Six-month Interim Report 2001

Comments by the Chief Executive

- Acquisitions double sales volume
- Price level returning to normal
- Consolidation started in Germany

The first half of 2001 was an eventful period for Vattenfall. Sales increased by 104 per cent to SEK 31.6 billion. Hamburgische Electricitäts-Werke (HEW) became a part of the Group as of January 1.The greater part of the increase in sales can be explained by HEW and high prices on the power exchange. Operating profit increased by 52 per cent to SEK 5.1 billion. The operating and pre-tax profit margin decreased as a result of lower margins in acquired companies.

We have taken significant steps to realize our vision of becoming an international group and a leading European energy company. This change allows us, also in the long run, to provide our customers with efficient energy solutions and world-class service in accordance with our mission. Following a period of strong expansion, we are now entering a consolidation phase. During the coming period, we shall focus on operations and customers as a necessary step to achieve our objectives.

Market Development

Our customers have a broad range of products to choose from, for example non-contractual prices, variable electricity prices and contractual prices fixed for one, two or three years at a time. Our ambition is to continue to develop services and products that meet all of our customers' needs, depending on their situation, and that give more and more customers the opportunity to choose Vattenfall. The great strength of a deregulated market is that the focus is on the customer. Customers can choose the products and suppliers that best suit their needs.

This year, the electricity price on NordPool has recovered from the record low levels of the last few years where the average annual price was below the cost of nuclear power generation.

There are several reasons for this recovery. In 1999, and particularly in 2000, there was an unusually abundant supply of hydro power in Sweden and Norway, about 10 and 40 TWh more than normal. However, the abundance of snow last winter was far below the normal level in Norway, at the same time that the power balance was further weakened by an increase in Nordic consumption which has been the trend for the past two years. This led to an increase in market prices since fossil-fired plants, which have a higher cost level, had to be used.

The lower Nordic hydro power production and the increase in consumption have been counterbalanced by increased nuclear power and fossil-based generation. Generation by fossil-fired plants therefore occurred with increasingly higher fuel costs as a result of the very high USD exchange rates and coal prices.

At present, Vattenfall considers the reservoir levels to be normal.

For the Group, it is important that the price levels on the Nordic market are now returning to normal. We must have a stable earnings capacity which, over time, provides an acceptable return on the necessary long-term investments in plant and new technology.

During the spring and in the beginning of July, Vattenfall adjusted its sales prices to consumers in order to handle the higher electricity prices on NordPool and to achieve a reasonable profitability in its sales operations.

The increase in the use of electricity is partly due to the fact that those customers that can choose between oil and electricity have switched over to electricity due to the high oil price. In spite of the latest price adjustments, the electricity price is still competitive in relation to oil.

We look forward to the inquiry into competition and electricity prices that the Government has announced. Through the trade organization, Svensk Energi (Swedish Energy), we are now working together with the Swedish Consumer Agency and the National Energy Administration to establish an independent consumer agency.

Generation and Networks

Operations have largely been satisfactory. We have generated as much hydro power and considerably more nuclear power than the corresponding period last year. If this operating trend continues, the generation levels for the Forsmark and Ringhals nuclear power plants in 2001 will be on the same level as the highest in ten years.

The most severe interruption occurred in network operations in Sweden, during stormy weather last winter. We have responded to the problem by setting aside considerable extra resources for network measures. We are also deliberately focusing on the customer in all of our activities. As of July 1, Vattenfall's four wholly-owned network companies in Sweden introduced a new form of service interruption guarantee whereby network customers receive SEK 1,000 in compensation for every 24-hour period with a power outage.

The new guarantee was decided upon in February as a part of an extensive service improvement package. An extra SEK 200 million is also being invested in network improvements including major clearing operations and power line insulation.

Structural Changes

An important part of the Group's strategy to become a leading European energy company is the creation of a new corporate group which will be the third largest player on the German market.

