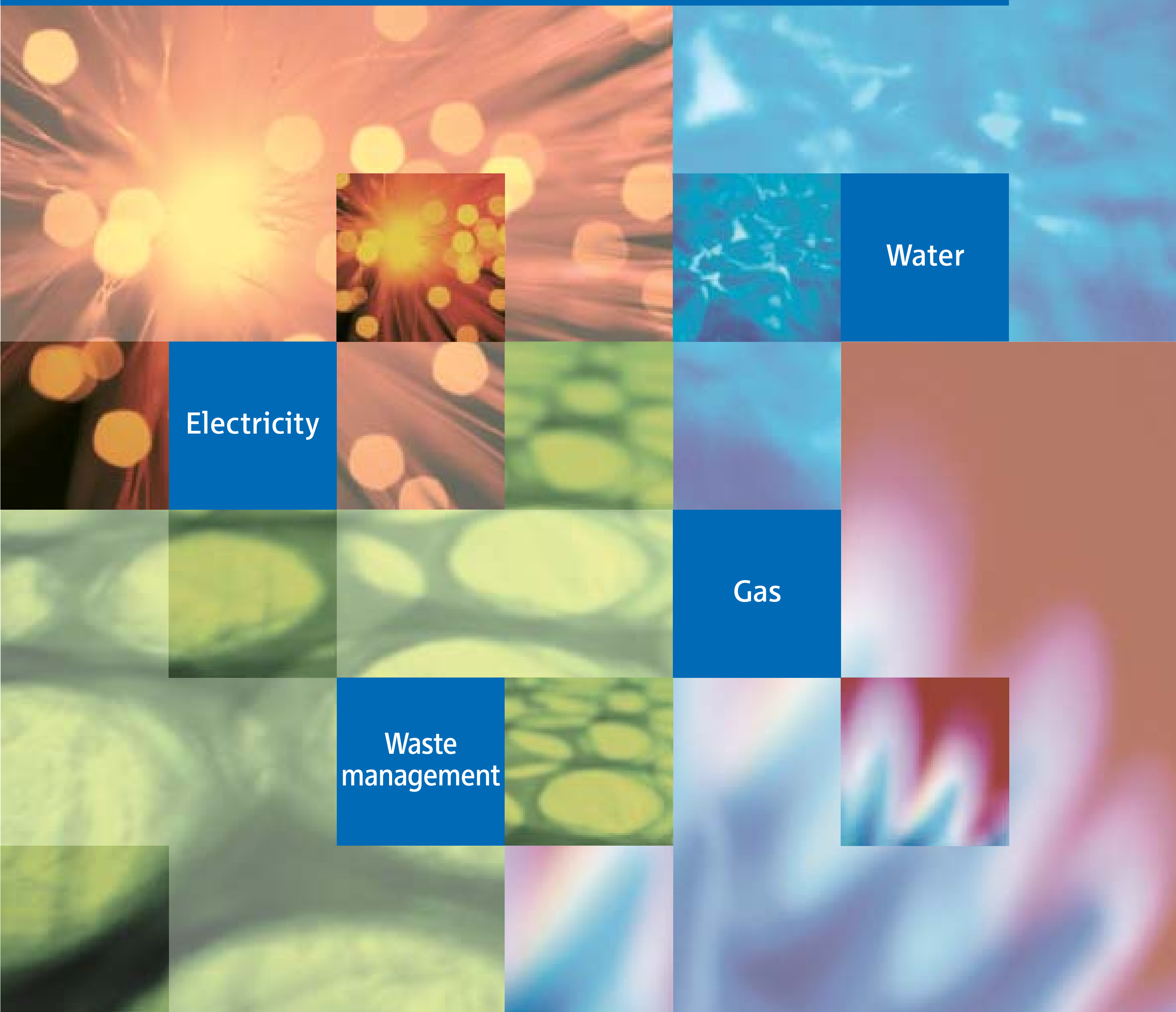
RWE
One Group.
Multi Utilities.

Report on the first quarter of the Group's truncated 2001 financial year

July through September 2001

- Operating result considerably up year-on-year
- Electricity result stable despite heavy burdens
- Water business makes 23% result contribution
- Takeover bid for American Water Works, No. 1 on US water market
- Outlook remains positive despite cyclical strain on financial holdings



RWE Group		Jul. – Sep. 2001 € million	Jul. – Sep. 2000[1] € million	Change year-on-year +/– in %	Full year 2000/01 € million
External net sales		**16,818**	12,684	+ 32.6	62,878
EBITDA		**1,684**	1,004	+ 67.7	6,575
Operating result		**903**	605	+ 49.3	3,953
Profit before tax		**543**	470	+ 15.5	2,238
Net profit		**304**	250	+ 21.6	1,264
Earnings per share					
excl. goodwill amortization	€	**0.76**	0.53	+ 43.4	2.90
incl. goodwill amortization	€	**0.54**	0.48	+ 12.5	2.24
Cash flow		**1,106**	674	+ 64.1	4,620
Capital expenditure		**1,604**	856	+ 87.4	13,408
		09/30/01	06/30/01	+/– in %	
Work force[2]		**158,281**	162,347	– 2.5	

1) Previous year's figure excludes VEW.
2) Based on employee equivalents (according to level of employment).

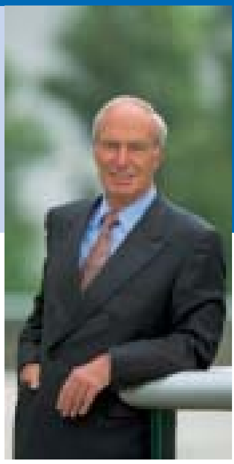
Strong growth in results through expansion of core business

Dear Shareowners,

Our sharp focus on our core businesses in the fields of energy and environment is paying off. The turnaround in the electricity business and the expansion of our water operations enable us to tap substantial potential for creating value. Moreover, we are placing our chips on growth in sectors that harbor long-term stability—a factor that carries weight especially in times of economic weakness. Proof positive: our last quarter, which saw RWE's operating result climb 38%—a boost for which our core business is nearly fully responsible. Two success factors are especially noteworthy:

- The result generated by the Electricity Business Area was on par year-to-date. We were thus able to fully offset the effects burdening this segment, constituted on the one hand by costs resulting from the implementation of the German Renewable Energy Act and the German CHP Act that we were not able to pass on to our customers entirely. On the other hand, CONSOL's production-related deterioration in income and the increased cost of fuel left their mark as well. We managed to compensate these factors primarily thanks to our comprehensive cost-cutting program. Wholesale electricity prices largely continued to display stable development.

- The first-time consolidation of Thames Water in the Water Business Area contributed the lion's share of our rise in results. Accounting for a mere 4% of sales, Thames produced 23% of the Group's operating result.



