an hour in each direction.

The renewal of Sweden's air traffic control system is proceeding according to plan; equipping the new Sturup Air Traffic Control Center with new technology has begun. The new Air Traffic Control Center at Arlanda Airport is complete; installation will begin during the spring. The construction of a third runway

at Arlanda Airport is underway, and will come into operation in spring 2002.

In January 2000, Europe's transport ministers decided on a common strategy for developing the EU's air traffic control system in order to achieve flows independent of national borders.

Environmental initiatives

LFV has an objective for its environmental management system to be implemented throughout the group by the end of 2002. In December 1999, Umeå Airport achieved ISO 14001 accreditation. Environmental initiatives at LFV's airports are proceeding: two clean-up reservoirs at Visby Airport were brought on stream, while Landvetter Airport brought the water table under the airport into use, which will be utilized for the Airport's climate control installations. New cleaning facilities have been installed at Arlanda Airport that remove heavy metals and oils from washing water used in hangers and motor vehicle workshops.

Equal opportunities

LFV's recruitment gives consideration to the fact that 79 per cent of managers are male. On average, female managers are paid 87 per cent of male managers' salaries. On average, women in core competence activities receive an average of 92 per cent of male salaries. In supplementary competence areas, women's salaries are 77 per cent of men's. The salary discrepancy between men and women is higher in older age groups.

LFV has centrally formulated equal opportunities policies and objectives with defined management responsibilities for associated issues. Each group unit establishes an equal opportunities plan comprising plans of action and remedial measures, which comprise

concrete activities with measurable objectives to evaluate results. The group units' equal opportunities objectives are updated in annual human resources statements, attitude polls and personnel surveys.

Forecast 2000

Earnings after net financial items for 2000 are expected at SEK 650 m—a distinct improvement on the 1999 figure. As a consequence of factors including the 50 per cent of Arlandabanan being posted in LFV's Balance Sheet, LFV will not achieve its equity ratio target in 2000. LFV anticipates a shortfall of earnings generated from duty free and tax-free sales amounting to some SEK 250 m compared to 1998, and accordingly perceives a need to increase fees. The Government has assigned LFV to evaluate the environmental and economic consequences of increased landing fees.

Board 1999

Adelsohn, Ulf, Chairman
 Annell, Elisabet
 Orrenius, Jan
 Jonsson, Jan
 Plogéus, Eva
 Skogö, Ingemar
 Thapper, Inger
 Örnfjäder, Krister
 Andersson, Lars, Employee Representative
 Falk, Krister, Employee Representative
 Dittmer, Ulf, Employee Representative, Deputy
 Nilssen, Roal, Employee Representative, Deputy

Generaldirektör

Skogö, Ingemar

SEK m	1999	1998	1997	1996	1995
Revenues	4,719	4,469	4,316	4,037	3,820
Operating earnings before depreciation	1,500	1,499	1,295	1,091	1,221
Gross margin, %	32	34	30	27	32
Earnings after financial items	18	606	361	290	362
Earnings after financial items adjusted for non-operating items	18	606	506	761	689
Net earnings	8	435	260	209	261
Adjusted equity	2,354	2,403	1,943	1,684	1,526
Net debt	2,895	2,814	3,556	3,892	4,212
Net debt-equity, multiple	1.23	1.17	1.83	2.31	2.76
Return on equity, %	0.3	20.0	14.3	13.0	18.7
Return on operating capital, %	2.2	10.5	8.1	8.2	10.1
Value-added	3,342	3,221	3,174	2,819	2,767
Cash flow before investments	1,104	1,202	498	657	917
Net investments	2,935	731	631	552	554
of which R&D investments	n/a	n/a	n/a	n/a	n/a
Dividends	0	78	0	50	0
Total employee headcount	3,919	3,795	4,392	4,277	4,209
– Number of female employees	1,429	1,366	1,581	1,625	1,473
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept

LKAB is to market, produce and supply value-added, quality-assured iron ore products to selected customers from Sweden's ore deposits on businesslike, sustainable and cost-efficient terms. The business concept is based on good business practice, adding value and quality assurance, plus long-term customer relations.

Increased value-added and sustainable profitability are key objectives for LKAB. The iron and steel industry is capital intensive and highly cyclical. Accordingly, sufficient financial strength to withstand cyclical fluctuations is imperative.

The objective for long-term returns on total capital in the iron ore activities is 10 per cent, equivalent to a 15 per cent return on equity before tax measured over a business cycle.

Evaluation

LKAB's supply of value-added iron ore products reduced by 1.9 million tons, or 9 per cent, emerging at 18.4 (20.3) million tons. Pellet supplies contracted to 12.2 (13.9) million tons, comprising 66 (68 per cent) of total production. During the year, production was 18.9 (20.9) million tons. At the end of 1999, complete product inventories were 22.0 (1.7) million tons. In 1999, LKAB resolved on an action program to be implemented including cost reductions of SEK 300 m over three years, headcount reductions of 300 over three years, and reducing net cash flow to an annual maximum of SEK -500 m. All non-critical investments have been delayed as a consequence of these efforts.

Reduced prices, declining deliveries and sustained high investment levels meant that LKAB was unable to achieve its stated financial and accounting objectives.

Operations

Over 30 million tons of crude ore is extracted from LKAB's mines annually. State-of-the-art technology, remote control and economies of scale are all key concepts in LKAB's production. In 1999 the former main level at Kiruna was conclusively closed, with the new main level, at a depth of 1,045 meters, brought into full operation. Work on a new main level at Malmberg, at 1,000 m, is underway, with production starting in February this year. This new main level will be in full operation in 2001.

Iron ore is refined in LKAB's ore refineries in Kiruna, Svappavaara and Malmberget. The present

annual capacity is approximately 22 million tons, 15 million tons comprising pellets.

External factors

Iron ore is a capital intensive, cyclical and dollar-dependent sector. In order to remain competitive sustainably, LKAB must focus on customer benefit, quality assurance and costs. In recent years, competition has intensified significantly, with since 1995, an additional 20 million tons of pellet capacity arriving worldwide as a consequence of competitors' build-outs.

Progress over the last year illustrates how rapidly conditions are changing in the sector. The supply glut of pellets in 1999 has now become a shortage.

Significant events in 1999 and 2000

An extensive action program was initiated in 1999 with the intention of reducing expenses.

These efforts included an thorough reorganization of LKAB, with the introduction of a process-oriented organizational model replacing the former geographical division.

Major efforts on the product development side including the derivation of new improved blast furnace pellets for use in sintering, and to increase the metalization level of LKAB's direct reduction pellets, are in hand. The Pilot blast furnace at Luleå is a vital link in this context.

LKAB's high rate of investment retarded in 1999, but despite this, total investments were SEK 986 m, primary relating to investments in new main levels at Kiruna and Malmberget, plus preparations for extraction at Sjömalmen, Kiruna. Other major projects now in hand include an upgrade of the Lofot rail link to a 30-ton axle weight, plus purchasing of new rolling stock.

In the most recent five-year period, LKAB has invested over SEK 6 bn but now anticipates a more serene rate of investment. Investments of approximately SEK 1.5 bn have been delayed as a consequence of the action program.

The restructuring of steel corporations has continued, with consequences for ore suppliers. LKAB is also reviewing its strategy, evaluating various alternatives to consolidate its market position.

An operational system based on ISO 9001:2000 was implemented in 1999, while additionally, LKAB resolved to quality assure the corporation in accordance with the ISO 9001:2000 standard during 2000.

Subsequent to SJ and Norway's NSB 1999 divestment of their respective holdings of 24.5 per cent to LKAB, transportation corporation MTAB is now 100 per cent owned by LKAB.

Environmental initiatives

LKAB's environmental policy proceeds from a view that the corporation's activities and products should be characterized by consideration to people and the environment. LKAB strives for internal monitoring to achieve high quality and working environment standards. Environmental initiatives are forward looking, aimed at ensuring that the corporation will also be able to satisfy the more stringent environmental standards of the future.

LKAB's environmental monitoring is effected according to programs established by the regulatory authorities. An environmental report for each production location is submitted to the relevant authorities annually.

Equal opportunities

By tradition, mines and refineries are male dominated working activities. Women did not gain the legislated right to work below surface until 1978, and accordingly, the proportion of women working for LKAB was still only 8 per cent in 1999. LKAB's equal opportunities plan is designed to consolidate women's position in LKAB.

Forecast 2000

The European steel market staged an unexpectedly

strong recovery towards the end of 1999; 2000 looks set to be a favorable year for the steel industry, and thereby for iron ore producers too. During the early months of the year, demand for iron ore has increased steadily, and this year, the majority of ore exporters are reporting full capacity utilization. Accordingly, LKAB anticipates deliveries expanding by 20 per cent, and alongside price increases effected, this suggests that earnings for the year will improve distinctly.

Board 1999

Sprängare, Björn, Chairman

Ameln, Carl

Enger, Ole

Lund, Olof

Olson, Hans Christer

Ros, Carl Wilhelm

Tengelin, Ursula

Östholm, Lars

Bäckström, Håkan, Employee Representative

Larsson, Hans, Employee Representative

Wikström, Karl, Employee Representative

Kohkoinen, Thomas, Employee Representative,

Deputy

Thornéus, Torsten, Employee Representative, Deputy

Åhult, Henrik, Employee Representative, Deputy

Chief Executive Officer

Ameln, Carl

SEK m	1999	1998	1997	1996	1995
Revenues	3,985	5,129	5,096	4,655	4,354
Operating earnings before depreciation	390	1,423	1,435	948	960
Gross margin, %	9.3	26.8	26.6	20.4	22.1
Earnings after financial items	-244	960	1,206	941	920
Earnings after financial items adjusted adjusted for non-operating items	-244	960	1,206	941	920
Net earnings	-239	672	858	670	657
Adjusted equity	8,412	8,882	8,605	8,175	7,928
Net debt	-1,217	-2,297	-2,435	-4,307	-3,246
Net debt-equity ratio, %	-18.6	-25.9	-28.3	-52.7	-40.9
Return on equity, %	-2.8	7.7	10.2	8.3	8.5
Return on operating capital, %	-6.6	9.9	15.4	9.7	7.9
Value-added	2,073	3,036	2,994	2,191	2,058
Cash flow before investments	861	1,627	1,674	1,084	861
Net investments	986	1,358	1,212	1,629	1,162
of wich R&D investments	10	31	65	22	18
Dividends	231	231	290	428	423
Foreign share of sales	74 ¹⁾	n/a	n/a	n/a	n/a
Total employee headcount	3,279	3,568	3,524	3,379	3,432
– Number of female employees	262	277	263	252	257
– Number of employees in foreign countries	290	315	339	306	310
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ Figures in tons.

Nordic Baltic Holding AB

Nordic Baltic Holding AB, which is the parent company of MeritaNordbanken, is quoted on OM Stockholm Exchange and the Helsinki Stock Exchange. Nordic Baltic holding AB has its registered offices in Sweden.

The background to the Government's holding lies in the measures to secure the financial system the Government took in 1992, which included buying all shares in Nordbanken. In 1993, the Government brought the reconstructed element of Gota bank into Nordbanken. In 1995, the Government took a decision to initiate the first partial sell-off of Nordbanken through a stock market flotation. Coincident with this step, the Government also announced its intention to sell all its shares in the bank, although this would be dependent on market conditions and the achievement of a sufficiently favorable price. An SEK 5 bn redemption process was initiated in 1997, which reduced the Government's ownership holding to below 50 per cent of capital and votes.

Subsequent to the merger that resulted in Nordic Baltic Holding AB and the prevailing merger between MeritaNordbanken and Unidanmark, the Government's ownership holding stands at approximately 18.1 per cent.

Business concept

MeritaNordbanken is to create value for its shareholders, customers and employees. The Bank maximizes the value of its shareholders' investments by utilizing business ideas in the financial solutions sphere. Value growth is to be amongst the best of the Nordic region's listed banks.

The Bank pursues the following value creation strategies: strategic focus, operational efficiency, an optimal financial structure and credible earnings growth. As an element of its implementation of the value creation strategy, in 1999, the Board established a number of operational objectives including the Bank remaining sustainably amongst the leading listed banks in the Nordic region in terms of earnings per share growth.

Evaluation

The MeritaNordbanken group's earnings were EUR 1,272 m (SEK 11,221 m), up 10 per cent on 1998. During the year, net interest income dropped by near-

ly 2 per cent to EUR 1,798 m (SEK 15,848 m), while net commission income expanded from EUR 722 to 822 m (SEK 7,243 m). Credit losses dropped by 84 per cent to EUR 22 m (SEK 195 m), comparable to the historical lows of 0.04 (0.22) per cent in relation to lending. Return on capital employed was nearly 21 per cent, with the tier one capital adequacy ratio at 8.3 per cent, and capital adequacy at 12 per cent.

Operations

MeritaNordbanken is one of the pre-eminent Nordic banking groups, with the Baltic region as its domestic market. The strategic objective is for MeritaNordbanken to be a leading player in all Nordic countries, and to secure a significant presence in other Baltic countries. Operations are focused on a broad selection of financial products and services for private individuals, corporates, institutions and the public sector. Operations are organized into five major units: Regional Banking, Major Corporates, Markets, Asset Management and Real Estate.

MeritaNordbanken intends to have the biggest customer base in the Baltic region and to be the first choice for those players with this region as their domestic market, with the ability to offer regional and global solutions for the region's major corporations. The customer base exceeds 6.5 million private individuals, while the number of enterprises, authorities and institutions amounts to some 400,000. The objective is to increase volumes generated from existing customers on good business terms, and to increase the number of core customers every year. MeritaNordbanken's core customers are to express customer satisfaction of at least the same levels as corresponding customers in comparable banks.

The extensive restructuring of production and distribution of Internet-based financial services enables greater value creation, reduced expenses and new offerings. The objective is for MeritaNordbanken to defend its position as Europe's leading provider of Internet banking solutions and electronic services.

External factors

Sweden's banks have now extended their markets to encompass the Nordic region and several Baltic states,

while similar progress is apparent in the other Nordic countries. This transformation has resulted in several Nordic banks establishing operations on each other's domestic markets. The intention of this expansion to new geographical regions is primarily to extend customer bases, thereby expanding volumes and revenues. Several of the Bank's expansion initiatives have been effected through mergers and acquisitions, generating substantial cost synergies.

The Internet as a financial services distribution medium is in robust growth; new technology enhances the potential for foreign competition without necessitating any geographical presence. Technology also enables the separation of production and distribution of services, facilitating new start-ups and constellations on the financial markets.

Significant events in 1999 and 2000

Nordic Baltic Holding made a bid for Christiania Bank og Kreditkassen of Norway; by the end of the year, this offering to shareholders was extended, comprising a cash bid of NOK 24.3 bn.

MeritaNordbanken has over one million customers connected to its Internet services. The number of Internet customers is growing rapidly; the objective is to exceed 2 million by the beginning of next year. The Solo Internet portal was launched in Sweden in the autumn, plus a range of WAP services also offered in Finland.

At the end of 1999, the ownership structure was simplified by Merita Oy's shareholders becoming direct owners of Nordbanken Holding, which was renamed Nordic Baltic Holding AB. In March 2000, Nordic Baltic Holding AB announced an offering to Unidanmark's shareholders to exchange shares with the intention of merging MeritaNordbanken and Unidanmark. This merger will create the leading financial group in the Nordic and Baltic regions, with three strong brands and 9.5 million customers.

Environmental initiatives

Despite the fact that banking is not directly associated with environmental impact, MeritaNordbanken consumes material and energy, while using electronic equipment extensively. A consistent and long-term pursuit of improvement is intended to generate environmental gains and savings. When issuing credits, MeritaNordbanken is increasingly drawing its customers' attention to environmental considerations. In 1999, MeritaNordbanken consolidated its environmental activities both by formulating a group-wide environmental policy, and by composing a group environmental board intended to co-ordinate environmental initiatives in Finland and Sweden.

Equal opportunities

Systematic efforts to achieve equality between women and men is proceeding according to plan. A dedicated management training program in Sweden with exclusively female participants is an ongoing activity.

Forecast 2000

With a sustained strategic focus and established cost control, the intention is that MeritaNordbanken will generate favorable growth and profitability, exceeding that achieved by other Nordic banks.

Board—Nordic Baltic Holding AB and MeritaNordbanken

Palmstierna, Jacob, Chairman

Vainio, Vesa, vice Chairman

Dalborg, Hans, Chief Executive Officer

Andersson, Dan

Andersson, Edward

Brandinger, Rune

Kivimäki, Mikko

Magnusson, Bernt

Niemelä, Juha

Peltola, Timo

Finskas, Bertel, Employee Representative

Roukala-Hyväinen, Kaija, Employee Representative

Chief Executive Officer and President

Dalborg, Hans

SEK m	1999	1998	1997 ¹⁾
Net interest income	15,848	16,031	16,223
Net commission income	7,243	6,370	6,034
Earnings before credit losses	11,553	13,212	11,216
Credit losses	195	1,222	2,134
Operating earnings	12,221	12,083	9,223
Net earnings	9,676	6,198	9,355
Total assets	890,304	911,113	849,314
Lending	584,050	567,612	495,217
Adjusted equity	47,315	45,264	40,594
Return on equity, %	20.9	14.3	18.9
Tier one capital adequacy ratio, %	8.3	7.3	7.4
Capital adequacy ratio, %	12.0	9.9	11.3
Income/cost ratio exc. credit losses, %	1.8	1.8	1.7
Credit losses as a percentage of lending	0.04	0.2	0.4
Investment margin	1.8	1.9	2.0
Rating (S&P/Moody's)	A1/A	A1/A	A1/A
Dividends	948	902	n/a
Dividend per share ²⁾	1.75	1.64	1.50
Total employee headcount	18,896	19,741	20,582
– Proportion of women, %	25	n/a	n/a
– Proportion in foreign countries	n/a	n/a	n/a
Government ownership holding	25.9%	25.9%	25.9%

¹⁾ Pro forma

²⁾ Per share, Nordbanken Holding (Nordic Baltic Holding AB from 2000 onwards)



Business concept/objectives

Norrland Center AB is a services enterprise intended to promote start-ups and enhance business in the Northern Swedish county of Norrland, primary in inland regions.

Norrland Center AB is intended to be a leading player in the start-up and progression of businesses in Norrland. The enterprise's activities are to be pursued in close collaboration with a number of Norrland municipalities.

Evaluation

In a variety of ways, Norrland Center AB has contributed to starting up and enhancing over 70 businesses in the region since inception in 1991. These businesses employ a total of over 1,800 people. Norrland Center has contributed to creating new jobs for over 40 per cent of those people employed in the call centers started up across the region.

Operations

Norrland Center AB is owned equally by the Government (through the Ministry of Industry, Employment and Communications), the Norrlandsfonden foundation and Norhold AB. In 1999, Norrland Center AB had collaboration agreements with 11 regional municipalities.

Sales prospecting is a key element of Norrland Center's operations. During the year, Norrland Center AB sustained its active marketing of Norrland as a profitable region for establishing business for the long term. Individual enterprises reach long-term decisions utilizing the factual information and research provided by Norrland Center AB free of charge.

External factors

The support system provided by regional policy has

remained the subject of debate, and has altered against the background of Sweden's adaptation to the EU. Despite this, Norrland Center AB has not detected any slowdown in interest in establishing business in Norrland. Enterprises continue to consider Norrland as a potential location, primarily against the backdrop of conclusively higher productivity and profitability.

Significant events in 1999 and 2000

During the period, Norrland Center contributed to enhancing and establishing many enterprises. Granninge and Strömme's customer service functions in Sollefteå and Storuman, plus Proffice Communication Center's start-up of a state-of-the-art Web call center in Sollefteå, expected to be staffed by 300 people in a few years, were particularly notable.

Forecast 2000

The distinctly accentuating demand pressure for premises and skilled professionals in major city regions, with the resulting price and salary spiral, is expected to further increase the demand for Norrland Center's skills and competencies in 2000. Considering the series of promising projects the enterprise is working on, the year 2000 is expected to generate a healthy earnings figure.

Board 1999

Näsman, Janaxel, Chairman
Andersson, Peter
Hjalmarsson, Dan
Holm, Johan
Söderström, Lars-Olov

Chief Executive Officer

Bengtson, Sture

SEK m	1999	1998	1997	1996	1995
Revenues	3.8	4.6	4.8	4.6	3.9
Operating earnings before depreciation	-1.5	-0.7	-0.2	-0.9	-2.2
Gross margin, %	-39.0	-13.2	-0.9	-15.6	-53.3
Earnings after financial items	0.3	-0.2	1.3	0.7	-1.0
Net earnings	0.3	-0.2	1.3	0.7	-1.2
Adjusted equity	15.2	14.9	15.1	13.8	13.0
Net debt	-15.9	-15.6	-15.7	-15.9	-15.9
Net debt-equity, multiple	-1.0	-1.0	-1.0	-1.2	-1.2
Return on equity, %	2.0	-1.5	9.3	5.2	-8.6
Return on operating capital, %	-83.0	-30.4	-8.2	-47.0	-108.2
Value-added	1.3	2.1	2.7	-	-
Dividends	0	0	0	0	0
Total employee headcount	4	3	3	3	4
– Number of female employees	1	0	0	0	1
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	33.3%	33.3%	33.3%	33.3%	33.3%



OM Group AB is listed on OM Stockholm Exchange and has its registered offices in Sweden.

Government holdings in OM Group AB arose coincident with the merger of OM Group AB and Stockholms Fondbörs AB (the Stockholm Stock Exchange). The intention of this transaction was to consolidate Stockholm — and thereby the Nordic region — as a marketplace in the face of accentuating competition with foreign stock exchanges and financial markets. However, the Government taking up part-ownership of OM Group AB was a prerequisite of this merger.

Operations

OM Group AB is the parent company of the OM Group (OM). OM owns and operates exchanges and clearing functions, and develops and sells technology for financial and energy markets. OM is divided into two business areas: Transaction and OM Technology. OM includes units such as OM Stockholm Exchange and OM Fixed Income Exchange.

Operational results and significant events in 1999

OM's operations sustained very brisk growth in 1999, with revenues rising by 25 per cent on 1998. OM Technology registered the highest revenue growth, with gains of 37 per cent on the previous year.

Euro trading on OM Stockholm Exchange began in April 1999, implying that corporations can be traded in euro and Swedish kronor in parallel. On 21 June 1999, equity trading on OM Stockholm Exchange and the Copenhagen Stock Exchange were linked within the auspices of the Norex exchange alliance. At the end of November, the Oslo Stock Exchange signed a letter of intent. With OM Stockholm Exchange and the Copenhagen Stock Exchange regarding participation in Norex; discussions regarding the Norex

alliance are also in hand with further exchanges.

On 12 March 1999, SAXESS, OM's new stock market trading system, was brought on stream on OM Stockholm Exchange.

External factors

Global markets are undergoing restructuring, with trends favoring OM in several respects: the demand for technology solutions from stock exchanges and other financial players is increasing, while within the framework of transaction-related activities, possibilities to compete over financial trading in Europe are becoming apparent. New markets are being exposed to competition and exchange trading, as a consequence of developments including the deregulation of electricity markets.

In early 2000, OM and Morgan Stanley Dean Witter announced their joint intention to form a new electronic exchange, Jiway. This exchange, which will be based in London, will offer access to trading in over 6,000 US and European corporate equities. The intention is that the exchange will open in September 2000 for brokers in the UK, Sweden and Germany.

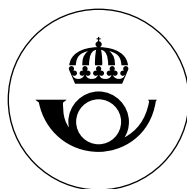
Board 1999

Stenhammar, Olof, Chairman
Björkman, Johan, vice Chairman
Franzén, Thomas
Irstad, Lars
Larsson, Per E
Mårtensson, Arne
Nyman, Sven
Rydén, Bengt

Chief Executive Officer

Larsson, Per E

SEK m	1999	1998	1997	1996	1995
Revenues	1,954	1,567	991	610	567
Operating earnings before depreciation	692	480	375	204	230
Gross margin, %	27	24	34	29	37
Earnings after financial items	603	480	422	326	373
Earnings after financial items adjusted for non-operating items	613	511	440	361	373
Net earnings	444	381	334	287	337
Adjusted equity	2,808	2,740	1,613	1,479	1,354
Return on equity, %	16	14	20	21	27
Value-added	us	us	us	us	us
Cash flow before investments	402	375	536	114	130
Net investments	100	79	21	42	65
Dividends	2.33	3	4	4.5	5
Foreign share of sales	790	547	376	192	166
Total employee headcount	994	623	335	266	217
– Number of female employees	315	207	133	84	70
– Number of employees in foreign countries	318	126	39	31	30
Government ownership holding	7.7%	7.7%	-	-	-



Business concept

Through Sweden Post, anybody should be able to reach anybody else with messages and goods—physical or electronic—rapidly, securely and on cost-efficient terms.

Sweden Post is to create value-added by combining physical and electronic flows, and through integrating Sweden Post's services with customers' activities.

Evaluation

Sweden Post's owner has established accounting and financial objectives for operations, objectives that are to contribute to the stable economic progress of operations, ensuring sustainable returns on capital and asset growth. The objective is to achieve returns on equity at market levels. The owner's demands have been formulated in terms of return on adjusted equity after tax, which is defined as the risk-free interest rate plus a risk premium. For the consolidated group, return on adjusted equity should be 10 per cent. With the current group structure including the Postgirot postal giro service, the owner's established equity ratio target is 10 per cent. Return on equity excluding items affecting comparability was 3.4 per cent, and at the end of 1999, the equity ratio was 2.6 per cent. These levels are not satisfactory, and measures must be taken in order to enhance profitability and consolidate the corporation's financial position.

Consolidated earnings net of financial items including items affecting comparability of SEK -4,301 m amounted to SEK -4,065 (1,075) m. The forthcoming reform of the service network has elicited provisions of SEK 2,100 m for the wind-down of the existing branch network operated under Sweden Post's own auspices. The items affecting comparability also include expenses

relating to the new pension calculation method, of SEK 2,201 m. Excluding items affecting comparability, earnings were SEK 236 m. Compared with the previous year's earnings (SEK 639 m excluding capital gains coincident with asset transfers to Sweden Post's pension foundation) this implies that underlying earnings deteriorated by SEK 403 m. This downturn is attributable to initiatives and increased expenses within the messaging and logistics activities. Lower interest levels in financing activities were largely offset by lower expenses.

Operations

Sweden Post's operations are directed by customer needs, and accordingly, Sweden Post pursues the following objectives: Satisfied Customers, Profitability, Personnel who Enjoy their Work and Renewal. These objectives interrelate and constitute a prerequisite for the long-term satisfaction of customer needs for service through profitable means. In order to ensure feedback within the group, Sweden Post's controlling philosophy has been embodied as business planning tools, with traditional budgeting replaced by objectives and control figures for various strategies. With the assistance of ISO system standards and the tools of Sweden's USK quality standards, Sweden Post pursues the continuous expansion of its quality assurance initiatives. Total quality is a precondition for Sweden Post achieving its objectives. The initial assumption of Sweden Post's view of quality control is that invariably, the customer judges quality. Accordingly, customer satisfaction is measured on an ongoing basis, with the results of surveys forming the foundation of quality-enhancing measures. Quality measures are taken daily using a range of measurement systems.

Technical quality is measured daily in all critical processes. In 1999, additional Sweden Post units received ISO 9000 accreditation.

Many new services and routines have been derived in collaboration with customers, which both simplify customer processes and enhance quality.

Sweden Post has utilized a Satisfied Customer Index since 1991. Measurements are taken on an ongoing basis all year round, with customers grading individual factors that influence their satisfaction such as reliability, services offerings, reception and waiting times. Customers also respond to over-arching questions regarding how Sweden Post is pursuing operations. Every unit interfacing with customers is set objectives monitored using the Index. In 1999, Sweden Post registered an overall score of 62 (59) on its Customer Satisfaction Index, implying that it exceeded its objective by one point.

Customer complaints and views are a vital source of information for all quality assurance initiatives. Sweden Post's customer service function is open 24 hours a day for questions, views or complaints.

Sweden Post's profitability excluding items affecting comparability in earnings for the year, has reduced sharply. It has not been possible to offset reduced interest rates, accentuating competition—notably from new electronic media—and reducing demand for counter services through rationalizations. Competition will intensify across all markets where Sweden Post is active, and any opportunity to increase prices will be limited. Sweden Post's operations should be concentrated and focused on developing messaging and logistics markets.

ViP ("Sweden Post People") is the methodology Sweden Post utilizes to monitor the objective of Personnel who Enjoy their Work. Through ViP, employees are able to respond to questions regarding participation, their developmental prospects, their confidence in Sweden Post's change process, and to offer an assessment of their satisfaction with their overall working situation. This measure is expressed as a ViP Index, with an objective level for Sweden Post as a whole. Each quarter, approximately 2,000 managers receive an update regarding their employees' satisfaction. For Sweden Post as a whole, the ViP Index stood at 56 (52) for 1999, three points above the target level. The Renewal objective relates to creating the impetus for change, novel thinking and for creating solutions for clients intended to ensure future competitiveness.

External factors

Sweden Post's activities will be affected by rapidly accentuating competition. The development of new technology and change in the surrounding world, plus the accelerating, and more extensive, shift in customer needs, also exert their influence. National borders are becoming less important, while internationalization implies competition becoming more apparent. Increasingly, key corporate decisions are made outside Sweden, while

many companies are expanding their markets. The need for global service offerings also applies to Sweden Post, which accordingly, is pursuing the development of regional and international partnerships.

Significant events in 1999 and 2000

During the year, Sweden Post terminated its collaboration agreement with Nordbanken regarding the banking services in MeritaNordbanken's range, including the Postbanken postal bank. This agreement ceases on 31 March 2001.

During the autumn, Sweden Post and its staff organizations agreed on the pursuit of a new model called Posten Futurum governing future headcount downsizing. The objective is for redundant employees to secure work outside Sweden Post, simultaneous with Sweden Post being able to retain the competency necessary for future activities.

During the spring, Sweden Post acquired several major shareholdings in transportation corporation ASG AB. Subsequent to negotiations with ASG's other major shareholder, Danzas/Deutsche Post, Sweden Post decided to sell its holdings to Danzas. A dispute regarding the interpretation of a shareholder agreement relating to shares Swedish industrial holding corporation Custos sold to Danzas, has resulted in the current arbitration process.

At the end of 1999, Sweden Post increased its holdings in Pan Nordic Logistics AB, PNL, from 25 to 33 per cent. Since 1997, PNL has been a logistics enterprise jointly owned by Sweden Post and the Danish and Norwegian post offices. During 2000, these owners' international parcel activities will be transferred to PNL, with the intention of conferring customers with efficient logistics solutions, primarily within the Nordic region.

Conciliation agreements have been reached regarding those legal processes indicated in previous annual reports.

Sweden Post divested 15 per cent of Svensk Adressändring AB to CityMail AB. The companies signed a shareholder agreement that ensures equal influence for both owners of this company.

Sweden Post has secured its owner's — the Government's — mandate to sell Postgirot Bank AB (publ). The divestment process has begun.

Environmental initiatives

Primarily, the over-arching objectives of Sweden Post's environmental initiatives relate to limiting climatic influence, the ozone layer, exclusively natural acidification, clean air, the eradication of over-fertilization, a non-toxic environment and metals in natural cycles.

Sweden Post is obliged to report on its facilities for deriving heating and cooling from the ground or air according to Swedish environmental legislation. Any influence on the external environment is regarded as negligible.