In April, Vattenfall, Mirant and HEW signed an agreement concerning the future ownership structure in the Berlin-based energy company, Bewag AG. In the agreement, it was also decided to integrate Bewag with HEW, Veag and Laubag. The agreement, and its two components, was necessary for the approval of the contract by Berlin's senate.

Immediately following the signing of the agreement, negotiations started between Bewag, Vattenfall, Mirant, HEW, Veag and Laubag concerning the next stage. In June, Vattenfall and Mirant agreed on their roles as the founding shareholders of the new corporate group "Neue Kraft". The two companies will work closely to direct the integration process between HEW, Bewag, Veag and Laubag, with Vattenfall in the leading role. Extensive project work is now in progress to implement the agreement. Work on the project is following the time-schedule that has been established whereby the process is to be completed at the end of 2002 and no later than by mid-year 2003.

In May, the agreements with Sydkraft and E.ON Energie were finalized concerning the acquisition of shares in HEW. Vattenfall thereby became a majority shareholder in the German company and, at mid-year, held 71.3 per cent of the share capital. In addition to the shares owned by the City of Hamburg (25.1 per cent), in June 3.6 per cent were on the open market. Following Vattenfall's offer in June to redeem outstanding shares, Vattenfall's ownership stake rose by 1.8 per cent after mid-year.

In Poland, we acquired 32 per cent of the distribution company, Gornoslaski Zaklad Elektroenergetyczny S.A. (GZE). GZE and the generation company, EW, are undergoing essential restructuring in order to exploit synergies and to rationalize operations. The work is extensive and is being conducted on a long-term basis. Considerable progress has been made.

As a step in Vattenfall's strategy to focus on core business and to concentrate on the Northern European market, the Group sold assets in South East Asia and South America during the first half of the year.

The office building in Råcksta, Stockholm was also sold in June.

In mid-July, arrangements were made to sell the Oslo Energi sales company to Hafslund ASA and, at the same time, Vattenfall is to become a shareholder in this new Norwegian power group. The details of the agreement will be finalized this autumn. This transaction is a stage in the major restructuring of the Norwegian electricity market and is appropriate for the industry since it will result in major synergies. After this disposal, Vattenfall will still have significant agreements with Norwegian industrial companies, in addition to its shareholding in Hafslund.

In Sweden, in July, Vattenfall replaced its shareholding in AB Ryssa Elverk with Birka Energi's wholly-owned subsidiary, AB Kallströmmen, including the subsidiary, AB Avesta Elnät, which has 14,200 customers. The exchange will contribute to Vattenfall's consolidation in Sweden and rationalize the ownership structure and, thereby, lead to a more efficient Swedish electricity network structure.

At the beginning of July, Vattenfall also sold its 51 per cent share in Vattenfall Naturgas AB.

Rating

The outcome of the rating process that was concluded in July with press releases from Moody's and Standard & Poor's was expected. In spite of the downgrade, Vattenfall is still in the single–A category, which is in line with our long-term ambition.

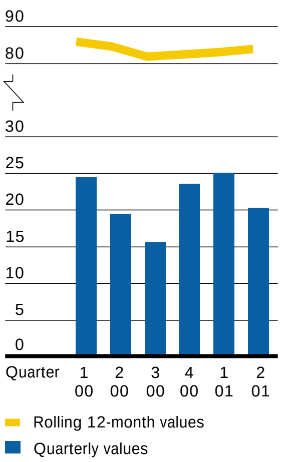
Lars G Josefsson
President and Chief Executive Officer

Key Figures and Ratios

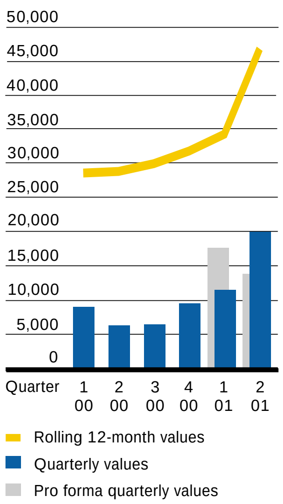
SEK million	January – June 2001	2000	Change %
Net sales	**31,626**	15,521	**104**
Operating profit	**5,063**	3,339	**52**
Operating margin (%)	**16.0**	21.5	
Profit before tax and minority interests	**4,356**	2,553	**71**
Pre-tax profit margin (%)	**13.8**	16.4	
Profit for the period	**2,544**	1,830	**39**
Earnings per share for the period (SEK)	**19.32**	13.90	