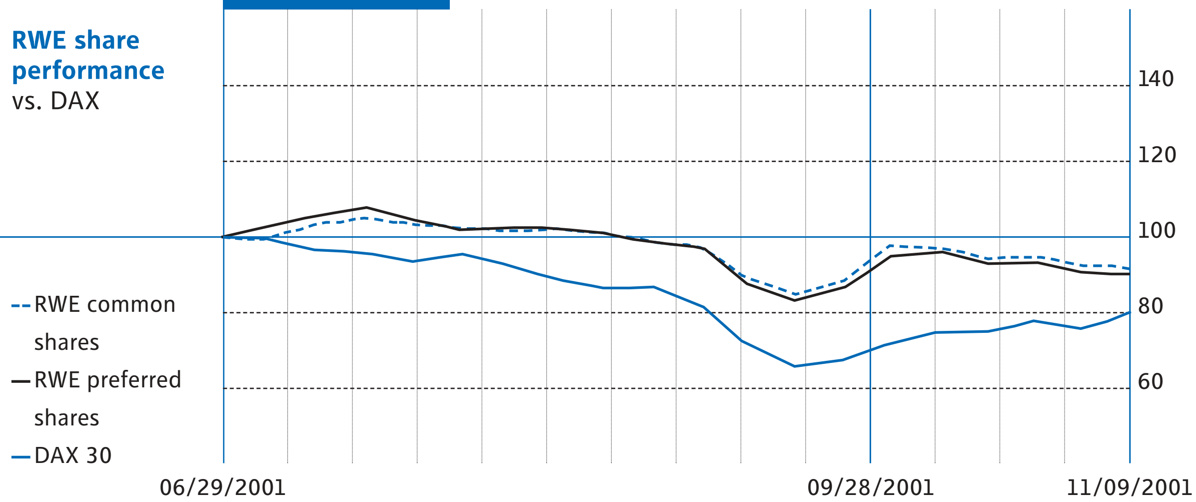
Water will make an even larger contribution to Group results in the future. We set the course to achieve this in the first quarter with the planned acquisition of American Water Works, which will make RWE the largest private water utility in the US. North America is the world's biggest water market and offers efficient private providers attractive growth prospects with high cash flows that remain stable over the long term. We expect American Water Works to lift EBITDA by 10% per annum in the years ahead. By taking this step, we are strengthening our position as the No. 3 player on the global water market. More importantly, however, we have thus come significantly closer to the main goal we set ourselves in this business, i.e. to become the world's most profitable company active on the water market.

The truncated 2001 financial year will come to a close in a few weeks. We anticipate being able to uphold the forecast we published in September despite the further deterioration in basic economic conditions witnessed in the interim. The operating result will clearly surpass the level achieved in the first half of 2000/01. We are counting on posting an increase of between 15% and 20%. As in the first quarter, this development will be shouldered by our core business.

Essen, November 2001

Dietmar Kuhnt

Dr. Dietmar Kuhnt
Chairman of the Executive Board



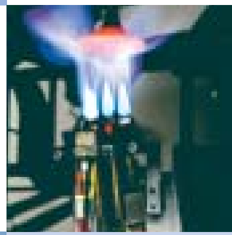
"RWE story" enjoys high acceptance on the capital market

The first quarter of RWE's truncated financial year was characterized by a substantial drop in the price of its shares on the German stock market. From June 29 through September 28, 2001, the German Stock Index (DAX) slipped 29% to 4,308 points. The main reasons for the decline were unfavorable forecasts made for the US and European economies. Share prices recorded another substantial drop following the terrorist attacks in the US. On September 21, the DAX had fallen to 3,787 points—a record low since November of 1997. However, over the course of its subsequent recovery phase, which continued past the end of the reporting period, the index easily managed to rebound past the 4,000-point mark.

The decline posted by RWE's share price was markedly less pronounced than that of the DAX. Ordinary shares lost a mere 6.1% in value during the period being reviewed. On September 28, 2001, they were quoted at €44.10. Preferred stock slipped 5.4% to €31.50. RWE shares derive their stability from strong demand for stable utility issues and the high level of acceptance generated by the "RWE story" on capital markets.

Our planned acquisition of American Water Works was largely well received. Furthermore, the capital markets rewarded us for having pulled ourselves out of the trough in the energy business. This turnaround was reflected in the Annual Financial Statements for Fiscal 2000/01. After the statement's September 26 publication, RWE stock had climbed more than 10% by the end of the month.

RWE shares recorded a slight dip following the reporting period, thus underperforming the DAX. This was due to resurgent demand for cyclically volatile issues, above all in the technology sector.



Electricity business launches successful cost offensive and Thames Water delivers a substantial result contribution

New reporting structure reflects focus on core business

We intend to provide our shareholders with the highest possible level of transparency. To this end, we adjusted our reporting structure to reflect the new alignment we gave our Group last year. From the first quarter of the current fiscal year onwards, we will consistently report on developments in each of our core divisions, i.e. Electricity, Gas, Water and Environmental Services.

The following divisions along with their management companies have been grouped under the new Electricity Business Area.

- Power generation (RWE Power)
- Lignite-fired electricity generation and mining (RWE Rheinbraun)
- Trading (RWE Trading)
- Grid (RWE Net)
- Sales (RWE Plus)
- Industrial Services (RWE Solutions, formerly known as TESSAG)
- Corporate Services (RWE Systems)

Our new Gas Division comprises the following business units.

- Upstream (RWE-DEA)
- Gas (RWE Gas)

Notes on the methodology applied in this quarterly report

The previous year's quarter did not yet include the effects of consolidation ensuing from the merger between RWE and VEW. The tie-up was implemented with retroactive effect on July 1, 2000, but could not be accounted for in the first quarter of fiscal 2000/01 for legal reasons. Therefore, with a view to improving comparability, this quarterly report includes pro forma figures for sales, EBITDA and the operating result <u>including</u> VEW. VEW has been included in the previous year's figures post facto. <u>These are also the figures we make reference to when commenting on key financials.</u> Charts show the original figures excluding VEW separately.

RWE Group External net sales € million	Jul. – Sep. 2001	Jul. – Sep. 2000 pro forma (incl. VEW)	Change vs. pro forma (incl. VEW) +/– in %	Jul. – Sep. 2000 (excl. VEW)
Electricity	**5,115**	4,148	+ 23.3	3,588[1]
Gas (incl. RWE-DEA Upstream)	**599**	500	+ 19.8	–[2]
Water	**683**	–[3]	–	–[3]
Environmental Services	**536**	520	+ 3.1	357
Total core business	**6,933**	5,168	+ 34.2	–[4]
RWE-DEA Downstream	**4,379**[5]	4,407	– 0.6	5,264[6]
Heidelberger Druckmaschinen	**2,300**	996	+ 130.9	996
HOCHTIEF	**3,149**	2,466	+ 27.7	2,466
Other activities[7]	**57**	742[8]	– 92.3	13
Total	**16,818**	13,779	+ 22.1	12,684
Germany	**9,341**	9,004	+ 3.7	7,985
International	**7,477**	4,775	+ 56.6	4,699

1) Former Energy Business Area (including gas operations) and the Industrial Services Division.
2) Gas operations are included in the former Energy Business Area. Upstream operations are included in the former Petroleum and Chemicals Business Area.
3) The Water Division has only been in existence since November 9, 2000.
4) No comparable figure of informational value owing to the change in the Group's structure.
5) Including €1,480 million in mineral oil taxes (previous year: €1,335 million).
6) Including Upstream operations and chemicals.
7) Includes Harpen.
8) Includes RWE-DEA's former chemicals operations in the amount of €690 million.

As regards Heidelberger Druckmaschinen, we had to synchronize the reporting periods, which had been shifted three months owing to the RWE Group's transition to the calendar financial year. We have already included Heidelberg's half-year figures for April through September 2001 in the quarterly figures presented in this report. This leads to above-average deviations vis-à-vis the year-earlier quarter.

