

SHAREHOLDERS' REPORT 2000 – FOURTH QUARTER

To the shareholders of Hafslund ASA
(Comparable figures for 1999 in brackets)

Results for the fourth quarter 2000

The result for the group in the fourth quarter is affected by a high volume of generation for power generation in Norway and continuing good results from power trading in the USA.

Income after taxes for the Hafslund group at the fourth quarter was NOK 76 million (NOK 53 million), corresponding to earnings per share of NOK 0.60 (NOK 0.46). Operating profit in this period amounted to NOK 164 million (NOK 86 million).

Operating profit for 2000 was NOK 438 million (NOK 211 million), income after taxes NOK 398 million (NOK 486 million) and earnings per share NOK 3.34 (NOK 4.12).

Hafslund Generation

Operating profit at Hafslund Generation in the fourth quarter was NOK 132 million (NOK 86 million). The total power generation in this period was 1,005 GWh (739 GWh).

Operating profit in the fourth quarter for Hafslund's Norwegian power stations was NOK 123 million (NOK 62 million). Power generation in the fourth quarter was 963 GWh (687 GWh), this alone giving a positive contribution of NOK 37 million, compared to fourth quarter 1999. Power generation in the fourth quarter was the highest yet as a result of abundant precipitation in the autumn. This led to generation amounting to 50% more than the normal level. In addition to high power generation, the result is reflected by a positive contribution of NOK 23 million due to the restructuring of the generation hedge. Achieved sales price for the fourth quarter was NOK 15.7 øre/kWh (NOK 14.0 øre/kWh).

Operating profit in the USA was NOK 9 million (NOK 24 million) in the fourth quarter and reflects lower power generation in the hydro-electric power stations along with a provision of NOK 7.5 million related to an agreed powercontract. The power generation in this quarter was 42 GWh (52 GWh).

Hafslund Distribution

The basic operations of the group's wholly-owned grid activities have been stable in the fourth quarter of 2000. The operating profit for this quarter was NOK 17 million (NOK 20 million), giving a dividend of 3.3% (3.3%) on the official regulators asset value capital in the fourth quarter.

The group's wholly owned grid activities in the Østfold and Haram district have been sold with accounting effect from 1 January 2001. This segment is therefore presented in the table other business units on page 3 and under important transactions. Hafslund's commitments in grid activities after this comprises ownership interests in Viken Energinett (33%), Mjøskraft (49%) and Elverum Nett (49%).

from associated companies in 2000. This mainly concerns the investment in Viken Energinett (25%). The basic operations in Viken are reflected by considerable costs associated with the development of new operations. The group's investment in Mjøskraft, with a cost price of NOK 335 million, is also presented as an associated company. Book value of the group's total minority investments in grid activities was NOK 1,670 million at the end of the year.

Hafslund Power Trading

This profit segment has been revised in relation to the previous Hafslund Markets, and now consists only of power trading operations in the Nordic countries and the USA. The portfolio activities have been sold and are presented under other business units.

Operating profit for Hafslund Power Trading in the fourth quarter was NOK 38 million (NOK 10 million), of which NOK 40 million is derived from power activities in the USA. The good result for the fourth quarter in the USA is mainly due to deals in the regular power market by utilising effects related to transfer problems, and physical trading on the PX and ISO exchanges. Great uncertainty both market-wise and politically has led to an almost total lack of activity in power trading in the USA from December 2000 to the present time.

Hafslund End User

With accounting effect from 1 January 2000, Hafslund Energi was merged to form Tindra Energi AS. At the beginning of 2001, Hafslund's power sales activities consist of ownership interests in Tindra Energi AS and Økokraft AS (see below). The group's total booked investment in end user markets was NOK 391 million at the turn of the year.

Hafslund Invest

The business area Hafslund Invest had an accounting result from investments of NOK 46 million (NOK 34 million) in the fourth quarter.

Hafslund's financial marketable securities portfolio had a return of -13.3% in the fourth quarter compared with the Oslo Stock Exchange total index of -13.5%. The return for 2000 was 22.5% compared with -1.7% for Oslo Stock Exchange total index. Book value of the financial marketable securities portfolio at the end of 2000 was NOK 812 million. Unrealised earnings at the end of 2000 are NOK 75 million, a reduction of NOK 199 million from the beginning of the fourth quarter. The accounting result in the fourth quarter was NOK 66 million (NOK 4 million) for the portfolio of financial marketable securities.

The accounting result from long-term investments was NOK -20 million in the fourth quarter. The result is reflected by write-downs NOK -17 million.

Other business units

Other business units, which consist of Hafslund Alfa, Corporate staff, Orion System, Agriculture and Hafslund Manor along with winding down the previous Hafslund Markets, had an operating result in the fourth quarter of 2000 of NOK -5 million (NOK -9 million).