Vattenfall's financial performance varies considerably during the year. A substantial portion of income for the year is normally generated during the first months of the year, when electricity demand is greatest. This means that the margins for the period are high, compared with the margins for the year as a whole.

Electricity sales (TWh) excl. HEW



Net sales (SEK m)



Group

Sales and Performance in the First Half of the Year

Net sales increased by 104 per cent or SEK 16,105 million to SEK 31,626 million. HEW, which has now been consolidated retroactively from the beginning of the year, accounted for SEK 11,595 million. HEW mainly sells electricity and district-heating. In addition, the Group's sales on the power exchange have increased considerably.

Operating expenses amounted to SEK 27,861 million, which is an increase of SEK 15,074 million, and is mainly attributable to company acquisitions. HEW accounts for SEK 11,083 million of the increase. The cost of products sold increased by SEK 13,361 million, while selling expenses, research and development costs and administrative expenses increased by SEK 1,713 million. Depreciation amounted to SEK 3,263 million (2,316).

Operating profit amounted to SEK 5,063 million (3,339). The operating profit includes SEK 742 million (643) in items affecting comparability. The operating margin was 16.0 per cent (21.5).

Financial income and expenses – net amounted to SEK -707 million (-786). This development can be explained by the fact that HEW has interest income from investment assets.

Interest cover 1 was 3.1 times (3.4).

Profit before tax and minority interests increased to SEK 4,356 million (2,553). The pre-tax profit margin decreased to 13.8 per cent (16.4).

In the semi-annual accounts, Veag and Laubag are reported for a short time in accordance with the equity method, and consequently, there is no material impact on profit. As of the third quarter, the companies will be reported as subsidiaries.

Sales and Performance for the 2nd Quarter

In order to obtain a relevant analysis of net sales and performance for the 2nd quarter alone, a *pro forma income statement* has been prepared for the 1st quarter. This has been done since, in the interim report for the 1st quarter, HEW was accounted for in accordance with the equity method while HEW, for the first half of the year, is now reported with 6 months' net sales and profit. The *pro forma income statement* is approximate and only takes into account the material impact of the HEW acquisition as a whole.

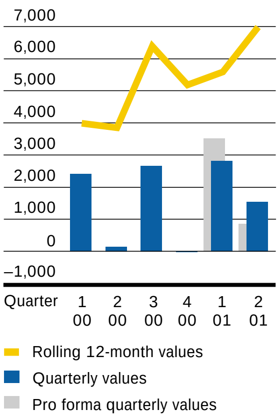
Pro forma net sales increased by SEK 7,499 million to SEK 13,914 million. Pro forma operating expenses increased by SEK 6,279 million to SEK 11,395 million. The pro forma operating profit increased to SEK 1,258 million (573). Financial income and expenses – net amounted to SEK -413 million (-430). Profit before tax and minority interests increased by SEK 702 million to SEK 845 million.

Financial Position

Liquid assets amounted to SEK 9,197 million (December 31, 2000: 7,543). To this must be added SEK 7,102 million in long-term investment assets through HEW's nuclear power allocations. SEK 1,239 million (December 31, 2000: 1,374) of liquid assets comprised investments concerning interest-arbitrage transactions.

Debt cover, namely interest-bearing liabilities and provisions less liquid assets, amounted to

Profit before tax and minority interests (SEK m)



SEK 77,315 million (December 31, 2000: 43,311).

The Group's risk capital, namely *equity plus minority interests*, amounted to SEK 52,356 million, which is an increase of SEK 11,997 million compared with the 2000 annual accounts. The equity-assets ratio was 28.4 per cent (December 31, 2000: 35.3).

