

STATKRAFT AS
INTERIM REPORT Q4/10

Q4

Key figures

	Unit	Q4 2010	2009	The year 2010	2009
From the income statement					
Gross operating revenues	NOK mill.	8 939	8 157	29 252	25 675
Net operating revenues	NOK mill.	7 044	6 049	23 176	16 983
EBITDA	NOK mill.	5 232	3 840	15 955	9 769
Operating profit	NOK mill.	4 162	3 018	12 750	7 026
Share of profit from associates and joint ventures	NOK mill.	261	-22	766	1 179
Net financial items	NOK mill.	-3 211	442	-917	4 282
Profit before tax	NOK mill.	1 213	3 438	12 599	12 487
Profit after tax	NOK mill.	692	1 777	7 451	7 716
Items excluded from underlying operations					
Unrealised changes in value energy contracts	NOK mill.	-508	-644	193	-2 813
Gain from sale of Trondheim Energi Nett AS	NOK mill.	-	-	393	-
Non-recurring items, pension commitment					
Write-downs	NOK mill.	-435	-108	-662	-108
Unrealised changes, associates and joint ventures	NOK mill.	-204	138	235	547
Material non-recurring items, associates and joint ventures	NOK mill.	-77	-368	-391	-401
Unrealised changes in financial items	NOK mill.	-3 272	434	-1 369	5 977
Currency effect, realised internal loans with non-recurring	NOK mill.	-	-	-	-1 518
Final settlement, sale of shareholding i E.ON Sverige AB	NOK mill.	-	-	-	149
Underlying operations					
Gross operating revenues	NOK mill.	8 939	8 157	28 859	25 675
Underlying net operating revenues	NOK mill.	7 552	6 693	22 590	19 796
Underlying EBITDA	NOK mill.	5 401	4 484	15 030	12 582
Underlying operating profit	NOK mill.	4 767	3 770	12 487	9 947
Underlying share of profit from associates and joint ventures	NOK mill.	542	208	921	1 033
Underlying net financial items	NOK mill.	62	9	452	-327
Underlying profit before tax	NOK mill.	5 371	3 986	13 861	10 654
Underlying net profit	NOK mill.	3 662	2 741	8 602	7 155
Underlying EBITDA margin	%	60.4	55.0	51.4	49.0
Maintenance investments	NOK mill.	354	437	1 000	1 308
Investments in new generating capacity	NOK mill.	750	914	1 852	2 447
Investments in shareholdings	NOK mill.	84	208	888	1 152
Net changes in cash flow from operating activities	NOK mill.	2 702	2 443	13 577	12 714
Cash and cash equivalents	NOK mill.			20 052	6 663
Assets	NOK mill.			155 967	144 005
Interest-bearing debt ratio	%			35.0	41.3
Average system price, Nord Pool	EUR/MWh	62.0	36.6	53.1	35.0
Average spotprice, European Energy Exchange (EEX)	EUR/MWh	51.4	38.7	44.6	38.9
Average gasprice, Title Transfer Facility (TTF)	EUR/MWh	20.7	10.4	17.4	12.1
Production, volume sold	TWh	18.0	17.8	57.4	57.0
- of which hydropower	TWh	16.0	15.6	50.1	50.2
- of which wind power	TWh	0.2	0.2	0.6	0.6
- of which gas power	TWh	1.7	2.0	6.6	6.1
- of which bio power	TWh	0.0	0.0	0.1	0.1
Full-time jobs (equivalents)	No.			3 301	3 378

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Highlights

Q4 2010

Underlying operations

	NOK mill.	Compared with 2009
▪ Gross operating revenues	8 939	+10%
▪ EBITDA	5 401	+20%
▪ Profit before tax	5 371	+35%
▪ Profit after tax	3 622	+34%

The fourth quarter

The improved result for the underlying operation in the fourth quarter was driven by somewhat higher hydropower production at considerably higher power prices. The average system price in the Nordic region was 69 per cent higher than in the fourth quarter of 2009, while the average German spot price was 33 per cent higher. In total, the Group produced 18 TWh during the quarter, on a par with the corresponding period in 2009. As a result of low inflow, the resource situation is tight at the beginning of 2011.

The full year 2010

The underlying annual result also shows a significant improvement from 2009, primarily driven by higher Nordic power prices. The weather in the Nordic region was uncommonly cold and dry, resulting in higher Nordic power prices. The average Nordic system price was 52 per cent higher than in 2009, while the spot price in Germany was 15 per cent higher. The Group's total production for the year was 57.4 TWh (57.0 TWh), and the increase was generated by the gas power production. Hydropower production ended on a par with 2009, and was particularly high at the start of the first quarter and the end of the fourth quarter.

Important events during the quarter

HSE

There was one fatal incident in the fourth quarter at Theun Hinboun Power Company (THPC) in Laos, where Statkraft SF owns 20 per cent. A motorcyclist crashed with a truck from the project's main supplier and died. The incident was investigated and measures are being followed up locally.

In addition, one fatal accident has been reported from the main contractor to THCP in January 2011. The accident took place in connection with tunnel work. The incident has been investigated and the main contractor's internal procedures are being reviewed.

The capital situation

In December, the owner injected NOK 14 billion in new capital in Statkraft. This provides

The full year 2010

Underlying operations

	NOK mill.	Compared with 2009
▪ Gross operating revenues	28 859	+12%
▪ EBITDA	15 030	+19%
▪ Profit before tax	13 861	+30%
▪ Profit after tax	8 602	+20%

solid support for the company's strategy, making it possible to reinforce the focus on environmentally friendly and flexible power production in Norway and abroad.

In January 2011, a new drawing facility of NOK 12 billion was signed. The drawing facility replaced existing facilities totalling NOK 8 billion.

Power agreements

In December, Statkraft signed two new long-term power contracts with Norske Skog and Finnfjord in Troms. The contracts entail annual deliveries of 0.8 TWh and 0.7 TWh, respectively. Both contracts will take effect on 1 January 2011 and run until 31 December 2022.

Hydropower

On 10 November, the board of Statkraft decided to go ahead with the construction of the Kargi hydropower plant in Turkey. The planned power plant will be in the Corum province, north-east of Ankara. The power plant will utilise Turkey's longest river, Kizilirmak, which runs into the Black Sea. The power plant is scheduled for completion in late 2013 or early 2014, and will have an installed capacity of 102 MW and a planned annual production of about 470 GWh. The investment has a ceiling of NOK 2 billion. The power plant will be able to exploit daily price fluctuations in the Turkish power market.

District heating

Skagerak Varme's construction project for district heating/remote cooling in Horten was adopted in October. The expected heat delivery is 18.8 GWh and the expected cooling delivery is 2.3 GWh assuming full development in 2017.

Divestment of solar power

Solar power has been defined to lie outside of the Group's strategic focus. In December, Statkraft therefore sold all shares in the company Ra-1, which owns the solar plant Casale in Italy, to the Italian companies Eurowood s.p.a. and Blue Stream Resources s.r.l.

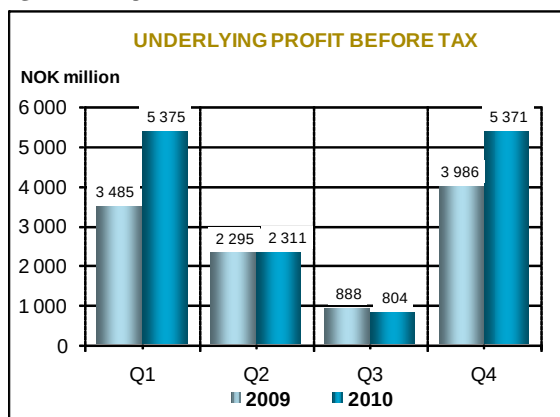
Financial performance¹

The Group posted a profit before tax in the fourth quarter of NOK 1213 million (NOK 3438 million) and NOK 692 million after tax (NOK 1777 million). The profit in 2010 was NOK 12 599 million before tax (NOK 12 487 million), while the profit after tax was NOK 7451 million (NOK 7716 million).

The loss of value for the E.ON AG shares through 2010 resulted in a write-down of the shares and thereby a recognised unrealised loss of NOK 3625 million in the fourth quarter. Changed assumptions and improved estimation models for calculation of deferred tax assets related to resource rent carryforwards have resulted in a positive result effect for the fourth quarter of about NOK 1400 million. Overall, this has resulted in a lower net profit both in the fourth quarter and for the year as a whole compared with the corresponding periods in 2009.

In the text below, the main emphasis has been on analysing the result from underlying operations. Unrealised changes in value and significant non-recurring items in consolidated and associated activities are explained in the section "Items excluded from the underlying result".

Quarterly result



The Group's profit before tax from underlying operations in the fourth quarter was NOK 5371 million (NOK 3986 million). The result improvement is primarily due to higher revenues as a result of high power prices and hydropower production in the Nordic region. The high power prices in the Nordic region also contributed to a higher result contribution from BKK and Agder Energi. In addition, financial

costs were lower as a result of considerable loss recognition of loans in 2009.

Operating revenues

The Group generated gross operating revenues of NOK 8939 million in the fourth quarter (NOK 8157 million), an increase of 10 per cent.

The average system price on Nord Pool was 62.0 EUR/MWh in the fourth quarter (36.6 EUR/MWh), while the average German spot price on the European Energy Exchange was 51.4 EUR/MWh (38.7 EUR/MWh). This represents an increase of 69 per cent in the Nordic region and 33 per cent in Germany. The average gas price on the Title Transfer Facility (TTF) in the Netherlands was 20.7 EUR/MWh (10.4 EUR/MWh), an increase of 99 per cent from the corresponding period in 2009.

The Group produced 18 TWh in total in the fourth quarter (17.8 TWh). Hydropower production increased by 0.4 TWh, while gas power production was 0.3 TWh lower.

Higher prices in the Nordic region resulted in substantially higher revenues from net physical spot sales than in the fourth quarter of 2009. At the same time, the high Nordic power prices also resulted in a decline in revenues from Nordic and Continental portfolio management.