Global economy cools down substantially

The tense situation in the United States has been exacerbated significantly since the September 11 terrorist attacks. In the wake of this development, economic expansion in Latin America has slowed markedly, compounded by Argentina's debt crisis. It was above all the backlash from the US economy along with high energy prices that were responsible for the European economy's unexpected weakness. At present, the tense situation is not likely to improve in the foreseeable future. Germany's economy has also lost a significant amount of dynamism. Major dampening effects resulted from the declines in demand for exported goods and services—which had been the engine driving the economy just a year earlier—as well as the persistently catastrophic situation in the German construction industry.

RWE Group EBITDA € million	**Jul. – Sep. 2001**	Jul. – Sep. 2000 pro forma (incl. VEW)	Change vs. pro forma (incl. VEW) +/– in %	Jul. – Sep. 2000 (excl. VEW)
Electricity	**779**	710	+ 9.7	582[1)]
Gas (incl. RWE-DEA Upstream)	**130**	95	+ 36.8	–[2)]
Water	**329**	–[3)]	–	–[3)]
Environmental Services	**84**	80	+ 5.0	55
Total core business	**1,322**	885	+ 49.4	–[4)]
RWE-DEA Downstream	**139**	137	+ 1.5	285[5)]
Heidelberger Druckmaschinen	**200**	81	+ 146.9	81
HOCHTIEF	**70**	27	+ 159.3	27
Other[6)]/holding/consolidation	**– 47**	31[7)]	– 251.6	– 26
Total	**1,684**	1,161	+ 45.0	1,004

1) Former Energy Business Area (including gas operations) and the Industrial Services Division.
2) Gas operations are included in the former Energy Business Area. Upstream operations are included in the former Petroleum and Chemicals Business Area.
3) The Water Division has only been in existence since November 9, 2000.
4) No comparable figure of informational value owing to the change in the Group's structure.
5) Including upstream operations and chemicals.
6) Includes Harpen.
7) Includes RWE-DEA's former chemicals operations in the amount of €65 million.

Sales boosted through consolidation effects

Consolidated external net sales amounted to €16.8 billion and were thus 22.1% up on the previous year's level. Besides the inclusion of Heidelberg's two quarters, which added another €1.2 billion, the following first-time consolidations were the major drivers of this surge.

- Thames Water in the Water Division (€683 million),
- Leighton Holdings at HOCHTIEF (€684 million) and
- SSM Coal in the Electricity Division's trading unit (€202 million).

Net of Heidelberg's second included quarter and all material consolidation effects, sales rose 7.4%. The main reason for this was management's expansion of the Group's trading activities. Turner's increased volume of business in the American construction sector also had a sales-enhancing effect.

Double-digit increase in EBITDA and operating result

EBITDA climbed 45.0% to €1,684 million. The operating result rose 37.9% to €903 million. The boost in the result stems nearly exclusively from our core businesses, whereas negative externalities left a clear mark on financial holdings. Accounting for €207 million, or 23% of the consolidated result, Thames Water's first-time consolidation made a major contribution to the increase in income. Net of the material effects of consolidation and excluding Heidelberg's second included quarter, the result was on par with the previous year's level.

The operating result posted by the Electricity Business Area was slightly up year-to-date. We were thus able to fully compensate burdening effects. Improved margins owing to reduced costs and the rise in wholesale prices were principally contrasted by the dampening effects of laws promoting

RWE Group Operating result € million	**Jul. – Sep. 2001**	Jul. – Sep. 2000 pro forma (incl. VEW)	Change vs. pro forma (incl. VEW) +/– in %	Jul. – Sep. 2000 (excl. VEW)
Electricity	**406**	402	+ 1.0	321[1]
Gas (incl. RWE-DEA Upstream)	**79**	52	+ 51.9	–[2]
Water	**207**	–[3]	–	–[3]
Environmental Services	**37**	37	0.0	27
Total core business	**729**	491	+ 48.5	–[4]
RWE-DEA Downstream	**107**	107	0.0	192[5]
Heidelberger Druckmaschinen	**104**	37	+ 181.1	29
HOCHTIEF	**22**	30	– 26.7	28
Other[6]	**– 59**	– 10[7]	– 490.0	8
Total	**903**	655	+ 37.9	605

1) Former Energy Business Area (including gas operations) and the Industrial Services Division.
2) Gas operations are included in the former Energy Business Area. Upstream operations are included in the former Petroleum and Chemicals Business Area.
3) The Water Division has only been in existence since November 9, 2000.
4) No comparable figure of informational value owing to the change in the Group's structure.
5) Including Upstream operations and chemicals.
6) Includes Harpen.
7) Includes RWE-DEA's former chemicals operations in the amount of €31 million.

renewable energy (German Renewable Energy Act, EEG) and combined heat and power generation (German CHP Act, KWK-Gesetz) as well as higher fuel costs. Moreover, CONSOL made a significantly lower contribution to the result due to restrained extraction in the hard coal business for geological reasons and the steep decline in US gas prices.

Gas posted a 51.9% surge in its operating result. We benefited from the higher volume of gas production and the development of gas prices. The decrease in oil prices had an adverse effect.

Results achieved by the Environmental Services Division were on par with the year-earlier level.

RWE-DEA's downstream activities repeated the record result produced in the previous year. Heidelberg's result was 181.1% up year-on-year because two quarters were included. Isolating Heidelberg's first quarter still generates a 21.6% rise. Conversely, the second quarter closed 48.7% down on the previous year due to the rapid deterioration of business in the US. HOCHTIEF suffered a 26.7% drop in its result primarily owing to the weak German construction business and despite the first-time consolidation of Leighton.

Net profit also clearly up year-on-year

Net profit rose to €304 million. This corresponds to €0.54 in earnings per share after goodwill amortization. Principally responsible for this development were the higher operating result as well as a marked increase in non-operating results to €203 million due to the divestment of our stake in LAUBAG. By contrast, financial results decreased to €–563 million especially owing to the financing of the Thames Water acquisition and the first-time inclusion of Thames Water's financial results. Profit before tax advanced to €543 million. The tax ratio was 29%.

RWE Group Reconciliation to net profit € million	**Jul. – Sep. 2001**	Jul. – Sep. 2000[1)]	Change year-on-year +/– in %
Operating result	**903**	605	+ 49.3
Non-operating result	**203**	93	+ 118.3
Financial result	**– 563**	– 228	– 146.9
Profit before tax	**543**	470	+ 15.5
Net profit	**304**	250	+ 21.6

1) The previous year’s figures do not include VEW.

Cost-cutting program right on target

We set our sights on reducing costs by €340 million in the six-month truncated fiscal year. Of this sum, in the first quarter, we secured about €180 million in cost-saving potential by way of operative measures.

Cash flow statement—key figures

Cash flow advanced to €1,106 million year-on-year. This was principally due to Electricity’s improved cash flow and the first-time consolidation of Thames Water. Net cash from operating activities rose to €1,630 million owing to the increase in cash flow and the reduction of net current assets. Net cash used for financing activities thus amounts to €2,399 million—primarily as a result of the marked climb in capital expenditure in tangible and financial assets. Net cash from financing activities and first-time consolidations amounted to €194 million and €562 million, respectively. Cash and cash equivalents are thus more or less on par with the level recorded at the close of the 2000/01 financial year.