In July, the rating agencics, Moody's and Standard and Poor's, announced the new ratings for Vattenfall. Moody's lowered the rating for long-term financing from A1 to A3 with a "Negative" outlook, while Standard & Poor's lowered the corresponding rating from A+ to A– with a "Stable" outlook. The short-term rating was lowered from P–1 to P–2 and from A–1 to A–2, respectively. The reason for the downgrades, which were in line with market expectations, is the increased financial risk due to the fact that Vattenfall's acquisitions have been primarily debt financed. However, at the same time, Vattenfall's strategy of positioning itself as a leading player in Germany means that there is significant potential for positive business and financial development.

Investments

The Group's *investments* amounted to SEK 33,719 million (13,014), of which the acquisition of additional shares in group companies comprised SEK 29,221 million (3,793), associated companies, SEK 2,153 million (7,729) and other long-term securities, SEK 83 million (112). SEK 2,262 million (1,380) was invested in tangible and intangible assets.

Restructuring

During the first half of the year, a further 45 per cent of the shares in HEW were acquired. During the second quarter, the agreements previously made with Sydkraft AB and E.ON Energie AG concerning Vattenfall's acquisition of about 37 per cent in HEW in exchange for shares and fixed assets in Sweden, Norway, Lithuania and the Czech Republic were completed. The agreement is described in Vattenfall's press release and annual report for 2000. At mid-year, the Vattenfall Group had 71.3 per cent of the share capital in HEW. In June, a public bid of EUR 31 was made per outstanding share. So far, Vattenfall's ownership stake after the middle of the year has increased by 1.8 percentage points.

During the first half of the year, 32 per cent of the shares in GZE in Poland were acquired for SEK 1,980 million.

Furthermore, additional shares were acquired in Arrowhead AB. A public offer for the remaining shares was made in March. By mid-year, Vattenfall's share in Arrowhead amounted to about 94 per cent. Compulsory redemption of the remaining shares has now started.

Since Vattenfall's acquisition in 1999 of 49 per cent of Oslo Energi AS, Oslo Energi Holding AS held a put option for the remaining 51 per cent. The transaction took place in June and Oslo Energi became a wholly-owned subsidiary of the Vattenfall Group. In accordance with an agreement in July, Vattenfall intends to sell the company to Hafslund ASA.

As a part of Vattenfall's strategy to focus on its core business in the Nordic countries, Germany and Poland, the subsidiary, Nordic Power Invest AB (NPI), sold its stake in the listed Thai company, CoCo, in February. In June, assets in South America were sold to the US company, NRG Energy, Inc.

Furthermore, during the first half of the year, four hydro power plants were sold in Motala River with a normal year's production capacity of 140 GWh. Vattenfall's shares in the district-heating companies in Tierp and Älvkarleby were also sold.

Personnel

At the end of June, the number of employees, expressed in terms of man years, amounted to 18,122 (December 31, 2000: 13,123).

Electricity Generation Nordic Countries

Net sales increased by SEK 3,893 million to SEK 11,403 million. Operating profit increased by SEK 1,827 million to SEK 3,370 million. The increase is due to increased sales to power exchanges at a higher electricity price and due to reduced costs. A total of 19.7 TWh (18.1) of hydro power and 26.6 TWh (21.7) of nuclear power was generated. Sales to the power exchange amounted to 12.5 TWh (6.6).

Sales Nordic Countries

Sales Nordic Countries comprises the following business units: Sales Sweden, Sales Norway, Sales Finland, Mega and Supply & Trading.

Net sales increased by SEK 1,081 million to SEK 9,317 million. Operating profit decreased by SEK 824 million to SEK -639 million, primarily due to the higher prices of purchased electricity. The volume sold amounted to 28.6 TWh (34.4).