Realised trading and origination revenues can vary significantly between periods and years, and must therefore be seen against unrealised changes in value for energy contracts. Compared with 2009, gain realisation was low in the fourth quarter of 2010.

The lower net revenues are a result of the sale of Trondheim Energi Nett at the end of the second quarter, while the revenues from the end-user activities increased as a result of higher power prices in the Nordic region. The increase in eliminations is connected to the fact that Fjordkraft now buys a larger share of the power internally in the Group.

Other operating revenues totalled NOK 327 million in the fourth quarter (NOK 475 million). The decline is mainly due to the recognition of surplus power in Tyssefaldene as income and gains in connection with sale of the wind power portfolio to the associate Statkraft Agder Energi Vind in the fourth quarter of 2009.

¹ The report shows comparable figures for the corresponding period in 2009 in parentheses.

OPERATING REVENUES

Figures in NOK million	Q4		The year	
	2010	2009	2010	2009
Net physical spot sales, incl. green certificates	6 821	3 301	18 286	10 464
Concessionary sales at statutory prices	83	130	308	384
Sales of electricity to industry at statutory prices	387	479	1 535	1 671
Long-term commercial contracts	725	742	3 054	2 820
Nordic and Continental dynamic asset management portfolio	77	275	308	1 654
Trading and origination	73	1 036	601	1 622
Distribution grid	375	415	1 421	1 485
End-users	2 108	1 279	5 986	4 285
District heating	242	159	634	505
Other/eliminations	-2 278	-135	-4 354	-175
Sales revenues	8 612	7 682	27 780	24 715
Other operating revenues	327	475	1 079	960
Gross operating revenues	8 939	8 157	28 859	25 675
Energy purchase	-878	-1 350	-4 674	-4 825
Transmission costs	-509	-114	-1 595	-1 054
Net operating revenue	7 552	6 693	22 590	19 796

Energy purchases amounted to NOK 878 million in the quarter (NOK 1350 million). The decline is related to higher internal energy purchases in Fjordkraft. This is somewhat offset by higher gas prices.

Transmission costs in connection with transport of power totalled NOK 509 million (NOK 114 million). The increase is mainly due to higher tariffs and power prices as well as increased production.

Net operating revenues amounted to NOK 7552 million (NOK 6693 million).

Operating expenses

The operating expenses totalled NOK 2786 million in the fourth quarter (NOK 923 million).

OPERATING EXPENSES

NOK mill.	Q4		The year	
	2010	2009	2010	2009
Salaries and payroll costs	849	727	2 726	2 517
Depreciation	634	714	2 543	2 635
Property tax and license fees	307	302	1 236	1 166
Other operating expenses	995	1 180	3 598	3 530
Operating expenses	2 786	2 923	10 103	9 849

Salaries and payroll costs increased by NOK 122 million to NOK 849 million in the fourth quarter. The increase was due to provisions in connection with the restructuring of the organisation, general wage growth and somewhat higher average staff levels.

The decline in depreciation of NOK 80 million is due to lower basis of depreciation as a result of write-downs in 2009 and the first half of

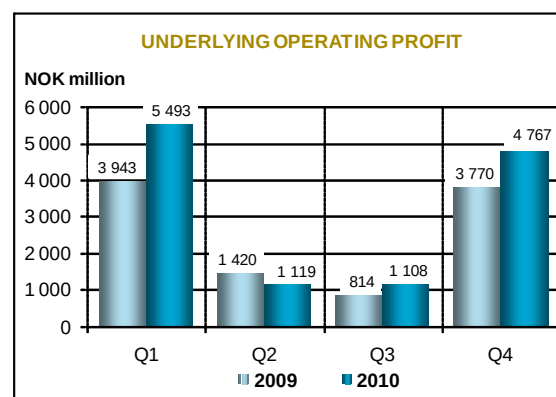
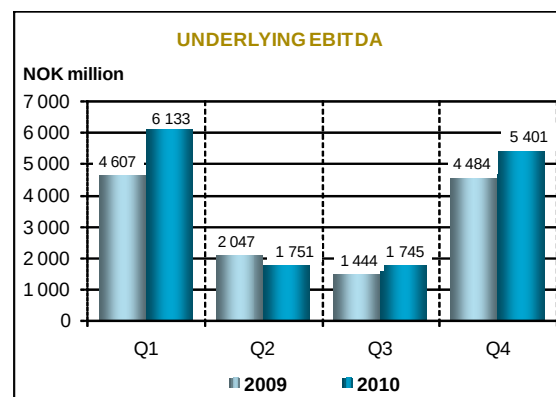
2010. In addition, depreciation is down due to the sale of Trondheim Energi Nett at the end of the second quarter. Depreciation in SN Power increased as a result of new power plants in operation.

Property tax and licence fees increased by NOK 6 million to NOK 307 million.

Other operating expenses fell by NOK 185 million to NOK 995 million, primarily due to costs related to energy purchases and transmission costs for Tyssefaldene having been reclassified to reduction in sales revenues.

EBITDA and operating result

The underlying operations in the fourth quarter improved by 20 per cent for EBITDA and 26 per cent on the operating result level.



Profit shares from associates

The profit shares from the associates amounted to NOK 542 million for the fourth quarter (NOK 208 million). The increase relates to increased contributions from BKK and Agder Energi as a result of high power prices in the fourth quarter, as well as increased contribution from SN Power's associates as a result of higher production and increased sale of supplementary services in the Philippines.

Overall for the year, the share of profits from associates was NOK 921 million (NOK 1033 million).

Financial items

Net financial items amounted to NOK 62 million in the fourth quarter (NOK 9 million).

Financial income amounted to NOK 457 million in the fourth quarter (NOK 690 million). The decline is mainly due to lower gains from hedging transactions in EUR and bank deposits denominated in foreign currency.

Statkraft places significant amounts in banks and securities at times, particularly ahead of major payments. Counterparties are followed up to reduce the risk of losses. The return on placements was NOK 30 million lower in the fourth quarter as a result of lower average placed amounts. At the end of the year, Statkraft raised NOK 14 billion as share contribution from the owner. The capital injection increased the cash and cash equivalents to NOK 20.1 billion at the end of 2010.

Financial expenses amounted to NOK 395 million in the fourth quarter (NOK 681 million). Interest costs fell by NOK 62 million as a result of both lower market interest rates and lower average debt. Other financial expenses were NOK 224 million lower in 2010, mainly due to recognition of loan losses and losses on guarantees in 2009.

For the year as a whole, net financial items amounted to NOK 452 million (NOK -327 million). The improvement is mainly due to realised currency gains on external debt, lower interest costs as a result of lower market interest rates and average debt as well as recognition of loan losses and losses on guarantees in 2009.

The Group has four loan portfolios in NOK, SEK, EUR and USD, respectively. The portfolios are exposed to both variable and fixed interest rates, with exposure to variable interest rates amounting to 64 per cent. The average current interest rates in 2010 for loans denoted in NOK were 4.2 per cent, in SEK 1.3 per cent, in EUR 3.5 per cent and in USD 4.1 per cent. Debt in USD is related to project financing in SN Power.

Statkraft has entered into agreements with its financial counterparties for the settlement of changes in value of interest rates and foreign exchange rates that limit counterparty risk

resulting from derivative contracts to one week's changes in value (cash collateral).

Items excluded from the underlying result

ITEMS EXCLUDED FROM UNDERLYING OPERATIONS				
Figures in NOK million	Q4		The year	
	2010	2009	2010	2009
Unrealised changes in value energy contracts	-508	-644	193	-2 813
Unrealised changes , associates and joint ventures	-204	138	235	547
Unrealised changes in financial items	-3 272	434	-1 369	5 977
Unrealised changes	-3 984	-72	-941	3 711
Material non-recurring items	-173	-476	-321	-1 878
Unrealised changes and material non-recurring items after tax	-2 971	-963	-1 152	561

In the fourth quarter, total unrealised changes in value and material non-recurring items after tax amounted to NOK -2971 million (NOK -963 million). For the year as a whole, unrealised changes in value and material non-recurring items amounted to NOK -1152 million (NOK 561 million).

Write-down of the E.ON AG shares

Statkraft owns 83 415 119 shares in E.ON AG corresponding to a shareholding of 4.17 per cent. At year-end, the shareholding was entered in the balance sheet with a market value of NOK 14 862 million. The listed price of the share has fallen from EUR 28.44 at acquisition in 2008 to EUR 22.94 at the end of 2010. The exchange rate of NOK against EUR has in the same period moved from 9.75 to 7.80. The currency loss has been recognised in the income statement as part of the currency hedging against loans denominated in EUR. The part of the unrealised loss that is attributable to the lower share price amounts to NOK 3625 million.

As the loss of value has lasted for a longer period of time, the result in the fourth quarter was charged with NOK 3625 million under financial items. Earlier, the change in value for the shares has been entered against the expanded result. As the loss has been charged to the result, earlier entries against the expanded result will be reversed. The entering of the loss in the accounts therefore has no effect on the equity. On 16 February 2011 the closing price for the E.ON share was 24.48 euro per share.

Unrealised changes in value on energy contracts

Unrealised changes in the value of energy contracts were NOK -508 million (NOK -644 million) in the fourth quarter. The

Group's contracts are, for example, indexed against various commodities, currencies and indices. For the year as a whole, unrealised changes in value on energy contracts amounted to NOK 193 million (NOK -2813 million). In 2010, higher gas prices and a strong USD were the primary influences on these unrealised items.

Unrealised changes in value of associates and joint ventures

Unrealised changes in value of associates and joint ventures amounted to NOK -204 million (NOK 138 million). Summarised for the year, unrealised changes in value in associates and joint ventures amounted to NOK 235 million (NOK 547 million).

Unrealised changes in value financial items

Unrealised changes in value financial items amounted to NOK -3272 million in the fourth quarter. Beyond the write-down of the E.ON AG shares, the following factors explain the changes in value in financial items:

Debt in SEK and EUR resulted in an aggregate currency gain of NOK 336 million in the fourth quarter. NOK has strengthened against EUR, and this explains NOK 327 million.