Net financial assets as of September 30, 2001 totaled €1,353 million and were thus up €1,218 million from their June 30, 2001 level. This was principally due to cash provided by operating activities, the increase in net financial assets through first-time consolidations, and income from divestments. Capital expenditure in tangible and financial assets had an opposite effect.

RWE Group Capital expenditure incl. acquisitions € million	**Jul. – Sep. 2001**	Jul. – Sep. 2000[1]	Change year-on-year +/– in %
Electricity	**899**	390[2]	+ 130.5
Gas (incl. RWE-DEA Upstream)	**54**	–[3]	–
Water	**234**	–[4]	–
Environmental Services	**69**	19	+ 263.2
Total core business	**1,256**	–[5]	–
RWE-DEA Downstream	**25**	108[6]	– 76.9
Heidelberger Druckmaschinen	**129**	59	+ 118.6
HOCHTIEF	**168**	18	+ 833.3
Other[7]	**26**	262	– 90.1
Total	**1,604**	856	+ 87.4
Capital expenditure on tangible assets	**985**	540	+ 82.4
Capital expenditure on financial assets	**619**	316	+ 95.9

1) The previous year's figures do not include VEW.
2) Former Energy Business Area (including gas operations) and the Industrial Services Division.
3) Gas operations are included in the former Energy Business Area. Upstream operations are included in the former Petroleum and Chemicals Business Area.
4) The Water Division has only been in existence since November 9, 2000.
5) No comparable figure of informational value owing to the change in the Group's structure.
6) Including upstream and chemicals operations.
7) Including Harpen.

Sharp rise in capital expenditure through expansion of core business

Capital expenditure was nearly double the unusually low level of spending achieved in the same period last fiscal year. The rise in tangible assets is principally due to the first-time inclusion of Thames Water. HOCHTIEF's marked increase is a result of the first-time consolidation of Leighton Holdings as well as real estate purchases made by HOCHTIEF's Development Unit. Financial investments were clearly higher compared with the very low year-earlier figure. Two major acquisitions accounted for the lion's share of this development, i.e. our purchase of a 49% stake in Kärntner Energieholding Beteiligungs GmbH (KEH) and CONSOL's acquisition of Conoco's interest in a coalbed methane gas joint venture in the US.

Work force shrinks by 2.5%

With a view to ensuring that personnel changes can be evaluated appropriately also in terms of the effects they have on costs, we have stated the RWE Group's work force figures in employee equivalents for the first time. Part-time staff members are accounted for according to their degree of employment. Trainees are not included. To allow for comparability, we converted the personnel head count as of June 30, 2001 to employee equivalents as well.

RWE Group Work force	As of 09/30/2001 EE[1]	As of 06/30/2001 EE[1]	Change +/– in %	As of 06/30/2001 Headcount
Electricity	**66,148**	69,118	– 4.3	73,227
Gas (incl. RWE-DEA Upstream)	**2,642**	2,627	+ 0.6	2,803
Water	**12,937**	13,875	– 6.8	14,000
Environmental Services	**14,559**	14,091	+ 3.3	14,666
Total core business	**96,286**	99,711	– 3.4	104,696
RWE-DEA Downstream	**3,377**	3,452	– 2.2	3,901
Heidelberger Druckmaschinen	**24,749**	24,560	+ 0.8	25,724
HOCHTIEF	**33,030**	33,768	– 2.2	34,693
Other[2]/holding	**839**	856	– 2.0	965
Total	**158,281**	162,347	– 2.5	169,979
Germany	**91,098**	93,808	– 2.9	100,996
International	**67,182**	68,539	– 2.0	68,983

1) Based on employee equivalents (EE) according to percentual levels of employment.
2) Principally includes Harpen.

In terms of equivalents, the RWE Group employed 158,281 people as of September 30, 2001. This corresponds to a contraction of 2.5% compared with June 30, 2001. Operative changes caused our labor force to drop by 2,473 employees, 490 of which are attributable to RWE Rheinbraun. Water along with our Electricity Business Area's Sales Division and HOCHTIEF experienced reductions in staff of a similar order of magnitude. First-time consolidations and de-consolidations resulted in a net decline of 1,593 positions. Mainly responsible for this development was the divestment of Industrial Services' Rheinelektra Technik GmbH, which shed 1,579 employees.

RWE advances to No. 1 spot on US water market: takeover bid for American Water Works

On September 17, 2001, we announced our planned acquisition of Vorhees, New Jersey-based water utility American Water Works Company Inc. The proposed purchase price is $46 in cash per ordinary share. This results in a purchase price of $4.6 billion. Including assumed liabilities, the enterprise value totals $7.6 billion. With operations in 23 states, American Water Works is the largest listed US water utility. Fiscal 2000 saw the company's 5,000 employees (approx.) generate $1.4 billion in sales along with $622 million in EBITDA. The deal is still subject to approval from American Water Works' shareholders as well as from antitrust and regulatory authorities and is not expected to close until 2003.

TESSAG now operates as "RWE Solutions": clearly part of core electricity business

On September 1, 2001, TESSAG began functioning as a multi-utility service provider. Under its new name, RWE Solutions AG, the company offers services to the energy industry as well as a range of energy-related services and systems for industrial customers that has been extended to include electricity. The company now handles the industrial key account business for the automotive, chemicals and other sectors inherited from RWE Plus.

Planned joint venture between RWE-DEA and Shell under extended scrutiny by antitrust authorities

On August 23, 2001, the European Commission referred the decision on the joint venture to the German Federal Cartel Office, requesting the agency to investigate the portion of the deal that concerns petroleum operations. In addition, the Commission initiated a second evaluation phase to examine the joint venture's petrochemical activities. Both antitrust authorities are expected to hand down a decision by year-end. Shell and RWE-DEA will continue to operate on the market as independent entities until a conclusive resolution has been passed on the deal's cartel-related issues.

Outlook on the truncated 2001 financial year: still on target for anticipated key figures despite cyclical burdens

We are set to uphold the result forecast we made when we published the 2000/01 Annual Financial Statements thanks to the stability of our core business and despite the unfavorable development experienced by our financial holdings for cyclical reasons. Our **operating result** will clearly surpass the €1,674 million we achieved in the first half of fiscal 2000/01. We anticipate 15% to 20% growth. In line with our forecast, the result will thus account for about 50% of income generated in the 2000/01 financial year.

We expect electricity prices to remain stable as far as our new Electricity Business Area is concerned. Ongoing cost reductions will enhance profitability even further following the earnings turnaround achieved in the closing quarter of the last fiscal year. However, they are still contrasted by high burdens shouldered as a result of the laws for the promotion of renewable energy and CHP power generation as well as the increase in fuel costs. Furthermore, CONSOL will clearly fall short of the very good result posted a year earlier. All in all, we anticipate closing the financial year roughly on par with the previous year's level.

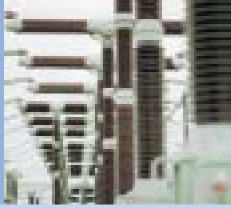
As regards our new Gas Business Area, we expect a reduction in results especially owing to the decline in crude oil prices.

Thames Water had not yet been consolidated in the first half of fiscal 2000/01. It wasn't until March 31, 2001 that the company was consolidated with retroactive effect as of November 9, 2000.

Management expects the Environmental Services Division to post an improved operating result compared with the first half of the previous year. Cost reductions form the basis for achieving this goal.