Equal opportunities

Sweden Post will pursue a more even distribution between women and men at all levels, and in all business areas. Emphasizing women's and men's views and values creates wholeness and diversity, which contribute to Sweden Post achieving its over-arching objectives more optimally.

Pursuing equal opportunities should be a natural and integrated element of every manager's operational responsibilities.

Sweden Post's objective is to pursue a minimum of 40 per cent representation of women and men within each major working activity, and eventually, to eliminate the salary differences that exist between men and women who perform similar tasks and have similar skills.

Each business area, profit center and company is responsible for producing equal opportunities plans. Such plans should incorporate measurable objectives and activity plans. Co-ordinated responsibility for equal opportunities initiatives lies with human resources managers.

The monitoring of equal opportunities initiatives should form part of business plans. Sweden Post Human Resources is responsible for the annual co-ordinated update and support initiatives relating to group-wide activities as stipulated by business plans.

Forecast 2000

In 2000, Sweden Post will focus on a new nationwide service network, offering greater accessibility.

Sweden Post will publish a forecast for the year 2000 coincident with its first quarterly report.

Board 1999

Bernhardsson, Göte, Chairman

Detter, Dag

Ohlsson, Lars-Bertil

Ragsten Pettersson, Christina

Sandberg, Peter

Spång, Ulf

Strömberg, Karin

Tuvegran, Ingela

Kihlberg, Åke, Employee Representative

Nyström, Björn, Employee Representative

Holm, Carina, Employee Representative, Deputy

Karlsson, Monica, Employee Representative, Deputy

Mellström, Alf, Employee Representative, Deputy

Chief Executive Officer

Grabe, Lennart

SEK m	1999 ¹⁾	1998	1997	1996	1995
Revenues	24,217	24,359	23,424	22,725	22,271
Potential support					
Operating earnings before depreciation	-2,939	2,076	2,305	1,733	1,633
Gross margin, %	neg	8.5	9.8	7.6	7.3
Earnings after financial items	-4,065	1,075	1,055	570	831
Earnings after financial items adjusted for non-operating items	n/a	n/a	n/a	n/a	n/a
Net earnings	-2,990	752	726	363	454
Adjusted equity	1,777	4,772	4,017	3,294	2,983
Net debt	-132	-1,658			
Net debt-equity ratio, %	-7.4	-34.7			
Return on equity, %	neg	16.9	21.0	12.6	20.7
Return on operating capital, %	neg	29.1			
Value-added	9,862	14,695	14,785	14,596	14,611
Cash flow before investments ²⁾	1,609	-281	4,362	5,382	6,610
Net investments	1,103	1,064	n/a	n/a	n/a
of which R&D investments	n/a	n/a	n/a	n/a	n/a
Dividends	0	0	0	0	0
Foreign share of sales ³⁾					
Total employee headcount	50,174	51,793	51,804	53,178	55,722
– Number of female employees	24,585	25,897	26,420	27,653	29,533
– Number of employees in foreign countries	476	202	6	0	0
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ Items affecting comparability of SEK 4,301 m are included in the figures for 1999.

²⁾ Figures for the years 1995-1997 from the Cash Flow Statement according to FAR's (the Swedish Institute of Authorized Public Accountants) recommendation No. 10.

³⁾ Expression not definable.



Business concept

Samhall's task is to create meaningful work for handicapped people, with prospects for personal development, where the need arises. To this end, Samhall pursues manufacturing and commercial activities, financed through Samhall's own sales revenues and additional cost remuneration from central Government for the additional expenses Samhall bears vis à vis other enterprises.

Evaluation

Achievements are measured against four objectives: employee headcount in terms of the number of hours worked, the share of recruitment from prioritized groups (people with intellectual handicaps, with multiple handicaps and with mental handicaps), the proportion of employees who transfer to employment with other employers, termed transfers, and financial earnings.

During 1999, Samhall's employee headcount expressed as working-hours amounted to 32.1 million, which was slightly above the Government's stipulated 31.9 million. Transfers stood at 3.9 per cent; the objective is a minimum of 3 per cent. Recruitment from prioritized groups was 42 per cent; the objective is a minimum of 40 per cent.

Samhall posted earnings net of financial items of SEK -386 m for 1999, with non-recurring structural and merger costs representing a SEK 293 m earnings burden. Accordingly, underlying operating earnings stood at SEK -93 m. However, during 1999, the corporation effected a number of measures to consolidate profitability and competitiveness. Samhall assesses that the cost reduction program it has initiated will result in annual cost-cutting of some SEK 280 m. Moreover, Samhall considers that the new organizational structure it presented will not merely enhance its costs structure, but also prospects for the corporation's earnings ability. Despite negative earnings, Samhall enjoys favorable financial strength.

Additional cost remuneration reduced by SEK 194 m during the year, or by 4.3 per cent. Given unchanged remuneration, Samhall's underlying operating earnings would have been approximately SEK 100 m. During the same period, Samhall increased net revenues and value-added by 1 per cent, a positive development. But despite these improvements, earnings levels cannot be considered satisfactory.

Operations

Samhall is a Government-owned group incorporated in 1980 following a parliamentary decision. The forma-

tion of Samhall—then known as Samhällsföretag—implied all the country's sheltered workshops, office centers and industrial relief work gaining a single principal. Samhall is a labor market policy avenue to assist people with impaired faculties to secure work and a salary.

External factors

A selection of the essential strategic choices facing Samhall follows:

- Primarily, Samhall must safeguard its operational idea and the quality of its efforts.
- Some way into the new century, half of Samhall's jobs should be within services, and half in manufacturing.
- More employees should work on an integrated basis with the rest of a labor market.
- Samhall retains its objective of 3-6 per cent of employees annually to be active in the labor market outside Samhall.
- Central Government remuneration should be reduced to a level of approximately 85 per cent of the salary costs of handicapped employees.
- Samhall's business volumes should increase in both the manufacturing and services sector.
- Samhall will strive towards total concept solutions for customers and strategic partnerships.
- Samhall will exploit the outsourcing trend through the creation of more jobs on contract and from staffing assignments.
- Samhall will develop the IT expertise and competence enhancement initiatives amongst its employees.

Significant events in 1999 and 2000

Samhall implemented extensive restructuring and reorganization in 1999. Its thirteen regional subsidiaries were reduced to seven. Sales companies have been wound down, with central administration in the parent company and servicing enterprise Samhall Support AB being cut back heavily. The number of business areas was reduced from nine to five, with the number of salaried employees in the group reduced by about 300 as a consequence of the aforementioned realignments.

The overarching intention of the organizational and other changes was to achieve a more homogeneous and efficient group for the implementation of Samhall's operational concept. Meanwhile, the right conditions were created to expand business volumes, to achieve impetus and sustainability at a corporate level to operate both specialized human resources

and commercial development, while also reducing total expenses. While these changes have not exerted any influence on the number or location of job opportunities for handicapped employees, they should instead provide better prospects to achieve nationwide activities in the long term, with working locations spread across the country.

Environmental initiatives

Samhall pursues common working and external environment policies. Resources should be used as with as much care as possible, and with the intention of preventing damage to the external environment. Samhall's products and services should be adapted to a philosophy incorporating the cycles of nature, while Samhall group companies should publicly account for their impact, and their efforts to prevent damage to, the external environment. Environmental initiatives should be based on assessments of consequences, be centered on prevention and targeted on constant improvement.

In 1997, six ISO 14001-based environmental management systems were accredited in the Samhall group, followed by a further six in 1998, and another ten in 1999. At the end of 1999, approximately 8 per cent of group employees worked in activities with accredited environmental management systems.

Equal opportunities

The group's equal opportunities initiatives are directed by equal opportunities plans; Samhall has a group-wide plan, as well as individual plans for all subsidiaries with over ten employees. Apart from equal terms for progress and salaries for women and men,

the group also pursues a more even distribution in those activities where job choices and recruitment have become associated with a particular sex.

Forecast 2000

The forecast proceeds from the volume of job opportunities for handicapped people, 26,800, corresponding to 31.9 million working hours. A 13 per cent billing increase is expected on 1999, with value-added expected to increase by approximately 11 per cent.

Several group business areas are expected to be exposed to price reductions in 2000.

Board 1999

Tidlund, Håkan, Chairman
 Carlsson, Barbro
 Curman, Maria
 Ennerfelt, Göran
 Svensson, Hans
 Karlsson, Boel
 Lundin, Ulf
 Frideborger, Bengt, Employee Representative
 Josefsson, Sören, Employee Representative
 Litzell, Per-Olof, Employee Representative
 Swedenborg, Birgitta, Deputy
 Wahlström, Victor, Deputy
 Forsberg, Berth, Employee Representative, Deputy
 Gardelin, Olle, Employee Representative, Deputy
 Leppäniemi, Sven Olof, Employee Representative, Deputy

Chief Executive Officer and President

Gunnarsson, Göran

SEK m	1999	1998	1997	1996	1995
Revenues, including additional cost remuneration	9,279	9,430	8,923	9,093	9,083
of which additional cost remuneration	4,262	4,456	4,424	4,735	4,739
Operating earnings before depreciation	-248	-242	-62	61	178
Gross margin, %	-5	-5	-1	1	4
Earnings after financial items	-386	55	-288	-91	103
Earnings after financial items adjusted for non-operating items	-386	55	-288	-91	103
Net earnings	-385	39	-238	-71	73
Adjusted equity	1,246	1,631	1,592	1,829	1,900
Net debt	0	0	0	0	0
Net debt equity ratio	-	-	-	-	-
Return on equity, %	-27	2	-14	-4	4
Return on operating capital, %	-184	1	-72	-47	-21
Value-added	2,484	2,453	2,335	2,990	2,243
Cash flow before investments	-78	245	79	-110	74
Net investments	275	213	208	260	281
of which R&D investments	0	0	0	0	0
Dividends	0	0	0	0	0
Foreign share of sales, %	22	21	21	19	18
Total employee headcount	26,183	25,693	25,914	27,250	28,085
– Number of female employees, %	42	42	n/a	n/a	n/a
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Scandinavian Airlines

Business concept/objectives

SAS Sverige AB is to pursue active ownership of the SAS Consortium, with the intention of ensuring SAS's long-term progress through active board involvement.

The SAS Consortium's (SAS) central long-term task is to offer competitive air links within, between and to and from every Scandinavian country, alongside selected airlines.

SAS's business concept is to serve the Scandinavian market through offering air services with a particular focus on frequent business travelers, subject to satisfactory profitability. SAS also offers travel products targeted on private travelers through the SAS Pleasure program. SAS Cargo makes a complementary earnings contribution to SAS by offering efficient and profitable freight solutions alongside partners.

SAS's overarching objective is for all its customers to be satisfied, and want to travel with SAS again, with SAS achieving competitive shareholder value performance. The shareholder value objective comprises two partial objectives: one relating to returns for owners, and one relating to SAS's financial performance. Calculated as an average over a business cycle, the owner's objective is returns of 14 per cent of total annual share price growth plus dividends. The financial objectives are expressed as a minimum of 17 per cent CFROI (cash flow return on investments), plus a minimum of 12 per cent market returns on capital employed, both measured over a business cycle.

SAS is also subject to a series of objectives relating to customers, quality, human resources and the environment.

Evaluation

The previous distinct cyclical downturn for the airline industry bottomed out around 1990. Examining SAS's share price performance from 1990-1999 reveals an average annual total return TSR (total shareholder revenues) of 16.3 per cent, beating SAS's objective by 2.3 percentage points.

During the period 1994-1998, SAS maintained healthy profitability and returns, measured in terms of CFROI, exceeding its objective, varying between 22 and 32 per cent. In 1999, this measure dropped to 14 per cent-plus. In terms of return on capital employed, SAS has achieved figures of between 17 and 24 per

cent since 1995, registering 9 per cent in 1999.

Thus it is apparent that SAS's profitability deteriorated significantly in 1999, and the same applies to much of Europe's airline industry, where the last year was very demanding. The earnings declines can be explained by unexpectedly hesitant traffic growth, accentuating excess capacity through the sector and altering travel patterns. For SAS, this implied a sharp downturn in the Business Class segment and declining unit revenues.

In order to ensure its long-term competitiveness, SAS will implement a further series of internal productivity-enhancing measures and thereby, SAS's efforts to further reduce unit costs will continue undiminished.

Operations

SAS Sverige AB pursues air traffic activities in the SAS Airline Systems (SAS) and SAS Commuter consortia through consortium agreements with SAS Danmark A/S and SAS Norge ASA. SAS pursues activities associated with flight operations through subsidiaries and associated companies. These corporations form SAS Gruppen, which is 21.4 per cent owned by the Swedish Government. SAS Sverige AB's primary activities comprise the ownership and management of its stake (3/7) in the SAS Consortium, and, to some extent, the pursuit of its own financial management.

Some 85 per cent of SAS passenger revenues (net) for 1999 were derived from routes in Europe including domestic Scandinavian traffic.

As part of the Star Alliance, SAS's partnership strategy is to develop a global route system and consistent products alongside its partners.

External factors

Airlines are a global growth industry; the world's two biggest aircraft manufacturers — Airbus Industries and the Boeing Company — forecast average annual growth of 4.85 per cent and 4.7 per cent respectively over the next 20 years.

In 1999, the industry was hampered by pronounced overcapacity, although current indications suggest that the capacity expansion of recent years may level off.

In 1999, new aircraft deliveries comprised approximately 8 per cent of the global fleet, and in 2002, this

figure is expected to be about 4 per cent. The number of aircraft taken out of service is expected to increase from some 2 per cent in 1999 to about 2.5 per cent in 2002.

Significant events in 1999 and 2000

SAS divested parts of its shareholdings in computer network corporation Equant N.V.

SAS International Hotels divested hotel real estate in Amsterdam and London.

SAS announced its intention to divest a proportion of the shareholding in British Midland to Lufthansa.

SAS ordered a further five deHavilland Q400 aircraft.

SAS's Board has resolved to acquire 10 Airbus aircraft with a total value of SEK 10 bn, and to acquire 12 Airbus A321-100 large aircraft for Europe and Scandinavia, worth SEK 4.5 bn.

SAS established a corporation alongside GECAS; 30 McDonnell Douglas MD-80 aircraft have been transferred to this entity.

Environmental initiatives

The environmental strategy for SAS's operations is to function by generating the minimum environmental impact. SAS pursues the status of one of the airline industry's leading corporations in the environmental sphere. SAS's environmental management systems are based on every SAS manager with authorization to make decisions and budget responsibility to be responsible for including environmental evaluations as an element of all decision documentation.

Equal opportunities

SAS strives towards women and men enjoying equal prospects for employment, progress and promotion,

equal salaries and other terms for the same work. Moreover, SAS pursues a more even distribution between men and women in those roles where traditionally, job choices have become associated with a particular sex. Sexual harassment will not occur.

Forecast 2000

After a poor 1999, SAS expects earnings from operations in 2000 to be far better. Economic progress on key markets is expected to be more favorable than last year, contributing to greater air traffic growth. Several markets are still burdened by excess capacity, although restraint in new capacity expansion is expected right across the sector, simultaneous with very high excess capacity on the Norwegian market now being reduced. SAS's cost performance is expected to witness further improvement through the operational enhancement program now in hand. In 2000, unit costs are expected to be lower than in 1999.

Excess capacity means that prices remain under pressure.

Board 1999

Berggren, Bo, Chairman

Eidem, Bjørn

Eldrup, Anders

Jansson, Urban

Norvik, Harald

Schröder, Hugo

Jacobsen, Helmuth, Employee Representative

Kindert, Leif, Employee Representative

Lilletun, Ingvar, Employee Representative

Chief Executive Officer

Stenberg, Jan

SEK m	1999	1998	1997	1996	1995
Revenues	41,508	40,946	38,928	35,189	35,403
Operating earnings before depreciation	2,765	4,115	4,118	3,668	4,761
Gross margin, %	6.7	10.1	10.6	10.4	13.5
Earnings after financial items	1,846	2,857	2,258	1,837	2,659
Adjusted equity	17,061	16,110	14,241	13,030	10,588
Net debt	529	2,079	1,345	1,754	2,544
Net debt-equity ratio, multiple	0.03	0.13	0.1	0.1	0.2
Return on equity, %	7.6	12.9	11.4	10.9	18.5
Return on operating capital, %	8.4	17.3	15.5	13.7	20.4
Value-added	20,000 ¹⁾	20,300 ¹⁾	n/a	n/a	n/a
Cash flow before investments	1,932	4,137	4,256	3,814	4,881
Net investments	5,870	6,112	3,256	4,202	1,399
of which R&D investments	n/a	n/a	n/a	n/a	n/a
Dividends	658	658	658	493.5	493.5
Foreign share of sales, %	66	68	68	68	69
Total employee headcount	28,863	27,071	25,057	23,607	22,731
– Number of female employees	12,394	11,310	10,071	9,432	8,780
– Number of employees in foreign countries	19,387	18,619	16,857	n/a	n/a
Government ownership holding	21.4%	21.4%	21.4%	21.4%	21.4%

¹⁾ Estimate

SIS Eco-Labeling

Business concept

To stimulate the development and usage of products, which from an environmental perspective, are superior to those comparable in other respects, and to contribute to sustainable long-term progress through the use of voluntary environmental labeling.

Evaluation

The short-term objectives — of continually increasing the number of criteria and accredited products — have been satisfied (from 0-52 criteria in ten years to a total of 470 licenses issued in 1999). Awareness of, and confidence in, labeling has made good progress, fully satisfying established objectives. The long-term objective, of contributing to sustainable progress, is under evaluation.

Operations

The corporation is to select product groups where environmental labeling offers the greatest possible benefit as an environmental policy instrument. Two labels are in use, the Nordic Swan, and the European Flower.

Both these labels are to become renowned, attractive and in demand by consumers and producers through the use of aggressive communication and marketing.

External factors

Opportunities:

- Increased public interest in environmental issues.
- Increased awareness of the importance of environmental product choices amongst consumers and professional purchasers.
- Increased interest in environmental labeling in the services sector.

Risks:

- Declining interest in environmental issues.
- Sectors boycotting environmental labeling.
- Certain multinational corporations adopting an erroneous assessment of environmental labeling as an obstacle to trade.

Significant events in 1999 and 2000

In 1999, pan-Nordic environmental labeling took its first major step towards services accreditation through the adoption of criteria documentation for hotels, and the first hotel accreditation.

In 2000, new Nordic guidelines will be established for the development of criteria. Pan-Nordic environmental labeling is celebrating its tenth anniversary, and will be subject to external assessment.

Initiatives relating to revised EU environmental labeling regulations continue at a Union level.

Environmental initiatives

SIS Eco-Labeling pursues an environmental policy, which stipulates that its environmental initiatives

should be characterized by a holistic view, be preventative and improve continuously, with the environmental impact of operations being limited to the maximum practical and financially viable extent, for its collaboration partners and suppliers to pursue active environmental initiatives and employees encouraged to take active environmental responsibility. SIS Eco-Labeling utilizes quality assurance and environmental management systems; the corporation will work towards its systems securing ISO 9001 and 14001 accreditation respectively during the year.

Equal opportunities

In the contexts of recruitment, the distribution of working tasks, salary levels or promotion, no distinction is drawn between sex, race, nationality, religion or age.

Forecast 2000

The demand for environmental labeling from consumers and producers is expected to remain healthy in 2000. SIS Miljömärkning AB has particular hopes of the environmental accreditation of hotels. The corporation expects revenues to increase by approximately 10 per cent to SEK 35 m, generating earnings of SEK 2 m.

Board 1999

Thiberg, Sven, Chairman
Berg, Ingolf
Blix, Kerstin
Knutsson, Pernilla
Lundin, Svante
Mattsson, Anna
Sköldefors, Walter

Chief Executive Officer

Unge, Ragnar

SEK 000	1999	1998
Revenues, including support	37.1	36.6
of which support	2.8	4.6
Gross margin, %	14	14
Earnings after financial items	5.5	4.6
Net earnings	4.6	3.3
Adjusted equity	17.3	11.7
Net debt	5.0	4.1
Net debt-equity ratio, multiple	0.36	0.35
Return on equity, %	28	28
Return on operating equity, %	28	28
Value-added	18.0	17.7
Cash flow to investments	0.3	1.0
Net investments	n/a	n/a
Dividends	0	0
Foreign share of sales	-	-
Total employee headcount	28	25
– Number of female employees	17	16
– Number of employees in foreign countries	0	0
Government ownership holding	10%	10%



Objectives

The Swedish Maritime Administration, (SJV) will:

- Promote safe, environmental and efficient maritime traffic.
- Respond to the infrastructural service needs of maritime traffic in the form of shipping lanes, pilot services, ice-breaking, nautical information, communication and servicing.
- Assume responsibility for sea rescue.
- Pursue safety onboard Swedish maritime vessels regardless of their location.
- Protect the Swedish merchant fleet's competitive position.

In an economically viable manner, SJV will contribute to efficient long-term sustainable transport for its citizens and businesses nationwide. The objective for returns is that earnings after tax equivalent will amount to 7 per cent of shareholders' equity; SJV's minimum equity ratio is 30 per cent. Shipping lane fees may increase by a maximum of the net price index calculated from 1995 onwards.

Evaluation

Returns on equity after tax equivalent were 5.7 per cent after the elimination of SEK 104 m of non-recurring expenses for a new agreement on working hours with Sweden's pilots. SJV's equity ratio was 41 per cent in 1999, implying that the target was satisfied. Earnings after financial items were SEK -82 m in 1999.

Operations

SJV is active on a number of shipping lane projects, including one relating to lanes in Stockholm. The pilot fleet is being modernized; Sweden's sea and air rescue services have now been integrated, while sea measure-

ment assignments are being undertaken, received from defense and civilian principals. SJV's international consulting activities have experienced sustained volume growth, with the majority of assignments in the Baltic region.

External factors

Goods volumes in the international maritime fleet continued to increase in 1999, while ferry traffic was comparable to previous years. The Swedish-flagged merchant fleet has lost market shares of Swedish maritime traffic. In recent years, the EU has noted the competitive position of ports, and intends to submit proposals on this issue in the near future. Port owners are planning an investment level of approximately SEK 6.5 bn in the period 1999–2003.

Significant events in 1999 and 2000

Environmentally differentiated shipping lane fees have noted a considerable success in terms of the reduction of sulfur emissions. At the end of 1999, 1,283 vessels had secured sulfur accreditation. In February 2000, the ice-breakers Tor and Njord were divested to a foreign buyer. The first of three ice-breaking offshore vessels will be delivered this year. SJV has reached a preliminary agreement with the Municipality of Gothenburg regarding investments in improved shipping lanes to Gothenburg harbor; this agreement is subject to Government approval. SJV is in the midst of an extensive reorganization process, with the roles of the sector and authorities differentiated from the producer; the number of maritime traffic regions will be reduced.

Pilot fees will be increased by an average of 15 per cent from 1 July 2000. During the three-year period; the ice-breaker and sea measurement fleet will be transferred to civil crewing.

Environmental initiatives

SJV works according to an environmental policy and action plan promoting environmental maritime traffic. The Government has assigned the agency to implement an environmental management system by no later than December 2000.

Equal opportunities

SJV has an equal opportunities plan with overall and action-oriented objectives for its equal opportunities initiatives, established annually.

Forecast 2000

The Öresund Link between Sweden and Denmark opened to traffic in summer 2000, and is expected to imply an annualized revenue shortfall of SEK 40 m. An organizational review will result in headcount downsizing. SJV anticipates restructuring expenses of the order of SEK 70 m to burden earnings.

Board 1999

Färm, Gunnel, Chairman
Lindström, Anders
Nilsson, Elisabeth
Nyström, Elizabeth
Olsson, Karin
Olsson, Kent
Pettersson, Ulla
Starkerud, Lars
Andersson, Daniel, Employee Representative
Karlsson, Göte, Employee Representative
Pettersson, Birgitta, Employee Representative
Pålsson, Uno, Employee Representative, Deputy
Hoffrén, Tapani, Employee Representative, Deputy
Johansson, Lennart, Employee Representative, Deputy

General Director

Lindström, Anders

SEK m	1999	1998	1997	1996	1995
Revenues, including support	1,428	1,402	1,353	1,500	1,268
of which support	104	106	119	101	109
Operating earnings before depreciation	-10	286	87	99	206
Gross margin, %	-1	22	7	7	18
Earnings after financial items	-82	231	21	43	168
Non-operating items	-82	231	21	43	168
Net earnings	-82	166	15	31	121
Adjusted equity	805	942	1,080	1,098	1,093
Net debt	395	111	32	12	15
Net debt-equity ratio, %	49	12	3	1	1
Return on equity, %	-9	16	1	3	12
Return on operating capital, %	-8	19	1	2	12
Value-added	815	852	805	722	754
Cash flow before investments	-45	341	-15	113	147
Net investments	97	42	60	68	90
of which R&D investments	-	-	-	-	-
Dividends	0	55	305	33	26
Foreign share of sales	13	10	4	2	8
Total employee headcount	1,503	1,516	1,545	1,496	1,610
– Number of female employees	246	222	234	216	233
– Number of employees in foreign countries	-	-	-	-	-
Government ownership holding	100%	100%	100%	100%	100%



Business concept

At present, SOS Alarm is the country's only concentrated alarm reception and response control specialist. Since operations commenced in 1974, the corporation has been responsible for the coordination of rescue assignments for entities including the police, fire service, ambulance, sea rescue, 24-hour medical, mountain rescue and military services.

One special aspect of SOS Alarm is that the corporation's ownership structure makes it independent of alarm installers, 24-hour service operators and emergency services.

Evaluation

Earnings after financial items in 1999 were SEK 21.7 m, the downturn on 1998 attributable to the sale of an operating unit in 1998, amounting to SEK 7.2 m, and earnings deterioration in subsidiaries, of SEK 2.0 m.

The earnings actual implies that SOS Alarm's equity ratio was 40 per cent, exceeding the 30 per cent target SOS Alarm's owners had established for long-term financial performance. As a consequence of the positive progress in recent years, and the fact that SOS Alarm's equity ratio has attained target levels, the owners have established new complementary objectives for activities. This objective is a return on equity after tax of 8 per cent from 2000 onwards. The company is now also starting to pay out dividends to shareholders, SOS Alarm AB's dividend pay-out target corresponding to 5 per cent of total shareholders' equity.

Operations

SOS Alarm is owned by the Swedish Government (50 per cent) the Federation of Swedish of County Councils (25 per cent) and Förenade Kommunföretag (associated municipal enterprises, 25 per cent). SOS Alarm manages the 112 emergency telephone service

in Sweden. On assignment from the Government, SOS Alarm is responsible for the SOS and alarm services for Government rescue services. This assignment implies collaboration with sea, air and mountain rescue services and the police. SOS Alarm is also responsible for the ambulance alarm and direction service on behalf of county council health authorities. Primary municipalities have assigned SOS Alarm for alerting local authority emergency services.

SOS also offers a selection of other alarm services, which can be combined with the SOS service, to businesses, the public sector and private individuals. Such services include automatic alarms, security alarms, personal alarms, 24-hour telephone messaging, health-care information and the coordination and direction of transportation.

External factors

New conditions in the telecommunication and IT spheres, as well as new needs and working methods amongst the corporation's customers will set new demands on SOS Alarm's expertise, technology and organizational resources. The Board has incorporated these changes into its decision regarding the corporation's future direction. SOS Alarm actively pursues the development of new services concepts through the use of the possibilities new technology implies.

Significant events in 1999 and 2000

In 1999, SOS Alarm received approximately 16 million alarm calls on the 112 telephone line and other alarm services.

During the year, SOS Alarm pursued extensive skills enhancement measures, prioritizing disciplines including interview and conversation methods. Additionally, SOS Alarm has implemented health

training and further education in the healthcare sphere. The corporation's skills center has been relocated from Uppsala to the Stockholm head offices, where a high proportion of training material is being transferred to interactive media in order to rationalize the training process.

The corporation's administrative infrastructure was modernized during June the year, through measures including the implementation of a network between SOS centers.

New services concepts have been developed for personal alarms, security alarms and the remote support of customers' alarm units.

The "Future Dialogue 2000" program, which got underway in autumn 1998, was focused on the 1999 operational year. This initiative generated extensive and valuable material, which provided the foundation for the Board's decision regarding the enterprise's future operational focus.

Environmental initiatives

SOS Alarm pursues environmental issues actively, with activities regulated by a pre-determined environmental policy. Operations exert very little adverse environmental impact.

Equal opportunities

SOS Alarm's equal opportunities initiative are formulated through an established equal opportunities policy,

which stipulates an action plan for the management of sexual harassment and intimidation.

Forecast 2000

SOS Alarm's operations enjoy a stable foundation provided by long-term collaboration agreements with major customers. Operations and earnings over the coming years are expected to make positive progress through initiatives on a refined services offering and renewed operational platform.

Board 1999

Persson, Curt, Chairman
 Jönsson, Benny, Deputy chairman
 Lindell, Lars-Olof, Deputy chairman
 Blomberg, Vincent
 Brögger, Lise
 Fredlund, Michael
 Lennerwald, Ingrid
 Myhlback, Lennart
 Rålin, Berit, Employee Representative
 Wallin, Ove, Employee Representative

Chief Executive Officer

Bergqvist, Sven-Runo

SEK m	1999	1998	1997	1996	1995
Revenues	553.3	536.7	537.7	525.6	478.7
Operating earnings before depreciation	86.3	95.5	89.9	53.1	37.7
Gross margin, %	15.6	17.8	16.7	10.1	7.9
Earnings after financial items	21.7	31.1	23.4	23.7	17.7
Earnings after financial items adjusted for non-operating items	21.7	31.1	23.4	23.7	17.7
Net earnings	15.4	21.1	42.5	16.5	12.3
Equity capital	137.3	121.9	100.9	65.5	49.0
Net debt	68.9	85.3	100.0	0.0	0.0
Net debt-equity ratio, %	50.2	70.0	99.1	0.0	0.0
Return on equity, %	11.9	18.9	51.1	28.8	30.8
Return on operating capital, %	27.0	37.5	-	-	-
Value-added	386.7	377.5	372.9	336.0	337.5
Cash flow before investments	51.7	59.0	-13.2	31.6	-60.0
Net investments	34.2	35.8	30.7	61.2	68.7
of which R&D investments	0.0	0.0	0.0	0.0	0.0
Dividends	6.9	0.0	0.0	0.0	0.0
Foreign share of sales	0.0	0.0	0.0	0.0	0.0
Total employee headcount	736	723	746	777	747
– Number of female employees	434	427	461	481	462
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	50%	50%	50%	50%	50%



Business concept/objectives

Specialfastigheter Sverige AB is to offer public authorities specialist premises and the associated expert services through long-term relationships and efficient real estate management nationwide.

Evaluation

Specialfastigheter Sverige AB satisfied its financial and other objectives in 1999.

Operations

Specialfastigheter Sverige AB is the parent company of a group that encompasses the subsidiaries Kriminalvårdsfastigheter Sverige AB, Polisfastigheter Sverige AB, Försvarsfastigheter Sverige AB, Fastighetsbolagen Räddningsskolor Sverige AB, and Fastighetsbolaget Specialskolor Sverige AB. The real estate holding also includes properties rented by the Government Compulsory Care Authority. SOS AB is headquartered in Linköping, and has established management resources in Malmö, Gothenburg, Norrköping, Örebro, Stockholm and Härmösand. Specialfastigheter was spun off from the Civitas group on 1 July 1998, becoming a corporation wholly owned by the Central Government Offices (Ministry of Finance).