Important transaction in the fourth quarter

- The merger between Hafslund Energi, Din Energi AS and Østkraft AS has been formally established in the fourth quarter. Hafslund has an ownership interest of 36.6% in the merged company, Tindra Energi AS. Other large shareholders are Akershus Energi with 38.0% and Energiselskapet Buskerud with 24.5%. Tindra Energi has a customer base of around 250,000 customers. The merger has accounting effect from 1 January 2000. Quarterly figures previously presented have been revised as a result of this.
- With accounting effect from 22 December 2000, Hafslund has sold all shares in Haram Energi AS to Vestnes Energi AS. The total sales amount for the shares, including taking over a subordinated loan, was NOK 97 million. Hafslund has incorporated earnings of NOK 9 million in the fourth quarter as a result of the sale.
- With effect from 22 December 2000, Hafslund has sold the company's class A shares in Tussa Kraft AS (9.53 %) for NOK 136 million. The accounting gains of NOK 12 million are incorporated in the fourth quarter of 2000.

Balance sheet as of 31 December 2000

Net interest-bearing debt as of 31 December 2000 was NOK 4,074 million, an increase of NOK 162 million compared to the end of the third quarter. Some of the more major factors influencing the change in net interest-bearing debt in this quarter are: (1) Settlement for the purchase of 49% in Mjøskraft (NOK 335 million), (2) Increased exposure of short-term shareholdings/venture (NOK 187 million), (3) Settlement for sale of shares in Tussa Kraft (NOK 136 million) (4) Extraordinary dividend in Actinor Shipping NOK 118 mill.

Hafslund has an equity ratio of 32% at the end of the year (32%).

Hafslund's share capital is NOK 115,463,420 divided into 68,290,861 class A shares and 47,172,559 B shares of NOK 1. The price on the Oslo Stock Exchange as of 29 December 2000 was NOK 44.0 (NOK 48.4) for A shares and NOK 25.0 (NOK 30.9) for B shares.

As of 14 February 2001, the company has acquired 2,375,533 of its own B shares, the holding at the turn of the year being 1,369,000 shares. The total cost price for this holding is NOK 62.6 million.

Dividend 2000

An ordinary dividend of NOK 1.20 per share for 2000 (NOK 1.20) will be proposed at the Annual General Meeting.

The quarterly figures for 2001 are planning to present on 10 May, 22 August and 2 November 2001 respectively.

Development so far in 2001

- With accounting effect from 1 January 2001, Hafslund ASA, Viken Energinett and Akershus Energi AS have entered final agreements on the formation of a joint company under the name of Østnett AS. Among other activities, Østnett will own and operate the regional grid and the local grid in Akershus and Østfold along with the decentralised heating activities in Akershus. Directly and indirectly, Østnett has more than 130,000 grid customers. Fifty-one per cent of Østnett is owned by Akershus Nett Holding, which in its turn is owned 51% by Akershus Energi and 49% by Viken Energinett. The remaining 49% in Østnett is owned by Viken Energinett which will thus directly and indirectly own 74% of Østnett. For Hafslund ASA, this means that the regional grid in Østfold, the building and contractor activities of Hafslund Alfa and Hafslund's ownership interests in Rygge E-verk and Rakkestad E-verk are sold to Østnett. At the same time, Hafslund increases its ownership interest in Viken from 25% to 33% through subscription of shares for NOK 611 million. As part of the transaction, Hafslund will also transfer a net debt of NOK 300 million to Østnett and give a long-term loan of NOK 80 million to Østnett. Hafslund's indirect ownership share in Østnett of approx. 24% will be reflected in the accounts by Hafslund applying the equity method of accounting to its ownership interest in Viken Energinett. Estimated accounting gains before taxes as a result of the transfer will be NOK 434 million which will be incorporated in the reporting for the first quarter of 2001.
- With effect from 15 January 2001, Hafslund has increased its ownership interest in the end-user company Økokraft from 49.9% til 64.6%. The company has a total of 53,000 customers. Hafslund's total cost price is NOK 213 million.
- With effect from 25 January 2001 through purchase and issue, Hafslund has acquired 49% of the shares in Elverum Energiverk AS. The total cost price amounts to NOK 141 million. It has been decided to merge Elverum's power sales customers (9,500) with Økokraft AS with effect from February 2001 resulting in Hafslund's ownership interest in Økokraft AS being reduced from 64.6% to approximately 56%.
- Settlement of the agreement of 12 October 2000 on the sale of the company's shares in Actinor Shipping was made at the beginning of February 2001. The final sales amount was NOK 347 million, with an accounting effect of NOK 0 million.