By contrast, forecasts for our other businesses have results on the decline. RWE-DEA Downstream will not be able to match the outstanding result recorded a year earlier. Since three quarters of Heidelberger Druckmaschinen will be considered, the company will disclose a higher result. However, net of this effect, Heidelberger will close the reporting period significantly down on the previous year for cyclical reasons. Owing to the persistently unfavorable situation in the German construction industry, HOCHTIEF expects its result to fall short of the year-earlier level.

We anticipate lifting **consolidated net sales** by about 10% compared with the first six months of fiscal 2000/01 (€29.5 billion). The main drivers are the consolidation effects brought about by the inclusion of Thames Water and Leighton Holdings, the significant expansion of our trading activities, and the inclusion of three of Heidelberg's quarters due to the Group's transition to the calendar fiscal year.



Electricity

- **First report following the implementation of the new structure**
- **Operating result matches year-earlier level despite burdens thanks to successful cost reductions**

Key figures		**Jul. – Sep. 2001**	Jul. – Sep. 2000 pro forma (incl. VEW)	Change vs. pro forma (incl. VEW) +/– in %	Jul. – Sep. 2000 (excl. VEW)
Sales volume					
Electricity	kWh million	**69,511**	63,336	+ 9.7	43,256
trading activity	kWh million	**19,732**	8,551	+ 130.8	3,465
Hard coal	sht thousand	**18,344**	19,723	– 7.0	19,723
External net sales[1]	€ million	**5,115**	4,148	+ 23.3	3,588[2]
Electricity	€ million	**2,977**	2,613	+ 13.9	2,024
trading activity	€ million	**434**	187	+ 132.1	59
Hard coal	€ million	**505**	499	+ 1.2	499
Other activitites[3]	€ million	**1,633**	1,036	+ 57.6	1,065
EBITDA	€ million	**779**	710	+ 9.7	582[2]
Operating result	€ million	**406**	402	+ 1.0	321[2]
Capital expenditure	€ million	**899**	–[4]	–	390[2]
		09/30/01	06/30/01	+/– in %	
Work force[5]		**66,148**	69,118	– 4.3	

1) Includes €149 million in electricity taxes (previous year: €111 million).
2) Former Energy Business Area (including gas operations) and the Industrial Services Division.
3) Includes district heating, raw lignite and lignite upgrading products.
4) No comparable figure of informational value for the previous year owing to the change in the Group's structure.
5) Based on employee equivalents (EE) according to percentual levels of employment.

German **power consumption** was pretty much on par with the previous year's level. Whereas electricity consumed by industry declined for cyclical reasons, the cool month of September led to a marked increase in demand for heating power. Power trading prices displayed another slight advance. Consumer prices showed little movement.

Our **electricity sales volume** was up 9.7%, principally as a result of the substantial expansion of our power trading operations. This was also reflected in **external net sales** which rose 23.3% to €5.1 billion. Moreover, passing on the burden resulting from the German Renewable Energy Act and the German CHP Act made another contribution to the rise in sales.

EBITDA advanced 9.7% to €779 million, while the **operating result** was on par with the year-earlier level at €406 million. Improved margins owing to reduced costs and the rise in wholesale prices were principally contrasted by the dampening effects of laws promoting renewable energy and combined heat and power generation as well as higher fuel costs. CONSOL made a significantly lower contribution to the result due to restrained extraction in the hard coal business and the steep decline in gas prices in the US.

Electricity Business Area

Key financials by division[1)]

July through September 2001, € million

	Total net sales	EBITDA	Operating result
Power generation	791	117	60
Lignite-fired power generation and mining	1,089	220	81
Trading	3,054	20	23
Grid	866	211	156
Sales	2,284	228	135
Industrial Services	633	5	– 6
Corporate Services/electricity consolidation	– 2,535	– 22	– 43
Total	6,182	779	406

1) No comparable figure of informational value for the previous year due to the change in the Group’s structure.

We expect the operating result to roughly match the previous year’s level (€947 million) for the six-month **truncated financial year.**

Since October 1, 2000, wholesale prices have served as a basis for settling internal commerce for all new contracts between generation companies as well as the Trading and Sales Divisions. This will lead to shifts in results among our business areas vis-à-vis the 2000/01 financial year. The price increase will clearly have a positive effect on results achieved by our generation companies, i.e. RWE Rheinbraun and RWE Power. Conversely, it will have a negative impact on Electricity’s Sales Division since we have not been able to pass the full rise in wholesale prices on to all customer segments. Another shift will be brought about by the Corporate Services Division’s conversion of internal prices to market prices.

Gas

- **First report following the implementation of the new structure**
- **Operating result 52% up on previous year**

Key figures		**Jul. – Sep. 2001**	Jul. – Sep. 2000 pro forma (incl. VEW)	Change vs. pro forma (incl. VEW) +/– in %	Jul. – Sep. 2000 (excl. VEW)
Production (RWE-DEA)					
Natural gas	million m^3	**382**	205	+ 86.3	205
Petroleum crude	thousand mt	**1,227**	946	+ 29.7	946
Natural gas sales volume (RWE Gas)	million kWh	**12,040**	13,141	– 8.4	4,880[2]
External net sales[1]	€ million	**599**	500	+ 19.8	–[3]
EBITDA	€ million	**130**	95	+ 36.8	–[3]
Operating result	€ million	**79**	52	+ 51.9	–[3]
Capital expenditure	€ million	**54**	–[4]	–	–[3]
		09/30/01	06/30/01	+/– in %	
Work force[5]		**2,642**	2,627	+ 0.6	

1) Includes €446,000 in direct natural gas tax payments (previous year: €410,000).
2) Gas sales volume achieved in the previous year by the former Energy Business Area.
3) Gas operations are included in the former Energy Business Area. Upstream activitites are included in the former Petroleum and Chemicals Business Area.
4) No comparable figure of informational value for the previous year due to the change in the Group's structure.
5) Based on employee equivalents according to percentual levels of employment.

Most recently, prices on the **world oil market** were on a pronounced downward trend. From July through September of 2001, a barrel of crude oil cost an average of $25.3 compared with $30.4 in the previous year's corresponding quarter. September saw the price of crude oil drop to $20.4—the lowest level recorded in the last two years. This was caused by waning economic dynamism. In addition, OPEC slightly exceeded the production target it had set itself.

RWE-DEA boosted **natural gas production** by 86.3% to 382 million cubic meters. Improved capacity utilization following the restriction in production due to technical difficulties regarding transit in the year-earlier quarter was the primary driver.

We increased **petroleum production** by 29.7% to 1.2 million metric tons. This rise is partially due to our acquisition of Spanish-based Repsol-YPF's 50% stake in oil fields in the Gulf of Suez. We extended our production capacities in Norway, Kazakhstan and Germany as well.

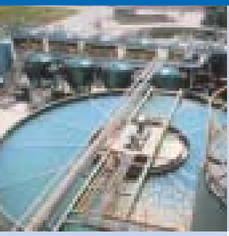
Natural gas sales volumes generated by RWE Gas slipped 8.4% to 12,040 million kWh compared with the previous year's figure which was characterized by unusually cool weather.

External net sales achieved by our Gas Business Area rose 19.8% to €599 million. Going hand-in-hand with the expansion of production volumes, our upstream operations posted a significant gain. RWE Gas also generated higher income. This was due to the increase in gas prices that more than offset the weather-induced decline in sales volumes.