External factors

Specialfastigheter Sverige AB's largest tenants are Government authorities with long-term rental agreements, implying that the corporation can effect stable and long-term operational planning.

Significant events in 1999 and 2000

During 1999, Specialfastigheter secured all funding on the private credit market; during 2000, the corporation is continuing to emphasize maintenance measures in accordance with established plans.

Environmental initiatives

Specialfastigheter has adopted an environmental policy with undertakings to strive towards sustainable progress, reduced environmental impact and the continuous improvement of environmental performance. Specialfastigheter has environmental standards for its suppliers and contractors. Training has conferred all employees with the basic environmental knowledge necessary in their day-to-day processes.

Equal opportunities

Specialfastigheter is evolving a long-term corporate culture where equal opportunities issues become a mandatory element of human resources development at all le-

vels. An equal opportunities plan has been formulated, with all managers ensuring that it is observed annually.

Forecast 2000

Consolidated revenues are expected at SEK 900 m for 2000, although earnings are expected to be slightly lower than in 1999 as a consequence of increasing maintenance expenses.

Board 1999

Gustafsson, Eva-Britt, Chairman
Balazsi, Per
Falkman, Eva
Johansson, Bengt A W
Kjellander, Claes
Lennersand, Håkan
Wästlund, Holger
Ziegler, Ingemar, Employee Representative
Cling, Thord, Union Representative, SIF
Hansson, Hans, Union Representative SEKO

Chief Executive Officer

Wästlund, Holger

SEK m	1999	1998	1997
Rental revenues	777	602	432
Operating surplus	486	398	356
Depreciation on real estate	-163	-129	-130
Operating earnings	296	248	206
Capital gains/losses on real estate divestment	-1	0	-2
Earnings after financial items	149	114	91
Net earnings	115	80	17
Adjusted equity	1,334	1,334	658
Market value of real estate	n/a	n/a	n/a
Book value of real estate	5,277	4,898	3,065
Property yield, %	9.5	10.0	12.8
Net debt	3,648	3,278	2,301
Equity ratio, %	24.1	26.2	18.8
Cash flow before investments	329	289	2
Net investments including real estate acquisitions/divestment	584	1,862	1,741
Floor area, 000 m ²	986	797	611
Vacancy, %	1	1	1
Dividends	60	115	20
Total employee headcount	91	87	n/a
– Number of female employees	16	14	n/a
– Number of employees in foreign countries	0	0	n/a
Current holding:			
rental revenues, area, 000 m ²			
– Training real estate	85	109	n/a
– Institutional real estate	437	637	n/a
– Defense real estate	83	107	n/a
– Other	172	133	n/a
Government ownership holding	100%	100%	100%



STATENS BOSTADSFINANSIERINGSAKTIEBOLAG, SBAB

Business concept/objectives

SBAB's business concept is to finance housing simply, while offering value for money. Through efficient operations, SBAB is to contribute to competition and diversity.

The owner's required rate of return for the corporation implies that operations are to generate earnings, which calculated in terms of return on equity, correspond to five-year Government bond yields plus five percentage points, after tax.

Evaluation

SBAB's earnings in 1999 did not satisfy its owner's required rate of return, for several reasons. Net interest income was lower than preceding years, primarily dependent on the performance of yields during 1998 and 1999. Expenses were higher, for reasons including private market initiatives. During the year, SBAB initiated several measures intended to increase returns to a level consistent with the owner's requirements, while simultaneously contributing to increased competition and diversity. Competition between housing mortgage institutions has implied sustained low margins on new lending and extended credits. SBAB is contributing to this competition with very attractively priced housing finance. At the end of 1999, SBAB's tier 1 capital adequacy ratio was 6.5 per cent; its objective is to reach 7 per cent during 2000.

Operations

In the Corporate Market business area (lending to apartment blocks) SBAB has a market share of approximately 23 per cent, while on the Private Market side (lending to single-family houses, leisure houses and tenant-owner housing), the market share is some 6 per cent (market shares based on the Riksbank's lending statistics).

On the corporate side, activities are focused on consolidating SBAB's market position and on a transfer

from municipal housing corporations to smaller and medium-sized privately owned real estate players. Lending volumes on the private market are increasing; in 1999, SBAB's share of the net expansion of the mortgage institution lending stock for single-family houses and tenant owner accommodation was around 15 per cent. The intention is to achieve a market share of up to 10 per cent.

The cost efficient development of IT systems is an important element of the strategy for achieving the corporation's objectives. The intention is to effect a distinct increase in the share of loan applications sourced from the www. The expansion of SBAB's Internet lending service will enable further automation of credit processing, and reduce lead-times from application to loans granted.

The first securitization was implemented in early 2000, and using this funding technique, opportunities to expand lending without burdening shareholders' equity are created.

Through the continued pursuit of collaborations, primarily with Länsförsäkringar, Sparbanken Finn and Sparbanken Gripen, SBAB has secured distribution channels additional to the Internet.

External factors

New technology is becoming increasingly apparent on the financial markets, with Internet solutions replacing much of the banking market's conventional distribution media, and in this context, housing mortgages are no exception. SBAB is at the forefront of efforts to increase mortgage customers' awareness of the Internet as a cost efficient housing mortgage channel. However, any www concept is easy to replicate. New players will become established on the market, contributing to sustained margin pressure. Nevertheless, alongside SBAB, the four institutions associated with Sweden's banks will continue to dominate the market for some time yet.

Significant events in 1999 and 2000

SBAB reorganized its Corporate Market side, reducing the number of sales territories from five to four — South, West, East and the Major Customer unit. Lending to municipal housing corporations is reducing, replaced by lending to listed real estate corporations and private landlords with smaller holdings. On the Private Market side, SBAB's IT investments continued, with the intention of further enhancing and simplifying the Internet mortgage routines. In 1999, SBAB initiated a collaboration with IKANO-banken, which intermediates SBAB's first mortgage loan.

SBAB is re-stating its ambition to achieve an equal division between the domestic and international markets. In 1997 and 1998, SBAB AB encountered difficulties in realizing the strategy as a consequence of turmoil on several international markets. During 1999 the situation stabilized, implying that SBAB was able to re-take the initiative on the Japanese market, providing the foundation for efficient funding in the new euro market.

Environmental initiatives

SBAB developed an environmental management system in 1998.

Equal opportunities

SBAB's equal opportunities plan is revised annually in collaboration with staff organizations, and is finalized by the Board.

Forecast 2000

In 2000, SBAB is expected to generate operating earnings comparable with 1999, with competitive pressure sustaining, or accentuating further. An action plan to secure sustained improvement of operating earnings and consolidating tier one capital adequacy ratios has been initiated. SBAB's major initiative on the Internet as a distribution channel for housing mortgages is expected to imply substantial effects in forthcoming years. Shifts in the composition of SBAB's lending portfolio will result in gradual margin expansion for new lending, simultaneous with measures aimed at reducing basic administrative expenses generating effects towards the end of 2000.

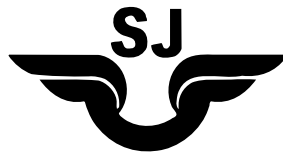
Board 1999

Eliasson, Ingemar, Chairman
 Rung, Sören, Deputy Chairman
 Granström, Per Erik
 Klangby, Lars-Erik
 Kotajoki, Juha
 Lindstam, Leif
 Marking, Bo
 Ragsten Pettersson, Christina
 Wiklund, Karin

Chief Executive Officer

Malm, Christer

SEK m	1999	1998	1997	1996	1995
Net interest income	784	843	944	1,151	1,327
Net commission income	-2	9	9	27	82
Earnings before credit losses	385	497	679	890	1,154
Credit losses	-12	1	203	318	638
Operating earnings	397	496	476	572	516
Net earnings	285	356	342	411	374
Total assets	150,982	155,304	141,024	144,832	152,364
Lending	145,543	144,660	136,346	135,175	136,925
Adjusted equity	3,686	3,497	3,291	3,419	3,785
Return on equity, %	8.0	10.5	10.2	11.4	13.6
Tier one capital adequacy ratio, %	6.5	6.9	7.8	8.5	8.5
capital adequacy ratio, %	9.5	10.6	12.7	14.8	15.6
Income/cost ratio excluding credit losses	2.0	2.4	3.5	4.1	5.5
Credit losses as a percentage of lending	-0.01	0.00	0.15	0.24	0.47
Investments margin	0.51	0.57	0.66	0.77	0.88
Rating					
Standard & Poor: short-term funding	A-1+	A-1+	A-1+	A-1+	A-1+
Long-term funding	AA-	AA-	AA-	AA-	AA-
Moody's: short-term funding	P-1	P-1	P-1	P-1	P-1
Long-term funding	A1	A1	A1	A1	A1
Dividends	89	96	150	470	777
Total employee headcount	374	312	261	257	232
– Number of female employees	210	170	139	142	124
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept/objectives

SJ (Swedish State Railways) has been assigned by its owner to operate efficient rail traffic on good business terms. SJ is to maintain strong and favorable finances, while progressing as an efficient and competitive transportation corporation, with rail traffic as its core business. Any group activities that do not enhance the core business on favorable terms shall be divested. Additionally, SJ will have the opportunity to act on selected international markets, as a support to its core business.

Using rail traffic as its core business, the SJ group's business concept is to develop, produce and sell:

- Travel for people such as journeys to and from work, business and leisure travel.
- Efficient logistics and transportation solutions for corporations intended to enhance their competitiveness.

SJ has a vision of satisfied customers and proud employees in a lively corporation. This vision has been translated into customer satisfaction, employee pride and financial performance objectives. The financial performance is assessed from the perspective of the objectives set by SJ's owner, which up to and including 1999, constituted a return on equity of 7 per cent and a minimum long-term equity ratio of 30 per cent. New objectives have been formulated from 2000 onwards, implying a target return on capital employed of 8 per cent and a maximum net debt-equity multiple of 2.5. Additionally, SJ is to achieve resource efficiency at least equal to leading competitors, and a development portfolio that ensures future revenue composition.

Evaluation

In 1999, SJ's return on equity was 10.1 per cent, implying that in this respect, its owner's required rate of return had been satisfied. SJ's equity ratio was a low 8.7 per cent, suffering adversely from a transfer of assets from SJ to the National Rail Administration, and the growth of zero coupon bonds, which are offset by an equal liability in SJ's Balance Sheet. Adjusted for this item, the equity ratio was 12.3 per cent—substantially below the 30 per cent objectives. The primary causes of the corporation's low equity ratio is insufficient earnings generated in recent years, and the fact that several major loan-financed investments were implemented during the 1990s.

Return on capital employed was 7.0 per cent, with thereby, SJ achieving its established target ahead of 2000. The net debt-equity multiple was 5.2, some way short of the objective applying from 2000 onwards. SJ currently has a sensitive capital structure, for reasons including elements of activities operating unprofitably for several years, which has eroded shareholders' equity. To achieve the debt-equity relationship target, enhanced profitability is the primary necessity. Any potential earnings gains will not be sufficient, and accordingly, operational divestments will be necessary.

Operations

The SJ group's legal structure comprises Government agency and parent company in SJ, the Swedcarrier group, which in turn comprises a parent company AB Swedcarrier and its subsidiaries. Since 1 January 2000, actual operations have been pursued through six sectors: SJ Resor (travel), SJ Cargo Group, SJ Färjetrafik (ferries), SJ Teknik (technology), SJ Fastigheter (real estate) and SJ

Terminalproduktion (station services). Subsidiaries Scandlines AB and AB Trafikrestauranger were divested as an element of SJ's focus on the core business of rail traffic, while the process of divesting SJ's holdings in Royal Viking Hotel AB have also been initiated.

For SJ as a whole, the concepts "travel and transportation competencies" and "the good corporation" have been identified as critical success factors, significant to finances, processes and renewal, employees and customers.

Of SJ's consolidated revenues in 1999, 18 per cent were derived from the operations pursued through sole status—passenger rail traffic. All other activities and are exposed to competition. Group units that until the present have functioned as internal suppliers, such as SJ Teknik, have received, and are continuing to secure, external customers through the deregulation of the rail market. A venture capital corporation, SJ AdVenture AB, was formed in 1999 to nurture SJ's in-house innovation program. A new enterprise, SJ International AB, was incorporated in 1999 to enable SJ's international expansion. SJ will use this as a vehicle for examining its possibilities of entering alliances with external rail operators and players in Sweden and foreign countries active in other types of scheduled service, with the intention of creating efficient and coordinated transportation chains.

External factors

The year 1999 was characterized by accentuated competition on the passenger traffic and freight markets. During 1999, competition implied SJ losing tendering, and thereby traffic, ahead of 2000. The Government tendered for passenger traffic on 13 routes, ten of which will be operated by SJ. During 2000, SJ will carry to-thirds of total passenger kilometers on rail, and only about 40 per cent of the total number of rail journeys. The goods market has been characterized by internationalization and alliances, implying increased competition and acute price pressure.

SJ's prospects of responding to competition on the transportation market are dependent on factors including political decisions. Both the 1999 tendering of Government purchasing and the reduction of infrastructural fees exerted an influence on SJ, with the latter measure enhancing the competitiveness of rail vis à vis other transportation media, simultaneous with the tendering process resulting in SJ's share of passenger rail traffic reducing.

Significant events in 1999 and 2000

- In 1999, rail travel expanded by 6 per cent to 7.4 billion passenger kilometers — the highest in the corporation's history
- SJ's consolidated earnings after financial items were SEK 239 m. Volume expansion by SJ Resor, reduced track fees and lower electricity expenses contributed to this earnings performance.

- A venture capital corporation, SJ AdVenture AB, was formed to service SJ's in-house innovation program.
- A new enterprise, SJ International AB, was incorporated to enable SJ's international expansion.
- A new sector, SJ Teknik, was formed on 1 January 2000, which employs just over 1,000 people and is intended to prepare passenger trains efficiently at stations.
- In March 2000, the Government submitted a bill to Parliament proposing that SJ's operational form should change from a Government agency to a limited company, the reason being that the former no longer appears expedient in terms of SJ's activities becoming exposed to competition. A transfer of operations to a limited company is not expected to be possible and till the end of 2000/early 2001.

Environmental initiatives

SJ's environmental initiatives have three over-arching purposes:

- To further consolidate enhance the environmental performance of SJ's services, intended to contribute to increase SJ's transportation and services market shares.
- To increase profitability by eliminating expenses that burden both the environment and SJ's finances.
- To contribute to an environmental transportation system.

SJ pursues a three-year environmental plan; the objectives and policies will be revised from the perspective of SJ sectors' environmental inquiries and objectives during 2000.

Decisions from 1998 stipulate that all the corporation's sectors will pursue the implementation of environmental management systems, to be ready, or accredited, according to ISO 14001 by 2001 at the latest.

Equal opportunities

SJ adopted a new equal opportunities policy in 1999, providing the foundation for efforts to increase equal opportunities on a long-term and goal-oriented basis in order to enhance SJ's profile as a corporation promoting equal opportunities from both the customer and employee perspective. Evaluation of efforts is effected annually. Managers and team-leaders are responsible for the pursuit of equal opportunities initiatives at all organizational levels, and are also responsible for the establishment, implementation and revision of mentor programs and equal opportunities plans.

Forecast 2000

Over the next three years, transportation market growth is expected to increase by annual averages of 1.5 per cent on the passenger side, and 2.1 per cent for freight. Continued price reductions on freight traffic

and unchanged prices in real terms for passenger traffic are expected. Increasing competition from new train operators, primarily on the passenger side, have resulted in SJ's margins contracting. The biggest financial effect will be derived from SJ no longer managing commuter traffic for Stockholm Transport from 1 January 2000 onwards.

This transaction will generate a revenue shortfall of approximately SEK 900 m, and an earnings effect of some SEK 300 m. The Öresund Link between Sweden and Denmark, and new rail links to Arlanda and Kastrup airports are paving the way for the creation of new markets and business opportunities.

The SJ group's earnings after financial items are expected to increase from SEK 239 m in 1999 to SEK 350 m as of the end of 2000, with earnings gains primarily created from rationalization. Moreover, SJ's continued concentration to core business and associated divestments will create the right prospects for a secure capital structure. SJ's operational productivity is expected to increase by an annual average of 11 per

cent over the forthcoming three-year period. As a result of lost business and operational divestments, SJ's revenues are expected to reduce from SEK 14,920 m in 1999 to approximately 12,500 m in 2000.

Board 1999

Holmqvist, Karl-Gunnar, Chairman
Sprängare, Björn, Deputy Chairman
Ahlqvist, Johnny
Bonde, Ingrid
Borgcrantz, Anders
Halvarsson, Eva
Johannesson, Daniel
Pettersson, Åke
Tivéus, Meg
Ersson, Örjan, Employee Representative
Kristensson, Roger, Employee Representative
Saxvold, Bror, Employee Representative

General Director and President

Johannesson, Daniel

SEK m	1999	1998	1997	1996	1995 ¹⁾
Revenues	14,920	14,651	13,862	13,534	14,357
of which support ²⁾	0	26	0	324	161
Operating earnings before depreciation	571	10	-614	608	1,078
Gross margin, %	3.8	0.1	-4.4	4.0	7.5
Earnings after financial items	239	-135	-641	224	527
Earnings after financial items adjusted for non-operating items	134	-439	-263	-759	386
Net earnings	246	-198	-1,000	225	533
Adjusted equity, excluding minority shares	1,627	1,688	1,884	2,887	4,463
Net debt	8,519	9,276	8,520	6,953	8,952
Net debt-equity ratio, multiple	5.2	5.4	4.5	2.4	2.0
Return on equity, %	10.1	-5.4	-19.4	6.5	8.2
Return on operating capital, %	7.0	4.9	1.0	9.5	9.9
Value-added	7,000 ³⁾	7,300 ³⁾	n/a	n/a	n/a
Cash flow before investments	1,056	-13	-82	-1,014	1,092
Net investments	737	1,128	1,161	1,685	2,398
of which R&D investments	-	-	-	-	-
Dividends	0	0	0	0	0
Foreign share of sales	-	-	-	-	-
Total employee headcount	15,006	15,694	16,517	18,277	18,641
– Number of female employees	4,211	4,238	4,188	4,990	4,694
– Number of employees in foreign countries	80	94	73	60	42
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ Pro forma excluding Swebus.

²⁾ D1 utilized, tax support for the Swedcarrier group.

³⁾ Estimate



Business concept

The corporation's operations are effected in the high-ways sector and railtrack maintenance, encompassing diverse forms of project financing and infrastructure, as well as the ownership and management of equities, holdings and other rights in corporations.

Evaluation

Statens Väg- och Baninvest AB has performed its tasks satisfactorily.

Operations

Statens Väg- och Baninvest AB, was incorporated in 1990 as Vägverkets Investeringsaktiebolaget, or Väginvest (highways investment). In 1998, the Government resolved that from 31 December 1998, the corporation would be transferred from the Swedish National Road Administration to the Central Government Offices, and that subsequently, the Government would function as sole owner.

Statens Väg- och Baninvest AB manages shares in Stockholmsleder AB (100 per cent), Göteborgs Trafikleder AB (100 per cent), Botniabanan AB (91 per cent), and Rödöbron AB (15 per cent).

In 1999, Statens Väg- och Baninvest AB pursued activities in three sectors:

The management and monitoring of ownership interests in subsidiaries and associated companies.

Financing, encompassing specialist services targeted on the funding of Stockholmsleder AB, Göteborgs- trafikleder AB and Botniabanan AB. Consulting, encompassing specialist accounting, financing and calculation services.

External factors

Statens Väg- och Baninvest AB is active in the management and monitoring of subsidiaries and associated companies. Botniabanan AB is active in the project management and construction of the Botnia rail-link. Rödöbron AB is a limited company incorporated to construct and operate the Rödö Bridge in the northern Swedish province of Jämtland, where Parliament has resolved that tolls will be abolished.

The financing activities concentrate on funding and consulting encompassing specialist services.

Significant events in 1999 and 2000

The new corporate name Statens Väg- och Baninvest was registered in 1999.

Statens Väg- och Baninvest AB group posted negative earnings in 1998 as a consequence of the low billing and increasing expenses of subsidiary SweRoad.

Steps were taken to enhance and improve SweRoad's earnings, which elicited restructuring expenses that burdened earnings in 1998. The Board applied for Government's permission to divest SweRoad to the National Road Administration. Approval was granted, with the sale effected in August of the same year. The declining revenues in 1999 are primary due to the 1998 divestment of SweRoad.

Environmental initiatives

The corporation actively and systematically pursues the enhancement of the environmental adaptation of its activities. Its biggest subsidiary, Botniabanan AB, is effecting initiatives to secure an ISO 14001-accredited environmental management system before the end of 2000.

Equal opportunities

Equal opportunities initiatives are pursued as an integrated element of operations, and are included in regular planning and update activities.

Forecast 2000

In 2000, revenues are forecast at SEK 143 m, with earnings expect of SEK 265,000 expected.

Board 1999

Gunnarsson, Gösta, Chairman
Engman, Gerd
Gustafsson, Eva-Britt
Holmgren, Gunnar
Jäderholm, Bengt
Lundin, Ulf (From to December 1999 onwards)

Chief Executive Officer

Johansson, Bo

SEK m	1999	1998
Revenues	129	228
Operating earnings after depreciation	0.0	-8
Earnings after financial items	0.8	-8
Capital employed	4,105	4,205
Adjusted equity	14	30
Investments in infrastructure	252	0
Dividends	0	0
Return on capital employed, %	0	neg
Return on adjusted equity, %	5.7	neg
Equity ratio, %	0.4	0.6
Total employee headcount	26	42
– Number of female employees	n/a	n/a
– Number of employees in foreign countries	n/a	n/a
Government ownership holding	100%	100%



AKADEMISKA HUS

Business concept

Akademiska Hus is to govern the development of higher education environments in Sweden, offering universities and institutes of higher education attractive study and research environments. Akademiska Hus's owner has assigned the corporation to offer universities and institute of higher education expedient and healthy premises for ensuring well-functioning education and research. The corporation will also bear management responsibility for managing the significant financial and cultural values harbored in its real estate holding.

The group is to ensure a long-term approach and maintain the value of the Government's holding of higher education premises, while also guaranteeing that the management of real estate and assets is implemented in a skilled and efficient manner.

The group consciously pursues the creation of good architecture.

Evaluation

Akademiska Hus's owner's objectives for 1999 were satisfied; return on equity was 8.5 per cent and the equity ratio net of dividends was 25 per cent.

Operations

Akademiska Hus manages 75 to 80 per cent of those premises where universities operate, and 40 per cent of the corresponding higher education institute real estate.

The group comprises a parent company and eight wholly owned subsidiaries that own and manage group real estate. The companies comprise manage-

ment resources localized at educational locations extending from Lund in the south to Luleå in the north. Through acquisitions and major investments in new construction and renovation, the group has satisfied extensive needs for new and modernized higher education and research premises.

External factors

In 1990-1998, the number of undergraduate students increased by 58 per cent to 305,000. Parliament reached a decision to expand the further education system by approximately 41,000 places in the period 2000-2002.

Significant events in 1999 and 2000

In 1999, the group invested a total of SEK 2.2 bn in new construction, extension and renovation. A number of libraries, medical and scientific research laboratories, plus a campus for the Stockholm teacher training college were amongst the notable ongoing and completed projects. Additionally, Akademiska Hus made aggregate real estate acquisitions for a total of nearly SEK 1 bn.

During 2000, the real estate holding of Akademiska Hus i Ultuna AB was transferred to the regional subsidiaries.

In May 2000, the enterprise changed corporate name to Akademiska Hus AB.

Environmental initiatives

Akademiska Hus AB has established an environmental policy. Control methods, embodied as management systems and other tools necessary to achieve the

implementation of successful environmental initiatives in management and construction projects have been produced and are the subject of continuous enhancement. In addition to efforts to achieve environmental certification of buildings, the removal of dangerous hazardous material, tendering for demolition and construction to specific environmental standards, Akademiska Hus has made particular efforts on measures aimed at favorable energy conservation in collaboration with its tenants.

Equal opportunities

Corporations should be characterized by utilizing the resources harbored by its employees, both women and men, and the pursuit of a more even distribution between the sexes at all levels of business areas.

Forecast 2000

The further education sector's demand for premises (existing, new and renovated) remains high. Group

vacancies will remain low at approximately 1 per cent

Rising construction costs and progress on the bond markets are two causes for concern.

The forecast indicates investments of SEK 2.5 bn in 2000 and 2001 respectively.

Board 1999

Nilsson, Lennart, Chairman

Axelsson, Charlotte

Brändström, Dan

Kantola, Birgitta

Lagerblad, Peter

Nilsson, Jan S

Staffas, Fritz

Jensen, Hans, Employee Representative

Johansson, Magnus, Employee Representative

Chief Executive Officer

Rogestam, Christina

SEK m	1999	1998	1997	1996	1995
Rental revenue	3,379	3,170	2,991	1,887	1,555
Operating surplus	2,157	2,100	2,004	1,383	1)
Depreciation of real estate	-608	-599	-562	-331	1)
Operating earnings	1,415	1,359	1,327	972	828
Capital gains/losses on real estate divestments	-1.7	14.2	-11.6	-	-
Earnings after financial items	762	698	737	531	503
Net earnings	543	527	574	420	408
Adjusted equity	5,975	5,956	5,706	4,442	4,249
Book value of real estate	18,572	16,826	16,037	14,815	7,754
Property yield	12.2	12.8	13.0	15.9	1)
Net debt	12,858	10,491	9,625	8,869	3,933
Adjusted equity ratio, %	27.8	32.0	34.2	34.1	38.6
Cash flow before investments	1,230	1,253	856	1,141	610
Net investments including real estate acquisitions/divestments	3,232	1,908	1,504	8,014	918
Floor area, 000 m ²	3,014,871	2,844,868	2,783,388	2,691,963	1,452,492
Area-based vacancy, %	1.2	1.0	1.5	0.9	1.3
Dividends	600.0	400.0	235.0	200.0	127.1
Total employee headcount	399	389	372	308	285
– Proportion of women, %	20	n/a	n/a	n/a	n/a
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ Because to some extent, activities had a different character in 1995, some information has been omitted where the calculation of directly comparable figures is not possible.

W SVEASKOG

Business concept/objectives

Sveaskog is to develop the Government's forest reserves to the benefit and enjoyment of the Swedish population, in an open, environmentally friendly manner that creates value. The initial assumption of the business concept is parliament's decision that Sveaskog will operate commercial forestry, manage sensitive environments, create accessibility to experiences in the natural environment, promote hunting and fishing, and to set high environmental and quality standards. Sveaskog emphasizes healthy economic progress and the protection of nature. Business decisions are based on assessments of markets. The Sveaskog is characterized by environmentally oriented initiatives that take a long-term perspective.

Evaluation

Sveaskog AB was formed in 1999 subsequent to a Parliamentary decision, and accordingly, 1999 was the corporation's first operational year, when revenues amounted to SEK 517 m and earnings after depreciation and financial expenses, but before tax, were SEK 189 m.

Consequently, Sveaskog is debt free, and therefore has a very high proportion of shareholders' equity. However, the actual earnings level was not as high as that indicated in the prospectus coincident with the Government's acquisition. The discrepancy between actual earnings and expectations is primarily due to lower timber prices during the latter half-year 1999. Sveaskog's first operational year was characterized by active efforts to identify its working norms, and to transform its business concept into concrete action.

Operations

Sveaskog is a concentrated forestry corporation without its own in-house manufacturing. Total forest reserves encompass approximately 900,000 hectares. Sveaskog has an employee headcount of some 170, with an average 20 years' experience. Human resources are located nationwide, with functional organization based on autonomous work-teams, which utilize IT and other technology. Skills enhancement and environmental initiatives are cen-

tral to preparing employees for future forestry tasks.

Commercially, Sveaskog's primary task is to sell timber commodities to sawmills and the pulp industry. Total supplies of hewed timber in 1999 were 1.2 million m³ fub. Sveaskog's timber share was just over 60 per cent.

Sawmills without their own forest reserves comprise Sveaskog's primary customer group. The corporation works towards contributing to the creation of value-added in forest reserves, and to enhancing customer profitability. Its intention is that its customers will identify means of securing better prices for their products, concentrate on marketing and identify new applications. Sveaskog intends to function as a capable and committed partner in compulsory sawmill sector activities.

Sveaskog also strives towards making contact with the general public and societal institutions. Sweden's forest reserves are well documented, while extensive information reserves are available within the corporation, which has an ambition to make this material available to the general public.

External factors

A long-term analysis of harvesting volumes is being effected in 2000. Before long-term harvesting levels are determined, Sveaskog has decided to adopt slightly lower harvesting volumes than during 1999.

A review of future harvesting was initiated during the year, through assessing forest reserves. The first analysis indicates fair consistency between assessments and the register of southern reserves. The analysis of northern reserves will begin in spring 2000. Harvesting forecasts for the whole of Sveaskog will be completed during 2000.

During 1999, the market for sawn timber goods was hesitant, with declining prices. However, Sveaskog's timber deposits were favorable, for reasons including low private forestry activity. During the year, demand for pulp grades was firm, albeit subject to reducing prices and increased transportation deductions. North Sea pulp inventories declined during the year, while pulp prices rose.

Significant events in 1999 and 2000

Initiatives in starting-up and developing a new and contemporary forestry corporation hallmarked activities in 1999.

During 1999, Sveaskog's head offices were in Östersund, with management presences in Hedemora and Östersund. In spring 2000, Sveaskog established its new head offices in Kalix.

Lars Sköld took up position as Chief Executive Officer in January 2000.

Efforts to transform the business concept into concrete actions, and to adapt organizational resources according to the corporation's future tasks are continuing this year.

Additionally, Sveaskog is engaged with long-term forestry maintenance plans this year. Forest reserves are assessed in fields, results analyzed and long-term harvesting plans produced. In anticipation of the completion of these activities, Sveaskog chose to adopt a lower harvesting level during 2000.

Sveaskog's strategy is to accumulate a skilled corporation with secure financial foundations. If its owners so desire, the corporation is prepared to expand its operations.

The pursuit of increased openness both within the corporation and towards the general public is another issue for the future. As an element in these efforts, Sveaskog will publish all its regional plans on the Internet, in order to offer access to all interested parties, thereby establishing a dialogue

Environmental initiatives

Sveaskog is to develop the Government's forest holdings to the benefit and enjoyment of the Swedish population in an environmentally friendly manner. Environmental initiatives are interwoven through all parts of the corporation. A growing part of the market desires guarantees that timber and other wood products are sourced from forests managed in a sustainable manner in ecological, financial and social terms. FSC product labeling demonstrates that goods are sourced from an environmentally sound, societally beneficial and financially sustainable forestry process.

Sveaskog pursues active environmental initiatives and has ISO 14001 and FSC accreditation. As a foundation in these efforts, Sveaskog has adopted an environmental policy whereby the corporation pursues forestry adapted to the cycles of nature and which is sustainable. Biological diversity is to be ensured, while forestry activities must generate favorable financial returns. The ISO 14001 standard stipulates constant improvement in the environmental sphere, and this is effected continually, through means including the establishment of environmental targets.

To achieve these targets, Sveaskog pursues forestry operations adapted to habitats, nature conservation in day-to-day activities, ecological landscape planning, ecological audits and other activities.

Sveaskog's land includes some 36,000 hectares of productive forest partitioned as nature reserves and 75,000 hectares where specific consideration is applied.

Equal opportunities

Sveaskog has established an equal opportunities plan and pursues an even distribution between the sexes in all sectors. Recruiting more women in the active forestry business is a matter of urgency.