Oslo, 14 February 2001

HAFSLUND ASA
The Board of Directors

MAIN FIGURES – FOURTH QUARTER 2000 (The accounts are unaudited)

CONSOLIDATED INCOME STATEMENT - 4 QUARTER 2000

NOK mill.	Qtr 4. 99	Qtr 4. 00	1999	2000
Operating revenues	327	438	1 531	1 398
Operating expenses	209	232	1 201	811
Depreciation	32	42	120	149
Operating profit	86	164	211	438
Financial items incl. associated companies	-37	-42	422	159
Income before taxes	49	122	632	597
Taxes	4	-46	-147	-199
Income after taxes	53	76	486	398
Profit/loss attributable to minority interests	-	7	10	13
Profit/loss attributable to majority interests	53	69	476	385
Earnings per share	0,46	0,60	4,12	3,34
No. of shares (in 1.000) used in compute. of EPS	115 463	115 463	115 463	115 463

INTERIM RESULTS

NOK mill.	Qtr 1. 99	Qtr 2. 99	Qtr 3. 99	Qtr 4. 99	Qtr 1. 00	Qtr 2. 00	Qtr 3.00	4.Kv.00
Operating revenues	455	522	227	327	243	358	359	438
Operating expenses	392	452	236	241	191	244	251	274
Operating profit	63	70	-9	86	52	114	108	164
Financial items incl. associated companies	101	323	36	-37	158	104	-61	-42
Income before taxes	164	393	27	49	210	218	47	122

BUSINESS SEGMENTS

NOK mill.	Qtr 4. 99	Qtr 4. 00	1999	2000
Hafslund Produksjon (Generation)	147	217	536	621
Hafslund Markets	7	69	35	327
Other/elimination	172	152	960	450
Operating revenues	326	438	1 531	1 398
Hafslund Produksjon (Generation)	86	132	298	305
Hafslund Krafthandel (Power Trading)	10	38	-41	179
Other business areas	-9	-5	-46	-46
Operating profit	87	164	211	438

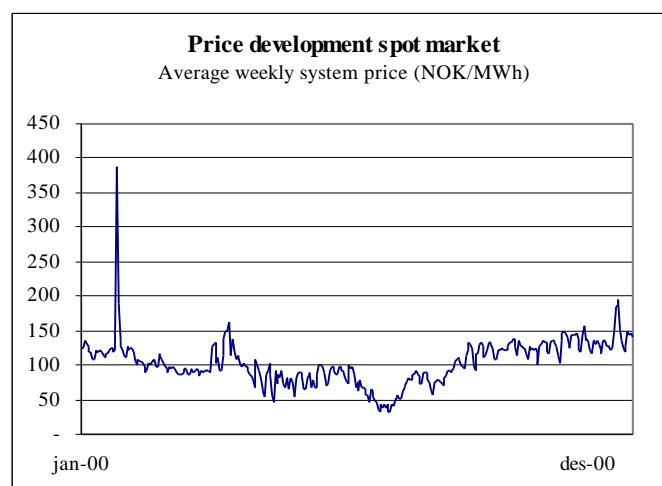
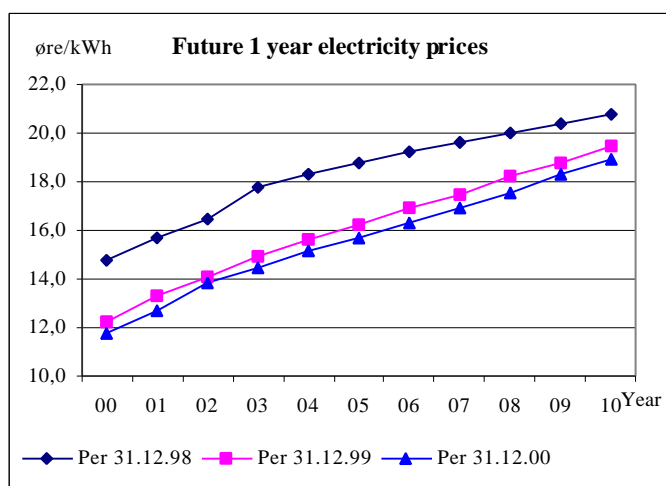
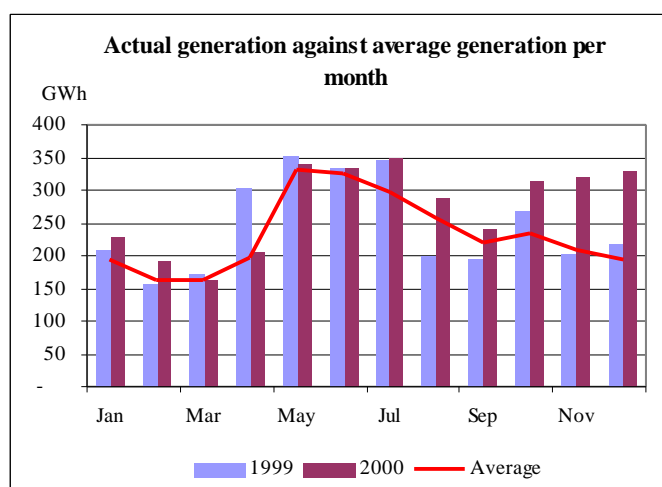
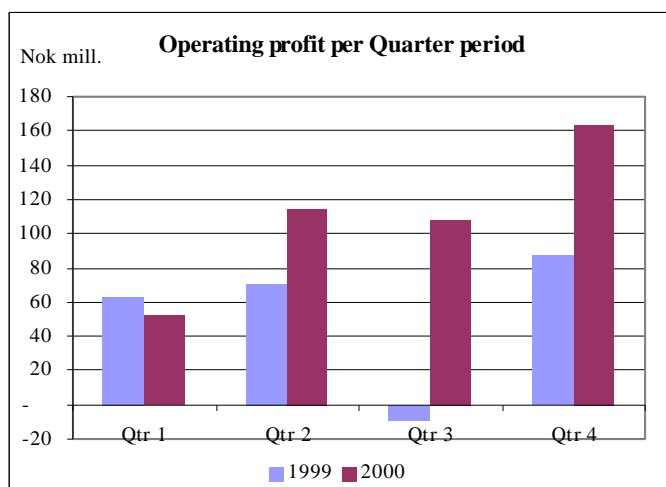
CONSOLIDATED BALANCE SHEET