Gas Business Area **Key financials by division** July through September 2001, € million	Total net sales	EBITDA	Operating result
Upstream	**409**	114	78
Gas	**383**	16	1
Total	**792**	130	79

EBITDA surged 36.8% to €130 million while the **operating result** jumped 51.9% to €79 million. This growth is primarily attributable to our upstream operations that posted a marked improvement in their result above all by stepping up their oil and gas production and raising gas prices.

Owing to the substantial decrease in crude oil prices, the Gas Business Area will close the **truncated financial year** with a lower operating result year-to-date.



Water

- **Water business generates 23% of consolidated operating result**
- **Non-UK operations deliver higher result contribution**

Key figures[1] € million	**Jul. – Sep. 2001**
External net sales	**683**
UK	515
Germany/Europe	54
Americas	93
Asia-Pacific	21
EBITDA	**329**
Operating result	**207**
Capital expenditure	**234**
	09/30/01
Work force[2]	**12,937**

1) The Water Business Area has only been in existence since November 9, 2000.
2) Based on employee equivalents according to percentual levels of employment.

Thames Water had not yet been consolidated in the first half of fiscal 2000/01. It wasn't until March 31, 2001 that the company was consolidated with retroactive effect as of November 9, 2000. We are thus unable to disclose figures for the previous year in this quarterly report and will instead make comparative statements merely based on quality.

The **global water market** displayed further growth in private-sector services—a development that was largely independent of the weakening world economy. Here, privatization as well as increasingly stringent quality and environmental standards are the growth engines. North America, Western Europe and certain countries in South America and the Asia-Pac region proved to be key markets.

External net sales amounted to €683 million. At €280 million, income generated outside of the regulated UK business accounted for 41% of total sales, clearly surpassing the figure achieved in the corresponding year-earlier quarter. The main drivers of this surge were acquisitions made in the US (E'town) and Chile (ESSBIO) as well as the increase of our shareholding in the joint venture for the supply of water to the Turkish metropolis of Izmit to 56%. Sales declined slightly as a result of the deconsolidation of Thames Water's UK waste-disposal activities within the scope of the company's transfer to the Environmental Services Division as well as divestments of non-core companies.

Water generated €329 million in **EBITDA** and €207 million in **operating results**. The increase in results posted by our non-UK operations over the previous year reflects the aforementioned steps management took to further international business.

Compared with the year-earlier period, which did not include Thames Water, the Water Business Area's operating result for the **truncated fiscal year** will make a high additional contribution to the Group's result.

Environmental Services

- **Operating result matches year-earlier level**
- **Positive outlook resulting from implementation of new German directive on residental waste**

Key figures € million	**Jul. – Sep. 2001**	Jul. – Sep. 2000 pro forma (incl. VEW)	Change vs. pro forma (incl. VEW) +/– in %	Jul. – Sep. 2000 (excl. VEW)
External net sales	**536**	520	+ 3.1	357
EBITDA	**84**	80	+ 5.0	55
Operating result	**37**	37	0.0	27
Capital expenditure	**69**	–[1]	–	19
	09/30/01	06/30/01	+/– in %	
Work force[2]	**14,559**	14,091	+ 3.3	

1) No comparable figure of informational value for the previous year due to the change in the Group's structure.
2) Based on employee equivalents according to percentual levels of employment.

The tense economic situation also left its mark on the **German waste disposal industry**. Business involving Germany's "Dual System" recycling scheme did not experience any noteworthy changes in volumes or prices. Meanwhile, the EU Commission has decided on the duration of service level agreements for the Dual System. They will expire at the end of 2003. Contracts can then be re-issued on the free market. New chances will be looming on the horizon in the residential waste sector as the Technical Instruction for Residential Waste (TASi) is implemented. The secondary raw material sector is recording further declines in waste paper volumes. We expect to see significant growth impulses in foreign waste disposal markets. In Europe, this development will principally benefit from the decrease in space occupied by landfill sites, the introduction of the EU Packaging Directive, and the governments' resolve to increase recycling quotas.

External net sales advanced 3.1% year-on-year to €536 million. This increase is based on the first-time consolidation of the Kanal-Müller Group that used to be run by Harpen and on Thames Water's waste disposal operations.

EBITDA was up 5.0% to €84 million. **Operating results** remained unchanged at €37 million.

We anticipate the **truncated fiscal year's** operating result exceeding the previous year's level. Cost reductions form the basis for achieving this goal.

RWE-DEA Downstream

- **RWE-DEA's refinery and service-station businesses are reported on separately for the first time**
- **Operating result follows suit with high year-earlier level**

Key figures		**Jul. – Sep. 2001**	Jul. – Sep. 2000	Change year-on-year +/– in %
Sales volume				
Petroleum products	thousand mt	**5,892**	5,452	+ 8.1
Petrochemical products	thousand mt	**710**	677	+ 4.9
External net sales[1]	€ million	**4,379**	4,407	– 0.6
EBITDA	€ million	**139**	137	+ 1.5
Operating result	€ million	**107**	107	0.0
Capital expenditure	€ million	**25**	–[2]	–
		09/30/01	06/30/01	+/– in %
Work force[3]		**3,377**	3,452	– 2.2

1) Including €1,480 million in petroleum taxes (previous year: €1,335 million).
2) No comparable figure of informational value for the previous year due to the change in the Group's structure.
3) Based on employee equivalents according to percentual levels of employment.

Totaling 32.9 million metric tons, German **petroleum consumption** was nearly 1.5% higher than the level recorded in the first quarter of 2000/01. This rise is due to the 10% advance in light heating oil sales volumes.

RWE-DEA's **petroleum sales volumes** were up 8.1% compared with the same period a year earlier and amounted to 5.9 million metric tons. Heating oil operations made the single-largest contribution to this cause. **Petrochemical sales volumes** grew 4.9% to 0.7 million metric tons. This development is primarily a result of the expansion of the Wesseling Refinery's olefin plant in spring 2001.

External net sales generated by RWE-DEA Downstream were 0.6% shy of the year-earlier level, totaling €4,379 million. This slight decline was caused by the transfer of Rhein Oel Ltd. to RWE Trading. **EBITDA** amounted to €139 million—1,5% up on the previous year's level. The **operating result** also regained the high level achieved in the first quarter of fiscal 2000/01, closing the period at €107 million. Whereas the result posted by the service-station business improved owing to higher sales margins and quantities, results generated by refinery and petrochemical activities contracted due to lower margins.

In the **truncated financial year,** RWE-DEA Downstream will not match the record result achieved in the year-earlier period.

Heidelberger Druckmaschinen

- **Two Heidelberg quarters included due to the RWE Group's transition to the calendar fiscal year**
- **Earnings situation suffers because of cyclical weakness**

Key figures € million	**Jul. – Sep. 2001[1]**	Jul. – Sep. 2000[1]	Change year-on-year +/– in %
External net sales	**2,300**	996	+ 130.9
EBITDA	**200**	81	+ 146.9
Operating result	**104**	37	+ 181.1
Capital expenditure	**129**	59	+ 118.6
	09/30/01	06/30/01	+/– in %
Work force[2]	**24,749**	24,560	+ 0.8

1) The reporting period runs from April 1 through September 30, 2001 due to the RWE Group's transition to the calendar fiscal year. Conversely, the corresponding year-earlier period only includes Heidelberg's first quarter, which ran from April 1 through June 30, 2000.
2) Based on employee equivalents according to percentual levels of employment.