Statkraft uses currency hedging contracts to ensure that future agreed cash flows, mainly related to power sales in EUR, are hedged. Of the unrealised changes in value for financial items, currency hedging contracts and short currency positions amounted to NOK -312 million, and were mainly due to realisation of gains on hedging contracts.

Currency gains on internal loans amounted to NOK 943 million of the unrealised changes in value for financial items in the fourth quarter. The gain arose mainly as a result of stronger NOK and SEK against EUR. The gain has no cash effect and will have a contra entry in the expanded result under translation differences.

Changes in value on interest rates and inflation derivatives amounted to a gain of NOK 45 million in the fourth quarter.

Non-recurring items

Non-recurring items excluded from the calculation of the underlying profit amounted to NOK -173 million in the fourth quarter (NOK -476 million). The summary of the non-recurring items for the year shows NOK -321 million (NOK -1878 million).

The pension reform for public pension schemes in Norway changes the rules for adjustment of retirement pension. This entails a reduction in the Group's pension commitments. The reform has retroactive effect, and the effect of this appears as a reduction in salaries and payroll costs of NOK 339 million for the consolidated operations and NOK 121 million for associates.

Write-downs of assets totalling NOK 633 million have been implemented in the fourth quarter. The write-downs are mainly related to gas power (NOK 390 million), wind power (NOK 114 million) and SN Power (NOK 117 million). On an annual basis, the non-recurring items include write-downs in consolidated and associated operations totalling NOK 1173 million.

The Robert Frank power plant in Germany and the shares in Naturkraft (Kårstø gas power plant) were written down due to lower expected earnings (spark spread). The wind farms on Hitra and in Kjøllefjord were written down as a result of lower production and higher operating expenses than previously assumed.

Based on a market assessment, SN Power has written down a project portfolio in Chile.

Tax recognised as income related to the estimated negative resource rent income carryforwards was NOK 250 million in 2009, while the year's estimate change is about NOK 1900 million. The recognition as income is a combination of changed assumptions during the course of the year, as well as improved methods for estimation of deferred tax assets. The estimated effect of the changed assumptions and improved estimation methods is about NOK 1400 million.

Result for 2010

Accumulated for the year, the profit from underlying operations amounted to NOK 13 861 million before tax (NOK 10 654 million). The result is characterised by higher income than in the corresponding period in 2009, mainly as a result of high power prices in the Nordic region. Lower market interest rates and average debt reduce financial costs. In 2009, recognition of loan losses impacted the result negatively. Increased operating expenses, primarily as a result of the restructuring of the organisation, general wage growth, higher wind power activity levels in the UK and increased activity in Skagerak Energi had the opposite effect.

The average Nordic system price on Nord Pool was 53.1 EUR/MWh in 2010 (35.0 EUR/MWh), and the average German spot price on the European Energy Exchange (EEX) was 44.6 EUR/MWh (38.9 EUR/MWh). The average gas price on the Title Transfer Facility (TTF) in the Netherlands was 17.4 EUR/MWh (12.1 EUR/MWh), an increase of 44 per cent from 2009.

Operations were sound in 2010 with high up-time for the Group's power plants, and the Group produced a total of 57.4 TWh (57.0 TWh). Hydropower production was on a par with both 2009 and annual mean production, while gas power and wind power production increased by 6 and 7 per cent, respectively.

Return on investment

The Group achieved a return on average capital employed (ROACE) of 19.5 per cent from underlying operations in 2010, compared with 15.2 per cent in 2009. The increase of 4.3 percentage points was due to a higher operating result. Capital employed remained largely unchanged.

Based on posted profit, the return on the equity was 11.8 per cent after tax, compared with 11.9 per cent in 2009, and the total capital return after tax was 6.0 per cent, compared with 7.0 per cent for the year 2009. The decline is due to a somewhat lower result. Average total assets have been stable throughout the year, and the equity injection in December has only had a marginal effect on the average equity.

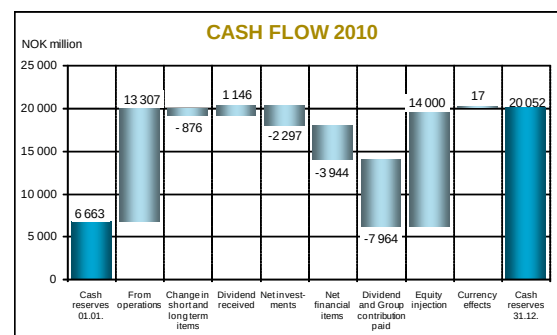
Taxes

Posted tax costs increased by NOK 376 million from 2009 to 2010, and amounted to NOK 5148 million. The effective tax rate in 2010 was 40.9 per cent (38.2 per cent). The ordinary payable tax increased by about NOK 1050 million, mainly due to an increase in unrealised losses on shares and financial assets without tax deduction. Furthermore, high power prices have resulted in an increase in resource rent tax payable of NOK 709 million. The reduction in deferred tax of NOK 1381 million is mainly due to recognition of estimated deferred tax assets related to negative resource rent revenues carryforwards as income.

Cash flow and capital structure

Operating activities generated a cash flow of NOK 13 307 million in 2010

(NOK 7781 million). Long and short-term items had a net negative change of NOK 876 million (positive change of NOK 3850 million). Dividends received from associates amounted to NOK 1146 million (NOK 1083 million). The net change in liquidity from the activities was thus NOK 13 577 million (NOK 12 714 million).



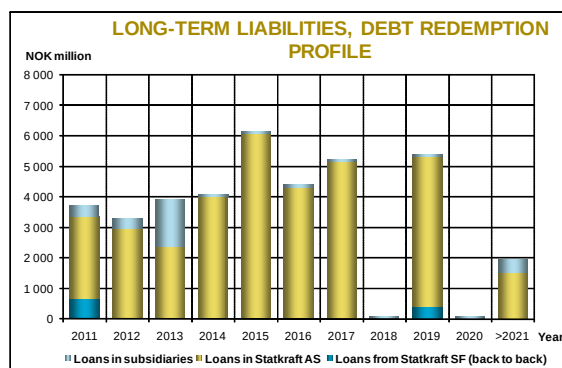
NOK 3722 million were invested in 2010. In addition to maintenance investments, the largest investment items were in relation to hydropower in Norway, Turkey and SN Power, distribution grid operations in Skagerak Energi as well as wind power in Sweden and the UK. Sale of fixed assets, mainly Trondheim Energi Nett, generated NOK 1425 million. The net liquidity effect from investments thus amounted to NOK -2297 million (NOK -4678 million).

In the fourth quarter, Statkraft raised certificate financing totalling NOK 300 million in the Norwegian market. New borrowings totalled NOK 4431 million in 2010. Repayment of debt amounted to NOK 8282 million. In the fourth quarter, dividend and group contribution for the year 2009 was disbursed to Statkraft SF totalling NOK 7964 million (NOK 10 260 million).

CASH FLOW		
Figures in NOK million		The year
	2010	2009
Net cash flow from operating activities	13 577	12 714
Net cash flow from investing activities	- 2 297	- 4 678
Net cash flow from financing activities	2 092	- 3 333
Net change in cash and cash equivalents	13 372	4 703
Currency effect on cash flows	17	- 249
Cash and cash equivalents 01.01.	6 663	2 209
Cash and cash equivalents 31.12.	20 052	6 663

The net liquidity change was NOK 13 372 million in 2010 (NOK 4703 million). The group's cash and cash equivalents amounted to

NOK 20 052 million compared with NOK 6663 million at the beginning of the year, with the increase being primarily due to the injection of NOK 14 billion in new equity by the owner in December 2010.



Interest-bearing liabilities were NOK 40 486 million at the end of 2010, compared with NOK 45 660 million at the start of the year. The interest-bearing debt-to-equity ratio was 35.0 per cent, compared with 41.3 per cent at year-end 2009. In addition to lower debt, the decline is due to injection of new equity from the owner.

Loans from Statkraft SF to Statkraft AS amounted to NOK 1.1 billion at the end of the

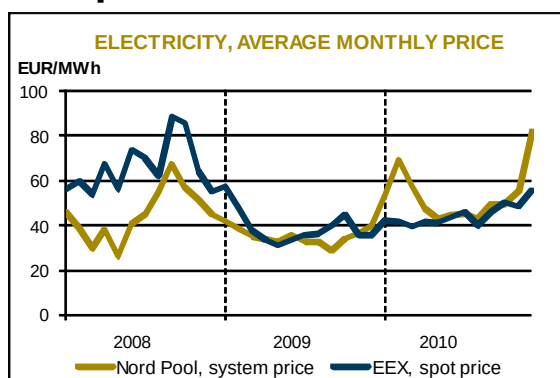
year compared with NOK 4.5 billion at the beginning of the year. Guarantee premium payments to the Norwegian state amounted to NOK 15 million in 2010.

The Group has improved its financial situation through the equity injection, reducing the need for new borrowing in the short term. When borrowing, the Group strives for a steady maturity profile.

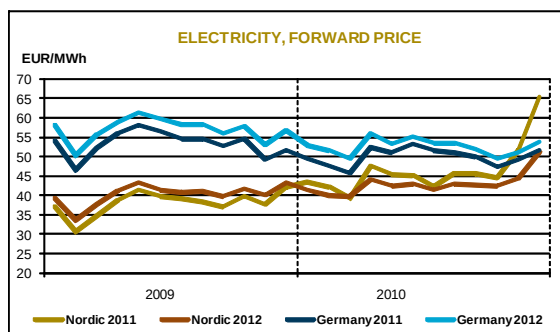
At the end of the year, current assets, excluding cash and cash equivalents, totalled NOK 17 830 million and short-term interest-free debt amounted to NOK 21 928 million. Energy and financial derivatives amounted to NOK 5645 million of current assets and NOK 6861 million of short-term interest free debt.

At the end of 2010, Statkraft's equity totalled NOK 75 302 million, compared with NOK 64 901 million at the start of the year. The increase is mainly due to NOK 4112 million added from operations and NOK 14 billion in new equity from the owner. The disbursed dividend of NOK 7964 million reduced the equity.