Heat Nordic Countries

Net sales amounted to SEK 1,461 million (1,096). Operating profit increased by SEK 100 million to SEK 153 million. The increases are primarily due to the acquisition of Uppsala Energi and part of the Finnish company, Hämeenlinnan Energia (Vattenfall Kaukolämpö). The cold weather during the first quarter resulted in increased demand which had a positive impact on earnings. The volume sold amounted to 2.8 TWh of district-heating (1.4) and 1.4 TWh of Färdig Värme (1.2), a total of 4.2 TWh (2.6).

Electricity Networks Nordic Countries

Electricity Networks Nordic Countries comprises the Electricity Networks Sweden and the Electricity Networks Finland business units.

Net sales amounted to SEK 4,133 million (3,766). Operating profit increased to SEK 1,243 million (1,194). The change is largely attributable to the acquisition of Hämeenlinnan Energia. Transmission volumes amounted to 59 TWh (56).

Services

Net sales increased by SEK 115 million to SEK 1,384 million. Operating profit increased by SEK 14 to SEK 47 million.

Poland and Germany

Net sales amounted to SEK 13,221 million (1,326). Operating profit increased by SEK 914 million to SEK 1,033 million. The increase is primarily attributable to the acquisition of HEW. The volume sold in Poland amounted to 7.2 TWh of district-heating (6.6) and 1.8 TWh of electricity (1.9).

Other Business

Other Business comprises the business unit, New Business, and other businesses, including Vattenfall Naturgas, service companies and non-core operations.

Net sales amounted to SEK 2,060 million (1,463). Operating profit decreased by SEK 353 million to SEK -124 million, mainly due to operating losses in Arrowhead and Sensel.

Parent Company

Net sales amounted to SEK 10,070 million (9,024). Profit after net financial items was SEK -450 million (1,016). Earnings were negatively affected by capital losses and the write-down of shares. Investments during the period amounted to SEK 17,117. Liquid assets amounted to SEK 1,942 million (December 31, 2000: 48). Funds in the group account managed by Vattenfall Treasury AB amounted to SEK 8,152 million (December 31, 2000: 123).

Accounting Policies

The accounting policies in the acquired foreign companies do not entirely agree with the Group's policies. A review and harmonization of this situation and related acquisition calculations is in progress.

The Swedish Financial Accounting Standards Council's recommendation RR9 concerning income tax is being applied as of 2001. However, a full adaptation has not yet been made for the Group's new companies in Germany and Poland. The impact of this change in accounting policies is reported under the heading "Changes in equity" and corresponds to the balance sheet item "Deferred tax assets" included in "Financial fixed assets". Vattenfall is also applying the Council's recommendation RR20 on interim reports as of 2001.

In other respects, the same accounting principles have been used as in the preparation of the latest annual accounts.

Stockholm, August 29, 2001

Lars G Josefsson
President and Chief Executive Officer

Auditors' Review Report

We have reviewed this six-month interim report in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR).

A review is substantially less comprehensive in scope than an audit.

During our review, nothing has come to our attention to indicate that the six-month interim report does not satisfy the requirements of the Swedish Annual Accounts Act.

Stockholm, August 29, 2001

Ernst & Young AB
Lars Träff
Authorized Public Accountant

Filip Cassel
Authorized Public Accountant
National Audit Bureau

Consolidated Income Statement

Amounts in SEK million	January – June 2001	January – June 2000	April – June 2001	April – June 2001 pro forma*****	April – June 2000	Full year 2000
Net sales	**31,626**	15,521	**20,067**	***13,914***	6,415	31,695
Cost of products sold	**–24,119***	–10,758*	**–16,415**	***–11,395***	–5,116	–23,484*
Gross profit	**7,507**	4,763	**3,652**	***2,519***	1,299	8,211
Selling expenses, research and development costs and administrative expenses	**–3,742****	–2,029**	**–2,567**	***–1,933***	–1,133	–4,732**
Other operating income and expenses – net	**1,221**	498	**809**	***691***	333	2,551
Participations in the result of associated companies	**77**	107	**–171**	***–19***	74	658
Operating profit	**5,063**	3,339	**1,723**	***1,258***	573	6,688
Financial income	**1,396**	282	**1,143**	***580***	143	1,037
Financial expenses	**–2,103**	–1,068	**–1,324**	***–993***	–573	–2,536
Profit before tax and minority interests	**4,356**	2,553	**1,542**	***845***	143	5,189
Tax	**–1,307*****	–715****	**–463**	***–150***	–40	–1,757
Minority interests in the profit for the period	**–505**	–8	**–519**	***–389***	6	–462
Net profit for the period	**2,544**	1,830	**560**	***306***	109	2,970