Forecast 2000

In anticipation of the completion of its harvesting plans, Sveaskog intends to observe a lower harvesting level in 2000. Revenues of approximately SEK 470 m are expected in 2000, with earnings before tax of approximately SEK 160 m, founded on forecasts that assume that timber prices do not fall further during spring 2000, but stabilize at a higher level this autumn.

Board 1999

Dockered, Bo, Chairman
Cederlund, Lars Johan
Domeij, Åsa
Johansson, Lena
Liffner, Christina
Söderberg, Lena
Karlberg, Tofte, Employee Representative
Rudh, Karl-Erik, Employee Representative
Hägglund, Jan-Ove, Employee Representative, Deputy
Thorell, Lars, Employee Representative, Deputy

Chief Executive Officer

Sköld, Lars

SEK m	1999	1998 ¹⁾
Revenues	517	560
Operating earnings before depreciation	207	270
Gross margin, %	40	48
Earnings after financial items	188	-
Net earnings	139	-
Adjusted equity	533	-
Net debt	195	-
Net debt-equity ratio, %	37	-
Return on equity, %	30	-
Return on operating capital, %	27	-
Value-added	300 ²⁾	350 ²⁾
Cash flow before investments	-238	-
Net investments	102	-
of which R&D investments	-	-
Dividends	0	0
Foreign share of sales	-	-
Total employee headcount	212	210
– Number of female employees	23	n/a
– Number of employees in foreign countries	0	0
Government ownership holding	100 %	98%

¹⁾ Pro forma.

²⁾ Estimate.



Business concept

Sakab's business concept is to provide beneficial hazardous waste services for industry and municipalities. Proceeding from prevailing legislation and regulations, Sakab pursues continuous improvements to minimize the environmental impact of managing hazardous waste.

Operations

Sakab offers environmental services relating to hazardous waste, and is owned primarily by WMI Sellbergs AB, although the Government holds one share. Apart from receiving waste, activities also include the preparation of waste for treatment including fragmentation and bunker I, the operation of tank farms and tanker truck washes, plus storage of waste before treatment. The corporation effects marketing through its own sales resources, which also encompass transfer stations nationwide.

Sakab's facility at Kvarntorp came into use in 1983, and subsequent to enhancements and extension, can process annual capacity of some 120,000 tons of hazardous waste.

Mercury is one of the most toxic elements and is present in many products. Sakab collaborates with other Swedish environmental services corporations to collect and convert mercury into an inert, non-hazardous form.

Sakab is also active in the treatment of contaminated land, employing methods including BioSan, which utilizes bacteria to break down oil spills either on-site or in controlled, centralized facilities.

Significant events in 1999 and 2000

Sakab inaugurated a new facility for processing fluorescent tubes and other mercury-content light sources in December 1999. This new unit is constructed using new technology, and recycles up to 97 per cent of fluorescent tubes. By utilizing this new technology, earth metals—previously extracted from the ground

exclusively—now form part of closed cycles. In 1999, Sakab received 3,500,000 fluorescent tubes, and anticipates a distinct increase in 2000.

From 1 January 2000, EU directives stipulate that all corporations handling and transporting hazardous goods must employ a safety adviser, a specifically qualified expert in the sphere. Sakab employs two such qualified safety advisers.

Environmental initiatives

Sakab secured ISO 14001 environmental accreditation in February 1999, which implies that its environmental initiatives have been examined and approved by a certification body according to the ISO 14001: 1996 standard. This accreditation has implications including the establishment of objectives and action plans for efforts on environmental issues. The accreditation encompasses all Sakab's activities. Ongoing reviews of activities result in the identification and evaluation of environmental issues, simultaneous with the further enhancement and assurance of high employee expertise levels.

Board 1999

Ekman, Jan, Chairman
 Feldt, Kjell-Olof
 Holm, Lars-Erik
 Lindstedt, Jan
 Lärkert, Anders
 Ekecrantz, Lars, Deputy
 Jemt, Mari, Deputy
 Sivertsson, Lennart, Deputy
 Samuelsson, Jan-Åke, Employee Representative
 Vestergren, Lennarth, Employee Representative
 Erhagen, Conny, Employee Representative, Deputy
 Hjalmarsson, Bo, Employee Representative, Deputy

Chief Executive Officer

Lärkert, Anders

Sakab was unable to provide the required information because at the time of publication, its 1999 financial statement had neither been reviewed nor approved by its Board.

BILPROVNINGEN

Business concept

The Swedish Motor Vehicle Inspection Company's overarching concept is to make an active contribution to enhance road safety, a cleaner environment and the improved economic efficiency of vehicles. The company employs a Balanced Scorecard model to monitor operations according to established objectives. The target areas, objectives for 1999 and achievement levels follow:

The customer:	88 per cent satisfied customers (88 per cent).
Employees:	5.5 on a seven-point scale (4.9).
New business:	At least 5 per cent of sales in core business (4 per cent).
Earnings:	Operating margin of 25 per cent in field operations (25 per cent).
Technical quality:	19 points in the company's quality assurance program (14 of 32 districts achieved this objective).

Evaluation

The Swedish Motor Vehicle Inspection Company's purpose is to produce vehicle roadworthiness tests that are available nationwide. These tests are intended to improve traffic safety and the environment. Availability was good in 1999, while the company's price level was low.

Operations

The Swedish motor vehicle inspection company is to achieve its overarching objectives through its road-

worthiness test activities, communication, knowledge transfer and associated services.

External factors

Technological progress is rapid, with an increasing number of countries introducing mandatory vehicle roadworthiness testing. Sales of new and used vehicles on the Internet are increasing steadily.

Significant events in 1999 and 2000

A new district structure was implemented on 1 January 1999, with a new testing program coming into force on 1 February 1999. All major computer systems were exchanged ahead of year-end 1999.

Environmental initiatives

The Swedish motor vehicle inspection company is to adapt its operations according to the cycles of nature, effected through the minimal use of finite resources and environmentally hazardous substances. The company is undertaking an environmental study with the intention of implementing ISO 14001-based environmental management systems.

Equal opportunities

The Swedish motor vehicle inspection company produces an annual equal opportunities plan.

Forecast 2000

Within the auspices of regular vehicle testing, the share of vehicles failing is expected to reduce simultaneously with growing vehicle stocks. Volume growth is

expected for those products exposed to competition. The Swedish Motor Vehicle Inspection Company has expected revenues of SEK 1.1 bn for 2000.

Board 1999

Malm, Stig, Chairman until May 2000
 Johansson, Olof, Chairman from May 2000 onwards
 Alkärr, Kjell
 Blomgren, Ulf
 Cederlund, Lars Johan
 Elväng, Katja
 Frejhagen, Birgitta

Ohlson, Göran
 Persson, Bertil
 Winskog, Thomas
 Johansson, Sonny, Employee Representative
 Sundén, Staffan, Employee Representative
 Jakobsson, Rolf, Employee Representative, Deputy
 Steincke, Günter, Employee Representative, Deputy

Chief Executive Officer

Tivéus, Hans, 25 April 2000 onwards
 Johansson, Per Egon, until 25 April 2000

Mkr	1999	1998	1997	1996	1995
Revenues	1,132	1,114	1,112	1,051	989
Operating earnings before depreciation	-25	65	88	60	128
Gross margin, %	-2.2	5.9	7.9	5.7	13.0
Earnings after financial items	-113	-6	6	-2	60
Net earnings	-82	-5	2	-3	41
Adjusted equity	397	481	492	490	505
Return on equity, %	-20.9	-1.1	0.4	-0.5	8.1
Value-added	n/a	n/a	n/a	750	774
Net investments					
–of which R&D investments	-	-	-	0	0
Dividends	0	4	0	12	24
Total employee headcount	2,224	2,237	2,135	2,001	1,909
– Number of female employees	18	19	20	19	20
Government ownership holding	52%	52%	52%	52%	52%

SEK

Business concept

SEK (Swedish Export Credit Corporation) provides credit for export business, selected foreign and domestic investments, at either fixed or floating interest rates and with long maturities. The Swedish Government has assigned SEK to administrate the Swedish Government export credit system, applying fixed interest rates and the Government's assisted credit system.

Evaluation

Business volumes in the government credit sphere are dependent on interest rates; in times of rising interest rates, as in 1999, interest in and utilization of fixed-interest credit increases. The Government considers that SEK has achieved its objectives within the framework of its tasks.

Operations

International business continuously creates new demands for financing solutions, in turn implying demands for government credit institutions to develop new services. SEK has pursued a change program (OPUS, governing organizational and process development) to adapt operations to the new market conditions. SEK is progressing towards greater pro-activity and customer orientation.

External factors

The distribution of business volumes between the Government-subsidized system and competitive markets depends on interest rates internationally.

Significant events in 1999 and 2000

SEK has signed financing agreements regarding Saab's

deliveries of the JAS 39 Gripen fighter aircraft to South Africa, a program that amounts to a maximum of USD 1.1 bn, the largest transaction in SEK's history.

Environmental initiatives

SEK has adopted an environmental policy consistent with Swedish Bankers' Association guidelines.

Equal opportunities

SEK has established an equal opportunities plan that is currently being updated

Forecast 2000

In 2000, new lending volumes are expected to settle at levels comparable to 1999 (SEK 15.5 bn).

Board 1999

Wolrath, Björn, Chairman
Hedenström, Anders, Deputy Chairman
Cederlund, Lars Johan
Charpentier, Robert
Freyschuss, Agneta
Lindvall, KG
Pehrsson, Ulf
Lindblom, Staffan, Deputy
Ringblom, Erland, Deputy
Wall, Carin, Deputy
Wickenberg Karlsson, Birgitta, Deputy

Chief Executive Officer

Yngwe, Peter

SEK m	1999	1998	1997	1996	1995
Net interest income	912	1,014	993	946	968
Net commission income	-14	-12	-9	-4	4
Earnings before credit losses	815	922	928	852	903
Credit losses	+12	-	-	-30	-
Operating earnings	827	922	928	822	903
Net earnings	600	668	710	659	719
Total assets	149,477	138,963	123,940	108,895	105,940
Lending	60,314	60,625	52,817	42,245	39,690
Adjusted equity	4,629	4,696	4,737	4,685	4,524
Return on equity, %	12.9	14.2	15.1	14.3	16.6
Tier one capital adequacy ratio, %	16.7	16.2	17.9	16.3	21.7
capital adequacy ratio, %	22.9	26.7	30.6	26.1	34.4
Income/cost ratio excluding credit losses	7.9	8.4	11.7	8.5	12.4
Credit losses as a percentage of lending	-	-	-	0.1	-
Investments margin	0.6	0.8	0.9	0.9	0.9
Rating					
S&P – domestic	AAA	AAA	AAA	AAA	AAA
– foreign	AA+	AA+	AA+	AA+	AA+
Moody's – domestic	Aa1	Aa1	Aa1	Aa1	Aa1
– foreign	Aa1	Aa2	Aa3	Aa3	Aa3
Dividends	450	667	709	658	497
Total employee headcount	82	89	85	84	86
– Number of female employees	38	40	38	34	37
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	50%	50%	50%	50%	50%



Svenska
Kraftnät

Business concept

Government electricity grid agency Svenska Kraftnät's (SvK) Swedish National Grid purpose is to manage, operate and enhance a cost-efficient, reliable and environmental power transmission system, sell transmission capacity and otherwise pursue operations associated with the national grid, all on favorable business terms. SvK is also to promote a Swedish and Nordic energy market that is subject to competition.

Contingency activities will be pursued so that the needs of Sweden's overall defense and other electrical and other energy requirements can be maintained in a crisis. It must also be possible to utilize the created resources and contingencies in times of peacetime crisis, in the interests of international peacekeeping and for humanitarian causes.

The reliability of Sweden's national grid should be of a standard justified by the macroeconomics. SvK is to achieve cost efficiency equal to comparable corporations.

Evaluation

Return on capital employed was 8.8 per cent, exceeding the established 7 per cent objective. An equity ratio of 44.6 per cent was achieved, again exceeding the objective of 38 per cent.

Operational reliability was comparable with recent years, at a level regarded as reasonable in macroeconomic terms. SvK's efficiency is the subject of continuous comparison with other corporations, primarily other national grid providers. Uniformly, this research indicates that SvK is one of the most efficient corporations.

SvK is strongly committed to developing pan-Nordic electricity supply collaborations. On 1 March 1999 the border tariff between Sweden and Finland was abolished for all energy trading in accordance with a Government decision. In June, the Danish provinces of Jutland and Fyn were established as new reporting regions in the Nord Pool Nordic power system, and coincidentally, border tariffs for spot trading with Jutland and fixed subscriptions on the Kontiskan Link were abolished. Additional expansion to the Danish island of Sjælland will probably be possible during the next year.

Contingency activities are financed through support, and accordingly, are neutral in terms of SvK's earnings.

Operations

SvK is a government agency group with three subsidiaries and seven associated companies. SvK is responsible for the operation of Sweden's national grid including its international links. Responsibility for the short-term balance of the electricity network and the reliable

interaction of its facilities, termed system responsibility, also forms part of SvK's tasks. Moreover, SvK also serves as the contingency authority according to applicable electricity contingency legislation, while functioning as the responsible authority for electricity suppliers within the civilian element of Sweden's overall defense, plus the coordination of Sweden's dam safety.

Operations are divided into three elements, national grid transmission, the aforementioned system responsibility and optical fiber activities. Research and development initiatives, plus electrification of remote regions are additional activities, with the first of these entirely predominant, and generating 91 per cent of revenues and 97 per cent of consolidated operating earnings.

External factors

SvK's business risk is regarded as limited; the transmission activities are of a long-term nature, stable, with a customer base comprising well-established stable corporations with secure equity ratios. SvK's currency exposure is limited and the corporation also has a high equity ratio, with a limited funding requirement. Accordingly, interest costs, and interest risks, are limited.

SvK bears system responsibility for the energy balance of the country's energy system, and thereby, is responsible for balancing settlements vis à vis the relevant corporations. In order to alleviate the credit risk national balance settlement implies, SvK requires financial guarantees from such corporations.

SvK assesses any risk of operational disruptions with serious consequences for national grid customers as limited. The national grid has a robust construction with healthy reserve potential. Any risk of power shortages eliciting sustained downtime is also considered limited.

Significant events in 1999 and 2000

The government assigned SvK, along with Government energy authority the Swedish National Energy Administration to derive a model for settlement with customers whose usage is not measured hourly, termed estimation. This new model was brought into service on 1 November 1999. Increasing the tempo and quality of the reporting of measurement values, plus the introduction of routines for definitive settlement, are the focus of efforts in 2000.

Optical fiber links have been extended through the national grid since the mid 1990s. This optical network is used both for SvK's communication needs, and has been leased to external customers. Future evolution of operations is dependent on the role that Parliament

and the Government decide SvK will play in terms of the build-out of a national optical fiber network. The intention is to integrate all such activities in the newly incorporated subsidiary Svenska Kraftkom AB.

Initiatives to construct a 400 kilovolt cable between Alvesta and Hemsjö in the Counties of Kronoberg and Blekinge respectively began in 1999; the cable is scheduled to come into service in December 2000.

In autumn 1999, SvK introduced a premium settlement rate—SEK 3 per kWh—upon the risk of power outage for those corporations exhibiting energy electricity balance deficits after having announced a risk of power shortages. SvK has undertaken certain transitional measures to cope with winter. As a contingency initiative, the continued operation of the Karlshamn power station's third unit for further winters was also ensured.

Newly incorporated enterprise Svenska Kraftnät Gasturbiner AB purchased six gas turbines from Vattenfall AB in December 1999, which are used to cope with power system disruptions.

The majority of initiatives relating to the construction of a DC cable to Poland were completed in 1999; commercial operation is scheduled to start in May 2000.

The Government has assigned SvK to coordinate the electrical energy sector's Y2K initiatives. No supply disruptions arose.

Environmental initiatives

During the year, environmental initiatives were focused on efforts to achieve the more efficient and systematic management of environmental issues. Meanwhile, a series of concrete environmental improvements were implemented in various parts of operations. The

Government has assigned SvK to introduce an environmental management system by the end of 2001.

Equal opportunities

Women comprised 25 per cent of SvK's total employee headcount. Recruiting more women, in management and trainee recruit positions in accordance with the equal opportunities plan, is underway. An action plan against sexual harassment has been produced, with a training day held to highlight the differences between male and female thinking.

Forecast 2000

Business operations are long term and stable; no major changes regarding prices and costs are expected. Estimated revenues are SEK 2,475 m, with earnings of SEK 528 m. Total consolidated investments of SEK 700 m are planned, of which SEK 100 m relate to the SwePol Link.

Board 1999

Eriksson, Per-Olof, Chairman
Söderström, Bengt, Deputy Chairman
Berggren, Christer
Gustafsson, Yvonne
Kvart, Sussi
Magnusson, Jan
Nilsson, Pia
Persson, Agata, Employee Representative
Örtegren, Bengt, Employee Representative

General Director

Magnusson, Jan

SEK m	1999	1998	1997	1996	1995
Revenues, including support	2,307	2,312	2,772	2,279	2,300
of which support	180	171	86	0	0
Operating earnings before depreciation	963	994	1,251	1,190	965
Gross margin, %	42.2	43.2	45.3	52.2	41.3
Earnings after financial items	589	605	842	592	453
Earnings after financial items adjusted for non-operating items	589	605	842	592	743
Net earnings	589	605	842	592	453
Adjusted equity	4,817	4,634	4,393	4,138	4,027
Net debt	2,534	1,683	1,445	2,202	1,655
Net debt-equity ratio, %	38.4	26.7	23.6	39.0	30.6
Return on equity, %	9.2	9.7	14.3	10.7	8.5
Return on operating capital, %	6.7	8.0	12.0	10.7	9.0
Value-added	1,846	1,854	2,427	2,027	2,036
Cash flow before investments	983	927	1,113	1,012	576
Net investments	1,381	1,056	591	616	131
of which R&D investments	-	-	-	-	-
Dividends	384	302	321	366	346
Foreign share of sales	-	-	-	-	-
Total employee headcount	243	235	216	186	159
– Number of female employees	64	59	45	38	36
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept

Svenska Lagerhusaktiebolaget (SLAB) develops and offers services relating to warehousing, storage, specialist maintenance and servicing, as well as the distribution of information, goods and materials. SLAB's customers comprise corporations, authorities and non-profit organizations. The corporation should be perceived as an obvious collaboration partner for government and private customers. SLAB is to offer high-quality, professional, secure, attractively priced total concept solutions within the corporation's core business.

Evaluation

In 1999, SLAB satisfied its established financial objectives, generating a return on equity of 29 per cent and an equity ratio of 55 per cent.

Operations

During 1999, SLAB was organized into five business areas: Storage and Logistics, which handles the storage and management of high inventory volumes for the authorities; Special distribution archives and distributes printed matter, forms and consumables; Medtech handles the servicing and maintenance of equipment for the authorities, municipalities and the private healthcare sector. Museum Service provides archiving, logistics, management and other services for Sweden's museums. The subsidiary Dokumenthuset i Sverige AB warehouses and manages various documents in both physical and digital form, while also

effecting incoming mail collation for customers.

Through ownership and rentals, the group disposes over some 200 facilities in approximately 100 operational locations in Sweden, with total warehousing space of some 550,000 m². SLAB's vacancy levels in its own real estate holding are modest.

External factors

Government decisions to downsize contingency storage will result in a substantial revenue shortfall in forthcoming years. However, the corporation has offset this through means including intermediary storage assignments from the Swedish Board of Agriculture.

Significant events in 1999 and 2000

From 1 March 2000 onwards, SLAB's medtech activities were transferred to the newly incorporated enterprise Swedish Emergency Medical Systems AB (SEMS), with SLAB receiving part payment of 36 per cent of SEMS, which is otherwise owned by Svensk Akut- och Katastroftrustning AB.

SLAB acquired a 77,000 m² facility in Falkenberg, southern Sweden, from Vin & Sprit AB, taking possession on 30 June 2000.

Environmental initiatives

SLAB operates according to a working environment policy stipulating that as an employer, SLAB will pursue the creation of resources in collaboration with employees in order to achieve a favorable working envi-

ronment and employees assuming personal responsibility for health, environmental and safety issues on a day-to-day working basis.

Equal opportunities

SLAB pursues an equal opportunities policy intending to prevent any individual being discriminated against because of sex, handicap or ethnic origin. The policy also deals with working conditions, parenthood, sexual harassment, an even distribution between the sexes, recruitment and the establishment of an annual equal opportunities plan.

Forecast 2000

The downsizing of contingency warehousing is expected to continue; SLAB will continue to pursue an

increase in the share of long-term agreements through collaborations with customers.

Board 1999

Nordbeck, Gunnar, Chairman
Sorte, Per, Deputy Chairman
von Arbin, Christina
Hentzel, Mats
Lundquist, Ulla
Ringström, Anita
Skarell, Gunnar
Lind, Lars Åke, Employee Representative

Chief Executive Officer

Nylander, Göran

SEK m	1999	1998	1997	1996	1995
Revenues	154.5	142.4	121.1	109.8	99.8
Operating earnings before depreciation	30.2	25.2	23.5	27.1	31.6
Gross margin, %	20	18	19	25	32
Earnings after financial items	19.7	12.9	10.9	20	29.4
Earnings after financial items adjusted for non-operating items	19.7	12.9	10.9	20	29.4
Net earnings	14.8	9.8	8.5	14.6	22.9
Adjusted equity	73.1	62.4	76.1	75.1	68
Net debt (neg)	-	-	-	-	-
Net debt-equity ratio (neg)	-	-	-	-	-
Return on equity, %	29	19	14	28	49
Return on operating capital, %	41	23	17	31	48
Value-added	72.1	56.7	50.4	41.8	51.3
Cash flow before investments	19.5	16.8	26.8	24.2	38.1
Net investments	12.5	12.7	13.4	14.1	39.5
of which R&D investments	-	-	-	-	-
Dividends	7	3.6	23.6	7.5	7.5
Foreign share of sales	<1	<1	<1	<1	<1
Total employee headcount	118	108	98	82	66
– Number of female employees	39	35	27	21	11
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept

The Swedish Environmental Management Council is to support industry, business and public bodies in enhancing their environmental initiatives on a systematic and cost-efficient basis, then to provide recognition to those parties that openly document the intentions and results of their environmental initiatives that is accepted domestically and internationally.

Evaluation

Environmental management systems and accreditation are a relatively new concept to business and government authorities, while the number of corporations and non-profit organizations introducing such tools in their environmental initiatives is still increasing. The Swedish Environmental Management Council's owners have not established the target number of environmental management systems and accreditations as an absolute figure. Sweden maintained its third position in Europe in terms of the number of EMAS-accredited corporations and facilities.

Operations

The corporation pursues communication and registration activities in the environmental sphere. The Swedish Environmental Management Council was formed in 1995, and is the principal of the EMAS and EPD systems, the former being the EU environmental control and audit regulations (EC Eco Management and Audit Scheme), while EPD stands for Environmental Product Declaration, a national system for the accreditation of environmental declarations. The Swedish environmental management Council has been assigned to support and promote the implementation of systems, register those corporations, organizations and products and services that satisfy EMAS and EPD standards, and to establish the relevant information to catalogue them publicly. The majority of the Swedish Environmental Management Council's EMAS activities relate to the dissemination of awareness of the EMAS system, and of those corporations and non-profit organizations that have become associated with the system in various ways and contexts. Initiatives regarding the enhancement of various www information services have continued.

External factors

The Swedish Environmental Management Council's pri-

mary EMAS and EPD accreditation activities are effected in incorporated form, which to an extent, is a distinction from otherwise comparable activities in other countries, inasmuch as operations must be self financed. This may be a disadvantage, primarily to the establishment of the EMAS system, because registration in other countries is associated with relatively modest fees.

Significant events in 1999 and 2000

EPD arrived on the market through the first accredited environmental declarations, as well as the start-up of the environmental management archive's Internet initiatives.

Environmental initiatives

The Swedish Environmental Management Council's organizational resources are too modest to justify the formal implementation of an environmental management system.

Forecast 2000

In 1999, the Swedish Environmental Management Council introduced a progressive initiative to reduce the level of the registration fees for association to EMAS, which explains the deteriorated financial performance in 1999 compared to the previous year. These initiatives are continuing during 2000, concentrating on annual fees. Given a gradual increase in the number of accredited environmental declarations, zero earnings are expected in 2000.

Board 1999

Wenblad, Axel, Chairman
 Brandinger, Rune, Deputy Chairman, until May 2000
 Almgren, Richard
 Gunnarsson, Ulf
 Gustafsson, Henry
 Haglind, Ingrid
 Mattsson, Annaa
 Ryding, Sven-Olof
 Smith, Eva
 Waldner, Lars
 Wide, Anna-Maria
 Asplund, Erik, Co-opted Employee Representative

Chief Executive Officer

Ryding, Sven-Olof

SEK m	1999	1998	1997	1996	1995
Revenues	2.8	4.0	2.9	0.8	1.0
of which support	0	0	0	0.1	0.9
Earnings after financial items	-0.2	0.9	-0.3	-1.8	0.1
Net earnings					
Adjusted equity	n/a	0.8	0.09	0.4	2.2
Return on operating capital, %	n/a	110	-306	-483	4
Dividends	0	0	0	0	0
Total employee headcount	2	2	2	1	0
– Number of female employees	1	-	-	-	-
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	90%	90%	90%	90%	90%



Business concept, objectives

Rymdbolaget, the Swedish Space Corporation, is to offer space systems, the operation of space systems based at Esrange, products and services relating to earth observation and telecommunications services to the global market. Additionally, the Swedish Space Corporation provides support for the Swedish National Space Board on technical issues. The Swedish Space Corporation is exposed to competition, and has an objective of generating a businesslike return on equity.

Evaluation

In 1999, the parent and associated companies satisfied their target returns, although losses and restructuring in the earth observation activities implied that the subsidiaries posted negative earnings.

Operations

The Swedish Space Corporation's strategy can be summarized by the phrase "growth through alliances", or in basic terms: establishing alliances that take the corporation closer to the end-users' market for telecom and earth observation products, establishing alliances that confer the Corporation with a key role amongst Europe's smaller space systems providers, to grow into a globally leading provider of satellite operating and launch services through investments and alliances.

External factors

The Corporation's markets are characterized by growth on the civilian side, while public space technology initiatives are contracting. A growing number of satellites are in orbit, with the market dominated by progressively fewer, but larger, internationalized groups. For the Swedish Space Corporation this implies an increased demand for small, cost-efficient satellites and the associated operating services. High-resolution satellite images are becoming available on the market, while interest in global environmental monitoring is accentuating. The major corporations are also moving into operating services and space application markets. Increasingly, the Swedish Space

Corporation is being forced into direct competition with the big players, while smaller corporations risk being marginalised.

Significant events in 1999 and 2000

The Swedish Space Corporation secured an order for the production of the SMART-1 lunar probe. An alliance with US corporation the Universal Space Network made the Swedish Space Corporation into a globally leading player within satellite station services. The world's biggest ever ozone depletion research campaign has been completed, with the Swedish Space Corporation in a leading role. The year 1999 was a milestone for the MSS5000 airborne maritime monitoring system, with six systems sold on international markets. Odin, Sweden's most sophisticated research satellite yet, will be launched in autumn 2000.

Equal opportunities

The Swedish Space Corporation has an equal opportunities plan.

Forecast 2000

Extensive investment and restructuring in 1999 is expected to generate further improvements in returns during 2000.

Board 1999

Lübeck, Lennart, Chairman
 Ahlqvist, Birgitta
 Björk, Gunnar
 Cederlund, Lars Johan
 Fredga, Kerstin
 Mohlin, Per-Erik
 Tegnér, Per
 Åkesson Bonde, Ingrid
 Mörtberg, Carl-Ivar, Employee Representative
 Wallin, Sven, Employee Representative
 Jordung, Åsa, Employee Representative, Deputy

Chief Executive Officer

Jangblad, Dan

SEK m	1999	1998	1997	1996	1995
Revenues	349	264	239	302	256
Operating earnings before depreciation	28	11	4	18	16
Gross margin, %	7.9	4.0	1.6	5.8	6.4
Earnings after financial items	13	1	-2	18	11
Net earnings	13	0	0	8	6
Adjusted equity	128	127	128	128	119
Return on equity, %	10.5	0.0	0.1	6.8	5.4
Return on operating capital, %	33.7	-15.9	-58.0	31.5	-3.8
Value-added	156	132	125	134	114
Cash flow before investments	109	-16	69	9	32
Net investments	49	40	38	13	9
of which R&D investments	n/a	n/a	n/a	n/a	n/a
Dividends	0	0	0	0	0
Foreign share of sales, %	77	45	39	32	41
Total employee headcount	283	285	280	287	281
– Number of female employees	77	76	73	71	66
– Number of employees in foreign countries	1	1	1	1	1
Government ownership holding	100%	100%	100%	100%	100%

SVENSKA SKEPPSHYPOTEKS KASSAN

Swedish Ships Mortgage Bank

Business concept

The Swedish Ships Mortgage Bank is intended to facilitate the funding of Swedish shippers and foreign shippers with significant Swedish interests, contributing to the rejuvenation of the merchant fleet.

Evaluation

The Bank's lending stock expanded robustly in 1999, with the gains expected to continue during 2000. The Bank is maintaining a vital role as a financier of small and medium-sized shipping corporations.

Operations

In 1929, the Swedish Parliament resolved to inaugurate the Swedish Ships Mortgage Bank, its objective being to contribute to a necessary rejuvenation and modernization of Sweden's merchant fleet. During the 1930s, the fleet was renewed, consolidated and modernized. A new generation of diesel vessels arrived—the Bank was central to this process.

The Bank funds shipping corporations with Swedish ownership, or with foreign ownership and Swedish interests, primarily issuing long-term loans against security in the form of Swedish or foreign tonnage. Funding and lending are effected on largely the same terms. The Bank pursues its operations on entirely commercial terms, and in competition with other credit institutions.

The Government has also assigned the Bank to administrate Rederinämdens activities.

External factors

Commercial maritime activities are characterized by sharp demand variations, although at present, several partial markets face good prospects.

Significant events in 1999 and 2000

In 1999, outstanding loans to shippers increased by

48 per cent to SEK 2,941 m. At the end of the year, loans approved and issued amounted to approximately SEK 1,500 m, with these credits drawn down during 2000 and 2001.

Since 1 July 1998, the Bank has been operating on a more international footing, contributing to the funding of foreign-flagged tonnage, providing a significant Swedish interest is present. The Bank has utilized this fact actively in its marketing, attracting increased interest from shippers. Eventually, this will imply increase lending.

Forecast 2000

The Swedish Ships Mortgage Bank's full-year 2000 earnings forecast will be submitted in the interim report for the first half-year, published in August.