The power market



The majority of Statkraft's output is generated in the Nordic region and Germany. The Group is also exposed in markets outside Europe through its subsidiary SN Power. Power prices are influenced by hydrological conditions and, for thermal plants, commodity prices. Gas is also an input factor in Statkraft's own production. Price differences between the Nordic region and the Continent increased in November and December, and the average German spot price in December was 47.0 per cent lower than the average system price in the Nordic region. For the year as a whole, the average price in the Nordic region was 19.3 per cent higher than in Germany.



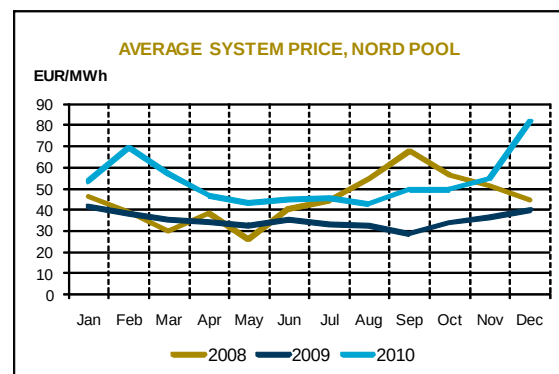
Forward prices in the Nordic region and Germany fell somewhat in the beginning of the fourth quarter, but rose again over the course of November and December as a result of falling temperatures. The Nordic forward prices were in addition influenced by the tight resource situation, resulting in prices in the short end rising more than other products.

The Nordic power market

The average system price in the Nordic market was higher in all months in 2010 compared with corresponding periods in 2009. The average price was 62.0 EUR/MWh in the fourth quarter (36.6 EUR/MWh) and 53.1 EUR/MWh for the year as a whole

(35.0 EUR/MWh), an increase of 69.6 per cent and 51.7 per cent, respectively.

Compared with the average for the system prices in the years 2005-2009, the price in 2010 was 49.8 per cent higher in the fourth quarter and 43.2 per cent higher for the year.



Source: Nord Pool

Power prices rose considerably in the fourth quarter, as a result of a weak hydrological balance, delayed start-up of Swedish nuclear power and low temperatures resulting in high consumption. There were at times large price differences between price areas during the latter part of November and until the end of the year.

POWER CONSUMPTION AND OUTPUT IN THE NORDIC AREA

TWh	2010	2009	2008	Change 2010-2009
Nordic consumption	392.7	381.2	390.0	3.0 %
Nordic output	373.6	372.4	391.4	0.3 %
Net Nordic imports (+)/ exports (-)	19.2	8.7	-1.4	-
Norwegian consumption	128.4	123.7	127.3	3.7 %
Norwegian output	120.8	132.8	140.9	-9.1 %
Norwegian imports (+)/ exports (-)	7.6	-9.1	-13.6	-

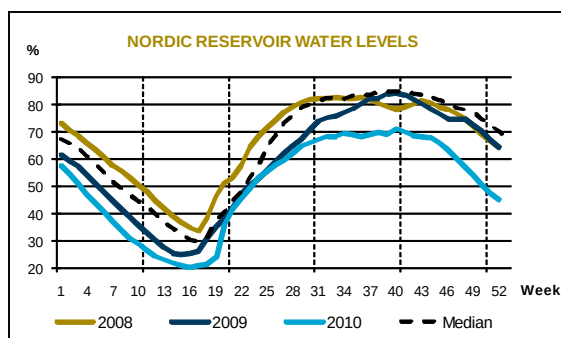
Sources: "Nord Pool Nordic electricity market information" and "Nord Pool Landsrapport Norge" (Nord Pool Country Report)

The Nordic power production was 4.2 per cent higher in the fourth quarter than during the same period in 2009. On an annual basis, the increase was 0.3 per cent. Net imports to the Nordic region were 5.9 TWh in the quarter (3.5 TWh) and 19.2 TWh for the year (8.7 TWh) in total.

The consumption in the Nordic region was 3.0 per cent higher in 2010 compared with the preceding year. The increase for the year is mainly due to lower than normal temperatures.

The consumption in Norway increased by 3.7 per cent. The regular consumption in Norway was 93.8 TWh in 2010, while the consumption in the power-intensive industry was 28.8 TWh.

The Norwegian power production was 10.5 per cent lower in the fourth quarter and 9.1 per cent lower for the year compared with 2009. Norway's net import of power from abroad was 0.8 TWh during the quarter, compared with a net export of 3.6 TWh in the fourth quarter of 2009. For the year as a whole, the net import was 7.6 TWh, compared with a net export of 9.1 TWh in 2009.

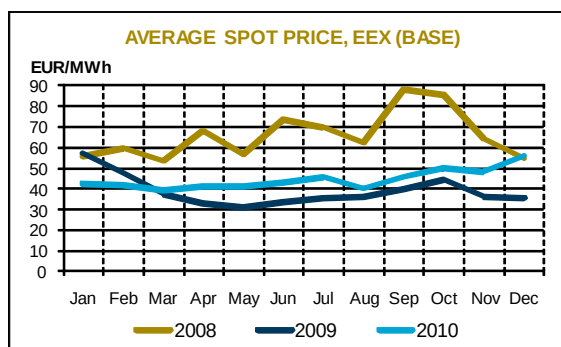


At the end of December, the overall water level in the Nordic region's reservoirs was 64.2 per cent of normal, corresponding to 45.0 TWh. The water level was 45 per cent of maximum capacity, which is 121.2 TWh.

The German power market

The average spot price in the German market was 32.7 per cent higher in the fourth quarter than in the corresponding period in 2009, and ended at 51.4 EUR/MWh (38.7 EUR/MWh). For the full year 2010, the prices were 14.6 per cent higher than during the same period in 2009, and ended at 44.6 EUR/MWh (38.9 EUR/MWh).

Compared with an average of the spot prices for the years 2005-2009, the prices in 2010 were 4.5 per cent and 7.0 per cent lower for the quarter and the year in total, respectively.

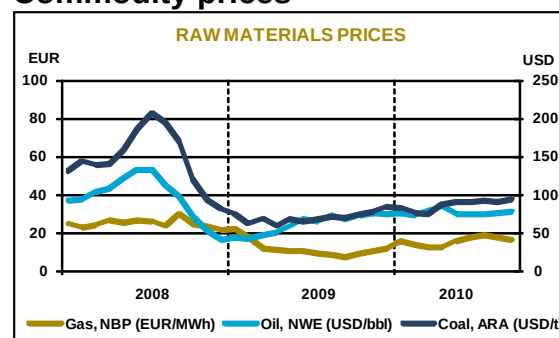


Source: European Energy Exchange (EEX)

With the exception of the first two months of the year, the average German spot price was higher in 2010 than in the corresponding period in 2009. The price increase towards the end of the fourth quarter was primarily driven by fuel price developments and low temperatures.

The first half of November saw the introduction of full market coupling between Germany and France, Belgium and the Netherlands. The transmission capacity can now be fully exploited, and the number of hours with a common price will increase.

Commodity prices



Oil prices rose considerably in the fourth quarter, reaching prices of about USD 100 per barrel in late December.

Gas prices were stable from the third quarter, but started rising in November. The prices were mainly influenced by significantly lower than normal temperatures both in the UK and on the Continent.

Coal prices also rose significantly in the fourth quarter. The price increase was driven both by low temperatures in Europe and reduced production capacity in Colombia, Indonesia and Australia.

CO₂ prices were relatively stable in the fourth quarter. The most important event in the CO₂ market in the fourth quarter was the UN climate summit in Cancun in Mexico in December, but the result of the meeting did not have major effects on the quota market.

Staff and HSE

Full-time equivalents

At the end of 2010, the Group had a staff of 3301 full-time equivalents, 77 fewer than at the end of 2009. The sale of Trondheim Energi Nett resulted in a reduction of 124 full-time equivalents, while staff levels have increased somewhat within the segments Generation and Markets and Wind Power as a result of increased activity.

HSE

KEY FIGURES - HEALTH SAFETY AND ENVIRONMENT				
	Q4		Year to date	
	2010	2009	2010	2009
LTI (lost-time injuries per million hours)	4.6	2.8	3.4	3.8
TRI (total recordable injuries per million hours)	11.2	7.9	6.8	8.4
F (days lost through injury per million hours)	25.0	46.6	31.7	36.6
Absence due to illness (%)	3.3	4.2	3.4	3.3

Statkraft's objective is zero working accidents in connection with the Group's activities, but 2010 also had fatal accidents in associated activities. This is a challenge that Statkraft takes extremely seriously, and focused efforts are being implemented to avoid accidents in the future.

There was one fatal incident in the fourth quarter at Theun Hinboun Power Company (THPC) in Laos, where Statkraft SF owns 20 per cent. A motorcyclist crashed with a truck from the project's main supplier and died. The incident was investigated and measures are being followed up locally. There was also one fatal accident at THPC's main contractor in January 2011. The accident took place in connection with tunnel work, where a contractor suffered fatal injuries during work with a construction machine. THPC quickly formed a dedicated investigation team consisting of representatives from the project, the company, the board of THPC and Statkraft. The investigation uncovered breaches of safety procedures by the main contractor, and the improvement work in the tunnel has been stopped until the procedural breaches have been corrected.

In total, there were five fatal accidents in associated activities in 2010. Including the accident in the fourth quarter, three people died in THPC in Laos and one person died at the Al-lain Duhangan development in India, where SN Power has a shareholding of 43 per cent.

In addition, one person died at a closed down power station in Agder Energi. Reinforced training and management follow-up, as well as increased presence of technical and HSE-related professional expertise, have contributed to reduce the number of accidents and injuries in international development projects in 2010. To achieve the objective of zero accidents, the work on follow-up and preventive activities in own operations and projects will continue. High HSE requirements are also set for partners and suppliers.

The HSE indicators show a positive development from 2009 to 2010, but the LTI value in the fourth quarter rose somewhat compared with the same period in 2009. Seven lost-time injuries for own employees were registered in the quarter, compared with five during the same period last year. This gave an LTI value of 4.6 (2.8). For 2010 as a whole, there were 23 lost-time injuries, compared with 24 in 2009, resulting in an LTI value of 3.4 (3.8).