** Of which, depreciation, SEK 3,173 million (2,245 and 5,186, respectively).*
*** Of which, depreciation, SEK 90 million (71 and 291, respectively).*
**** Calculated on the basis of a tax rate of 30 per cent.*
***** Calculated on the basis of a standard tax rate of 28 per cent.*

****** Reflects the situation that would arise if HEW had been consolidated as of January 1, 2001. See also under the heading "Sales and Performance for the 2nd Quarter", above.*

Profit Areas

Amounts in SEK million	January – June 2001	January – June 2000	April – June 2001	April – June 2001 pro forma	April – June 2000	Full year 2000
Net sales						
Generation Nordic Countries	**11,403**	7,510	**5,972**	***5,972***	3,177	15,934
Sales Nordic Countries	**9,317**	8,236	**4,430**	***4,430***	3,541	16,503
Heat Nordic Countries	**1,461**	1,096	**549**	***549***	426	1,951
Electricity Networks Nordic Countries	**4,133**	3,766	**1,553**	***1,553***	1,459	7,551
Services	**1,384**	1,269	**724**	***724***	687	2,832
Poland and Germany	**13,221**	1,326	**12,168**	***6,015***	409	2,495
Other Business	**2,060**	1,463	**937**	***937***	754	2,457
Other and eliminations *	**–11,353**	–9,145	**–6,266**	***–6,266***	–4,038	–18,028
Total	**31,626**	15,521	**20,067**	***13,914***	6,415	31,695

** Mainly concerns trade between Sales Nordic Countries, Electricity Networks Nordic Countries and Generation Nordic Countries.*

Amounts in SEK million	January – June 2001	January – June 2000	April – June 2001	April – June 2001 pro forma	April – June 2000	Full year 2000
Operating profit						
Generation Nordic Countries	**3,370**	1,543	**1,095**	***1,095***	288	4,930
Sales Nordic Countries	**–639**	185	**–471**	***–471***	68	634
Heat Nordic Countries	**153**	53	**0**	***0***	–31	–63
Electricity Networks Nordic Countries	**1,243**	1,194	**168**	***168***	178	1,619
Services	**47**	33	**27**	***27***	36	72
Poland and Germany	**1,033**	119	**818**	***353***	–57	418
Other Business	**–124**	229	**98**	***98***	99	–880
Other and eliminations	**–20**	–17	**–12**	***–12***	–8	–42
Total	**5,063**	3,339	**1,723**	***1,258***	573	6,688

Consolidated Balance Sheet

Amounts in SEK million	**June 30 2001**	June 30 2000	December 31 2000
Assets			
Fixed assets			
Intangible assets	**4,287**	2,060	2,993
Tangible assets	**86,625**	61,015	68,089
Financial assets	**59,032**	17,633	19,113
Total fixed assets	**149,944**	80,708	90,195
Current assets			
Inventories	**5,736**	4,805	5,558
Current receivables	**20,736**	8,282	11,963
Liquid assets *	**9,197**	3,558	7,543
Total current assets	**35,669**	16,645	25,064
Total assets	**185,613**	97,353	115,259
Equity, provisions and liabilities			
Equity	**38,049**	33,614	35,374
Minority interests in equity	**14,307**	3,290	4,985
Interest-bearing provisions	**11,728**	407	187
Other provisions	**33,560**	11,699	13,792
Long-term interest-bearing liabilities	**47,864**	30,159	41,116
Other long-term liabilities	**705**	1,029	878
Current interest-bearing liabilities *	**26,920**	10,409	9,551
Other current liabilities	**12,480**	6,746	9,376
Total equity, provisions and liabilities	**185,613**	97,353	115,259
Pledged assets	**925**		709
Contingent liabilities	**7,209**		7,162