Board 1999

Gyllenhammar, Pehr G, Chairman
Källsson, Jan, Deputy Chairman
Berggren, Christer
Engström, Anna-Lisa
Kastman Heuman, Åsa
Olovsson, Ulla
Patriksson, Folke
Holmgren, Gunnar, Deputy
Holmgren, Lars-Göran, Deputy
Johnsson, Hans-Yngve, Deputy
Lindström, Anders, Deputy
Lorentzon, Ola, Deputy
Rodosi, Agneta, Deputy
Severed, Bo, Deputy

Chief Executive Officer

Wickenberg Karlsson, Birgitta

SEK m	1999	1998	1997	1996	1995
Net interest income	56	59	59	79	89
Net commission income	0	0	0	0	0
Earnings before credit losses	43	47	48	68	75
Credit losses	0	0	0	0	0
Net earnings	43	47	48	68	75
Total assets	3,470	2,537	2,615	4,696	4,807
Lending	2,710	1,842	2,049	4,072	4,258
Adjusted equity	834	790	743	695	627
Return on equity, %	5.5	6.3	7.0	10.8	13.6
Tier 1 capital adequacy ratio, %	29.3	42.8	37.0	18.9	17.0
Capital adequacy ratio, %	29.3	42.8	37.0	18.9	17.0
Credit losses as a percentage of lending	0	0	0	0	0
Rating (S&P/Moody's)	n/a	n/a	n/a	n/a	n/a
Dividends	0	0	0	0	0
Total employee headcount	9	9	9	9	9
– Number of female employees	6	6	6	6	6
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept

Svenska Skogsplantor AB's business concept is to produce and sell seeds and saplings, and to provide services in the forestry management sphere. The objective is to achieve acceptable profitability

Evaluation

Since inception, Svenska Skogsplantor AB has progressively improved earnings, and in 1997 and 1998, achieved its established objectives. In 1999, earnings deteriorated, primarily because of an unexpected reduction in demand. Consequently, saplings were destroyed. Svenska Skogsplantor AB has the prospects of approaching its profitability target once more in 2000.

Operations

The demand for saplings varied during the 1990s; forest product corporations' pursuit of increased productivity and progress towards contractors taking over planting and other forest management activities altered the corporation's production and operational focus. Currently, Svenska Skogsplantor AB is realigning production from traditional bare-root planting to container and TePlus planting. Additionally, Svenska Skogsplantor AB is accumulating a field organization, with the corporation securing a position as a forestry management contractor. To enhance its capacity utilization further, Svenska Skogsplantor AB has initiated sales to Finland and Norway.

External factors

During the 1990s, total planting in Sweden reduced from 500 to 300 million units. The National Board of Forestry's auditing indicates that the effect has been highly unsatisfactory rejuvenation. If measures are taken to improve forestry management so this activity satisfies Parliamentary objectives, demand for saplings will increase, particularly from the private forestry sector, which comprises Svenska Skogsplantor AB's biggest customer group.

Significant events in 1999 and 2000

The realignment of sapling production was initiated in

1999, resulting in increased production of easily planted saplings such as container and TePlus saplings. A container planting nursery was acquired from AssiDomän. The restructuring is continuing through 2000, with production at one bare-roots nursery ceasing. Svenska Skogsplantor AB will achieve ISO 9002 accreditation in 2000.

Environmental initiatives

Svenska Skogsplantor AB has initiated its activities to secure ISO 14001 accreditation by 2001 that the latest. An environmental policy, satisfying the ISO system standards, has been established. At present, Svenska Skogsplantor AB is performing environmental studies in various operational areas. The objective is to secure environmental certification by no later than 2001.

Equal opportunities

Svenska Skogsplantor AB has formulated an equal opportunities plan; there are no salary disparities between men and women with similar working tasks.

Forecast 2000

In 1999, overall demand dropped back after having risen for several years, with accordingly, the majority of sapling producers left with surpluses. Sales will increase this year.

Board 1999

Öhrn, Ingemar, Chairman
 Ekström, Solweig
 Fredlund, Michael
 Idermark, Thomas
 Söderberg, Lena
 Lundholm, Anders, Employee Representative
 Torstenson, Lennart, Employee Representative
 Eriksson, Lars-Olov, Employee Representative, Deputy
 Lindberg, Eva, Employee Representative, Deputy

Chief Executive Officer

Lidén, Sverker

SEK m	1999	1998	1997	1996	1995
Revenues	196.8	215.3	198.6	179.5	152.8
Earnings after financial items	-5.5	12.8	15.1	6.5	6.4
Adjusted equity	115.5	114.1	108.2	102.1	99.4
Dividends	3.0	0	0	0	0
Foreign share of sales					
Total employee headcount	291	292	288	281	270
– Number of female employees	120	125	130	125	123
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



SVENSKA SPEL

Business concept

AB Svenska Spel's business concept is to sell the Swedish population a varied selection of exciting and entertaining games with money prizes in an easily accessible, responsible and secure manner.

Svenska Spel's Articles of Association stipulate that no dividends are paid to shareholders, with earnings allocated according to Government stipulations. Svenska Spel has an exemption from lottery and income taxation, with the corporation's earnings transferred to Government revenue, in accordance with Parliamentary decision. A Parliamentary decision also stipulates that Svenska Spel makes an SEK 60 m contribution to the Swedish Sports Confederation, with surpluses generated by the corporation's gaming machine activities Jack Vegas and Miss Vegas distributed to children's and youth organizations, through the Swedish Sports Confederation and Ungdomsstyrelsen.

Evaluation

During 1999, Svenska Spel satisfied the objectives the Government and Parliament established for the corporation. Of the corporation's year-1999 earnings, SEK 3,739 m, the Government will receive SEK 3,563 m and various organizations SEK 176 m.

Operations

Svenska Spel's purpose is to organize lotteries and betting for money, subject to Government permits. The corporation is active on a market regulated by lottery legislation and permits, but exposed to intense competition.

Svenska Spel is organized into four business areas. The Skill Games business area includes sports games such as Stryktipset, Italienska Stryktipset, Måltipset and Oddset.

The Fortune Games business area is divided between number games and lotteries, with the former including Lotto, Vikinglotto, LottoExpress, TipsBingo, Keno and Joker. The latter group includes scratch-card Triss, SkrapBingo, Tia and the traditional Penninglotteri lottery product.

The Restaurant Games business area comprises game machine activities Jack Vegas and Miss Vegas.

In 1999, the Internet business area included Stryktipset, Italienska Stryktipset and Joker.

In accordance with Parliamentary decision, Svenska Spel's headquarter is in Visby, although extensive activities are also undertaken at the corporation's

premises in Sundbyberg near Stockholm. Additionally, Svenska Spel has some 30 salespeople nationwide, servicing contacts with representatives and restaurants.

At the end of 1999, Svenska Spel had 6,909 representatives selling its games and lotteries, with 3,820 being gaming representatives with access to Svenska Spel's gaming range—online games and lotteries—while the 3,089 lottery representatives are limited to the sale of lottery tickets. At the end of 1999, machine game Jack Vegas was present on 5,054 machines at 1,728 restaurants. At year-end, an additional 95 Miss Vegas gaming machines were located in 39 bingo halls.

External factors

In recent years, competition from domestic players and international corporations securing a position on the Swedish market through the Internet, subscription and direct marketing, has resulted in accentuating competition. Looking ahead, competition will intensify further still as a consequence of cross-border gaming, as well as the establishment and enhancement of new distribution channels.

As in previous years, three players dominate the Swedish gaming market: Svenska Spel, AB Trav och Galopp and Folkspel, which operates activities including Bingolotto. In July 1999, the Government appointed an inquiry to review gaming market relationships between the Government and popular movements, with this inquiry presenting its findings on 3 March 2000. A further inquiry reviewing lottery legislation, in the context of phenomena such as internationalization and new technology, has been underway since 1997.

Two EU court cases in 1999 established that EU member states may retain their respective national legislation when, for example, Government corporations and public organizations are conferred exclusive gaming market rights.

Significant events in 1999 and 2000

Svenska Spel increased revenues by 4.8 per cent, or SEK 610 m, between 1998 and 1999, primarily attributable to the machine game Jack Vegas. The stipulations of lottery legislation were revised for this game in October 1999, with at present, maximum winnings of SEK 500 cash, instead of SEK 1,000 in gift vouchers. A Parliamentary decision expanded Svenska Spel's concession to install a further 500 Miss Vegas gaming machines in bingo halls.

Svenska Spel's lotteries also expanded their revenues

between 1998 and 1999, with the gains primarily due to Triss, now Sweden's single biggest lottery.

A new lottery management system, integrated with the previous online system, was introduced in April 1999, with all representatives gaining a terminal for dispensing the corporation's products.

After the Government granted a provisional permit, Svenska Spel introduced Internet gaming in 1999. Since May 1999, the revenue generated by those games available on Svenska Spel's Website (Stryktipset, Italienska Stryktipset and Joker) amounted to SEK 2.8 m. Preparations for the introduction of gaming based on greyhound racing were made during 1999, in collaboration with Sweden's national greyhound racing organization. Gaming at tracks in Åkersberga, Borås and Landskrona are scheduled to start in spring 2000.

In June 1999, Parliament resolved to grant Svenska Spel a permit to operate international casinos in Sweden and the corporation intends to pursue these operations through the subsidiary Casino Cosmopol. In December 1999, the Government decided to locate these casinos in Stockholm, Gothenburg, Malmö and Sundsvall. The first casino, in Sundsvall, is planned to open in autumn 2000.

Environmental initiatives

AB Svenska Spel pursues an environmental policy stipulating that activities should maintain high standards in the corporation's working environment, and to exert the minimal adverse impact on the external environment. The objective is for the emissions, non-recyclable waste and energy consumption of operations to be minimized, and for the consumption of finite resources by the corporation and its suppliers to be reduced, plus the use of artificial products to be replaced by renewable/natural materials, or at least their consumption reduced.

Equal opportunities

AB Svenska Spel has an equal opportunities plan; the corporation intends to pursue management training initiatives for managers and potential prospective managers more actively.

Forecast 2000

Svenska Spel's customers are migrating from low pay-out games to those with higher winnings, implying that earnings may be lower than previously despite increasing revenues. Machine games Jack Vegas, Oddset, Keno and the Triss scratch-card are making good progress, while other lotteries are also performing robustly. Number games, particularly Lotto, are now making less resolute progress. The corporation's new greyhound racing games and the subsidiary Casino Cosmopol will be operational in 2000.

Intense competition from other gaming arrangers is expected to sustain, primary from ATG, but also from local organizations offering more scratch-card lotteries.

Board 1999

Berg, Bengt-Åke, Chairman
Blomberg, Jan
Dalborg, Hans
Frebran, Rose-Marie
Johansson, Lennart
Lindström, Eva
Nilsson, Anders
Sundström, Monica
Palm, Ulla-Marie, Employee Representative
Sandström, Berra, Employee Representative
Jansson, Monica, Employee Representative, Deputy
Rozenbeek, Lena, Employee Representative, Deputy

Chief Executive Officer

Tivéus, Meg

SEK m	1999	1998	1997	1996
Revenues	13,540	12,924	11,464	10,903
Operating earnings after depreciation	3,701	3,902	3,575	2,594
Gross margin, %	29	31	32	25
Earnings after financial items	3,739	3,937	3,612	2,640
Adjusted equity	3,739	3,937	3,612	2,640
Return on equity, %	100	100	100	100
Return on operating capital, %	159	153	146	300
Value-added	5,303	5,349	4,976	3,887
Cash flow before investments	4,298	4,235	5,217	3,242
Net investments	207	283	179	484
of which R&D investments	n/a	n/a	n/a	n/a
Dividends incl. profit	3,739	3,937	3,612	3,591
Foreign share of sales	0	0	0	0
Total employee headcount	510	483	464	429
– Number of female employees	265	275	266	242
– Number of employees in foreign countries	0	0	0	0
Government ownership holding	100%	100%	100%	100%



Business concept

Swedish-Danish Bridge Connection Svedab AB, is owned by the Government through the Swedish National Road Administration's and the National Rail Administration's 50 per cent holdings. The corporation has its registered offices in Malmö. Its purpose is partly to manage Swedish holdings in the 50 per cent-owned Öresund Consortium, and to undertake the planning, project management, construction, operation, maintenance and financing of the road and rail connections on the Swedish side of the Öresund Link between Sweden and Denmark. Additionally, the corporation will contribute financing to the Citytunnel project's bores.

The Öresund Consortium is responsible for the planning, project management, construction, operation, maintenance and funding of the coast-to coast stretch of the fixed link between Sweden and Denmark.

Evaluation

Svedab has observed timetable and forecast expenses of its operations.

Operations

In March 1991, the Swedish and Danish Governments reached an agreement regarding a fixed connection over the Öresund sound between the two countries. This agreement resulted in the formation of Swedish-Danish Bridge Connection Svedab AB in Sweden, and A/S Öresundsförbindelsen in Denmark. These two wholly owned Government corporations formed the Öresund Consortium in January 1992, which change corporate named to Öresundsbrokonsortiet in January 2000.

External factors

The Öresund Link has attracted substantial interest from the media and general public, with exhibitions on

the subject attracting many visitors.

Significant events in 1999 and 2000

Efforts to complete the Swedish bridgeheads proceeded according to plan. The timing of the Link's operational inauguration, 1 July 2000, is expected to be achieved.

Environmental initiatives

Environmental questions are central to Svedab; on-going measurements of environmental impact were undertaken during construction of the Swedish bridgeheads. The corporation does have an environmental policy but no environmental management accreditation.

Equal opportunities

Equal opportunities initiatives are pursued as an integral element of operations, and form part of regular planning and monitoring.

Forecast 2000

The inauguration of the Öresund Link is scheduled for 1 July 2000.

Board 1999

Skogö, Ingemar, Chairman
Ahlström, Göran
Bondestam, Anitha
Brandborn, Jan
Bylund, Bo
Yngvesson, Nils
Ahlberg, Ann, Deputy
Saxton, Ulla-Brita, Deputy

Chief Executive Officer

Sicking, Karl-Otto

SEK m	1999	1998	1997	1996	1995
Revenues	471	454	380	109	-
Adjusted equity	15	15	15	15	15
Net debt	12,954	10,672	6,226	3,342	1,420
Net debt-equity ratio, multiple	874	719	420	225	96
Cash flow before investments ¹⁾	n/a	-295.4	-	-	-
Net investments	3,097.3	3,821.9	-	-	-
Dividends	0	0	0	0	0
Foreign share of sales	0	0	0	0	0
Total employee headcount	100	98	96	77	52
– Number of female employees	44	38	35	28	16
– Number of employees in foreign countries	48	44	-	-	-
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ Figures for 1999 not yet complete.



Business concept/objectives

Swedish Testing and Research institute (SP) is active in technical evaluation, testing, metrology, research and development. SP interfaces between academic research and corporate needs for technical expertise.

Evaluation

SP has fully achieved its operational objectives in terms of research and knowledge transfer, and in terms of efficiency and quality. SP's interplay with business, further education institutes and other players is very fruitful, while the international exchange of knowledge is plentiful. Research indicates that results are being used, leading to enhanced competitiveness, safety and environmental benefits.

Operations

SP's strategy includes the corporation functioning as a major research player, with high inter-disciplinary capacity and the ability to offer customers competencies at all links from development and manufacture to utilization and recycling. The demand for SP's services is increasing. Corporations' ability to bring in new skills, and use them in the development of products, systems and other offerings is becoming increasingly important.

Major initiatives in recycling, reuse, characterization of materials and life cycle analysis are in hand. On the energy side, redoubled efforts are being made within combustion technology and energy efficiency. IT and electronics, though, are the highest-growth activities. SP is accumulating specialist expertise in the development of technology for ensuring the reliability

and functionality of electronics integrated into radio and microprocessor-controlled products (vehicles, machinery, radio and mobile phones, etc.)

External factors

Financing of the institutional sector, where SP is one of Sweden's biggest players, is the subject of continued uncertainty. In EU contexts, institutions like SP play a central role.

Significant events in 1999 and 2000

In accordance with an agreement with the Swedish government, SP established a national meteorological institute during the year; a major (some SEK 30 m) investment was made in fire technology, where SP played a key role in the development and harmonization of new European methods. During 2000, SP will begin the expansion of its metrology, IT, electronics and electrical engineering resources, with total estimated investments of SEK 60 m.

Environmental initiatives

During the year, SP introduced an ISO 14001 environmental management system. Several environmental measures have been implemented, including chemical processing routines, and the installation of new, efficient smoke purification equipment in SP's fire laboratory.

Equal opportunities

Plans are established, and achievement levels monitored, annually. The proportion of women active in SP's technical roles exceeds the overall total in corresponding activities.

Forecast 2000

The demand for SP's skills and services is set to remain firm; more collaboration with higher education and research institutes is expected to generate increased growth in funding sourced from EU programs, foundations, research boards and other sources. SP is expected to generate earnings before tax of approximately SEK 15 m from revenues of SEK 400 m.

Kjörsberg, Solveig
Olson, Hans Christer
Sundgren, Jan-Eric
Weichbrodt, Björn
Milovancevic, Marina, Employee Representative
Nilsson, Karin, Employee Representative
Bogren, Bengt, Employee Representative, Deputy
Johansson, Ulrika, Employee Representative, Deputy

Board 1999

Persson, Jan-Crister, Chairman
Bankvall, Claes

Chief Executive Officer

Bankvall, Claes

SEK m	1999	1998	1997	1996	1995
Revenues, including support	422	401	385	353	312
of which support	47	46	41	48	48
Operating earnings before depreciation	56	53	50	51	52
Gross margin, %	13	13	13	14	17
Earnings after financial items	17	21	21	23	28
Net earnings	12	15	15	17	20
Adjusted equity	218	206	191	176	159
Net debt	-36	-49	-36	-28	14
Net debt-equity ratio, %	-16	-24	-19	-16	9
Return on equity, %	6	7	8	10	12
Return on operating capital, %	9	11	13	15	15
Value-added	251	244	239	217	188
Cash flow before investments	48	50	34	66	28
Net investments	60	37	30	26	27
of which R&D investments	-	-	-	-	-
Dividends	0	0	0	0	0
Foreign share of sales	52	48	47	41	39
Total employee headcount	560	561	567	545	465
– Number of female employees	127	125	130	126	109
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100 %	100 %	100 %	100 %	100 %



TuristRådet

Business concept/objectives

Turistrådet, the Swedish Travel & Tourism Council, is to be an integrated prime mover in the international marketing of Sweden as a travel destination, operating as a marketing function for much of Sweden's tourist business. This is to be achieved by presenting Sweden as a high-quality travel destination, offering a multiplicity of experiences in a clean, culturally rich, natural environment, to collaborate with other national interests and to establish efficient forms of collaboration intended to enhance the marketing of Swedish tourism.

Evaluation

The Swedish Travel & Tourism Council has pursued operations in a direction consistent with the focus its owners determined.

Operations

The Government and tourism sector each own 50 per cent of the Swedish Travel & Tourism Council, with agreements between the Government and the tourist sector renegotiated in 1999 to define financing more clearly. The Government's shareholder contribution is intended to finance the corporation's fundamental activities and over-arching image marketing—of Sweden as a brand. The tourism sector is to fund targeted activities to a level at least comparable with the Government's image marketing, with the eventual objective being equal financing. The Government's shareholder contribution is unconditional.

In 1999, a series of activities were undertaken including consumer campaigns and approaching the media. The Swedish Travel & Tourism Council is pursuing an Internet initiative. Apart from those markets where it has direct representation, The Swedish Travel & Tourism Council has also approached the Russian and Southeast Asian markets.

The Government provided SEK 69.5 m of support in 2000, of which SEK 1 m was for the promotion of tourism in the Öresund region. Additionally, the Government has participated in the financing of a series of EU projects in recent years.

External factors

In 1999, Sweden hosted a total of 8.6 million foreign overnight stays, up 7 per cent on 1998. Those markets the Swedish Travel & Tourism Council services directly generated 81 per cent of registered visits.

Significant events in 1999 and 2000

The Swedish Travel & Tourism Council has initiated an operational restructuring to achieve greater flexibility and lower fixed costs. Major changes in forms of representation for presences in the Nordic region, and the

Netherlands, Italy and the US were made in 1999. A call center has been created to offer consumer services on the Nordic, Dutch and Italian markets. A new Chief Executive Officer was recruited in 2000.

Environmental initiatives

Although the Swedish Travel & Tourism Council has no environmental policy, Sweden's environmental activities form part of the basic underlying values of marketing plans.

Equal opportunities

The Swedish Travel & Tourism Council has no equal opportunities plan.

Forecast 2000

Efforts to achieve more cost-efficient representation in more countries continue, with thereby, funds freed up for marketing.

Board 1999

Carmén, Lars, Chairman
 Adelson, Ulf
 Bjerkne, Claes
 Carlsson, Nils
 Leijon, Anna-Greta
 Nilsson, Roland
 Reuterskiöld, Marianne
 Ödqvist, Olof

Chief Executive Officer

Wallgren, Anders

SEK m	1999	1998	1997	1996 ¹⁾
Gross revenues	220.9	237.7	377.4	208.6
of which support	82.3	90.6	161.3	80.9
Operating earnings before depreciation	7.2	-1.0	2.4	0.3
Gross margin, %	-	-	-	-
Earnings after financial items	5.2	-2.0	1.2	-0.6
Earnings after financial items adjusted for non-operating items	n/a	n/a	n/a	n/a
Net earnings	5.1	-2.1	1.0	-0.7
Adjusted equity	13.1	8.0	10.1	9.1
Net debt	0	0	0	0
Net debt-equity ratio	0	0	0	0
Return on equity, %	-	-	-	-
Return on operating capital, %	-	-	-	-
Value-added	-	-	-	-
Cash flow before investments	-1.5	-17.8	-2.2	24.9
Net investments	-0.1	0.2	3.4	4.2
of which R&D investments	-	-	-	-
Dividends	0	0	0	0
Foreign share of sales	-	-	-	-
Total employee headcount	56	64	56	46
– Number of female employees	40	47	44	35
– Number of employees in foreign countries	30	38	34	31
Government ownership holding	50%	50%	50%	50%

¹⁾ 18 months



Business concept/objectives

The corporation was founded in 1993 through the incorporation of foreign contracting operations, within the former land survey agency and Sweden's central property data board. Primarily, the corporation is to utilize resources from the now restructured Government Land Survey. The corporation's vision is to be a leading know-how corporation in the real estate, surveying and cartographical spheres, which enhances and increases Swedish services exports on prioritized markets.

Operations

Swedesurvey AB offers advisory services relating to the development of foreign land survey organizations, primarily within real estate systems and geographical information, training in the production of surveying and cartographical services, as well as the sale of survey products such as aerial photography, orthophotographic maps, Geographical Information System (GIS) products, and technical consulting services. In the long term, the corporation will concentrate on countries where it already has established collaborations, and in those countries with financing from the World Bank, EU, Sida (Swedish International Development Cooperation Agency) and other sources. Swedesurvey's short-term financial objectives are to increase revenues to SEK 110 m in 2000 and to generate minimum earnings of SEK 5 m.

Operational progress

In 1999, operations made healthy progress, with thereby, the corporation largely satisfying established objec-

tives. Operating revenues increased by SEK 6 m to over SEK 106 m. Activities are pursued in over 30 countries.

Demand for the corporation's services remains healthy, with particularly noteworthy markets including Greece, Russia and China. The quality assurance activities the corporation pursues alongside the Government Land Survey, intended to result in ISO accreditation at the end of 2001, are highly significant to operational progress.

Environmental initiatives

The implications of the corporation's environmental policy include the planned introduction of an ISO 14001 environmental management system at the end of 2001.

Equal opportunities

The corporation's equal opportunities plan deals with issues such as equal pay, skills enhancement, working practices and recruitment.

Board 1999

Ollén, Joakim, Chairman
Andersson, Axel
Christiansson, Annika
Jeding, Lars
Johnson, Staffan
Kristiansen, Thormod
Bjälkefors, Ulf, Employee Representative
Lundqvist, Sören, Employee Representative

Chief Executive Officer

Pettersson, Sture

SEK m	1999	1998	1997	1996	1995
Revenues	106.5	100.9	90.3	83.9	71.1
Operating earnings before depreciation	4.2	4.1	3.9	3.8	7.6
Gross margin, %	4.0	4.1	4.1	4.5	10.7
Earnings after financial items	4.1	4.1	4.1	4.6	8.4
Net earnings	2.2	2.4	2.3	2.4	4.5
Adjusted equity	30.3	27.5	24.5	21.6	18.3
Net debt ¹⁾	-24.1	-14.5	-12.9	-18.1	-12.0
Net deb-equity ratio, multiple	-0.9	-0.6	-0.6	-1.0	-0.7
Return on equity, %	10.6	11.7	10.9	11.4	21.4
Return on operating capital, %	0.5	0.3	0.3	0.8	1.0
Value-added	30.4	27.9	24.1	21.9	21.0
Cash flow before investments	10.0	1.5	-9.2	6.7	5.0
Net investments ²⁾	-0.4	0.1	4.0	-0.6	-4.9
of which R&D investments	-	-	-	-	-
Dividends	0	0	0	0	0
Foreign share of sales, %	100	100	100	100	100
Total employee headcount	39	37	28	28	21
– Number of female employees	12	11	10	12	9
– Number of employees in foreign countries	13	13	5	5	4
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ Long-term pension liabilities less cash and bank balances have been posted as a tax liability.

²⁾ Includes financial fixed assets

Swedfund

International AB

Business concept

Swedfund is to participate in investments, and to develop and sell project financing services for purposes including the promotion of competitive business, with the resulting contributions to growth and socio-economic progress in collaborating countries, alongside those Swedish corporations active in, or intending to become active in, developing nations and in Central and Eastern Europe. Additionally, through its investment activities, Swedfund is to contribute to the promotion of sustainable progress, the transfer of expertise and a healthy environment completely consistent with the Government's overarching foreign aid objectives, encapsulated as the struggle against poverty.

Evaluation

Swedfund's owner's requirement is that parent company project revenues will amount to a minimum average of 100 per cent of project expenses over a three-year cycle. Project revenues as a proportion of total expenses excluding expenses for asset management amounted to 51 per cent for 1999 in the parent company, and to 96 per cent for the group. The Russian economic crisis implied the parent company posting its worst-ever earnings.

Operations

To achieve its objectives, Swedfund must have close contact with Swedish corporations, high skills in terms

of project evaluation and funding, knowledge of growth markets, long-term and committed partnership collaborations in joint venture corporations, awareness of, and access to, international networks that complement those in Swedish and local partner networks, and the ability to make profitable investments that contribute to the progress of sound ventures in these countries.

External factors

The breakthrough of the market economy and progress of the private sector in Swedfund's investment countries may result in accentuating demand for the corporation's services. As the Russian crisis illustrates, national and business crises can exert a major influence on Swedfund's earnings.

Significant events in 1999 and 2000

During the year, Swedfund invested USD 11 m in the African Infrastructure Fund.

Contracting activities: the government assigned Swedfund to evaluate applications to the IT Fund under the auspices of a SEK 1 bn reserve for the Baltic region. A total of 22 projects with an aggregate value of SEK 70 m were recommended, 20 of which gained Government approval. During the first quarter of 2000, Swedfund's owner assigned the corporation to undertake a survey to determine whether, and in which form, the parent company should continue its venture

capital operations in Central and Eastern Europe.

In 2000, the subsidiary plans to sell its shareholdings in Baltic banks.

Environmental initiatives

Swedfund operates according to environmental guidelines. First and foremost, Swedfund is to observe host countries' environmental legislation and regulations, with subsequently, ventures developing in observance of the standards of Swedish environmental legislation (SFS 1998: 808) including applicable Swedish regulations or World Bank Environmental Guidelines.

Equal opportunities

Swedfund has an equal opportunities plan.

Forecast 2000

Sweden has a limited number of venture capital corporations focusing on Swedfund's markets. Although private players have made attempts in the Baltic region, the Russian crisis exerted a pronounced subduing effect. As regional economies rally, so will interest from private players. The sector trend is to con-

centrate initiatives on sectors with high developmental impetus such as finance and infrastructure. The expansion of service activities and the emergence of know-how corporations creates new demands on Swedfund's skills to evaluate such ventures.

The demand for new investments through Swedfund's services from Swedish corporations tends to peak in cyclical upturns and downturns. Therefore, there is a risk that Swedfund will not achieve its objectives in 2000.

Board 1999

Cedergren, Jan, Chairman
Thelin, Hugo, vice ordförande
Karlsson, Boel
Rooth, Lena
Uustalu, Ann
Wall, Carin
Öjefors, Lars

Chief Executive Officer

Arefalk, Olle

SEK m	1999	1998	1997	1996	1995 ¹⁾
Revenues	42	43	28	43	71
Operating earnings before depreciation	-40	6	-7	-21	-10
Gross margin, %		13,8			
Earnings after financial items	-29	16	11	27	18
Earnings after financial items adjusted for non-operating items	-	-	-	-	-
Net earnings	12	0	8	13	13
Adjusted equity	560	550	549	542	522
Net debt	0	0	0	0	0
Net debt-equity ratio	-	-	-	-	-
Return on equity, %	2.1	0	1.5	2.4	2.5
Return on operating capital, %	n/a	n/a	n/a	n/a	n/a
Value-added	-12	32	11	-8	4
Cash flow before investments	-	-	-	-	-
Net investments	145	66	70	46	-5
of which R&D investments	-	-	-	-	-
Dividends	0	0	0	0	0
Foreign share of sales	-	-	-	-	-
Total employee headcount	18	19	14	15	13
– Number of female employees	8	9	6	6	4
– Number of employees in foreign countries	1	-	-	-	-
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ 18 months



Business concept

Swedish National Road Consulting AB (SweRoad) offers services within the Swedish National Road Administration's business area, primarily to ministries and public authorities outside Sweden. SweRoad's purpose is to develop and pursue international contracting assignments on business terms, with a particular focus on developing countries receiving foreign aid.

In the short term, the objective was to achieve a minimum of zero earnings for 1999, with positive earnings from 2000 onwards, while also generating minimum average returns of 10 per cent on SweRoad's owner's injected capital.

Evaluation

After a negative financial year in 1998, burdened by extraordinary reorganization expenses, 1999 emerged as exceptionally positive.

Operations

SweRoad is active in providing consulting services in the highway sector, on assignment from foreign ministries and public authorities.

External factors

SweRoad's resources primarily consist of the skills and experience harbored by the National Road Administration, other Swedish authorities, organizations and corporations regarding the highways and road traffic sector. Operations are highly dependent on access to these resources, and any obstacles to this process automatically compromise business opportunities.

SweRoad's focus on developing countries also contributes to a sensitivity to any alteration in the focus of foreign aid provided by international and bilateral financing institutions.

Significant events in 1999 and 2000

A new chairman was appointed in 1999. At present, SweRoad's operations are pursued in various ways in some 15 countries including the Baltic states, Jordan, Laos, Mozambique, Saudi Arabia, Sri Lanka, Thailand, Turkey and Zimbabwe. The precise form of SweRoad's presence in these countries is under review.

Environmental initiatives

SweRoad is managed by the National Road Administration, and accordingly, its environmental efforts form part of the extensive initiatives within the Administration's organizational resources.

Equal opportunities

SweRoad's equal opportunities initiatives form part of the National Road Administration's extensive efforts in this sphere.

Forecast 2000

Measures to reduce expenses initiated in 1998, combined with a slightly improved order book, are expected to result in operations satisfying established objectives in 2000 and beyond.