Owing to the Group's transition to the calendar fiscal year, we are stating Heidelberg's half-year figures (April through September 2001) in RWE's first-quarter reporting. As a result, key figures disclosed are substantially higher.

The **printing press industry** was marked by the deterioration of the world's economy.

Heidelberg's **order intake** amounted to €2,539, recording a 42.8% boost year-to-date. Net of the second quarter, however, as expected, the company experienced a 26.3% decline. This is due to the high level achieved in the previous year owing to the DRUPA 2000 Trade Fair as well as declining US demand.

Heidelberg generated **external net sales** amounting to €2,300 million. When taking only the first quarter into account, sales grew 7.9% as a result of the high volume of orders generated through the DRUPA 2000 fair. **EBITDA** posted a marked improvement, rising to €200 million. **Operating results** climbed to €104 million and would have advanced 21.6% excluding Heidelberg's second quarter.

Since three of Heidelberg's quarters will be included, the company will close the **truncated fiscal year** with an operating result that exceeds the level posted in the previous year's corresponding period. Net of this effect, the result will be substantially down year-on-year due to the general economic situation.

HOCHTIEF

- **Germany's extremely weak construction industry continues to impose heavy burdens**
- **Operating result down 27% year-to-date**

Key figures € million	**Jul. – Sep. 2001**	Jul. – Sep. 2000	Change year-on-year +/– in %
External net sales	**3,149**	2,466	+ 27.7
EBITDA	**70**	27	+ 159.3
Operating result	**22**	30	– 26.7
Capital expenditure	**168**	18	+ 833.3
	09/30/01	06/30/01	+/– in %
Work force[1)]	**33,030**	33,768	– 2.2

1) Based on employee equivalents according to percentual levels of employment.

The **global construction industry** experienced a slight overall contraction. There are still no signs of an end to the sector's recession in Germany, which has persisted for eight years.

HOCHTIEF's **order intake** slipped 6% to €3,079 million. Vis-à-vis the previous year, **external net sales** surged 27.7% to €3,149 million. This was caused by the first-time consolidation of Australian-based Leighton Holdings. Adjusted to exclude this effect, income would have remained largely unchanged. The substantial rise in sales achieved by our US-based subsidiary Turner is contrasted by declines of a similar order of magnitude at HOCHTIEF Construction.

EBITDA surged 159.3% to €70 million while the **operating result** declined 26,7% to €22 million. The difference between the two figures is primarily due to higher write-downs stemming from Leighton Holdings' full consolidation. The main reason for the decrease in operating results was the poor earnings situation experienced by the German construction business. By contrast, the complete consolidation of Leighton Holdings had a positive effect on the bottom line.

However, the operating result for the **truncated financial year** will fall short of the year-earlier level owing to Germany's weak construction industry.

Thames Water increases share of Chilean market

On November 12, the Chilean authorities awarded the licensing rights to the Chilean water utility ESSAM to Thames Water within the scope of a bidding process. We acquired the right to run ESSAM's water operations for the next 30 years for $171 million. Counting 560,000 residents served and generating sales in the amount of $21 million (2000) the company currently owns nearly 5% of the Chilean water market. However, prospects for growth will arise principally from the widespread lack of wastewater infrastructure within the licensed area. With ESSAM, we will grow our share of Chile's market to a total of 20%.

Harpen becomes RWE's center of excellence for regenerative power production and district heating business

Formerly run as a financial investment, Harpen AG will focus more sharply on the energy and district heating businesses going forward. With a view to strengthening Harpen's position as a center of excellence in the field of decentralized regenerative power production, we are bundling 45 of RWE Power's small run-of-river power plants with a total installed capacity of about 110 megawatts in Harpen. Harpen will also be entrusted with RWE Power's full range of photovoltaic activities and handle the development of all future projects in the field of decentralized regenerative energy. Moreover, the Group's district heating business will be conducted from Harpen.

RWE Plus acquires majority stake in Düren city utility

Effective January 1, 2002, RWE Plus AG will increase its interest in Stadtwerke Düren GmbH from 25.15% to 74.95%. The City Council approved the acquisition of the majority shareholding in July 2001. Stadtwerke Düren currently supplies some 92,000 residents with electricity, gas, water and heat. Annual power sales volumes total 600 million kWh. The company generated sales of €109 million in the 2000 financial year. The deal hinges on the approval of the German Federal Cartel Office.

CONSOL expands gas business

US-based CONSOL Energy, in which we hold a majority stake, substantially extended its gas activities in August 2001. It acquired all the shares in a joint venture previously run in cojunction with Conoco for the extraction of methane gas from coal seams. This will enable CONSOL to raise its annual gas production by 50% to 1.5 billion cubic meters. Exploitable reserves will increase from 20 billion to 27.5 billion cubic meters over the course of the acquisition.

RWE Trading wins bank license and launches power trading operations in the UK

In August, 2001, RWE Trading received a comprehensive license as a lending and financing institution as defined under the German Lender's Act from Germany's federal credit industry regulator. This makes RWE Trading the first and sole German power trading company capable of buying, selling and brokering energy derivatives such as options and swaps on behalf of its customers.

RWE Trading is enlarging its portfolio of activities in the UK energy market. We will add electricity to oil, gas and coal, which we already trade in London. Moreover, RWE Trading will offer trading-related services to industrial energy customers in order to optimize load management, among other things.

RWE gas launches sales in the netherlands

In September of 2001, RWE Gas established RWE Gas Nederland N.V., seeking to bolster its position on the Dutch market. Operating as a distribution company, the wholly owned subsidiary's main task is to win over customers that consume in excess of one million cubic meters of gas per year.

RWE-DEA fortifies upstream position

At the end of August 2001, RWE-DEA acquired a 58.5% stake in Polish-based Medusa Oil and Gas, a subsidiary of UK-based Ramco Energy. At the same time, we assumed operational direction of the company's four franchises in the south of Poland. The goal is to tap local natural gas fields. In the Mediterranean Sea, RWE-DEA struck a promising gas vein in Egypt's Nile delta. A drilling project in the "North Alexandria" license area, in which we hold a 40% stake, discovered natural gas reserves amounting to approximately 14 billion cubic meters. An earlier drilling venture that was carried out in the same license area had already tapped natural gas reserves totaling some 16 billion cubic meters.

Supervisory Board

Dr. h.c. Friedel Neuber
Chairman

Erwin Winkel*)
– Deputy chairman until November 8, 2001 –

Dr. Paul Achleitner
Carl-Ludwig von Boehm-Bezing
Frank Bsirske*)
Burkhard Drescher
Wilfried Eickenberg*) – as of November 8, 2001 –
Johann Heiß*) – until November 8, 2001 –
Ralf Hiltenkamp*)
Heinz-Eberhard Holl
Berthold Huber*)
Berthold Krell*)
Dr. Gerhard Langemeyer
Josef Pitz*) – as of November 8, 2001 –
Dr. Wolfgang Reiniger
Günter Reppien*)
Bernhard von Rothkirch*)
Dr. Manfred Schneider
Ernst-W. Stuckert*) – until November 8, 2001 –
Klaus-Dieter Südhofer*)
Dr. Alfons Friedrich Titzrath
Prof. Karel Van Miert

*) Employee representative.