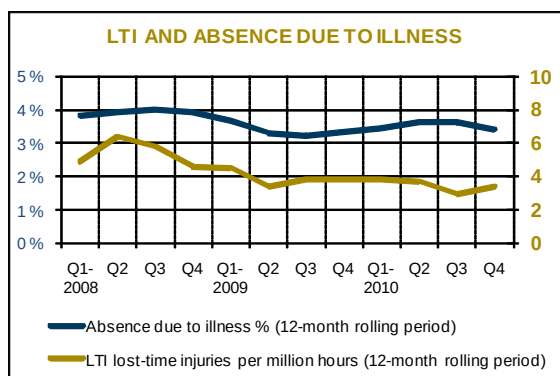
In total, there were 17 injuries in the Group in the fourth quarter of 2009, giving a TRI value of 11.2 (7.9). For the year as a whole, there were 46 injuries, compared with 52 in 2009. This gives a TRI value of 6.8, compared with 8.4 in the corresponding period in 2009.

The injuries in the fourth quarter are found in the segments Generation and Markets, Emerging Markets and Skagerak Energi.

For suppliers in consolidated operations, there were four lost-time injuries in the fourth quarter. Follow-up of suppliers has been intensified, and operation and development projects will also be followed up in 2011.

The F value in the fourth quarter was 25.0 (46.6). For the year as a whole, the F value was 31.7 compared with 36.6 during the same period last year. The decline is a result of fewer injuries in 2010 compared with 2009.

Absence due to illness in the fourth quarter was 3.3 per cent (4.2 per cent). For the year as a whole, absence due to illness was 3.4 per cent, compared to 3.3 per cent in 2009. Statkraft's goal is to achieve an absence rate of less than 4 per cent. All Norwegian companies in the Group have entered into Inclusive workplace (IA) agreements, with active follow-up of absence and close cooperation with the company health service.

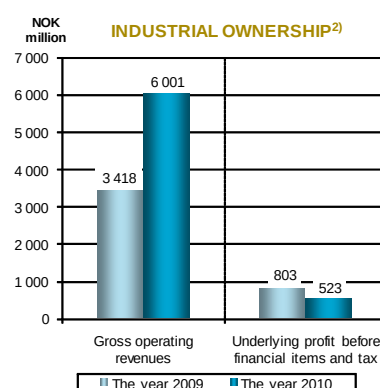
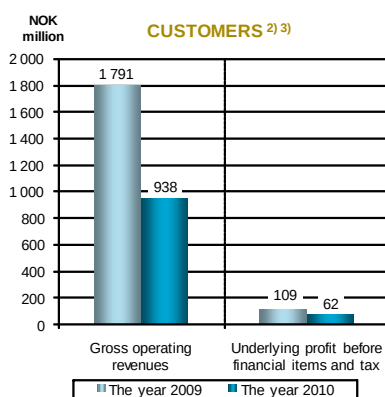
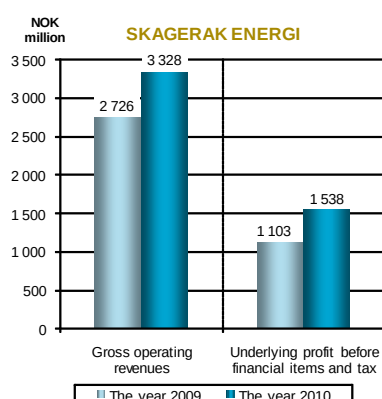
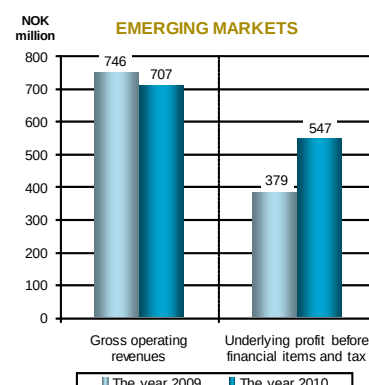
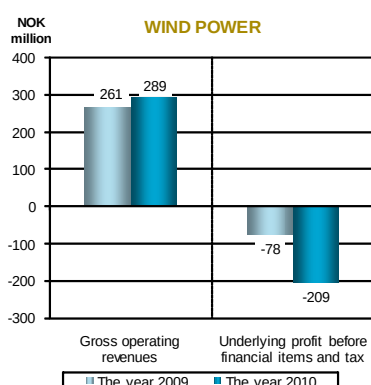
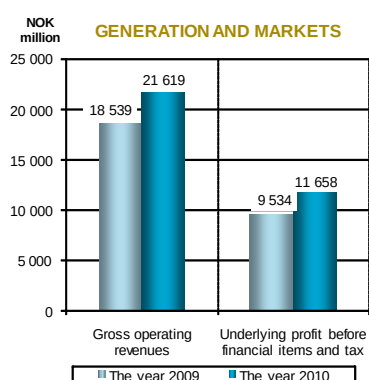


The Group has not had any serious environmental incidents in 2010. During the fourth quarter, 21 less serious environmental incidents and 19 undesirable environmental conditions were registered. For the year as a whole, 92 less serious environmental incidents and 50 undesirable environmental conditions were registered, one of which had a high environmental risk. Most of these were in connection with minor and brief breaches of the river management regulations and minor chemical discharges, and had little or no effect on the environment.

Segments

The Group reports in accordance with how the corporate management makes, follows up and evaluates its decisions. The segment structure is presented on the basis of internal management information that is periodically reviewed by management and used for resource allocation and key performance review.

Statkraft's business is organised into six segments - Generation and Markets, Wind Power, Emerging Markets, Skagerak Energi, Customers and Industrial Ownership. Areas not shown as separate segments are presented under the heading Other Business. This includes Southeast Europe Hydro, Solar Power, Small-Scale Hydro, Innovation and Growth and the 4.17 per cent shareholding in E.ON AG.



²⁾ The power sales activities in the Customers segment were sold to Fjordkraft, which is part of the Industrial Ownership segment, at the end of 2009. In 2009, the activities generated gross operating revenues of NOK 90 million and NOK 28 million in operating profit.

³⁾ The grid activities in the Customers segment were sold to TrønderEnergi Nett in 2010. The result from the enterprise has been included in the figures for the Customers segment as of the first half of the year. During the second half of 2009, the grid activities had gross operating revenues of NOK 218 million and NOK 53 million in operating profit.

Generation and Markets

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Q4			The year		
	2010	2009	Change	2010	2009	Change
Gross operating revenues	7 213	6 140	1 073	21 619	18 539	3 080
Net operating revenues	5 927	5 315	612	17 416	15 242	2 174
EBITDA	4 752	4 060	693	13 176	11 114	2 063
Operating profit	4 363	3 568	795	11 616	9 435	2 181
Share of profit from associates and joint ventures	24	51	-27	41	99	-58
Profit before financial items and tax	4 388	3 619	769	11 658	9 534	2 124
Urealised changes in value and material non-recurring items	-783	-6 016	5 233	-82	-3 427	3 345
Maintenance investments	171	228	-57	598	594	4
Investments in new generating capacity	397	269	128	789	548	241
Investments in shareholdings	-	-	-	-	-	-

The Generation and Markets segment is responsible for the operation and maintenance of hydropower plants and gas-fired power plants in Europe, as well as physical and financial trading in energy and energy-related products in Europe. The production plants are generally flexible and include 182 wholly and partly owned hydropower plants, five gas power plants and two biomass plants. The total installed capacity is 12 963 MW. Beyond own energy production, the segment engages in extensive trading with standardised and structured power contracts, gas, coal, oil and CO₂. Statkraft owns two-thirds of a 600 MW subsea cable between Sweden and Germany through the company Baltic Cable.

Highlights in the quarter

In October, Statkraft and the Swedish energy company E.ON Sweden signed an agreement that gave Statkraft full ownership in Baltic Cable with accounting effect from 1 January 2011.

In December, Statkraft signed two new long-term power contracts. The contract with Norske Skog entails an annual delivery of about 0.8 TWh to the paper mill at Skogn in Nord-Trøndelag, while the contract with the ferrosilicon producer Finnfjord in Troms entails an annual delivery of about 0.7 TWh. Both contracts will take effect on 1 January 2011 and run until 31 December 2022. At the end of 2010, the Group had industrial contracts of about 14 TWh per year.

Svenska Kraftnät decided to establish four price areas in Sweden with effect from 1 November 2011. In the fourth quarter, Nord Pool started listing forward prices in the four areas, but the current turnover is low and the market is not liquid. In Stockholm and Malmö, where there is an electricity deficit, forward prices are higher than the system price.

Financial performance

The segment's underlying profit before financial items and tax was NOK 4388 million in the fourth quarter (NOK 3619 million). The result improvement is driven by high Nordic power prices as well as high hydropower production.

Overall, the gas power activities yielded a negative result before financial items and tax from the underlying production in the fourth quarter. The gas power production fell in the fourth quarter, and was 1.7 TWh (2.1 TWh).

The gross operating revenues increased by NOK 1073 million to NOK 7213 million in the fourth quarter compared with the same period in 2009. High Nordic power prices and hydropower production resulted in an increase in the net physical spot sales of NOK 2493 million to NOK 5942 million. Realised revenues from Trading and Origination were NOK 73 million, which is NOK 963 million lower than in the fourth quarter of 2009. Realised trading and origination revenues can vary significantly between periods and years, and must therefore be seen against unrealised changes in

value for energy contracts. The decline from the fourth quarter in 2009 is related to the fact that EUA and CER contracts in Germany were realised for about NOK 800 million in the fourth quarter of 2009. These revenues had a contra entry in reduced unrealised changes in value for energy contracts of slightly more than NOK 600 million.

The operating costs in the fourth quarter fell by NOK 183 million to NOK 1564 million compared with the same period in 2009. The decline is due to costs related to energy purchases and transmission costs for Tyssefaldene having been reclassified to a reduction of sales revenues in the fourth quarter. Adjusted for this, the costs were on a par with the preceding year.