Board 1999

Färm, Gunnel, Chairman
Bergfalk, Lars, Deputy Chairman
Kärre, Malin
Mannerstråle, Gunnar
Utterström, Brittmarie
Lindquist, Rolf, Employee Representative
Jörud, Leif, Employee Representative, Deputy

Chief Executive Officer

Bauducco, Roberto G

SEK m	1999	1998	1997	1996	1995
Revenues	82	63	60	71	75
Operating earnings before depreciation	13	-3	-7	3	3
Gross margin, %	16	-5	-12	4	4
Earnings after financial items	14	-2	-6	4	5
Net earnings	10	-2	0	1	1
Adjusted equity	32	22	24	28	29
Net debt	-23	-11	-18	-14	-25
Net debt-equity ratio, multiple	-0.72	-0.50	-0.75	-0.50	-0.87
Return on equity, %	37	-9	0	4	7
Return on operating capital, %	130	-27	-117	18	50
Value-added	25	13	10	17	18
Cash flow before investments	11	-7	5	-9	6
Net investments	1	-1	-1	-2	0
of which R&D investments	0	0	0	0	0
Dividends	0	0	0	1	2
Foreign share of sales, %	96	94	97	97	88
Total employee headcount	57	55	62	64	71
– Number of female employees	11	13	13	16	26
– Number of employees in foreign countries	37	33	36	41	47
Government ownership holding	100%	100%	100%	100%	100%



Business concept/objectives

The Swedish State Alcohol Retailing Monopoly is a corporation with the specific purpose of taking sole responsibility for the retail sale of wine, spirits and full-strength beer in accordance with Swedish alcohol legislation. Proceeding from these foundations, the corporation's business concept is to be a modern, efficient retailing corporation, effecting the responsible sale of alcoholic beverages, and conveying a judicious drinking culture.

The corporation's responsibilities can be divided into three points:

Social: sales will be effected to create respect for alcohol, minimizing any potential adverse consequences.

Service: within the framework of the corporation's social responsibility, the corporation's service should be better than in the rest of the retail sector.

Costs: the corporation's social and service objectives should be achieved at the lowest possible cost.

Evaluation

One of the key elements of the corporation's social responsibility is to prevent young people aged under 20 from purchasing alcohol in the corporation's stores. Surveys indicate that age controls have become increasingly efficient. Within the framework of the concept of a "judicious drinking culture", the corporation disseminates information on the positive and negative aspects of alcohol consumption.

Various studies illustrate that customers regard the corporation's services as of at least the same quality as the rest of the retail sector, and this applies to activities such as personnel skills and service levels, product selections and the store network. The corporation is achieving poorer performance in only one area: store waiting times on Thursday afternoons and Fridays. However, an increasing number of self-service stores have resulted in an improvement on this point.

The abolition of the wholesaling monopoly in 1995 implied a sharp cost increase and deteriorated earnings, but gradually, various rationalization programs have resulted in the limitation of expenses. Moreover,

the corporation's sales rose by over 10 per cent in 1999, gains achieved without expenses increasing, benefiting earnings in 1999

Operations

The alcohol bill approved by Parliament on 19 November 1999 established the importance of the corporation's enhanced service and legitimacy. As a consequence, a number of measures to enhance the corporation's service were taken, including more stores, trial Saturday opening, extended opening hours and the acceptance of debit and credit cards.

The corporation is currently undertaking extensive initiatives to formulate a new strategic platform, adapted to its new conditions.

External factors

Regulations governing the import of alcohol for private usage will be gradually reformed from 1 July 2000 to 2004, which will be highly significant to the corporation's activities. The corporation's retail monopoly is likely to have achieved greater political significance as the significance of other related policy instruments fades.

Significant events in 1999 and 2000

- Parliamentary resolution on the alcohol bill.
- Decision regarding a new store data system.
- Store format project.
- A decision to open 50 new stores in 2000 and 2001.
- New Chairman Gunnar Larsson appointed at the May 1999 AGM.
- New CEO Anita Steen took up position on 1 September 1999.

Environmental initiatives

The corporation is aware of its responsibility for promoting a healthy environment, adopting an environmental program based on a recycling philosophy as early as 1995. The fundamental principle underlying the corporation's environmental initiatives is that all decisions should be considered in the context of their environmental consequences. Environmental assessments were upgraded in 1999.

In 1999, the corporation's in-house environmental management system was enhanced for potential envi-

ronmental accreditation of parts of activities; the more systematic update of suppliers' environmental initiatives began during the year.

Equal opportunities

The corporation updates its equal opportunities plan annually, with topical equal opportunities projects this year including a working evaluation intended to specify gender-related salary differences and absenteeism due to sickness.

Forecast 2000

In the year-2000 budget, the corporation assumed sales volume gains of some 6 per cent, with progress so far this year corresponding to a level slightly above this. Trial Saturday opening in some parts of the country and new import regulations introduced gradually from 1 July 2000 until 2004 are factors that can be expected to affect demand. The implementation of measures in the alcohol bill approved by Parliament will affect expenses during 2000 and relate to establishing new stores, trial Saturday opening, longer evening opening hours and debit and credit card payments. Other major cost increases in the year relate to the necessary changeover of store IT environments and datacom solutions.

The corporation has budgeted for revenues of approximately SEK 16,600 m, with earnings before

appropriations and tax of approximately SEK 150 m in 2000. The corporation's earnings are highly volume sensitive; relatively marginal sales variations, resulting from revised import regulations, for example, may exert a major earnings effect.

Board 1999

Larsson, Gunnar, Chairman
 Begler, Ann-Marie, Deputy Chairman
 Lindstedt, Monica
 Markström, Elisebeht
 Melin, Ulf
 Olofsson, Sören
 Silfverstrand, Bengt
 Ånstrand, Claes
 Dahl, Robin, Deputy
 Lindholm, Evert, Deputy
 Löfstrand, Ingvar, Deputy
 Petersson, Sven-Olof, Deputy
 Pilsäter, Karin, Deputy
 Danielsson, Sven-Olof, Employee Representative
 Höglund, Karin, Employee Representative
 Kjellström, Hans, Employee Representative, Deputy
 Hagelberg, Eva, Employee Representative, Deputy

Chief Executive Officer

Steen, Anitra (from 1 September 1999 onwards)

SEK m	1999	1998	1997	1996	1995
Revenues (excluding sales tax)	16,625	15,464	15,837	16,063	16,199
(excluding sales tax)	583.6	469.6	361.8	258.7	181.7
Gross margin, %	3.5	3.1	2.3	1.6	1.1
Earnings after financial items	470.0	350.9	239.1	145.1	88.4
Net earnings	337.6	254.4	174.3	104.1	58.5
Adjusted equity ¹⁾	1,394.7	1,179.3	1,045.5	967.3	896.9
Net debt	-1,617.4	-1,266.1	-992.2	-1,059.5	-973.7
Net debt-equity ratio	-	-	-	-	-
Return on equity, %	26.2	22.9	17.3	11.2	6.9
Return on operating capital, %	80.5	49.2	38.4	9.4	-
Value-added	1,421.1	1,306.3	1,305.5	996.8	845.6
Cash flow before investments	791.3	385.7	17.5	238.4	827.9
Net investments	165.0	30.5	116.6	151.8	240.4
of which R&D investments	n/a	n/a	n/a	n/a	n/a
(Dividends) government transfer	150.0	122.2	115.0	90.0	39.3
Foreign share of sales	0	0	0	0	0
Total employee headcount	3,246	3,270	3,386	2,746	2,658
– Number of female employees	2,045	2,060	2,133	1,724	1,678
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%

¹⁾Adjusted equity; including untaxed reserves and deferred tax.



Objectives

The objective is for Telia to create value growth for its owners by developing telecom and IT business from a base in the Nordic and Baltic regions.

Evaluation

Telia's consolidated revenues net of divested operations increased by over 6 per cent, to SEK 52,121 (49,569) m, with this increase due to volume growth. Prices were cut by a further 6 per cent during the year.

Adjusted for capital gains, earnings in 1999 were the best in the corporation's history; operational earnings¹ grew by 23 per cent to SEK 6,727 (5,459) m. Operating earnings were burdened by SEK 722 m of human resources restructuring expenses, and Y2K-related expenses of SEK 604 m. Disposals of non-strategic operations generated capital gains of SEK 582 (4,929) m. Overall, operating earnings deteriorated to SEK 5,946 (7,220) m, although earnings excluding capital gains more than doubled.

The consolidated financial position remained stable. The rate of capital turnover deteriorated slightly because of a 13 per cent increase in total assets to SEK 75,991 (67,278) m, compared to 5 per cent revenue growth. The current ratio increased because of a relatively high share of current assets and long-term borrowings.

During the year, Telia retained its prominent position on the Swedish market, even if in some activities, market shares deteriorated slightly as a consequence of the pre-selection reform. The group consolidated its positions in the rest of the Nordic, and the Baltic, regions.

International carrier activities performed positively, with Telia quickly securing a position as one of the global market's biggest network wholesalers.

Operations

The Swedish domestic market is Telia's foundation, with business focused on activities where Telia enjoys unique strengths and opportunities. Telia will consolidate its market-leading position in Sweden. Through resolute broadband and Internet initiatives, Telia will exploit new technology to create business opportunities from the prevailing sector drift.

In its adjacent markets—the Nordic and Baltic regions—Telia will pursue the commercial control of current business, thereby realizing industrial synergies. On the international scene, Telia is concentrating on Europe-wide carrier operations, with coverage from the US to Russia.

External factors

The telecom sector is in the midst of a dramatic transformation, with a robust increase in the number of sector players, who increasingly, are becoming specialists in particular niches and customer segments, and who operate on a progressively larger part of the international market from local or regional positions.

Significant events in 1999 and 2000

Telia was launched on the stock market in June 2000.

The dissolution of the merger between Telia and Telenor of Norway was effected without difficulty, because the business the two groups did together could be transferred to either party, while no actual integration of business areas was effected.

In 2000, Telia has implemented a more concentrated business organization, reducing the number of business areas from eight to five. These measures further enhance Telia's customer orientation, improving its prospects of bettering customer service. The Business Solutions and People Solutions business area operate as the group's service providers on end-customer markets.

Telecom operator pre-selection was introduced on 11 September, while in autumn 1999, number portability (the facility to change operator without changing telephone number) on the fixed network was introduced subsequent to a decision by PTS, the National Post and Telecom Agency. Ahead of activation of the pre-selection reform, Telia received extensive orders from competing operators for individual customers. Research by PTS conducted in November indicated that four out of ten householders had selected their operator, with half of these choosing a company other than Telia.

Environmental initiatives

Quoting from Telia's environmental policy: "with the assistance of IT and telecommunication, we contribute

to the reduction of the environmental impact we and our customers generate, thereby contributing to the sustainable society. The environment is an emphasized element of Telia's business."

Telia is pursuing environmental initiatives according to the ISO 14001 standard at group level. Decisions on environmental system accreditation are reached at a company/unit level. Four units have completed autonomous reviews of the specific environmental impact of their activities, and are pursuing certification in 2000 and 2001.

The update of environmental initiatives is performed annually coincident with collating data ahead of an environmental audit. The environmental audits for recent years, plus other information regarding Telia's environmental initiatives are available at www.telia.se/miljo.

Telia has implemented an audit of its wood impregnation facilities, not identifying any residual environmental liabilities in these activities subsequent to the clean-up performed in 1997.

As mobile phone usage increases, the debate regarding its potential health risks, and of being in the proximity of base stations, is intensifying. Telia is monitoring progress closely, supporting research, and is an instigator of sector collaborations. Overall scientific research has not provided any proof that mobile phone usage is hazardous.

In spring 1999, Telia founded a scientific board in the electromagnetic fields (EMF) sphere and related health effects. The board will monitor research, operating as Telia's reference group. Telia has also assigned SEK 3 m to independent external EMF research for three years, acting as a sponsor for the WHO's EMF project.

During the year, Telia performed life-cycle analyses (LCA) in IP telephony, Centrex and radio transmission. One purpose of LCAs is to highlight the environmental advantages of telecommunication over other communication media.

Equal opportunities

Telia is an equal opportunities pioneer, undertaking extensive initiatives in its business areas. The group's current focus is to increase the number of female managers, with for example, the group President declaring that "it would be better if every other manager was a woman".

Forecast 2000

Telia's new strategic direction implies that through its focus, the group will be able to exploit its unique expertise on European and global levels. The outlook for 2000 is bright, indicating sustained growth of established operations.

Styrelse

Petersson, Lars-Eric, Chairman
Bennet, Carl
Carlsson, Ingvar
Igel, Anders
Johansson-Hedberg, Birgitta
Käck, Ronny, Employee Representative
Westman, Berith, Employee Representative

Chief Executive Officer

Kark, Jan-Åke

SEK m	1999	1998	1997	1996	1995
Revenues	52,121	49,569	45,665	42,430	38,953
Gross margin, %	26.1	29	23.0	24.5	27.4
Operational earnings ¹⁾	6,727	5,459	4,851	5,488	4,067
Operating earnings	5,946	7,220	3,218	3,264	3,296
Earnings after financial items	5,980	7,143	3,128	3,353	3,410
Net earnings	4,222	5,011	2,222	2,337	2,484
Adjusted equity	32,280	29,344	25,487	24,413	23,083
Net debt	7,527	6,767	14,609	13,534	12,065
Net debt-equity ratio, multiple	0.24	0.24	0.60	0.58	0.55
Return on equity, %	14.4	19.2	9.3	10.3	11.8
Return on operating capital, %	14.5	17.6	8.6	9.6	10.2
Value-added	24,672	26,888	22,558	21,561	21,103
Cash flow before investments	10,398	10,397	8,796	6,104	6,655
Net investments	12,145	11,684	10,812	11,008	10,577
of which R&D investments	1,570	1,709	1,757	1,389	1,282
Dividends	1,470	1,400	1,210	1,152	1,000
Foreign share of sales, %	15	12	11	9	6
Total employee headcount	30,643	30,593	32,549	34,192	33,065
– Number of female employees	11,268	11,486	13,703	12,416	12,822
– Number of employees in foreign countries	4,132	3,780	3,456	2,741	1,322
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ Telia utilizes an accounting principle that makes these figures more relevant.



Business concept

Teracom's purpose is to effect the broadcast and transmission of radio and TV programs. The corporation is also to develop, market and provide other services associated with such activities. Teracom's nationwide broadcast and transmission network will form the foundation of its Swedish operations.

Evaluation

The objective is secure sector positioning in terms of radio/TV and IT services, while Teracom has extended activities to new services spheres in sectors adjacent to its core business. Teracom's customers are media corporations. Teracom's digital platforms allow it to reach all Swedish households with mobile/portable reception offerings.

The corporation's long-term target equity ratio is 40 per cent; eventually Teracom expects to satisfy its owner's require rate of return.

Operations

Teracom's strategy is to concentrate on the sale/development of network services, its aggressive evolution as a network operator, growth through means including acquisitions and collaborations, open technology solutions, and to pursue reform of the regulatory environment. Teracom's success, and financial performance, will be determined by the rate of digitalization.

Some 85 per cent of the Swedish population is accessed by nationwide terrestrial digital radio broadcasts, while the coverage for regional programming is some 35 per cent. Four terrestrial digital TV networks with a capacity of 18 channels have been constructed, now accessing 50 per cent of the population. Teracom is well-equipped to extend these networks to nation-

wide coverage and/or to build out more networks. While it remains in service, maintaining the quality and accessibility of the analogue network is an important consideration.

External factors

Teracom is at the leading edge in terms of skills and experience of establishing the necessary technology systems and new services. Digital radio/TV networks will play a key role in the IT society as nationwide, wireless and broadband distribution systems, since elements of their capacity can be utilized for services other than radio/TV. Teracom comprises an attractive partner in an international context, and enjoys high growth potential.

Significant events in 1999 and 2000

Terrestrial digital TV broadcasts were inaugurated in 1999. Apart from some regional channels, all the bandwidth of the four networks is being utilized.

Teracom also launched a mobile wireless Internet access technology—a vital element of the country's broadband links.

In 1999, Teracom acquired shares in Norwegian enterprises SmartCom AS and TravelVision AS, plus further shares in Senda i Sverige AB, Boxer TV-Access AB and Active TV i Linköping AB. Teracom sold 30 per cent of Boxer TV-Access shares to insurance corporation Skandia in April 2000.

Environmental initiatives

Teracom pursues working environment and environmental protection policies with the associated action plans. Teracom will put environmental management systems out to tender, and test its choice, in 2000.

Equal opportunities

Teracom has an equal opportunities plan, including action plans, implying active efforts to enable the combination of a working life and parenthood for men and women.

Forecast 2000

Terrestrial digital TV is expected to achieve its breakthrough in 2000; proceeding from its existing program offerings, through Boxer-TV Access AB, Teracom can sustain its initiatives to achieve high penetration of set-top boxes. Additionally, the convergence process means that new players are entering the corporation's traditional markets, but also implies more broad-based utilization of Teracom's broadcasting network. Revenues are expected to increase palpably in 2000, with earnings after financial items expected at comparable levels to 1999, followed by gradual increases during subsequent years.

Board 1999

Gunnarsson, Gösta, Chairman
 Abjörner, Lena
 Bondestam, Anitha
 Gustafsson, Karl Erik
 Gustavsson, Åke
 Persson, Valdemar
 Zander, Jens
 Blomkvist, John-Olof, Employee Representative
 Howe, Peter, Employee Representative
 Johansson, Lena, Employee Representative, Deputy
 Viktorsson, Elisabeth, Employee Representative, Deputy

Chief Executive Officer

Persson, Valdemar

SEK m	1999 (prel)	1998	1997	1996	1995
Revenues	1,336	1,276	1,229	1,177	1,142
Operating earnings before depreciation	462	431	421	479	413
Gross margin, %	35	34	34	41	36
Earnings after financial items	68	98	115	174	113
Net earnings	33	67	77	276	80
Adjusted equity	1,023	1,006	951	880	603
Net debt	1,189	933	637	541	744
Net debt-equity ratio	162	93	67	61	123
Return on equity, %	3	7	8	37	14
Return on operating capital, %	8	11	13	21	18
Value-added	583	564	477	468	454
Cash flow before investments	89	312	265	290	125
Net investments	352	522	427	227	208
of which R&D investments	2	3	3	5	4
Dividends	0	16	12	5	0
Foreign share of sales, %	12	10	7	5	3
Total employee headcount	844	858	777	787	721
– Number of female employees	169	172	155	157	144
– Number of employees in foreign countries	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



Business concept/objectives

Vattenfall's owner, the Government, has established the corporation's primary task, which is to produce and supply electricity to its customers efficiently. Vattenfall is to achieve this on sound business terms, implying it satisfying market standards in terms of returns and dividends from operations. In this way, Vattenfall will contribute to ensuring access to electricity at a reasonable price, and to create good prospects for Swedish business competitiveness.

Vattenfall's vision is for the corporation to be a prominent European utility and global energy partner. The business concept is to enhance customers' competitiveness, the environment and quality of life through a unique combination of world-class efficient energy solutions and service.

Vattenfall's financial objective is to achieve market profitability simultaneous with growth while remaining in financial balance, maintaining a satisfactory equity ratio and stable dividends. The focus is to achieve sustainable returns on equity after standard-rate tax of approximately 15 per cent on average over a business cycle, with an equity ratio of 30-40 per cent. Dividends are to equate to about one-third of earnings, and some 5 per cent of shareholders' equity. In addition to financial objectives, Vattenfall has formulated group objectives for customers, employees, processes, the environment and progression.

Evaluation

Since the Swedish electricity market was deregulated in 1996, prices have dropped by 30-40 per cent simultaneous with intensifying competition. Meanwhile, profitability has gradually declined, being below the 15 per cent objective since 1995. In 1999, return on equity after standard rate tax was 8.7 per cent, with the primary explanation for deteriorated profitability lying in margin erosion ensuing from declining energy market prices, although this was partially offset by cost savings of some SEK 500 m. The year-2000 operating margin was 19.9 per cent, against 21.7 per cent in the previous year.

Since 1995, Vattenfall's equity ratio has been within or above the target interval, standing at 39 per cent in 1999.

Vattenfall's objective is for dividends to equate to one-third of earnings, which it has exceeded since 1995; over the last five years, annual dividends have been SEK 1,500 m.

Margin pressure on a stagnating energy market subject to intense competition has impelled increased operational efficiency. Vattenfall's aforementioned cost rationalizations generated an effect of some SEK 500 m in 1999. Overall, savings of approximately SEK 1,000 m will be achieved before the end of 2000, although further cost and capital rationalizations will be necessary.

Operations

From 1 January 2000, Vattenfall's matrix structure comprises four business areas — Electricity Production, Energy Market, Services and Networks — and 12 market regions, primarily comprising those countries where Vattenfall is active. The international market region is responsible for activities outside Europe. At the end of 1999, Vattenfall's employee headcount was approximately 8,000, some 10 per cent located outside Sweden. After the year-2000 acquisition of 55 per cent of electricity and heating player *Elektrocieplownia Warszawskie* of Warsaw, the consolidated headcount exceeded 12,000, 40 per cent located outside Sweden. Although the majority of Vattenfall's revenues are still generated in Sweden, the billing share outside Sweden is increasing, amounting to some 25 per cent in 1999.

Vattenfall sells electrical energy, district heating, energy services, network services and natural gas. Energy services include energy solutions, energy and consulting services, plus contracting. Vattenfall generates some 20 per cent of the electricity consumed in the Nordic region and is a prominent grid operator. The corporation is also active outside the Nordic region, primarily in the rest of northern Europe but also in southeast Asia, North and South America. Vattenfall's growth strategy encompasses energy-related product development, the acquisition of energy customers,

transmission networks and heating activities. Customer communication initiatives form an additional element of the growth strategy, marketed through subsidiary Sensel AB and collaborations with other enterprises.

The Vattenfall group's competitiveness is built on the development of needs-adapted, value-for-money products and offerings, and on building a strong, trustworthy and attractive brand. Over the last decade, Vattenfall's operations have been transformed from production orientation to an increasing dependence on the customer base, its evolution and growth. Vattenfall customers are in all sectors: manufacturing and utilities, services, real estate, agriculture and households. The customer base is currently about 2 million strong, and is being extended by intensive marketing, corporate acquisitions and joint ventures (see below), as well as through partnerships with utilities and corporations in other sectors. *www.energy sales to consumers*, through *abonnera.com* are one step in the extension of Vattenfall's customer base, with the simultaneous and further rationalization of sales activities.

External factors

Healthy flows into the Nordic regional hydroelectric system implied that prices on the pan-Nordic NordPool energy exchange averaged SEK 0.118/kWh in 1999, against SEK 0.123 in 1998, a reduction of some SEK 0.14/kWh since 1996.

Competition is constantly increasing on the deregulated electricity market; Sweden abolished its specific metering requirement for virtually all customers on 1 November 1999, implying further price pressure. With current sales volumes, an SEK 0.01/kWh price decline in billing implies an SEK 800 m earnings reduction. Easy access to power on the Nordic energy market, combined with progressively intensifying competition implies that this low price level is expected to sustain for many years.

EU electricity markets took their first step towards deregulation in 1999, with in Germany particularly, this implying a very rapid exposure to competition, with a sharp price decline resulting. The German market has also been marked by a series of very sizeable utility mergers, a restructuring trend that is expected to continue. Progress towards an open, competitive European electrical energy market will proceed, extending to Poland, the Czech Republic and Hungary, which have also started deregulating.

As markets become open, business opportunities arise. In the Nordic region, as in the rest of the world, rapid power sector restructuring is in hand, with the emergence of fewer, larger entities. New players are arriving on the market, with sector drift apparent in major oil corporations selling electricity, and the emergence of combined electricity and gas utilities. The deregulation is resulting in the interconnection of national electricity markets into larger geographical regions, with power generators internationalizing. In

the 1990s, Vattenfall evolved from a national into a Nordic player, with significant activities in northern Europe. However, compared to the power corporations created through sector consolidation, particularly in Germany, Vattenfall remains a relatively small player in international terms.

Significant events in 1999 and 2000

A series of structural transactions were made in 1999 and 2000. Vattenfall acquired two generators in Finland—Revon Sähkö and Heinola Energia—with combined customer bases of 67,000, adding Keski-Suomen Valo, with its 75,000 customers, in early 2000. In Norway, Vattenfall acquired 49 per cent of Oslo Energi with its 385,000 customers and 40 per cent of Fredrikstad Energi with 35,000 customers. Vattenfall also initiated a sales collaboration with Göteborg Energi through a newly incorporated 50 per cent owned enterprise, Plusenergi AB.

In 1999, Vattenfall acquired 25.1 per cent of Hamburgische Electricitäts-Werke (HEW) with its 900,000 electricity customers. Vattenfall also reached a collaboration agreement with the City of Hamburg, which owns a further 25.1 per cent. This transaction conferred Vattenfall with Board control over HEW and a bridgehead for the further progression of transactions in Germany. Vattenfall increased its holdings in Czech electricity distributor Vycoceska Energetica, with its 676,000 customers, to 42 per cent. In January 2000 Vattenfall acquired 55 per cent of Elektrociepłownia Warszawskie, with electricity generation and heating production in Warsaw. These acquisitions mean that within one year, Vattenfall's activities outside Sweden will be as extensive as those within Sweden.

In 1999, the Government, Vattenfall and Sydkraft reached a settlement regarding Barseback Kraft AB concerning the closure of the Barseback I nuclear reactor. Barseback Kraft and Ringhals AB are forming a corporate grouping, 74.2 per cent owned by Vattenfall and 25.8 per cent by Sydkraft. The Government will pay remuneration to Vattenfall over four years, in a settlement conditional on Parliamentary funding approval.

Environmental initiatives

Vattenfall has adopted an environmental policy implying the closer linking of environmental initiatives to operations. Positive environmental initiatives and the introduction of environmental management systems confer the prospects for enhanced profitability. Additional Vattenfall activities secured ISO 14001 accreditation in 1999, with environmental management systems introduced in the majority of operations.

Equal opportunities

Vattenfall has pursued the introduction of more women into the energy sector for many years, and an increase in its share of female employees. Vattenfall has monitored a number of indicators for several years,

with 1999 revealing that 23 per cent of group employees were women; 16 per cent of Vattenfall's managers are women, with the share of female technicians at 9 per cent. Additionally, an increasing proportion of women are managing various projects. An emphasis on the further enhancement of equal opportunities will be achieved by sharpening the focus on qualitative and clearly defined processes for recruiting and supplying managers.

Forecast 2000

Margin pressure on electricity, Vattenfall's central product, is persisting in 2000. A mild winter and easy access to production capacity in the Nordic region will result in sustained low system prices on the NordPool energy exchange. Average prices in February were less than SEK 0.11/kWh, and accordingly, forecast earnings for 2000 are below the 1999 level.

One challenge Vattenfall faces is to formulate a strategy for securing its role in the European power system during its rapid restructuring, coincident with the successive exposure of electricity and gas markets to competition now in hand across the region. To participate in this restructuring, Vattenfall must have the opportunity to establish various forms of hard-hitting alliance.

Board 1999

Andersson, Jörgen, Chairman until April 2000
Larsson, Gerhard, Chairman from April 2000 onwards
Fossum, Lilian
Eklund, Helge
Hjorth, Lars
Johansson, Göran
Marking, Bo
Nyquist, Carl-Erik, until April 2000
Striby, Christina
Olson, Hans Christer, Deputy
Ögren, Kent, Deputy
Bernhardsson, Johnny, Employee Representative
Carlberg, Lars, Employee Representative
Ekwall, Ronny, Employee Representative
Carlsson, Lars, Employee Representative, Deputy
Lööv, Per-Ove, Employee Representative, Deputy
Lindberg, Stig, Employee Representative, Deputy

Chief Executive Officer and President

Nyquist, Carl-Erik, until April 2000
Tiusanen, Bertil, Temporary CEO (April-July 2000)
Josefsson, Lars (from August 2000 onwards)

SEK m	1999	1998	1997	1996	1995
Gross revenues	27,754	27,957	28,458	29,030	26,796
Operating earnings before depreciation	9,866	9,860	11,624	10,873	10,488
Gross margin, %	36	35	41	37	39
Earnings after financial items	4,297	4,448	5,439	5,461	5,126
Earnings after financial items adjusted for non-operating items	4,297	4,448	5,276	5,461	5,376
Net earnings	2,538	2,664	3,399	3,725	3,576
Adjusted equity	33,347	32,325	31,158	28,875	26,305
Net debt ¹⁾	27,415	23,437	22,350	24,504	26,154
Net debt-equity ratio, multiple	0.82	0.73	0.72	0.85	0.99
Return on equity, %	7.7	8.4	11.3	13.5	14.2
Return on operating capital ²⁾ , %	-	-	-	-	-
Value-added	14,000 ³⁾	14,000 ³⁾	n/a	n/a	n/a
Cash flow before investments ⁴⁾	3,238	6,485	-	-	-
Investeringar	7,968	4,528	4,877	5,984	6,043
of which R&D investments ⁵⁾	-	-	-	-	-
Dividends	1,500	1,500	1,500	1,500	1,500
Foreign share of sales, %	25	19	13	13	6
Average employee headcount	7,991	7,996	7,847	8,263	8,460
– Average number of female employees	1,805	1,778	1,663	1,624	1,537
– Average number of employees in foreign countries	662	428	355	551	284
Government ownership holding	100%	100%	100%	100%	100%

¹⁾Net debt: interest-bearing liabilities and provisions less liquid assets as of 31 December

²⁾Only available for 1998 and 1999.

³⁾Estimate

⁴⁾Only available for 1998 and 1999.

⁵⁾Research and development expenses are accounted as they arise.



Assignment

Venantius AB is a credit market company constructed to manage mortgage loans granted by the Government but subject to particularly high risk of credit losses. In June 1995, Parliament decided to give the corporation the task of managing loans taken over in the optimal manner, from an overall national perspective.

Evaluation

Venantius' objective is to manage, restructure and sell all assets, in a manner advantageous for the nation as a whole. Current operational progress is expected to mean Venantius being able to complete its assignment within the framework of the originally provided capital.

Operations

In total, some 70,000 loans were transferred to Venantius, primarily from SBAB, but also directly from the Government, with an aggregate value of some SEK 33 bn. Since inception, Venantius AB has contributed to the reconstruction of over 1,600 tenant-owner associations in difficulty.

Venantius was also transferred the residual assets of the Securum group, totaling over SEK 6 bn in loans, real estate and shares; all these assets have been divested. In December 1999, Venantius took over the operations of Haninge Bostäder AB, which owns and manages over 9,000 dwellings in 166 properties, from the Government. Since inception, VF Fastigheter AB and its subsidiaries also form part of Venantius, which

were acquired from SBAB. VF Fastigheter's total assets amounted to SEK 437 m as of the end of the year.

External factors

Venantius manages loan stock subject to particularly high risks of credit losses; several of the mortgaged properties are outside central locations and in regions subject to slower economic growth. The progress of credit losses is highly dependent on interest rates, inflation and regional economic conditions, which exert a combined influence on the demand for real estate and housing prices.

Significant events in 1999 and 2000

In 1999, parent company Venantius AB posted operating earnings equivalent to a SEK 345 m loss, excluding SEK 579 m in dividends received. This deficit was caused by sustained high credit losses. Since its 1995 inception, Venantius' earnings have been burdened by credit losses totaling nearly SEK 8 bn. For 1999, the group posted earnings before appropriations and tax of SEK 159 m as a consequence of substantial recoveries from commitments relating to Securum.

Environmental initiatives

The corporation has no environmental policy.

Equal opportunities

Venantius has an equal opportunities plan that has been formulated in collaboration with staff organiza-

tions. Some 35 per cent of managers are women. Accordingly, Venantius actively pursues the addition of women when recruiting, reorganizing or undertaking similar activities.

Forecast 2000

During the coming years, earnings growth will be dependent on the progression of interest rates and inflation, and progress on the real estate market outside major cities.