Executive Board

Dr. Dietmar Kuhnt
Chairman

Dr. Richard R. Klein
Dr. Gert Maichel
Manfred Remmel
Dr. Klaus Sturany
Jan Zilius

Consolidated income statement € million		**Jul. – Sep. 2001**	Jul. – Sep. 2000
Net sales		**16,818**	12,684
Mineral oil tax/natural gas tax/electricity tax		**– 1,633**	– 1,441
Net sales (without mineral oil tax/ natural gas tax/electricity tax)		**15,185**	11,243
Changes in finished goods and work in progress/ other own work capitalized		**303**	223
Cost of materials/staff costs/depreciation and amortization		**– 13,177**	– 10,170
Other operating income		**– 1,501**	– 737
Profit from operating activities		**810**	559
Result of investments		**289**	126
Financial result		**– 556**	– 215
Profit before tax		**543**	470
Taxes on income		**– 159**	– 147
Profit after tax		**384**	323
Minority interests		**– 80**	– 73
Net profit		**304**	250
Earnings per share*)			
excl. goodwill amortization	€	**0.76**	0.53
incl. goodwill amortization	€	**0.54**	0.48

*) Undiluted earnings per share are identical to diluted earnings per share.

Consolidated balance sheet

Assets € million

	Sep. 30, 2001	Jun. 30, 2001
Fixed assets		
Intangible assets	**8,057**	8,351
Tangible assets	**31,535**	31,720
Financial assets	**7,985**	14,518
	47,577	54,589
Current assets		
Inventories	**3,604**	3,205
Accounts receivable and other assets	**14,573**	14,726
Securities	**11,434**	3,237
Cash and cash equivalents	**2,966**	3,052
	32,577	24,220
Deferred taxes	**7,778**	8,056
Prepaid expenses	**525**	561
Total ASSETS	**88,457**	87,426

Consolidated balance sheet

Equity and liabilities € million

	Sep. 30, 2001	Jun. 30, 2001
Equity	**7,090**	7,321
Minority interests	**3,407**	3,522
Equity and minority interests	**10,497**	10,843
Provisions	**40,171**	40,062
Liabilities	**28,701**	27,811
Deferred taxes	**5,695**	5,129
Deferred income	**3,393**	3,581
Total EQUITY AND LIABILITIES	**88,457**	87,426

Consolidated cash flow statement € million	**Jul. – Sep. 2001**	Jul. – Sep. 2000
Cash flow	**1,106**	674
Changes in working capital/other items	**524**	– 950
Cash from operating activities	**1,630**	– 276
Capital expenditure on tangible and financial assets	**– 1,604**	– 856
Proceeds from disposition of tangible and financial assets	**603**	160
Changes in securities and cash investments	**– 1,398**	3,092
Cash used for investing activitites	**– 2,399**	2,396
Cash used for financing activitites	**194**	18
Other	**489**	– 67
Change in cash and cash equivalents	**– 86**	2,071
Cash and cash equivalents at beginning of year	**3,052**	2,812
Cash and cash equivalents at end of reporting period	**2,966**	4,883
Change in financial assets	**1,345**	– 1,861
Financial assets at beginning of year	**15,986**	18,162
Financial assets at end of reporting period	**17,331**	16,301
Net financial assets at beginning of year	**135**	15,097
Net financial assets at end of reporting period	**1,353**	12,781

Change in equity and minority interests € million	Group interests	Minority interests	Total
As of 06/30/2001	7,321	3,522	10,843
Capital contributions made by outside shareholders		6	6
Dividends paid		– 108	– 108
Currency translation/adjustments	– 535	– 93	– 628
Profit after tax	304	80	384
As of 09/30/2001	7,090	3,407	10,497

Accounting and valuation methods

The Interim Report for the Period Ended September 30, 2001 has been prepared in compliance with International Accounting Standards (IAS). The interpretations of the Standing Interpretations Committee (SIC) have been observed.
In deviation from the Interim Report for the Period Ended June 30, 2001, for the first time, we have applied IAS 39 "Financial Instruments—Recognition and Measurement," IAS 40 "Investment Property" and the revised standards for income taxes (IAS 12, revised in 2000) as well as for employee benefits (IAS 19, revised in 2000). Securities and investments are stated at market value as long as they are available for sale or are being held for resale. Unrealized gains and losses on securities held for resale are stated with an effect on net profits.

Unrealized gains and losses on securities and investments available for sale are stated as equity while taking account of associated deferred taxes. Securities that are not classified as tradable issues or are not available for sale are valued at acquisition cost.

As previously, all assets classified as investment property are stated at ongoing acquisition costs. For further information, please consult the Consolidated Financial Statements for the Period Ended June 30, 2001, which provide the basis for this Interim Report.

Scope of consolidation

Included in the Consolidated Financial Statements besides RWE AG are all domestic and foreign companies in which RWE directly or indirectly holds the majority of voting rights.

The scope of consolidation breaks down as follows.

	09/30/2001	06/30/2001
Fully consolidated companies	**868**	850
Investments accounted for at equity	**246**	246

This Interim Report for the Period Ended September 30, 2001 is especially characterized by the retroactive inclusion of VEW as of July 1, 2000, the Group's restructuring as well as the first-time consolidation of Thames Water Plc from the third quarter onwards. However, VEW was not considered in the report published on the previous year's corresponding quarter since the merger had not been consummated by September 30, 2000.

Earnings per share

Earnings per share are calculated as follows.

		Jul. – Sep. 2001	Jul. – Sep. 2000
Net profit	€ million	**304**	250
Number of shares outstanding (weighted average)	thousand	**562,405**	520,867
Earnings per share	€	**0.54**	0.48
Earnings per share net of goodwill amortization	€	**0.76**	0.53

Contingent liabilities Contingent liabilities principally relate to liabilities ensuing from guarantees. They have risen by €125 million since the June 30, 2001 cut-off date. This increase is nearly entirely attributable to the Industrial Services Division.

Reconciliation to operating result

€ million	**Jul. – Sep. 2001**	Jul. – Sep. 2000
Profit from operating activities	**810**	559
+ Result from investments	**289**	126
– Non-operating result	**203**	93
+ Interest credit on advance payments received	**7**	13
Operating result	**903**	605

The reconciliation addresses the following points.

- The result from investments includes all costs and income that have arisen in connection with operating investments. The result from investments thus constitutes an integral part of the Group's operating activity.
- Income and costs that are unusual from an economic perspective, or are the result of exceptional events, prejudice the assessment of operating activities. They are reclassified as part of the non-operating result, which is a separate part of the return-on-capital concept.

  In accordance with international practices and in deviation from the previous year's quarter, goodwill amortization resulting from capital consolidation is disclosed here. In the period under review, this effect is compensated by proceeds generated from the divestment of LAUBAG.
- Prepayments received that are made for long-term production at HOCHTIEF are not to be assigned to financing activities from a commercial perspective, but are instead induced by operations. HOCHTIEF's operating result has therefore been adjusted by way of an interest credit on received prepayments.

Reconciliation to EBITDA

€ million	**Jul. – Sep. 2001**	Jul. – Sep. 2000
Operating result	**903**	605
– Operating result from investments	**– 2**	113
+ Operating write-downs	**779**	512
EBITDA	**1,684**	1,004

RWE

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Multi Utilities.

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