The operating result for the segment was NOK 4363 million in the fourth quarter (NOK 3568 million).

The profit share from associates was NOK 24 million in the quarter (NOK 51 million).

The year as a whole shows good results as a result of high prices in the Nordic region. The profit before financial items and tax was NOK 11 729 million (NOK 9534 million). High prices in the Nordic region resulted in net physical spot sales for Nordic hydropower increasing by NOK 4153 million to NOK 12 032 million. Energy management was good, and achieved prices were higher than both relevant area prices and the price competitors achieved. Relatively high gas power production, resale of gas and high spot revenues from the power exchange on the Baltic Cable resulted in net physical spot sales from gas power and Continental assets increasing by NOK 1321 million to NOK 4135 million. Realised revenues from the Nordic hedging portfolio were NOK -118 million (NOK 661 million). A dry and cold winter with less available Swedish nuclear power than expected gave very high power prices in the first quarter and resulted in losses on

contracts. Realised revenues from the Continental hedging portfolio were NOK 426 million (NOK 993 million). Realised revenues from Trading and Origination were NOK 601 million (NOK 1622 million). The decline is due to major realisations in Germany in December 2009.

The operating expenses for the year 2010 were on a par with 2009, and the profit share from associates was NOK 27 million lower due to a result decline in Naturkraft and Herdecke.

Operations

Operations and production were stable both in the fourth quarter and the year as a whole, and the power stations had generally high uptime. Hydropower production amounted to 14.0 TWh (13.3 TWh) in the fourth quarter, while gas power production, including biomass, amounted to 1.7 TWh (2.1 TWh). For the year as a whole, hydropower production was 43.2 TWh (42.8 TWh) and gas power production, including biomass, was 6.7 TWh (6.2 TWh).

The Kårstø gas power plant was out of operation from mid-September to mid-November as a result of technical problems. This resulted in somewhat increased costs.

At Svartisen power plant, work has been performed to increase the installation from 350 MW to 600 MW through installation of a new unit of 250 MW. The unit was scheduled for test operation in December 2010, but problems during test runs and the need for structural reinforcements resulted in the test operation being postponed to summer 2011.

There were two lost-time injuries and seven injuries without lost time for own employees in the fourth quarter. For the year as a whole, there were six lost-time injuries, and 14 injuries without lost time for own employees.

Absence due to illness was 2.9 per cent both in the fourth quarter and for the year as a whole.

Wind Power

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Q4			The year		
	2010	2009	Change	2010	2009	Change
Gross operating revenues	109	115	-6	289	261	28
Net operating revenues	97	113	-16	261	246	15
EBITDA	-20	58	-78	-67	29	-96
Operating profit/loss	-49	31	-80	-174	-64	-110
Share of profit from associates and joint ventures	13	-22	34	-35	-15	-21
Profit before financial items and tax	-36	10	-45	-209	-78	-130
Urealised changes in value and material non-recurring items	-106	-	-106	-106	-	-106
Maintenance investments	2	2	-	3	26	-23
Investments in new generating capacity	75	227	-152	131	348	-217
Investments in shareholdings	82	298	-216	599	826	-227

The Wind power segment is responsible for the development, construction, operation and ownership follow-up of onshore and offshore wind farms in Norway and Europe. Wind Power currently has development and construction projects in Norway, Sweden and the United Kingdom and works in partnerships in the segment's market areas. The segment has four wind farms in operation; Smøla, Hitra and Kjøllefjord in Norway as well as Alltwalis in the UK. The total installed capacity for these wind farms is 268 MW.

Highlights in the quarter

On 1 October, Statkraft increased its ownership interest in the Swedish company Södra Statkraft Vindkraft Utveckling from 40 to 90.1 per cent. The company has several licenses for the development of wind power in Sweden.

The development project Em in Mönsterås in southern Sweden came online in January 2011. The wind farm has an installed capacity of 9.2 MW

Financial performance

The segment's underlying loss before financial items and tax was NOK 36 million in the fourth quarter (NOK 10 million³). The Norwegian wind

farms in operation showed a result improvement of NOK 22 million for the quarter. Increased activity in connection with new wind power projects resulted in a decline in the segment result.

Gross operating revenues totalled NOK 109 million in the fourth quarter (NOK 115 million). Higher prices and production resulted in an increase in the revenues from the Norwegian wind farms. In addition, the segment received increased operating revenues from the Alltwalis wind farm in the UK. In the fourth quarter of 2009, a gain was recognised in the income statement in connection with the sale of the wind power portfolio in the associate Statkraft Agder Energi Vind.

Transmission costs amounted to NOK 13 million (NOK 2 million) and net operating revenues fell by NOK 16 million to NOK 97 million.

The operating expenses amounted to NOK 145 million (NOK 82 million). The increase mainly relates to the new wind farm in the UK, more employees and higher activity levels in connection with development of new capacity.

³ The revenues and the result for the wind farms were too high in the fourth quarter of 2009. A Group-internal revenue correction was made in the first quarter of 2010, re-

sulting in a revenue and result reduction totalling NOK 22 million in the first quarter of 2010. The revenues and the result in the fourth quarter of 2009 and for the year 2009 were correspondingly too high.

Overall, this resulted in a lower operating result for the segment, compared with the fourth quarter of 2009. The operating result for the Norwegian wind farms in operation improved compared with the same period in 2009.

The profit share for associates and joint ventures was NOK 13 million in the quarter (NOK -22 million). The improvement relates to revenues in Forewind Ltd due to invoicing the owners for work performed, as well as accounting corrections for projects in the UK.

For the year as a whole, the segment's underlying loss before financial items and tax amounted to NOK 209 million (NOK 78 million). The Norwegian wind farms in operation had a result on a par with 2009. However, increased activity in connection with new wind power projects resulted in a decline in the segment result.

Operations

Total production for the wind farms was 190 GWh in 2010 per quarter (131 GWh). The production for the Norwegian wind farms was higher due to more wind compared with the same period last year.

Twelve dead sea eagles were discovered after collisions with wind turbines in 2010. Statkraft continues its research aiming to prevent such collisions.

No injuries have been reported for own employees in 2010, but three lost-time injuries were reported by sub-contractors.

Absence due to illness was 2.8 per cent for the quarter and 1.2 per cent for the year.

Emerging Markets

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Q4			The year		
	2010	2009	Change	2010	2009	Change
Gross operating revenues	192	177	14	707	746	-40
Net operating revenues	178	128	49	659	686	-28
EBITDA	10	21	-11	169	282	-113
Operating profit	-21	44	-64	39	181	-141
Share of profit from associates and joint ventures	281	73	209	507	198	310
Profit before financial items and tax	261	117	144	547	379	168
Urealised changes in value and material non-recurring items	-116	-107	-9	-457	-107	-350
Maintenance investments	15	-26	41	103	150	-47
Investments in new generating capacity	98	13	85	186	599	-413
Investments in shareholdings	44	-	44	274	-271	545

The Emerging Markets segment is responsible for the management and further development of ownership positions outside Europe, and currently consists of the ownership interest in SN Power (60 per cent). Norfund owns the remaining 40 per cent. In addition, Theun Hinboun Power Company (THPC) in Laos (20 per cent shareholding) is managed on behalf of Statkraft SF. THPC is not included in the segment's financial figures. At the end of last year, SN Power had ownership interests in 19 hydropower plants in Latin America and Asia, as well as in one wind farm and one thermal power plant in Latin America. The power stations that are completely or practically in operation have a total installed capacity of 822 MW (SN Power's share). THPC owns one 210 MW hydropower plant which will be upgraded to 220 MW.

Highlights in the quarter

There was one fatal incident in the fourth quarter in THPC. A motorcyclist collided with one of the project's trucks and died. The incident was investigated and measures are being followed up locally.

In addition, one fatal accident has been reported from the main contractor to THPC in January 2011. The accident took place in connection with finishing work in the intake tunnel at the plant that is under construction. THPC quickly formed a separate investigation team

consisting of representatives from the project, the company, the board of THPC and Statkraft. The investigation uncovered breaches of safety procedures by the main contractor, and the improvement work in the tunnel has been stopped until the procedural breaches have been corrected.

In December, the Totoral wind farm (80 per cent shareholding) of 46 MW in Chile was registered as a Clean Development Mechanism (CDM) project with the United Nations Framework Convention on Climate Change (UNFCCC). This gives the project the right to issue and sell Certified Emission Reductions (CERs) corresponding to 70 000 tonnes per year (100 per cent). SN Power now has four projects that are registered, of which three are in operation. In total, these projects have registered CERs corresponding to 1 285 943 tonnes of CO₂, of which SN Power's relative percentage amounts to 826 100 tonnes.

In December, a long-term credit agreement was entered into for the Cheves project in Peru (100 per cent shareholding) with the International Finance Corporation (IFC), DnB NOR, Nordea, Société General and West Deutsch Landesbank, totalling USD 250 million. The Cheves project, that is planned with an installed capacity of 168 MW and an expected annual production of 836 GWh, has already been registered as a Clean Development

Mechanism (CDM) project. The project is scheduled for completion in 2013.

Financial performance

The segment's underlying profit before financial items and tax of NOK 261 million (NOK 117 million) in the fourth quarter. Consolidated operations in Peru and Nepal, the wind farm in Chile and SN Power's national and regional offices, achieved an operating result that was NOK 63 million weaker than for the corresponding period in 2009. Associates and joint ventures, which are mainly active in India and the Philippines, achieved a result improvement of NOK 208 million compared with the corresponding period in 2009.

Gross operating revenues in the consolidated operations were NOK 192 million in the quarter (NOK 177 million). The increase of NOK 14 million is due to the Totoral wind farm in Chile starting full operation in 2010, while lower production and prices in Peru reduced revenues.

The operating expenses totalled NOK 198 million during the fourth quarter (NOK 84 million). The increase is mainly due to the Totoral wind farm coming online, expansion of the activities at the main office and at the offices in India and Brazil, as well as the establishment of a new office in Hanoi in Vietnam.