NOK mill.	31.12.2000	31.12.1999
Intangible assets	1 607	1 615
Fixed assets	1 432	1 528
Financial assets	3 320	3 139
Current assets	2 436	1 652
Total assets	8 795	7 934
Shareholders equity	2 785	2 556
Provisions for liabilities and charges	118	103
Long-term liabilities	3 769	3 495
Short-term liabilities	2 123	1 780
Total shareholder equity and liabilities	8 795	7 934

STATEMENT OF CASH FLOW

NOK mill.	2000	1999
Net income	398	486
Cash flow to/from other operations	191	728
Net cash to/from operations	589	1 214
Net cash to/from investment activities	-450	-1 778
Net cash to/from financial activities	-192	755
Net change in cash and cash equivalents	-53	191
Cash and cash equivalents at beginning of period	348	157
Cash and cash equivalents at end of period	295	348

MAIN FIGURES – FOURTH QUARTER 2000



Internet address: <http://www.huginonline.com/Norway/HNA>

Financial marketable securities portfolio

NOK million		
31.12.00	Cost price	Market value
Sparebanken NOR	45	103
Frontline	17	95
Norske Skog	67	81
RCCL	51	55
Norsk Hydro	33	37
Aker Maritime	42	35
PGS	40	35
Enitel	43	33
Nera	20	31
Privatbanken	30	30
SAS (Norge og Sverige)	21	27
Søndenfjelds-Norske	31	26
Kværner	37	24
OMI Corp	7	23
Fred Olsen Energy	21	23
Other	307	229
	812	887
Unrealised earnings NOK	75	

Largest shareholders per 12.02.2001

No.	Name	% av A	% av B	% av tot.
1	Oslo Energi Holding AS	39,58 %	19,86 %	31,52 %
2	Vattenfall Norge AS	31,75 %	4,25 %	20,51 %
3	Orkla ASA	6,45 %	0,12	8,58 %
4	Østfold Energi AS	7,62 %	0,00	4,51 %
5	Elkem AS	0,00 %	0,10	4,03 %
6	Hafslund ASA	0,00 %	0,05	2,06 %
7	Skandinaviska Enskilda Banken	3,17 %	0,00	1,93 %
8	Storebrand Livsforsikring Aksjefond	1,58 %	0,02	1,61 %
9	State Street Bank & Trust, clients	0,74 %	0,02	1,26 %
10	Vital Forsikring ASA	0,07 %	0,03	1,21 %
11	Nordstjernen Holding	0,00 %	0,02	0,87 %
12	Gjensidige Nor Spareforsikring	0,00 %	0,02	0,81 %
13	UBS AG, London Branch	0,00 %	0,02	0,70 %
14	Tine Pensjonskasse	0,00 %	0,02	0,63 %
15	Verdipapirfondet Avanse Norge	0,00 %	0,02	0,62 %
16	Postbanken Aksjespar	0,00 %	0,01	0,58 %
17	DnB Real-Vekst	0,00 %	0,01	0,52 %
18	Den Danske Bank, clients account	0,02 %	0,01	0,48 %
19	Verdipapirfondet Avanse Spar	0,00 %	0,01	0,45 %
20	Chase Manhattan Bank SA BGI	0,12 %	0,01	0,38 %