Board 1999

Persson, Curt, Chairman
Dillén, Mats
Johansson, Karl-Erik
Kjellander, Claes VD
Rönberg, Mats

Chief Executive Officer

Gustafsson, Eva-Britt

SEK m	1999	1998	1997	1996	1995
Net interest income	285	386	634	998	330
Net commission income	0	-4	-4	2	7
Earnings before credit losses	-185	-320	-303	-143	-65
Credit losses	-102	-512	-833	-2,423	-3,370
Operating earnings	140	-75	-458	-1,569	-3,078
Net earnings	159	-89	-403	-1,569	-3,078
Total assets	25,708	27,350	31,949	24,954	27,998
Lending	19,490	20,203	19,925	21,741	25,068
Adjusted equity	3,398	3,240	3,351	3,738	5,307
Return on equity, %	4.8	-2.7	-11.4	-34.7	-45.0
Tier 1 capital adequacy ratio, %	17.5	21.2	18.2	32.0	42.3
Capital adequacy ratio, %	17.5	21.2	18.2	32.0	42.3
Income/costs ratio exc. credit losses	1.8	1.7	2.5	7.6	5.6
Credit losses as a percentage of lending	0.5	2.6	3.8	9.7	10.8
Investment margin	1.1	1.3	2.2	3.8	2.2
Rating (S&P/Moody's) ¹⁾	AA+/Aa1	AA+/Aa2	AA+/Aa3	AA+/Aa3	AA+/Aa3
Dividends	0	0	10	0	0
Total average employee headcount	146	205	190	117	44
– Number of female employees	64	94	90	51	19
– Number of employees in foreign countries	4	20	10	0	0
Government ownership holding	100%	100%	100%	100%	100%

¹⁾ Same as the Kingdom of Sweden



Business concept

Offering alcohol products of an appropriate quality to consumers through strong and attractive brands.

The vision is of V&S Vin & Sprit AB (V&S) being a world-class and profitable alcoholic beverages corporation.

V&S' strategy is to increase its presence on existing and new markets through the acquisition of corporations or brands.

Evaluation

V&S' consolidated net earnings were SEK 690 m, and its return on equity was 31 per cent in 1999.

Operations

V&S is Sweden's leading supplier of wines and spirits. Internationally, V&S has a well-established presence through Absolut Vodka, the world's fifth largest premium spirit brand.

During the 1990s, V&S adapted activities to a progressively contracting domestic market.

The efforts to realize V&S' vision of being a profitable alcoholic beverages corporation is pursued through three means: the creation of a strong Nordic market player, seeking local distribution on key markets, and acquiring international brands.

In December 1999, V&S acquired De Danske Spritfabrikker, with operations in Denmark and Germany. This transaction created a secure structure to continue enhancing brands, and also meant the creation of Europe's seventh largest alcoholic beverages corporation.

V&S' agency Provinum has established a sales presence in Norway.

Apart from the market position created in the Nordic region, the primary operational bases are the Czech Republic and Poland. In May 1999 V&S acquired Dynybyl, the Czech Republic's pre-eminent vodka distiller with a market share of some 20 per cent. Thereby, V&S established critical mass for local distribution.

In February 2000, V&S acquired Coates & Co., producer of UK premium in brand Plymouth Gin. V&S also acquired the Nordic market rights to the Lord Calvert whisky brand.

External factors

The international market for alcoholic products is evolving through mergers, resulting in progressively larger corporations.

The restructuring of the Swedish sector is continuing, even if progress is unexpectedly slow. Over 300 players still have import permits, and thereby the opportunity to make sales to Systembolaget, the state alcohol retailing monopoly, and restaurants.

For the first occasion in many years, in 1999, V&S posted unchanged spirits sales volumes in Sweden.

International spirits consumption remains largely unchanged, although there is an ongoing shift towards clear spirits. After many years' turbulence on the Swedish wine market, 1999 can be characterized by consolidation, with the trend of already established brands consolidating their positions.

Wine sales expanded markedly in 1999, with one likely contributor being a warm summer and opportunities for more continental consumption patterns, offered by products such as wine-box packaging.

While internationally, wine consumption has not changed to any great extent, red wines are advancing at the expense of whites.

Significant events in 1999 and 2000

V&S' efforts to be a profitable, world-class corporation have been expressed through the aforementioned corporate and brand acquisitions.

Absolut Vodka's healthy progress sustained in 1999, with new record sales of 60 million liters registered. New product Absolut Mandrin gained a very favorable US and Swedish market reception, and will be launched on further markets in 2000.

Sales of super-premium vodka brand Sundsvall have been aborted in the US as a consequence of unexpectedly sluggish demand.

V&S' activities in Falkenberg will be wound down by no later than 1 July 2000, the cause being declining interest in products bottled in Sweden and accentuating competition. Elements of the wine bottling activities will be transferred to De Danske Spritfabrikker's Svendborg facility. Ministry of Finance Under-secretary of State Peter Lagerblad became CEO of V&S at the AGM of 10 April 2000. His predecessor Egon Jacobsson will remain full-time Executive Deputy Chairman for the next year.

Environmental initiatives

V&S' environmental policy stipulates the corporation actively contributing to progress that promotes the sustainable utilization of shared natural resources. Environmental consideration is to form a natural element of the corporation's business processes. A holis-

tic view, responsibility, renewability and the conservation of resources will be key concepts for V&S' environmental initiatives.

The over-arching objective of V&S' environmental initiatives is for the corporation to become the sector's environmental leader. Concrete environmental objectives are in focus for operations: the environmental impact of V&S products on agriculture will be halved, with energy consumption per produced liter reduced and all personnel undertaking training. All employees have taken a half-day basic environmental training course, followed by "Journey to the Future", a voluntary www environmental training course implemented as a game. The Absolut Company in Åhus has achieved such success in its energy conservation initiatives that its environmental objective for energy is attainable. The Reimersholms Spritgrupp group now has four schnapps offerings with KRAV environmental accreditation. Because demand easily exceeds supply for Absolut Vodka, pursuit of KRAV-accredited raw materials is not possible. Accordingly, the strategy is to secure Sigill-accredited autumn wheat for production.

V&S has intensified its efforts to secure transport solutions with reduced environmental impact, resulting in the replacement of the majority of road transport by rail.

Equal opportunities

Recruitment to V&S' various units disregards gender, while an exchange between traditional male and female working roles is encouraged upon internal recruitment. Women and men are offered the same opportunities in terms of training and professional progress.

Collective pay agreements have no content that can be regarded as discriminatory from any perspective, and discussions regarding pay review settlements and recruitment proceed from the assumption that no salary discrepancies based on gender will arise.

Forecast 2000

The international market for alcohol is mature and has no actual growth, although shifts between various spirits categories and segments do arise, whereby increasingly, consumers are demanding renowned brands in high-end segments. Accordingly, player positioning to ensure shares of specific markets is very apparent.

In Sweden, V&S anticipates as a sustained downturn. V&S is looking outside Sweden for its expansion and growth to ensure the corporation's future.

Board 1999

Dahlbäck, Claes, Chairman
 Carlgren, Andreas
 Håkansson, Per Olof
 Jacobsson, Egon
 Johansson, Anita
 Lagerblad, Peter
 Mårtensson, Arne
 Sohlman, Michael
 Lundin, Jan, Employee Representative
 Wrangsell, Göran, Employee Representative

Chief Executive Officer

Lagerblad, Peter, from 10 April 2000 onwards.
 Jacobsson, Egon until 10 April 2000.

SEK m	1999	1998	1997	1996	1995
Revenues	4,029	3,447	3,224	3,166	4,092
Operating earnings before depreciation	1,004	1,140	747	592	651
Gross margin, %	24.9	33.1	23.2	18.7	15.9
Earnings after financial items	964	1,060	672	272	725
Earnings after financial items adjusted for non-operating items	1,107	773	689	284	725
Net earnings	690	862	497	173	518
Adjusted equity	2,163	2,313	1,867	1,640	1,817
Return on equity, %	31.0	26.5	27.6	20.8	26.1
Return on operating capital, %	93.0	125.7	69.6	22.3	78.7
Value-added	2,887	2,404	2,229	2,020	n/a
Cash flow before investments	808	750	289	997	637
Net investments of which R&D investments	686	119	83	519	270
Dividends	230	840	415	270	350
Foreign share of sales, %	70	70	63	57	n/a
Total employee headcount	771	698	729	774	902
– Number of female employees	270	209	211	209	n/a
– Number of employees in foreign countries	69	23	24	24	n/a
Government ownership holding	100%	100%	100%	100%	100%

Voksenåsen Oslo

Purpose

Voksenåsen Conference center is Norway's gift to Sweden. Operations are intended to strengthen the unity between Swedes and Norwegians, and to increase shared knowledge of the two countries' societies, language and culture.

Evaluation

The objective is to make Voksenåsen an obvious meeting-point, and a well-utilized debating forum for cultural and societal questions relating to Sweden and Norway. Accordingly, Voksenåsen will interact with public authorities and non-profit organizations in both countries, and will organize a high proportion of events for young people, with hotel and restaurant activities being self-financing. In 1999, the degree to which these objectives were realized is regarded as satisfactory.

Operations

In its 40-year history, Voksenåsen has evolved into a contemporary conference facility with hotel accommodation for 130 overnight guests (a total of 70 rooms). The facility is operated as a Norwegian limited company wholly owned by the Swedish Government, its Board comprised of Swedish and Norwegian members. The hotel and restaurant activities were previously put out to contract, although have been operated under the corporation's own auspices since 1 July 1999. The Swedish government's real estate agency (SFV) is responsible for the operation of the real estate, and charges the corporation annual rent. The corporation operates its own extensive events calendar. The number of visitors to concerts, exhibitions and other cultural events has increased from some 3,000 in 1998 to approximately 3,500 in 1999. Additionally, approximately 10 debate seminars, a number of language and cultural courses were also arranged as well as a summer academy for young people. Voksenåsen has also acted as a host for a variety of external events. Negotiations ahead of the formation of a new Norwegian Government in 1997 were held at Voksenåsen, which had a positive marketing effect in 1998 and 1999.

Board 1999

Bohlin, Görel, Chairman
Kleppe, Per, Deputy Chairman

Berge, Mathis
Buttedahl, Johan
Eidem, Bjarne Mørk
Enochsson, Pia
Ruth, Arne
Sohlman, Ragnar
Stendahl, Christina

General Secretary

Ellingsen, Karl Einar

The following table illustrates figures for 1999 only, because accounting principles were revised coincident with the take-over of restaurant and hotel operations from Voksenåsen Hotell A/S. The majority of revenues and earnings are attributable to the second half-year 1999.

SEK m	1999 (SEK)	1999 (NOK)
Revenues	19.0	18.0
of which support	8.2	7.7
Operating earnings before depreciation	2.6	2.5
Gross margin, %	9.9	
Earnings after financial items	0.4	0.4
Earnings after financial items adjusted for non-operating items	0.4	0.4
Net earnings	n/a	n/a
Adjusted equity	2.7	2.6
Net debt	4.5	4.3
Net debt-equity ratio	62.9	
Return on equity, %	99.4	
Return on operating capital, %	36.9	
Value-added	n/a	n/a
Cash flow before investments	n/a	n/a
Net investments of which R&D investments	n/a	n/a
Dividends	0	0
Foreign share of sales, %	100	
Total employee headcount ¹⁾	62	
–Number of female employees	27	
–Number of employees in foreign countries	62	
Government ownership holding	100%	

¹⁾ People employed at the end of the year; in 1998, Voksenåsen had two employees.



In autumn 1987, the Swedish Parliament decided to approve a transfer agreement between SSAB and the Government implying the transfer of all shares in SSAB gruvor AB to the Government as of 31 December 1987, plus the Government assuming SSAB's responsibility for Grängesberg personnel, with employment protection until the end of 1991. Simultaneously, the mining company changed corporate name to Grängesbergs Gruvor AB (GGAB). Subsidiary Utvecklings AB Laven was incorporated in autumn 1987, with the intention of stimulating enterprise start-ups in Grängesberg.

A joint decision between owners, companies, municipalities and staff organizations in spring 1989 resulted in the termination of mining operations at the end of 1989/90, i.e. two years earlier than expected. Since closure, GGAB's operations are primarily comprise personnel lay-offs, new enterprise start-ups and restoration of the mining area.

An agreement on 29 June 1995 implied the Municipality of Ludvika acquiring all shares in Utvecklings AB Laven from GGAB, with an associated option agreement conferring the Municipality with the right, but not the obligation, to acquire all GGAB

shares by no later than 31 December 2000. In autumn 1999, the Municipality of Ludvika decided to utilize its option agreement, requesting the acquisition of all shares in GGAB.

Subject to Parliamentary approval, GGAB will be sold to the Municipality of Ludvika in 2000.

Board 1999

Engman, Gunnar, Chairman

Berggren, Christer

Mitteregger, Fritz

Chief Executive Officer

Aronsson, Per

SEK m	1999	1998	1997	1996	1995
Revenues	0	0	0	0	0
Net earnings	0	0	0	0	0
Adjusted equity	3	3	3	3	3
Net debt	0	0	0	0	0
Net debt-equity ratio, %	0	0	0	0	0
Dividends	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%



A Parliamentary decision to approve proposals in the Medical Insurance Inquiry bill, etc. (ref: prop. 1998/99: 76, bet. 1998/1999 SfU8, rskr. 1998/99: 232) had implications including the wind-down of AB Kurortsverksamhet and its subsidiary AB Tranås kuranstalt, which pursued operations at the National Social Insurance Board Hospitals in Nynäshamn and Tranås until 1999. At present, elements of activities are pursued by the County of Östergötland unemployment fund. The National Social Insurance Board is responsible for the liquidation of these corporations, which will be completed during 2000.

Board 1999

Olofsson, Sören, Chairman
 Andersson, Jan, Deputy Chairman
 Marklund, Inger
 Johansson, Kent, Deputy
 Johansson, Margareta, Employee Representative Nynäshamn
 Svelander, Charlotte, Employee Representative Nynäshamn
 Andersson, Birgitta, Employee Representative Tranås
 Dufmats, Cecilia, Employee Representative Tranås

Chief Executive Officer

Nilsson, Jan-Eric

SEK m	1999	1998	1997	1996	1995
Revenues	164.7	174.3	170.0	171.4	171.9
Net earnings	62.9	-3.5	1.4	1.2	-0.2
Adjusted equity	93.4	30.5	34.0	32.6	31.5
Net debt	0	0	0	0	0
Net debt-equity ratio, %	0	0	0	0	0
Dividends	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%

SKD företagen AB

SKD företagen AB pursued consulting services activities, but Parliament resolved on its wind-down or divestment in 1991. The privatization of SKD företagen AB began in 1993, and has implied the sale of all subsidiaries and their operations.

The corporation has no employees.
 SKD företagen AB will be liquidated in 2000.

Statens Premiefond AB (publ)

In 1998, the Swedish Parliament resolved that the Government would incorporate a Government investment corporation, Statens Premiefond AB, to be active in the premium pension system (ref: prop. 1998/99:151, bet. 1997/98: SfU13, rskr. 1997/98: 315). The Corporation was to offer pension management to those pension policyholders actively wanting a Government alternative.

In December 1999, and against the background of a proposal in the Government's bill relating to Government management of premium pension funds, etc. (ref: prop. 1999/2000: 112, bet. 1999/2000: SFU6,

rskr. 1999/2000:99), the Government resolved that investment corporation Statens Premiefond AB would be liquidated, this conclusion being reached on the basis of financial considerations.

Board 1999

Hansson, Ingemar, Chairman
Dexe, Nils
Ragsten Pettersson, Christina

Chief Executive Officer

Ragsten Pettersson, Christina

SEK m	1999	1998
Net revenues	0	0
Net earnings	-3	-2
Adjusted equity	5	8
Net debt	0	0
Net debt-equity ratio	-	-
Dividends	0	0
Government ownership holding	100%	100%

Sveriges Geologiska AB, SGAB

In 1982, the Swedish Parliament decided to split national geological research corporation Sveriges Geologiska Undersökning (SGU) into a public authority and a business entity, with the latter operated as a limited company, with corporate name Sveriges Geologiska AB, SGAB. Activities comprised the contracting activities formally pursued by SGU.

A decision to wind down SGAB was taken in 1991, with a decision to liquidate the company in 1995.

The corporation's wind-down continued in 1999, with SGAB in liquidation for the entire year. The liquidator expects operations to be fully wound down in 2001.

ZENIT SHIPPING AB

Zenit Shipping AB was incorporated in the 1930s as a subsidiary of the then privately owned wharf AB Götaverken, with its intention being to function as a purchaser of vessel construction on the wharf's own account. Zenit Shipping AB gained a more active role coincident with the nationalization of AB Götaverken and the incorporation of Svenska Varv AB (Swedish wharves) in 1977. Coincident with the shipping crisis, those customer receivables where purchasers could not honor their payments were transferred to Zenit Shipping AB.

In spring 1983, Parliament resolved to reconstruct Svenska Varv AB, and Zenit Shipping AB became instrumental in this process. All non-performing commitments were transferred to Zenit Shipping AB, facilitating the rationalization of Svenska Varv AB's balance sheet. Zenit Shipping AB was supplied with SEK 3 bn.

In 1985, an agreement was reached with the National Debt Office with an undertaking implying the gradual coverage of losses resulting from taking vessels out of service within a SEK 1.7 bn framework, through the conditional injection of funds. As of 1989, the corporation had secured SEK 1.2 bn, a sum fully repaid in

1990-1995. Until the present, SEK 107 m of additional injections of nearly SEK 1.1 bn have been repaid.

At its peak, Zenit Shipping controlled 6,400,000 dead weight tons spread over some 40 vessels. All vessels have been divested in accordance with Parliamentary decisions.

Zenit Shipping AB's assignment is to wind down the corporation on the best possible terms. In 1999, the corporation continued the dissolution of residual commitments from previously owned vessels. Funds received are used to repay previous conditional injections from the National Debt Office. Zenit Shipping AB's activities are expected to proceed for a few more years.

Board 1999

Lewin, Leif, Chairman
Berggren, Christer
Carnhagen, Göran
Molander, Harald

Chief Executive Officer

Molander, Harald

SEK m	1999	1998	1997	1996	1995
Revenues	n/a	3.9	8.1	23.5	41.2
of which support	-	-	-	-	-
Net earnings	-1.8	4.2	9.3	45.5	57.4
Adjusted equity	4.7	6.5	6.3	6.3	120.4
Net debt	0	0	0	0	0
Net debt-equity ratio, %	-	-	-	-	-
Dividends	0	0	0	0	0
Government ownership holding	100%	100%	100%	100%	100%

Definitions

All definitions correspond to the Swedish Society of Financial Analysts' recommendations from 1999, unless otherwise indicated.

Employee headcount	Average number of employees converted to full-time employees.
Return on equity	Net earnings after full tax as a percentage of average shareholders' equity. Shareholders' equity includes share of associated companies' shareholders' equity, and excludes minority shares in subsidiaries.
Return on operating capital	Operating earnings after depreciation as a percentage of average operating capital. Operating capital is defined as total assets less liquid assets and other interest-bearing assets plus non-interest bearing liabilities.
Gross margin	Operating earnings before depreciation as a percentage of turnover for the year.
Property yield	Operating surplus as a percentage of the book value of real estate at year-end.
Operating surplus	Rental revenue less operating expenses as stated in the accounts for the period. Adjustments are made for real estate acquired during the year so that operating surpluses are included from the beginning of the year and, for divested real estate, so that operating surpluses are excluded in full.
Value-added	Revenue less expenses for acquired goods and services.
I/C ratio exc. credit losses	Operating income in relation to operating expenses.
Adjusted equity ratio	Net asset value divided by adjusted total assets. The net asset value is defined as shareholders' equity plus undisclosed reserves in assets valued at market less deferred tax. Adjusted total assets are defined as total assets plus undisclosed reserves before tax.
Adjusted equity	Shareholders' equity as of 31 December. Adjusted equity includes share of associated companies' shareholders' equity and excludes minority shares in subsidiaries.
Capital adequacy ratio	The capital base in relation to the risk-weighted amount. The capital base comprises the total of Tier 1 and Tier 2 capital (subordinated debentures) after deductions for ownership stakes exceeding 5 per cent in companies conducting insurance or finance operations requiring permits.
Cash flow before investments	In accordance with the Swedish Financial Accounting Standards Council's recommendation no. 7.
Floor area	Number of square meters of lettable floor space.
Market value/book value of real estate	Including buildings and land, excluding work in progress.
Net debt	Interest-bearing liabilities less financial interest-bearing assets as of 31 December.
Net debt/equity ratio	Net debt in relation to shareholders' equity.
Net earnings	Net earnings are defined as earnings after full tax.
Tier 1 capital adequacy ratio	Tier 1 capital in relation to the risk-weighted amount. Tier 1 capital comprises shareholders' equity, including equity share of untaxed reserves, after deductions for goodwill. The risk-weighted amount is defined as total assets plus off-balance sheet items valued according to credit and market risk in accordance with applicable capital adequacy regulations.
Interest margin	12-month rolling net interest income in relation to average total assets.
Dividend	Proposed dividend for 1999, dividend paid for 1995-1998
Area-based vacancy	Total area of un-let premises as a percentage of total lettable floor space.

Historical review

A historical review of the progress made by Sweden's Government-owned companies follows. The historical information is presented in summary in the form of significant and interesting events, minor as well as major. The intention is not to present a precise historical account, but rather to paint a vivid picture of today's active ownership within Sweden's Central Government Offices.

1968 Government initiates collaboration in the nuclear energy sphere and establishes 50 per cent Government-owned ASEA-ATOM together with ASEA.

1969 Ministry of Industry established and a majority of Government-owned companies placed under control of the new Ministry.

1970 Statsföretag established to coordinate the major limited companies in sectors such as mining, steel, forestry and petrochemicals. The Swedish National Pharmacy Corporation (Apoteksbolaget) established.

1971 The Swedish Central Securities Depository (Värdepapperscentralen VPC) established as a central service provider coincident with the introduction of legislation relating to simplified share processing. Apoteksbolaget is assigned exclusive pharmaceuticals retailing rights in Sweden.

1972 KabiVitrum established.

1974 PK-Banken established as a result of the merger of Postbanken and Sveriges Kreditbank.

1977 Svenska Varv established in connection with the Government's take-over of Salén-Invest's shares in Götaverken. The group also includes Arendal, Cityvarvet, Finnboda Varf, Karlskronavarvet, Uddevallavarvet and Öresundsvarvet. Extensive restructuring initiated.

1978 SSAB, Scandinavia's leading steel manufacturer, is incorporated as a result of the reconstruction of Sweden's three biggest carbon steel mills. The Government and Statsföretag own 75 per cent and Gränges 25 per cent of SSAB.

1979 Kockums becomes part of Svenska Varv.

1980 SSAB and Statsföretag jointly represent 20 per cent of the nation's industrial investments. Tobaksbolaget comprises the basis for establishing Procordia as a wholly owned subsidiary group of Statsföretag focusing on consumer goods.

1981 The report "Government-owned Companies" is published and presented to parliament for the first time. The Government transfers its 50 per cent holding in ASEA Atom to ASEA. Industrigruppen JAS established with the Government as an owner through Förenade Fabriksverken (FFV).

1982 Sweden Post markets the telefax service, known then as "remote copying". Svenska Varv reconstructed. The closure of Sweden's major shipyards continues.

1983 The Swedish population order a total of 607,900 telephones from Televerket, the telecommunications board.

1984 Nokia acquires 70 per cent of TV manufacturer Luxor.

1985 Televerket's monopoly on telephone sets ceases. Statsföretag changes corporate name to Procordia. Procordia restructured via company acquisitions and divestments.

1986 100 per cent Government-owned Sveriges Petroleum (SP) and Oljekonsumenternas förbund (OK) merge to form OK Petroleum with Finnish Government-owned company Neste as an owner. Initial part-privatization of SSAB effected through the acquisition of Gränges' holding and one-third of the shares in SSAB sold to a limited number of institutions.

1987 Procordia floated on the stock market coincident with a new issue. The Civil Aviation Authority (Luftfartsverket) establishes a new investment program that includes a new domestic terminal and a third runway at Arlanda. The Swedish National Maritime Administration (Sjöfartsverket) becomes a Government agency and is able to use its depreciation funds to finance investments. The Government takes over Grängesbergs Gruvor from SSAB.

1988 Swedish Rail (SJ) is broken up; the National Rail Administration assumes responsibility for the rail network while SJ takes over rail traffic.

1989 100th anniversary of the national telephone network. Grängesbergs Gruvor ceases operations. LKAB brings the new main level at Malmberget into operation. Procordia, Pharmacia and Volvo's new foods company Provendora merges to form the new Procordia group, with Volvo and the Government as the biggest owners with 42.5 per cent of the votes each. SSAB's shares quoted on the Stockholm Stock Exchange's A List.

1990 PK-Banken acquires Nordbanken. Förvaltningsaktiebolaget Fortia established. SJ sells major real estate holding for SEK 1,800 m, majority owned ASG floated on the stock market and high-speed train X2000 introduced between Stockholm and Gothenburg. The Civil Aviation Authority group established with a clear division between business operations and the authority function.

1991 Parliament resolves to wholly or partly privatize 35 companies and wind up Förvaltningsaktiebolaget Fortia. Sweden Post exposed to competition when CityMail starts operations. Government agency FFV incorporated as a limited company.

1992 Domänverket becomes Domän AB. Vattenfall becomes Vattenfall AB, with the national grid and foreign links separated in a new Government agency: Svenska Kraftnät. Government ownership holding in SSAB sold off in a public offering in the combined form of purchasing options and a Government bond. A new mortgage lending system is introduced; SBAB becomes exposed to competition. SAS acquires 50 per cent of Linjeflyg and establishes a fully integrated domestic airline. Atle and Bure established with parts of former wage earner fund assets; companies that have paid in profit-sharing tax become part owners. Trygg-Hansa acquires Gota, which goes into liquidation. The Government acquires Gota in December. Securum is established to handle problem credits that have arisen in Nordbanken as a result of the financial crisis.

1993 The Government's real estate management is revised when construction authority Byggnadsstyrelsen is wound up and authorities and agencies are able to act freely on the real estate market. Vasakronan takes over the Government's commercial real estate worth SEK 17.7 bn. Procordia grows by acquiring players including Erbamont of Italy. Volvo and the Government agree to pursue the break-up of Procordia into two parts. Through a share-swap with Volvo, the Government becomes the main owner of one of the parts, Pharmacia

AB, focusing on pharmaceuticals, while Volvo becomes the main owner of AB Procordia, active in the foods, tobacco and other industries. Postverket becomes Posten AB (Sweden Post); Sweden's Post's monopoly on mail distribution ceases. The Government sells off 75 per cent of the Government's holding in defense group Celsius and the share is quoted on the Stockholm Stock Exchange's A List. Assi AB and Domän AB are merged to form AssiDomän AB, which places a bid for Ncb. Fortia is liquidated. Securum injects SEK 10 bn to save Nordbanken.

1994 At year-end 1993, A-Banan projekt AB is established to construct the Arlandabanan rail-link between Stockholm city center and Arlanda Airport — Sweden's first infrastructural project to be jointly financed by the Government and the private sector. Sweden Post is incorporated as a limited company. The remaining holdings in SSAB, OKP and parts of AssiDomän AB and Pharmacia are sold off during the year.

1995 New alcohol legislation gains force, abolishing V&S Vin & Sprit's monopoly. Pharmacia and US pharmaceuticals company UpJohn merge.

1996 AmuGruppen's situation becomes critical during the autumn and the Government injects SEK 600 m to save the company from bankruptcy. The first year of open competition on the electricity market. The winding up of Securum's assets — as a result of Collateral realization — largely complete.

1997 SBL Vaccin sold to Active in Malmö. Svenska Penninglotteriet and Tiptjänst AB merge and change name to AB Svenska Spel. A ruling by the European court implies that Systembolaget's liquor retailing monopoly stands. Merita and Nordbanken announce their intended merger to form MeritaNordbanken.

1998 The Labor, Communication, Industry and Trade ministries merge to form the Ministry of Industry, Employment and Communications. Responsibility for sector policy and ownership issues differentiated more clearly.

1999 Remaining shareholding in Pharmacia & UpJohn divested. The merger between Telia and Telenor of Norway is approved during the spring although the parties agree at the end of December to terminate the collaboration with Telia and Telenor continuing operations as independent corporations. Sveaskog AB established via the transfer of forest assets from AssiDomän. The Government sells its shares in SAQ Kontroll and VPC.