** Includes interest-arbitrage transactions of SEK 1,239 million (1,478 and 1,374, respectively).*

Consolidated Cash Flow Statement

Amounts in SEK million	January – June 2001	2000	Full year 2000
CASH FLOW FROM OPERATING ACTIVITIES			
Internally generated funds	**6,318**	4,013	5,830
Cash flow from changes in operating assets and liabilities	**665**	537	301
Cash flow from operating activities	**6,983**	4,550	6,131
CASH FLOW FROM INVESTING ACTIVITIES			
Investments	**–33,719**	–13,014	–23,840
Sales	**13,773**	245	1,810
Liquid assets in acquired/sold companies, net	**1,067**	97	254
Cash flow from investing activities	**–18,879**	–12,672	–21,776
Cash flow before financing activities	**–11,896**	–8,122	–15,645
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends	**–1,779**	–1,580	–1,580
Financing	**15,206**	8,458	19,970
Cash flow from financing activities	**13,427**	6,878	18,390
Cash flow for the period	**1,531**	–1,244	2,745
LIQUID ASSETS			
Liquid assets at the beginning of the period	**7,543**	4,860	4,860
Translation differences	**123**	–58	–62
Cash flow for the period	**1,531**	–1,244	2,745
Liquid assets at the end of the period	**9,197**	3,558	7,543

Changes in Equity

Amounts in SEK million	January – June 2001	January – June 2000	Full year 2000
Equity, opening balance according to balance sheet earlier adopted	**35,120**	**33,347**	**33,347**
Effect of change in accounting policy *	254	74	254
Equity, opening balance adjusted for new accounting policy	**35,374**	**33,421**	**33,601**
Dividend	–990	–1,500	–1,500
Change in tax rate	0	–10	–10
Change in translation difference	1,121	–127	313
Profit for the period	2,544	1,830	2,970
Closing balance	**38,049**	**33,614**	**35,374**

* *Adaptation to the Swedish Financial Accounting Standards Council's recommendation no. 9.*

Earnings per Share

	January – June 2001	January – June 2000	Full year 2000
Number of shares ('000)	**131,700**	131,700	131,700
Earnings per share (SEK)	**19.32**	13.90	22.50

Key Ratios

(in per cent unless otherwise specified)

	July 2000 – June 2001	Full year 2000
Return on capital employed	**9.4**	8.9
Return on equity after standard tax	**12.1**	9.9

	January – June 2001	January – June 2000
Operating margin	**16.0**	21.5
Pre-tax profit margin	**13.8**	16.4
Equity-assets ratio	**28.4**	38.5
Debt cover, times	**1.7**	1.1
Interest cover 1, times	**3.1**	3.4
Interest cover 2, times	**7.3**	4.3

Definitions

Return on capital employed: Operating profit in relation to a weighted average total of the balance sheet totals for the period less non-interest-bearing liabilities, provisions and liquid assets.

Return on equity after standard tax: Profit before tax, adjusted for minority interests plus tax at a standard rate of 28 per cent in relation to a weighted average of equity for the period.

Operating margin: Operating profit in relation to net sales.

Pre-tax profit margin: Profit before tax and minority interests in relation to net sales.

Equity-assets ratio: Equity (including minority interests) in relation to the balance sheet total at the end of the period less interest-arbitrage transactions.

Debt cover, times: Interest-bearing liabilities and provisions plus minority interests in equity less liquid assets in relation to equity (including minority interests) at the end of the period.

Interest cover 1, times: Operating profit including financial income in relation to financial expenses.
Interest cover 2, times: Operating profit plus dividends received in relation to net interest income/expenses.

Vattenfall will publish its nine-month interim report on November 13, 2001.

This report has been translated from the Swedish original.