The operating loss for the segment was NOK 21 million in the fourth quarter (NOK 44 million).

The profit shares from associates in India (49 per cent shareholding in Malana) and in the Philippines (50 per cent shareholding in Magat and Binga) was NOK 281 million for the quarter (NOK 73 million). The result improvement is due to higher production and growing sale of add-on services in the Philippines as well as improvements in net financial items in the partly-owned companies.

For the year as a whole, the underlying profit before financial items and tax was NOK 547 million (NOK 379 million). The improvement from 2009 relates primarily to an increased profit share from associates in India and the Philippines.

Operations

The tunnel drilling machine driving the five-kilometre long intake tunnel in Laos broke through in November. The drilling and lining of the tunnel was carried out as planned, and the experience from this the operation was positive.

In October, the power stations La Higuera and La Confluencia were officially opened by the Chilean President Sebastián Piñera. The power stations are owned in a joint venture with the Australian company Pacific Hydro. In total, the power plants have an installed capacity of 313 MW and are expected to produce 1.4 TWh annually in total.

SN Power's relative share of the production in wholly and partially owned power plants was 1.0 TWh (0.7 TWh) in the fourth quarter, and 2.9 TWh for the year as a whole (2.7 TWh). The increase relates to the phasing in of new capacity in Chile and India, as well as higher production at the plants in the Philippines. The effect was offset somewhat by less inflow in Peru compared with the corresponding period in 2009. Total uptime for the power plants in Peru, India, Nepal, Sri Lanka and the Philippines was generally good.

The synchronisation to the central power grid for the production at La Confluencia in Chile (50 per cent shareholding) took place in December. The Duhangan tunnel in connection with the Allain Duhangan power plant in India (43 per cent indirect shareholding) broke through in December. Both power plants as well as Ambuklao (50 per cent shareholding) in the Philippines are scheduled for completion in 2011.

There were three injuries for own employees in consolidated operations in the fourth quarter, all lost-time injuries. For the year as a whole, there were five lost-time injuries and no injuries without lost time for own employees in consolidated operations.

Absence due to illness was 1.4 per cent in the fourth quarter and 1.5 per cent for the year as a whole.

Skagerak Energi

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Q4			The year		
	2010	2009	Change	2010	2009	Change
Gross operating revenues	1 167	858	309	3 328	2 726	602
Net operating revenues	1 129	856	273	3 266	2 690	576
EBITDA	753	518	235	2 003	1 609	394
Operating profit	632	377	255	1 539	1 123	416
Share of profit from associates and joint ventures	-4	-1	-3	-2	-21	19
Profit before financial items and tax	629	377	252	1 538	1 103	435
Urealised changes in value and material non-recurring items	195	38	158	224	68	157
Maintenance investments	136	139	-3	235	289	-54
Investments in new generating capacity	108	150	-42	344	401	-57
Investments in shareholdings	-	1	-1	-	1	-1

This segment comprises the Skagerak Energi Group and the activities focus on generation and sale of power and district heating, as well as distribution grid activities. Other activities involve fibre, natural gas distribution and electrical contractor activities and settlement activities. Skagerak Energi is owned by Statkraft (66.6 per cent shareholding) and the local municipalities in Skien (15.2 per cent), Porsgrunn (14.8 per cent) and Bamble (3.4 per cent). The production assets cover 45 wholly and partially-owned hydropower plants with a total installed capacity of 1314 MW. The company has about 181 000 distribution grid customers.

Highlights in the quarter

In October, the board of Skagerak Energi approved a new organisation, to take effect from 1 January 2011. The operations are now organised in five areas – Grid, Power, Electro, Heating and Natural gas.

Skien Fjernvarme (51 per cent shareholding) has entered into an agreement relating to the construction and leasing of a district heating plant in Skien. Contingent upon political approval of the construction of the heating plant at Mæla, the company will start the development of the pipe grid in Skien centre and out to Klosterøya and Moflata.

Skagerak Varme's construction project for district heating/remote cooling in Horten was approved in October. The expected heat delivery is 18.8 GWh and the expected cooling

delivery is 2.3 GWh assuming full development in 2017. Currently, Skagerak Varme delivers 40 GWh of heat.

Financial results

The segment's underlying profit before financial items and tax was NOK 629 million in the fourth quarter (NOK 377 million).

Gross operating revenues totalled NOK 1167 million (NOK 858 million). The increase is mainly attributed to an increase in power sales revenues as a result of higher prices.

The operating costs amounted to NOK 497 million in the quarter (NOK 479 million). The increase is primarily due to increased activity in Skagerak Elektro and Skagerak Varme. The operating result for the segment was NOK 632 million in the fourth quarter (NOK 377 million).

For the year as a whole, the segment's underlying profit before financial items and tax amounted to NOK 1538 million (NOK 1103 million). The result improvement is primarily a result of higher power sales revenues, due to higher prices and higher grid revenues as a result of higher tariffs and volume.

Operations

The segment produced 1.6 TWh in the fourth quarter (1.7 TWh). For the year as a whole, the

production was 5.0 TWh (5.3 TWh). Operations were stable in all areas in the quarter.

There were two lost-time injuries and two injuries without lost time for own employees in the fourth quarter. For the year as a whole, there

were ten lost-time injuries and five without lost time, compared to nine and eleven in 2009.

Absence due to illness was 5.1 per cent in the fourth quarter and 4.9 per cent for the year as a whole.

Customers

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Q4			The year		
	2010	2009	Change	2010	2009	Change
Gross operating revenues	237	585	-349	938	1 791	-854
Net operating revenues	132	267	-135	571	802	-231
EBITDA	70	129	-58	236	297	-60
Operating profit	43	69	-26	87	103	-16
Share of profit from associates and joint ventures	-11	-2	-9	-25	6	-31
Profit before financial items and tax	32	67	-34	62	109	-46
Urealised changes in value and material non-recurring items	-1	-27	27	392	-23	416
Maintenance investments	4	75	-71	13	143	-130
Investments in new generating capacity	64	1	63	189	67	122
Investments in shareholdings	-	-	-	-	-	-

The Customers segment consists of the district heating activities in Norway and Sweden. The district heating system in Trondheim and Klæbu has a total installed capacity of 297 MW, and supplies around 640 business customers and 8000 households with district heating. In Sweden, the segment has an installed district heating capacity of 211 MW which it supplies to about 1500 customers. The segment also covers property management activities.

Highlights in the quarter

The development of the district heating grid in Harstad is ongoing and an agreement has been entered into with a biofuel supplier to the plant. The plant is scheduled to start delivering to customers in January 2012.

The construction of a new 25 MW gas boiler at Nidarvoll district heating plant has been approved. This will increase delivery flexibility.

The segment is working actively to be able participate in projects which can result in more district heating developments in Norway. Statkraft has a national strategy and wants to develop district heating to households and industry in other parts of the country.

In Sweden, the development in Trosa and Åmål is proceeding according to plan. Åmål's operating boiler came online in the fourth quarter, but some work remains on the operations building. In Trosa, the startup of the new plant

has been delayed somewhat, without any major financial consequences.

Financial performance

The result from Trondheim Energi Nett has been included in the income statement until 30 June 2010, when the company was sold to TrønderEnergi. The sales gain of NOK 393 million is not included in the underlying result.

The segment's underlying profit before financial items and tax was NOK 32 million in the fourth quarter (NOK 67 million).

Gross operating revenues in the quarter amounted to NOK 237 million (NOK 585 million). The decline is mainly due to the sale of the power sales activities to Fjordkraft (NOK -282 million) and the sale of the grid activities (NOK -149 million). Revenues from the district heating activities were NOK 79 million higher compared with the fourth quarter of 2009 as a result of higher prices and volumes.

Energy purchases and transmission costs fell by NOK 214 million to NOK 105 million. The sale of the power sales and grid activities reduced the costs by NOK 272 million. The costs for the district heating activities increased by NOK 58 million.

The operating expenses were NOK 89 million (NOK 198 million). The operating expenses in

connection with district heating fell by NOK 5 million. The remaining reduction is primarily related to sold activities.

The segment posted an operating profit of NOK 43 million (NOK 69 million) in the fourth quarter. During the same period in 2009, the sold activities contributed an operating profit of NOK 87 million.

The share of profit from associates was NOK -11 million (NOK -2 million). The decline relates to the lower result in Istad.

For the year as a whole, the segment's underlying result before financial items and tax was NOK 62 million (NOK 109 million). The lower result is primarily due to sold activities, while the result before financial items and tax from the district heating activities shows an improvement of NOK 82 million.

Operations

In total, 348 GWh of heating was delivered to customers in Norway and Sweden in the fourth quarter and 973 GWh in total for the year (816 GWh). Uptime rates were good for the plants in the fourth quarter.

There were no lost-time injuries, but three injuries without lost time for own employees in the fourth quarter. For the year as a whole, there were three lost-time injuries, and six injuries without lost time for own employees.

Absence due to illness was 6.2 per cent in the fourth quarter and 5.0 per cent for the year as a whole.

Industrial Ownership

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Q4			The year		
	2010	2009	Change	2010	2009	Change
Gross operating revenues	2 108	991	1 117	6 001	3 418	2 583
Net operating revenues	62	53	9	326	245	81
EBITDA	-13	-6	-7	58	40	18
Operating profit/loss	-22	-13	-8	24	8	17
Share of profit from associates and joint ventures	273	129	145	498	796	-297
Profit before financial items and tax	252	115	137	523	803	-281
Urealised changes in value and material non-recurring items	-74	-30	-44	-9	577	-586
Maintenance investments	-	-	-	-	-	-
Investments in new generating capacity	5	2	3	12	8	4
Investments in shareholdings	- -	5	5	-	5 -	5

The Industrial ownership segment is responsible for management and development of Norwegian shareholdings. The segment comprises the companies Fjordkraft⁵, BKK (49.9 per cent shareholding) and Agder Energi (45.5 per cent shareholding). The former company is included in the consolidated financial statements, while the other two companies are reported as associates.