Distribution of responsibilities within Sweden's Government offices for Government-owned companies

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Christer Berggren Tel. 08-405 22 70	Mining	Grängesbergs Gruvor AB, AB Göta kanalbolag, IRECO Holding AB, LKAB, Zenit Shipping AB
Lars Johan Cederlund Tel. 08-405 22 00	Forestry & Paper	AssiDomän AB, Sveaskog AB, The Swedish Motor Vehicle Inspection Company AB, Swedish Ship Mortgage Bank, SEK (Swedish Export Credit Corporation)
Michael Fredlund Tel. 08-405 21 17	Energy	Vattenfall AB, SOS Alarm Sverige AB, Svenska Skogsplantor AB
Eva Halvarsson Tel. 08-405 36 18	Transportation	SAS Group AB, Swedish State Railways, SJ
Jonas Iversen Tel. 08-405 22 44	Logistics	Sweden Post AB, Lernia AB, Samhall AB
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Kristina Norstad Tel. 08-405 43 03	ALMI Företagspartner AB
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Marianne Förander Tel. 08-405 16 06	AB Svenska Spel, Akademiska Hus AB, V&S Vin & Sprit AB, Svenska Lagerhus AB
Monica Lundberg Tel. 08-405 16 36	Kasernen Fastighets AB, A/O Dom Shvetsii, Specialfastigheter Sverige AB
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Leif Lundquist Tel. 08-405 34 32	Internal and external coordination of company issues etc.
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Civitas Holding AB - Agilia Holding AB	Per Balazsi
A/O Dom Shvetsii	Monica Lundberg
Stattum Holding	Viktoria Aastrup
Grängesbergs Gruvor AB	Christer Berggren
AB Göta kanalbolag	Christer Berggren
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IRECO Institute of Research and Competence Holding AB	Christer Berggren
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Norrland Center AB.....	Bertil Carlstedt
Sweden Post AB	Jonas Iversen
OM Group AB	Financial Markets Division
Samhall AB	Jonas Iversen
SAS Group AB	Eva Halvarsson
SIS Eco-Labeling AB.....	Charlotte Nilenheim
Swedish Maritime Administration.....	Ulrika Rosenberg
SKD företagen AB	Ministry of Finance
SOS Alarm Sverige AB	Michael Fredlund
Specialfastigheter Sverige AB	Monica Lundberg
SBAB (Swedish National Housing Finance Corp.)	Per Balazsi
Swedish State Railway.....	Eva Halvarsson
Statens Premiefond AB	Ministry of Finance
Statens Väg- och Baninvest AB	Kristina Weichbrodt
Akademiska Hus AB	Marianne Förander
Sveaskog AB.....	Lars Johan Cederlund
Sakab	Charlotta Andersson
The Swedish Motor Vehicle Inspection Company	Lars Johan Cederlund
SEK (Swedish Export Credit Corp.)	Bengt Johansson, Lars Johan Cederlund
Swedish National Grid.....	Viktoria Aastrup
Svenska Lagerhusaktiebolaget.....	Marianne Förander
Swedish Space Corporation	Lars Johan Cederlund
Swedish Ship Mortgage Bank	Lars Johan Cederlund
Svenska Skogsplantor AB	Michael Fredlund
AB Svenska Spel.....	Marianne Förander
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SP (Swedish Testing and Research Institute AB)	Viktoria Aastrup
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Swedesurvey AB	Staffan Johnson
Swedfund International AB	Stefan Isaksson
Swedish National Road Consulting AB (SweRoad).....	Kristina Weichbrodt
Swedish Alcohol Retailing Monopoly AB	Gert Knutsson
Telia AB	Richard Reinius
Teracom AB	Jerker Stattin
V&S Vin & Sprit AB	Marianne Förander
Vasakronan AB	Per Balazsi
Vasallen AB	Per Balazsi
Vattenfall AB.....	Michael Fredlund
Venantius AB	Per Balazsi
Voksenåsen A/S	Brita Lundh
Zenit Shipping AB	Christer Berggren

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- Ahlqvist, Johnny**
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- Andersson, Hans**
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Telia AB, permanent
- Berg, Bengt-Åke**
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- Berg, Ingolf**
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AB Göta kanalbolag, Vice president
Swedish National Grid, permanent
Swedish Ship Mortgage Bank, permanent
Zenit Shipping AB, permanent
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- Bergquist, Jan**
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- Bergqvist, Sven-Runo**
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- Bernhardsson, Johnny**
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- Bjälkefors, Ulf**
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- Blomberg, Vincent**
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- Blomquist, Bo-Gunnar**
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- Bohlin, Görel**
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Swedish Space Corporation, permanent

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Brink, Stig

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AB Bostadsgaranti, president

Brox, Bill

CEO, Imego AB

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Civitas Holding AB, permanent
Vasakronan AB, permanent
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Ellingsen, Karl-Einar

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Eriksson, Per-Olof

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Eriksson, Torbjörn

AssiDomän, Employee's representative, alternate

Ersson, Örjan

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Falk, Krister

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consultant, Falkman Råd & Retorik AB
Specialfastigheter Sverige AB, permanent

Feldt, Kjell-Olof

Sakab, permanent

Finskas, Bertel

Nordic Baltic Holding AB,
Employee's representative, permanent

Forsberg, Berth

Samhall AB, Employee's representative, alternate

Fossum, Lilian

Deputy CEO, Spendrups Bryggeri AB
Vattenfall AB, permanent

Francke, Ulrika

Director
A-Banan projekt AB, permanent

Franzén, Thomas

Ph.D
OM Group AB, permanent

Frebran, Rose-Marie

Member of parliament, KD
AB Svenska Spel, permanent

Fredga, Kerstin

Professor, Ex. Director-General
Swedish Space Corporation, permanent

Fredlund, Michael

Desk officer, Ministry of Industry, Employment and
Communication
SOS Alarm Sverige AB, permanent
Svenska Skogsplantor AB, permanent

Frejhagen, Birgitta

CEO, Info Komp AB
The Swedish Motor Vehicle Inspection Company,
permanent

Freyschuss, Agneta

Bank director, Svenska Handelsbanken AB
SEK (Swedish Export Credit Corporation), perma-
nent

Frideborger, Bengt

Samhall AB, Employee's representative

Färm, Gunnel

Director-General, Council for Work Life Research
Swedish Maritime Administration, president

Gardelin, Olle

Samhall AB, Employee's representative, alternate

Grabe, Lennart

CEO, Sweden Post AB

Granström, Per Erik

Member of parliament
SBAB, permanent

Grell, Ulf

Director, Social insurance office Jönköping county
AB Kurortsverksamhet, alternate

Gunnarsson, Carl-Johan

Counsellor
A/O Dom Shvetsii, permanent

Gunnarsson, Göran

Managing director and president,
Samhall AB

Gunnarsson, Gösta

Ex. County governor
Statens Väg- och Baninvest AB, president
Teracom AB, president

Gunnarsson, Ulf

Managing director
The Swedish Environmental Management Council,
permanent

Gustafsson, Eva-Britt

CEO, Venantius AB
Specialfastigheter Sverige AB, president
Statens Väg- och Baninvest AB, permanent

Gustafsson, Karl-Erik

Professor
Teracom AB, permanent

Gustafsson, Marianne

Civitas Holding AB, Employee's representative
Vasakronan, Employee's representative

Gustavsson, Henry

President of district
The Swedish Environmental Management Council,
permanent

Gustafsson, Yvonne

State secretary, Ministry of defence
Swedish National Grid, permanent

Gustavsson Åke

Member of parliament
Teracom AB, permanent

Gyllenhammar, Pehr G

Med. dr. hc, tekn. dr. hc
Swedish Ship Mortgage Bank, president

Göranzon, Marie

The Royal Dramatic Theatre of Sweden AB,
Employee's representative

Haag, Göran

Assistant under-secretary, Ministry of Finance
VPC Värdepapperscentralen AB, permanent

Hagberg, Michael

Member of parliament
AB Bostadsgaranti, permanent

Hagelberg, Eva

Swedish Alcohol Retailing Monopoly,
Employee's representative,
alternate

Haglind, Ingrid

The Swedish Environmental Management Council,
permanent

Hall, Bengt

CEO, The Royal Swedish Opera AB

Hallberg, Gunilla

ALMI Företagspartner Halland AB,
Employee's representative

Halvarsson, Eva

Desk officer, Ministry of industry, employment and
communication
Swedish State Railway, permanent

Hansén, Märten

Director, Besqab Projekt och fastigheter AB
AB Bostadsgaranti, permanent

Hansson, Hans

Specialfastigheter Sverige AB, Employee's repre-
sentative, SEKO

Hanson, Ingemar

Director-General, National Institute of Economic
Research
Statens Premiefond AB, president

Hansson, Lise-Lott

Political advisor, Ministry of Education and Science
Lernia AB, permanent

Hedberg, Pernilla K

CEO-assistant, SIS Eco-Labeling
SIS Eco-Labeling, permanent

Hedenström, Anders

CEO, Rederi AB Soya
SEK (Swedish Export Credit Corporation), vice president

Helgesson, Lars-Åke

Director, Marinus AB
AssiDomän AB, permanent

Hellberg, Björn

ALMI Företagspartner Skåne AB, Employee's representative

Hentzel, Mats

Director
Svenska Lagerhusaktiebolaget, permanent

Hjalmarsson, Bo

Worker
Sakab, Employee's representative, alternate

Hjalmarsson, Dan

Ekonomic. dr.
Norrländ Center AB, permanent

Hjalmarsson, Lennart

Deputy CEO, KF The Swedish Cooperative Union
Lernia AB, permanent

Hjorth, Lars

Deputy CEO, Kooperativa Förbundet
Vattenfall AB, permanent

Hoffrén, Tapani

Swedish Maritime Administration, Employee's representative, alternate

Holm, Carina

Sweden Post AB, Employee's representative, alternate

Holm, Johan

Norrländ Center AB, permanent

Holm, Lars-Erik

Director-General, Statens Strålskyddsinstitut
Sakab, permanent

Holmgren, Gunnar

CEO, Sveriges försäkringsförbund
Statens Väg- och Baninvest AB, permanent
Swedish Ship Mortgage Bank, alternate

Holmgren, Lars-Göran

1st Secretary, SEKO
Swedish Ship Mortgage Bank, alternate

Holmqvist, Karl-Gunnar

County Council Commissioner, Norrbotten county
Swedish State Railway, president

Howe, Peter

Engineer
Teracom AB, Employee's representative

Håkansson, Per-Olof

Member of Parliament
V&S Vin & Sprit AB, permanent

Hägglund, Jan-Ove

Sveaskog AB, Employee's representative, alternate

Höglund, Karin

Swedish Alcohol Retailing Monopoly, Employee's representative

Idemark, Thomas

Svenska Skogsplantor AB, permanent

Igel, Anders

CEO, Esselte AB
Director
Telia AB, permanent

Irstad, Lars

OM Group AB, permanent

Israelsson, Mats

Director
Civitas Holding AB, permanent

Jacobsson, Egon

CEO, V&S Vin & Sprit AB
V&S Vin & Sprit AB, permanent
Vasakronan AB, President from April 2000

Jacobsen, Helmuth

SAS Group, Employee's representative

Jakobsson, Rolf

The Swedish Motor Vehicle Inspection Company,
Employee's representative, alternate

Janérus, Kaj

Sea Captain
AB Göta kanalbolag, president

Jangblad, Dan

CEO, Swedish Space Corporation

Jansson, Ingrid

Marketing Manager, Skandinaviska Enskilda Banken
ALMI Företagspartner AB, permanent

Jansson, Monica

AB Svenska Spel, Employee's representative, alternate

Jansson, Urban

Director
SAS Sverige AB, vice president
SAS Group, permanent

Jeding, Lars

Director
Swedesurvey, permanent

Jemt, Mari

Legal Affair Officer, WMI Sellbergs AB
Sakab, alternate

Jensen, Hans

Akademiska Hus AB, Employee's representative

Johannesson, Daniel

Director-General and President,
Swedish State Railway
Swedish State Railway, permanent

Johansson, Anita

Member of parliament
V&S Vin & Sprit AB, permanent

Johansson, Arne

President, Företagarnas Riksorganisation
ALMI Företagspartner AB, president

Johansson, Bengt A W

Ex.Director-General The Swedish Civil Aviation Authority
Kasernen Fastighets AB, president
Specialfastigheter Sverige AB, permanent

Johansson, Billy

AB Göta kanalbolag, Employee's representative

Johansson, Bo

CEO, Statens Väg- och Baninvest AB

Johansson, Göran

Municipal Commissioner, Göteborg
Vattenfall AB, permanent

Johansson, Jan

Lernia AB, Employee's representative,
Läraryrskörbundet

Johansson, Karl-Erik

Consultant
Venantius AB, permanent

Johansson, Kristina

The Swedish National Pharmacy Corporation AB,
alternate

Johansson, Lena

Economist
Teracom AB, Employee's representative, alternate

Johansson, Lena

Sveaskog AB, permanent

Johansson, Lennart

President, UEFA
AB Svenska Spel, permanent

Johansson, Lennart

Swedish Maritime Administration, Employee's representative, alternate

Johansson, Magnus

Akademiska Hus AB,
Employee's representative

Johansson, Margareta

Employee's representative RFV Nynäshamn
AB Kurortsverksamhet, Employee's representative

Johansson, Olof

President, The Swedish Motor Vehicle Inspection Company from May 2000

Johansson, Per Egon

CEO, The Swedish Motor Vehicle Inspection Company, until April 2000

Johanson, Roland A

AssiDomän AB, Employee's representative

Johansson, Roland N

AssiDomän AB, Employee's representative

Johansson, Sonny

The Swedish Motor Vehicle Inspection Company,
Employee's representative

Johansson, Ulrika

Swedish Testing and Research Institute AB,
Employee's representative, alternate

Johansson-Hedberg, Birgitta

Director
Telia AB, permanent

Johnsson, Bo

CEO, Swedish Travel & Tourism Council

Johnsson, Hans-Yngve

Shipowner, Ektank AB
Swedish Ship Mortgage Bank, alternate

Johnson, Staffan

Desk officer, Ministry of the environment
Swedesurvey, permanent

Jonson, Lars Christer

Director, AB Volvo
Lernia AB, permanent

Jonsson, Jan

Director-General
The Swedish Civil Aviation Authority, permanent

Jonsson, Jan-Peter CEO, Vasallen AB Vasallen AB, permanent	Kjörnsberg, Solveig Municipal Commissioner, Borås Swedish Testing and Research Institute, permanent	Leijon, Anna-Greta CEO, Skansen Swedish Travel & Tourism Council, permanent
Jordung, Åsa Bachelor of Science Swedish Space Corporation, Employee's representative, alternate	Klangby, Lars-Erik CFO SBAB, permanent	Lennersand, Håkan CEO, Skandia Fastighet AB Specialfastigheter Sverige AB, permanent
Josefsson, Lars CEO, Vattenfall AB from August 2000	Kleppe, Per Ex. Minister in Norway Voksenåsen A/S, vice president	Lennerwald, Ingrid SOS Alarm Sverige AB, permanent
Josefsson, Sören Samhall AB, Employee's representative	Knutsson, Pernilla Deputy director, Ministry of the environment SIS Eco-Labeling, permanent	Leppäniemi, Sven-Olof Samhall AB, Employee's representative, alternate
Jäderholm, Bengt CFO, Vägverket Statens Väg- och Baninvest AB, permanent	Kohkoinen, Thomas LKAB, Employee's representative, alternate	Lewin, Leif Director Zenit Shipping AB, president
Jönsson, Benny SOS Alarm Sverige AB, vice president	Koppeli, Risto CEO, A/O Dom Shvetsii	Lewin, Thomas Teknologie doctor Imego AB, permanent
Jönsson, Lennart AssiDomän, Employee's representative, alternate	Kotajoki, Juha Director SBAB, permanent	Lidén, Sverker CEO, Svenska Skogsplanter AB
Jörud, Leif SweRoad AB, Employee's representative	Kristiansen, Thormod Director Swedesurvey, permanent	Liffner, Christina Sveaskog AB, permanent
Kantola, Birgitta Vice president International Finance Corporation Akademiska Hus AB, permanent	Kristensson, Roger Swedish State Railway, Employee's representative	Lilja, Maria CEO and president Nyman & Schultz AB Vasakronan AB, permanent
Kark, Jan-Åke CEO and president, Telia AB	Kronstam, Karin CEO, Samhall Freja AB ALMI Företagspartner AB, permanent Lernia AB, permanent	Liljetun, Ingvar SAS Group, Employee's representative
Karlberg, Tofté Sveaskog AB, Employee's representative	Kruuse, Thomas Byggentreprenörerna, Bachelor of Law AB Bostadsgaranti, alternate	Lind Lars Åke Svenska Lagerhusaktiebolaget, Employee's representative
Karlsso, Boel Samhall AB, permanent Swedfund International AB, permanent	Kull, Jan-Inge Vasallen AB, Employee's representative	Lindberg, Eva Svenska Skogsplanter AB, Employee's representative, alternate
Karlsso, Göte Swedish Maritime Administration, Employee's representative	Kvart, Sussi Attorney Swedish National Grid, permanent	Lindberg, Lars The Royal Dramatic Theatre of Sweden AB, Employee's representative, alternate
Karlsso, Monica Sweden Post AB, Employee's representative, SACO-posten, alternate	Kylberg, Lars V Director Civitas Holding AB, vice president Vasakronan AB, vice president	Lindberg, Leif Director, AB Tidkort ALMI Företagspartner AB, permanent
Karlstrand, Hans Airport Manager A-Banan projekt AB, permanent	Käck, Ronny Telia AB, Employee's representative, SEKO tele	Lindberg, Stig Vattenfall AB, Employee's representative, Ledarna, alternate
Kastman Heuman, Åsa Director-General for legal and administration affairs, Ministry of industry, employment and communication Swedish Ship Mortgage Bank, permanent	Källsson, Jan Director Swedish Ship Mortgage Bank, permanent	Lindblom, Solveig Director, Försäkringskassan Södermanland county AB Kurortsverksamhet, permanent
Kihlberg, Åke Sweden Post AB, Employee's representative, SEKO-Posten	Kärre, Malin SweRoad AB, permanent	Lindblom, Staffan Bank director, Den Danske Bank Aktieselskab SEK (Swedish Export Credit Corporation), alternate
Kindert, Leif SAS Group, Employee's representative	Lagerblad, Peter CEO, V&S Vin & Sprit AB Akademiska Hus AB, V&S Vin & Sprit AB, permanent	Lindell, Lars-Olof SOS Alarm Sverige AB, vice president
Kivimäki, Mikko Bergsråd Nordic Baltic Holding AB, permanent	Larsson, Bengt Lernia AB, Employee's representative, SACO	Lindholm, Evert Chief Executive Swedish Alcohol Retailing Monopoly, alternate
Kjellander, Claes CEO, Stenvalvet AB Specialfastigheter Sverige AB, permanent Venantius AB, permanent	Larsson, Gerhard County governor Vattenfall AB, President from April 2000	Lindquist, Rolf SweRoad AB, Employee's representative
Kjällbring, Rolf Civitas Holding AB, Employee's representative Vasakronan AB, Employee's representative	Larsson, Gunnar Swedish Alcohol Retailing Monopoly, President	Lindstam, Leif Justice of the supreme court SBAB, permanent
Kjellström, Hans Swedish Alcohol Retailing Monopoly, Employee's representative, alternate	Larsson, Hans LKAB, Employee's representative Larsson, Per E OM Group AB, permanent	Lindstedt, Jan Chief controller, WMI Sellbergs AB Sakab, permanent
	Larsson, Sven Director AB Bostadsgaranti, permanent	Lindstedt, Monica Consultant Swedish Alcohol Retailing Monopoly, permanent

Lindström, Anders

Director-General, Swedish Maritime Administration
Swedish Maritime Administration, permanent
Swedish Ship Mortgage Bank, permanent

Lindström, Björn

CFO, Vasakronan AB
Agilia Holding AB, permanent
Vasallen AB, permanent

Lindström, Eva

Budget Director, Ministry of finance
AB Svenska Spel, permanent

Lindvall, KG

Deputy CEO, MeritaNordbanken Abp
SEK (Swedish Export Credit Corporation),
permanent

Linglöf, Jan

Chief of legal affairs, Vasakronan AB
Agilia Holding AB, president
Vasallen AB, permanent

Litzell, Per-Olof

Samhall AB, Employee's representative

Ljungh, Claes

State secretary, Ministry of finance
Civitas Holding AB, permanent
Vasakronan AB, permanent

Lorentzon, Arne

CEO, Kasernen Fastighets AB
Kasernen Fastighets AB, permanent

Lorentzon, Ola

CEO, ICB Shipping AB
Swedish Ship Mortgage Bank, alternate

Lübeck, Lennart

Director, tekn. dr.
Swedish Space Corporation, president

Lund, Olof

Director
LKAB, permanent

Lundberg, Gunnar

Skanska BOT Projects AB
A/O Dom Shvetsii, president

Lundberg, Monica

Deputy director, Ministry of finance
Kasernen Fastighets AB, permanent

Lundén, Gun-Maj

Trade union representative
The Royal Swedish Opera AB, alternate

Lundgren, Bo

Member of parliament
V&S Vin & Sprit AB, permanent

Lundholm, Anders

Svenska Skogsplantor AB, Employee's representative

Lundin, Jan

V&S Vin & Sprit AB, Employee's representative

Lundin, Svante

Director, Swedish standards institution
SIS Eco-Labeling, permanent

Lundin, Ulf

Assistant under-secretary, Ministry of industry,
employment and communication
A-Banan projekt AB, alternate
Statens Väg- och Baninvest AB, permanent

Lundquist, Ulla

CEO, Swedish banker's association
Svenska Lagerhusaktiebolaget, permanent

Lundqvist, Sören

Swedesurvey AB, Employee's representative

Lydahl, Rolf

Senior adviser, Credit Suisse
Vasakronan AB, permanent

Låftman, Lennart

The Royal Dramatic Theatre of Sweden AB, per-
manent

Lärkert, Anders

CEO, Sakab and WMI Sellbergs AB
Sakab, permanent

Löfstrand, Ingvar

Advisor, Ministry of health and social affairs
Swedish Alcohol Retailing Monopoly, alternate

Löfström, Britt-Marie

AB Göta kanalbolag, Employee's representative

Lönnberg, Anders

Deputy director, Ministry of finance
AB Bostadsgaranti, permanent

Lööv, Per-Ove

Vattenfall AB, Employee's representative,
alternate

Magnusson, Bernt

AssiDomän AB, president
Stattum Holding, permanent
Nordbanken Holding AB, permanent

Magnusson, Jan

Director-General, Svenska Kraftnät
Svenska Kraftnät, permanent

Malm, Christer

CEO, SBAB

Malm, Stig

The Swedish Motor Vehicle Inspection Company,
President until May 2000

Mannerstråle, Gunnar

SweRoad AB, permanent

Marking, Bo

Director
Vattenfall AB, permanent
SBAB, permanent

Marklund, Inger

Managing director
AB Kurortsverksamhet, permanent

Marklund, Kari

County governor, Norrbotten
IRECO Holding AB, permanent

Markström, Elisebeht

Member of parliament
Swedish Alcohol Retailing Monopoly, permanent

Mattsson, Annaa

Consultant
The Swedish Environmental Management Council,
permanent
SIS Eco-Labeling, permanent

Mellström, Alf

Sweden Post AB, Employee's representative,
SEKO, alternate

Melin, Ulf

Chief Executive
Swedish Alcohol Retailing Monopoly, permanent

Milovancevic, Marina

Swedish Testing and Research Institute,
Employee's representative, SACO

Mitteregger, Fritz

Ex. Director
Grängesbergs Gruvor AB, permanent

Modin, Anita

Director
AB Göta kanalbolag, permanent

Mohlin, Per-Erik

Director, Askus KW
Swedish Space Corporation, permanent

Molander, Harald

CEO, Zenit Shipping AB
Zenit Shipping AB, permanent

Myhlback, Lennart

Director-General, Räddningsverket
SOS Alarm Sverige AB, permanent

Mårtensson, Arne

CEO, Handelsbanken
V&S Vin & Sprit AB, permanent
OM Group AB, permanent

Mörtberg, Carl-Ivar

Engineer
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tative

Netz, Bo

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Vasallen AB, permanent

Netzler, Göran

Teknologie licentiat
Imego AB, permanent

Nielsen, Niels Christian

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IRECO Holding AB, permanent

Niemelä, Juha

Bergsråd
Nordic Baltic Holding AB, permanent

Nilssen, Roal

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representative, alternate

Nilsson, Aina

Chief designer
Imego AB, permanent

Nilsson, Anders

Ex. Member of parliament,
AB Svenska Spel, permanent

Nilsson, Elisabeth

Mining engineer, SSAB
Swedish Maritime Administration, permanent

Nilsson, Jan-Eric

CEO, AB Kurortsverksamhet

Nilsson, Jan S

CEO, Knut och Alice Wallenbergs Stiftelse
Akademiska Hus AB, permanent

Nilsson, Karin

Swedish Testing and Research Institute,
Employee's representative, ST

Nilsson, Lennart

President, Sveriges Verkstadsindustrier
Stattum Holding, permanent

Nilsson, Lennart

CEO, AP-Fonden; 1st, 2nd, 3rd National Swedish
Pension Funds
Statliga Akademiska Hus AB, president

Nilsson, Pia

CEO, The Swedish Mutual Fund Association
Swedish National Grid, permanent

Nilsson, Roland

CEO, Scandic AB
Swedish Travel & Tourism Council, permanent

Nilsson, Sam The Royal Dramatic Theatre of Sweden AB, permanent	Omning, Pär Professor Imego AB, permanent	Pettersson, Ulla Head of Cultural and Leisure activities Swedish maritime administration, permanent
Nordbeck, Gunnar Ex. Director-General, ÖCB Svenska Lagerhusaktiebolaget, president	Onne, Madeleine The Royal Swedish Opera AB, Employee's representative, alternate	Pettersson, Åke Senior advisor 6th AP-Fonden, Ex. Party secretary Swedish State Railway, permanent
Nordmark-Nilsson, Anna-Stina County council director, Norbotten county council Lernia AB, permanent	Orrenius, Jan Attorney The Swedish Civil Aviation Authority, permanent	Pilsäter, Karin Member of Parliament Swedish Alcohol Retailing Monopoly, alternate
Norvik, Harald Bachelor of business administration SAS Group, permanent	Palm, Ulla-Marie Employee's representative AB Svenska Spel, permanent	Plogéus, Eva County employment director, Östergötland county The Swedish Civil Aviation Authority, permanent
Nyberg, Gunnar Ex. Staff manager, Försvarsstaben Kasernen Fastighets AB, permanent	Palme, Gunnar CEO, AssiDomän AB	Pålsson, Uno Swedish Maritime Administration, Employee's representative, alternate Swedish Maritime Administration, permanent
Nylander, Göran CEO, Svenska Lagerhusaktiebolaget	Palmstierna, Jacob Economic doctor h.c Nordic Baltic Holding AB, president	Queckfeldt, Ewa SEB BoLån AB Bostadsgaranti, alternate
Nyman, Sven Director OM Group AB, permanent	Patriksson, Folke CEO, B&N Nordsjöfrakt AB Swedish Ship Mortgage Bank, permanent	Ragsten Pettersson, Christina Assistant under-secretary, Ministry of finance CEO, Statens Premiefond AB Sweden Post AB, permanent SBAB, permanent Statens Premiefond AB, permanent
Nyquist, Carl-Erik CEO and president, Vattenfall AB Vattenfall AB, permanent	Pehrsson, Ulf Assistant under-secretary, Ministry for foreign affairs SEK (Swedish Export Credit Corporation), permanent	Reinius, Ulla Director The Royal Swedish Opera AB, permanent
Nyström, Björn Sweden Post AB, Employee's representative, SACO-Posten	Peltola, Timo Economic doctor h.c Nordic Baltic Holding AB, permanent	Rekke, Lars State secretary, Ministry of industry, employment and communication Stattum Holding, president
Nyström, Elizabeth Member of Parliament Swedish Maritime Administration, permanent	Persson, Agata Swedish National Grid, Employee's representative	Reuterskiöld, Marianne CEO, Sveriges Marknadsförbund Swedish Travel & Tourism Council, permanent
Näsman, Janaxel Managing director Norrländ Center AB, president	Persson, Bertil CEO Beijer Alma The Swedish Motor Vehicle Inspection Company, permanent	Ringblom, Erland Bank director, Skandinaviska Enskilda Banken AB SEK (Swedish Export Credit Corporation), alternate
Ohlson, Göran CEO, The Swedish abstaining motorist's association The Swedish Motor Vehicle Inspection Company, permanent	Persson, Curt Ex. President Venantius AB, president SOS Alarm Sverige AB, president	Ringdahl, Thomas Head of division, Skanska Sverige AB AB Bostadsgaranti, alternate
Ollén, Joakim Director-General, Lantmäteriverket Swedesurvey, president	Persson, Jan-Crister Director, IVF Swedish Testing and Research Institute, president	Ringström, Anita Deputy CEO, Kemikontoret Svenska Lagerhusaktiebolaget, permanent
Olofsson, Sören Managing director AB Kurortsverksamhet, president Swedish Alcohol Retailing Monopoly, permanent	Persson, Margareta President, Nationella Folkhälsomål Swedish National Pharmacy Corporation AB, permanent	Rodosi, Agneta CFO, Akademiska Hus AB Swedish Ship Mortgage Bank, alternate
Olovsson, Ulla Vice Deputy president Swedish Ship Mortgage Bank, permanent	Persson, Valdemar CEO, Teracom AB Teracom AB, permanent	Rogestam, Christina CEO, Akademiska Hus AB
Olson, Hans Christer Assistant under-secretary, Ministry of industry, employment and communication LKAB, permanent Swedish Testing and Research Institute, permanent Vattenfall AB, alternate	Petersson, Lars-Eric Director Telia AB, permanent	Rooth, Lena Director Swedfund International AB, permanent
Olsson, Eva Professor Imego AB, permanent	Petersson, Sven-Olof Ex. Member of Parliament Swedish Alcohol Retailing Monopoly, alternate	Ros, Carl Wilhelm Director AssiDomän AB, permanent LKAB, permanent
Olsson, Karin Member of Parliament Swedish Maritime Administration, permanent	Pettersson, Birgitta Swedish Maritime Administration, Employee's representative	Roukala, Hyväinen, Kaija Nordic Baltic Holding AB, Employee's representative, permanent
Olsson, Kent Member of Parliament Swedish Maritime Administration, permanent	Pettersson, Lars-Olof AssiDomän AB, Employee's representative	Rozenbeek, Lena AB Svenska Spel, Employee's representative, alternate
Ohlsson, Lars-Bertil Senior Vice President, Electrolux AB Sweden Post AB, permanent	Pettersson, Leif AB Göta kanalbolag, Employee's representative, alternate	Rudh, Karl-Erik Sveaskog AB, Employee's representative
	Pettersson, Sture CEO, Swedesurvey AB	

Rung, Sören

Bank director
SBAB, vice president

Ruth, Arne

Voksenåsen A/S, permanent

Rydén, Bengt

Ph. D. Econ.
OM Group AB, permanent

Ryding, Sven-Olof

CEO, AB Svenska Miljöstyrringsrådet
The Swedish Environmental Management Council,
permanent

Rådberg, Barbro

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AB Kurortsverksamhet, alternate

Råland, Birgitta

Assistant under-secretary, Ministry of Industry,
Employment and Communication
IRECO Holding AB, permanent

Rålin, Berit

SOS Alarm, Employee's representative

Rönnberg, Mats

Ex. Director-General
Venantius AB, permanent

Sahlin, Mauritz

Director
Imego AB, president

Salzmann, Tomas

CEO, Graphium AB
IRECO Holding AB, permanent

Samuelsson, Jan-Åke

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Sakab, Employee's representative

Sandberg, Mona-Lise

Director, Sandbergs Tyger och Gardiner
ALMI Företagspartner AB, permanent

Sandberg, Peter

CEO, The National Pension Insurance Fund
Sweden Post AB, permanent

Sandesten, Stefan

Chief Technical Officer, Vasakronan AB
Vasallen AB, permanent

Sandström, Berra

AB Svenska Spel, Employee's representative

Saxton, Ulla-Brita

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Svedab, alternate

Saxvold, Bror

Swedish State Railway, Employee's representative

Schrøder, Hugo

Engineer
SAS Group AB, president

Schönning, Eje

Director, Järntorget Mark & Byggnads AB
AB Bostadsgaranti, alternate

Severed, Bo

Director
Swedish Ship Mortgage Bank, alternate

Sicking, Karl-Otto

CEO, Svedab

Silfverstrand, Bengt

Member of Parliament
Swedish Alcohol Retailing Monopoly, permanent

Sivertsson, Lennart

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Sellbergs AB
Sakab, alternate

Skarell, Gunnar

Director-General, Ministry of finance
Svenska Lagerhusaktiebolaget, permanent

Skoglösa, Britt-Marie

Receptarie, President Farmaciförbundet
The Swedish National Pharmacy Corporation AB,
Employee's representative

Skogö, Ingemar

Director-General, The Swedish Civil Aviation
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A-Banan projekt AB, president
The Swedish Civil Aviation Authority, permanent
Svedab, president

Sköld, Lars

CEO, Sveaskog AB

Sköldefors, Walter

Director, Swedish federation of trade
SIS Eco-Labeling, permanent

Smith, Eva

Head of unit
The Swedish Environmental Management Council,
permanent

Sohlman, Michael

CEO, Nobelstiftelsen
V&S Vin & Sprit AB, permanent

Sohlman, Ragnar

Voksenåsen A/S, permanent

Sorte, Per

Ex. President and CEO, AB Ceralia
Svenska Lagerhusaktiebolaget, vice president

Sprängare, Björn

Governor
LKAB, president
Swedish State Railway, vice president
Stattum Holding, permanent

Spång, Ulf

Deputy CEO, Försäkringsbolaget Skandia
Sweden Post AB, permanent

Staffas, Fritz

President, Ortivus AB
Akademiska Hus AB, permanent

Stark, Annelie

County Council Commissioner
Västra Götaland County council
ALMI Företagspartner AB, permanent

Starkerud, Lars

Economist, Landsorganisationen
Swedish Maritime Administration, permanent

Starrin, Karin

County governor, Halmstad county
The Royal Swedish Opera AB, permanent

Steen, Anitra

CEO, Swedish Alcohol Retailing Monopoly

Steincke, Günter

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Employee's representative, alternate

Stenberg, Jan

CEO and president, SAS Sverige AB
Stattum Holding, permanent
The royal Swedish opera AB, permanent

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