Highlights in the quarter

In January 2011, an agreement was entered into to transfer Statkraft's shares in the Danish electricity trading companies Scanenergi and Scanenergi Elsalg to Fjordkraft. The implementation of the agreement must wait until it has been clarified whether the agreement must be reported to the Danish competition authorities, and if so, the agreement is contingent upon authority approval at acceptable terms.

Financial performance

The segment's underlying profit before financial items and tax was NOK 252 million in the fourth quarter of 2010 (NOK 115 million). The increase is due to higher power prices, good operations as well as increased activity in Fjordkraft in connection with the take-over of the power sales activities from the Customers segment at the end of 2009.

Gross operating revenues totalled NOK 2108 million in the fourth quarter (NOK 991 million). The increase is due to higher power prices, the take-over of Trondheim Energi Kraftsalg at the end of last year as well as the purchase of Vitel's customer lists in the first quarter of 2010.

Fjordkraft had a positive development and achieved a profit before tax of NOK 56 million (NOK 27 million) in the fourth quarter. Compared with preceding years, the earnings margin has improved as a result of reduced operating expenses and improved sales margins. The return on equity for 2010 was 15.9 per cent.

For the year as a whole, the segment's underlying profit before financial items and tax amounted to NOK 523 million (NOK 803 million). The decline is mainly due to weaker results in BKK and Agder Energi as a result of low production and losses in the hedging portfolio. High power prices and a good result from the grid activities in BKK offset this to some extent.

Operations

As a result of modest precipitation throughout the year, both BKK and Agder Energi produced less than in 2009. In total, the companies produced 3.9 TWh in the fourth quarter (4.3 TWh) and 11.7 TWh for the year as a whole.

⁵ Fjordkraft is owned by Statkraft (3.15 per cent), Skagerak Energi (48.0 per cent) and BKK (48.85 per cent).

(14.6 TWh). The resource situation remains weak.

The Fjordkraft Group has a total of about 400 000 electricity customers, and the total sold volume in 2010 was about 13 TWh.

Fjordkraft had no injuries in the fourth quarter and 2010, while the associates BKK and Agder

Energi had six and five injuries, respectively, in the fourth quarter. For the year as a whole, there were 22 and 11 lost-time injuries in BKK and Agder Energi, respectively.

Absence due to illness in the segment was 2.8 per cent in the fourth quarter of 2010, and 4.6 per cent for the year as a whole.

Other

Other includes the business units Southeast Europe Hydro, Solar Power, Small-Scale Hydro, Innovation and Growth, the 4.17 per cent shareholding in E.ON AG and Group functions and eliminations.

Southeast Europe Hydro

The business unit is responsible for all hydropower activities in Southeast Europe. This includes acquisitions and rehabilitation of existing assets, as well as development and construction of new hydropower projects. The main focus is directed towards the further development of Statkraft's existing project portfolio in Albania and Turkey.

In November, the board of Statkraft approved the construction of the Kargi hydropower plant (100 per cent shareholding) in Turkey. The investment has an upper limit of NOK 2 billion. The power plant will have an installed capacity of 102 MW and an expected annual production of 470 GWh, corresponding to the consumption of 150 000 Turkish households. The power plant is scheduled for completion in late 2013/early 2014.

Solar Power

The solar power market has great growth potential, but the industry is capital-intensive. Statkraft has therefore decided to sell the activities.

In December, Statkraft sold all shares in the company Ra-1, which owns the solar plant Casale in Italy, to the Italian companies Eurowood s.p.a. and Blue Stream Resources s.r.l.

Small-Scale Hydro

The business unit is responsible for ownership follow-up of shareholdings and developments within the area of small-scale hydropower (hydropower plants with an installed capacity of between 1 and 10 MW). The activities in Norway are conducted through Småkraft AS.

At the end of the fourth quarter, Småkraft AS had 24 power plants in operation with an expected annual production totalling 285 GWh. On the same date, the company had ten power plants under construction, which will give a production capacity of 114 GWh when completed. In the fourth quarter, the company was granted legally binding licences for the construction of five new power plants, and now has a total of 15 licenses with a total capacity of 137 GWh. At the end of the fourth quarter, Småkraft had 98 licence applications with a potential total output of about 1224 GWh under consideration by the Norwegian Water Resources and Energy Directorate (NVE). An additional 26 projects totalling about 243 GWh are being prepared for consideration by the NVE. At year-end 2010, Småkraft had entered into waterfall right agreements that could yield an annual production of 2.3 TWh when the projects are completed.

Innovation

The business unit is responsible for coordination and initiation of research and development activities, as well as monitoring and analysis of relevant technologies.

The E.ON AG shareholding

The Group owns 4.17 per cent of E.ON AG. The dividend from the shares for 2009 amounted to NOK 974 million, and was recognised as income in the second quarter of 2010. The shares have been classified as a financial asset.

Financial performance

Other posted an underlying loss before financial items and tax, including Group functions and eliminations, of NOK 219 million in the fourth quarter (NOK 325 million). For the year as a whole, the loss before financial items and tax was NOK 711 million (NOK 868 million).

Outlook

Strategic focus

In December, the owner injected NOK 14 billion in fresh equity in Statkraft. This provides solid support for the company's strategy, and makes it possible to implement a number of projects in Norway. In addition, the Group can reinforce the focus on environmentally friendly and flexible power production in Europe, Asia and South-America.

Statkraft has investment plans totalling NOK 70-80 billion during the period 2011-2015. At the end of 2010, Statkraft had approved binding investments totalling NOK 14.5 billion for the period 2011-2013,

excluding Norfund's option to sell shares in SN Power to Statkraft.

Statkraft aims to maintain the company's credit rating, and has substantial flexibility as regards the investment level in this period.

Expectations for the year's operations

The resource situation at the start of 2011 is relatively tight. The Group therefore expects a lower hydropower production in 2011 compared with 2010. Forward prices for 2011 indicate continued relatively high prices in the Nordic region, and the prices in Germany are expected to climb further compared with 2010.

Oslo, 16 February 2011
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

COMPREHENSIVE INCOME STATKRAFT AS GROUP

Figures in NOK million	4th Quarter		The year	
	2010	2009	2010	2009
Profit and loss				
Sales revenues	8 612	7 682	27 780	24 715
Other operating revenues	327	475	1 473	960
Gross operating revenues	8 939	8 157	29 252	25 675
Energy purchase	-878	-1 350	-4 674	-4 825
Transmission costs	-509	-114	-1 595	-1 054
Unrealised changes in the value of energy contracts	-508	-644	193	-2 813
Net operating revenues	7 044	6 049	23 176	16 983
Salaries and payroll costs	-510	-727	-2 387	-2 517
Depreciation, amortisation and impairments	-1 070	-822	-3 205	-2 743
Property tax and licence fees	-307	-302	-1 236	-1 166
Other operating expenses	-995	-1 180	-3 598	-3 530
Operating expenses	-2 882	-3 031	-10 426	-9 957
Operating profit	4 162	3 018	12 750	7 026
Share of profit from associates and joint ventures	261	-22	766	1 179
Financial income	457	690	2 060	2 060
Financial expenses	-395	-681	-1 607	-3 756
Unrealised changes in the value of currency and interest contra	-3 272	434	-1 369	5 977
Net financial items	-3 211	442	-917	4 282
Profit before tax	1 213	3 438	12 599	12 487
Tax expense	-522	-1 660	-5 148	-4 772
Net profit	692	1 777	7 451	7 716
Of which minority interest	194	8	357	184
Of which majority interest	498	1 769	7 094	7 532
Other comprehensive income				
Change in the fair value of financial instruments	866	11	-4 107	463
Reclassification adjustment related to financial instruments recorded as a financial loss	3 625	-	3 625	-
Estimate deviation pensions	-265	89	-274	81
Translation differences	-1 333	-1 323	-2 583	-8 304
Total other comprehensive income	2 893	-1 223	-3 339	-7 760
Total comprehensive income	3 585	554	4 112	-44
Of which minority interest	100	-723	243	-691
Of which majority interest	3 485	1 278	3 869	647

STATEMENT OF FINANCIAL POSITION

STATKRAFT AS GROUP

Figures in NOK million	31.12.10	31.12.09
ASSETS		
Intangible assets	2 981	2 277
Property, plant and equipment	77 791	78 239
Investments in associates and joint ventures	17 090	16 509
Other non-current financial assets	16 382	21 939
Derivatives	3 842	3 358
Non-current assets	118 085	122 323
Inventories	1 013	1 247
Receivables	10 748	8 707
Short-term financial investments	424	421
Derivatives	5 645	4 645
Cash and cash equivalents	20 052	6 663
Current assets	37 882	21 683
Assets	155 967	144 005
EQUITY AND LIABILITIES		
Paid-in capital	45 569	31 569
Retained earnings	22 449	26 065
Minority interests	7 284	7 267
Equity	75 302	64 901
Provisions	15 758	13 653
Long-term interest-bearing liabilities	34 251	36 342
Derivatives	2 494	4 016
Long-term liabilities	52 502	54 011
Short-term interest-bearing liabilities	6 235	9 318
Taxes payable	3 458	2 372
Other interest-free liabilities	11 609	9 336
Derivatives	6 861	4 067
Current liabilities	28 163	25 093
Equity and liabilities	155 967	144 005

STATEMENT OF CHANGES IN EQUITY

STATKRAFT AS GROUP

Figures in NOK million	Paid-in capital	Other equity	Accumulated translation differences	Retained earnings	Total majority	Minority interest	Total equity
Balance as of 01.01.2009	31 569	35 608	2 375	37 983	69 552	2 772	72 324
Total comprehensive income for the period	-	8 048	-7 401	647	647	- 691	-44
Dividend and group contribution	-	-10 000	-	-10 000	-10 000	-260	-10 260
Business combinations including the liability of the option to increase shareholding in subsidiary	-	-2 561	-	-2 561	-2 561	4 475	1 914
Equity holdings to associates and joint ventures	-	- 4	-	-4	-4	-	-4
Capital increase	-	-	-	-	-	971	971
Balance as of 31.12.2009	31 569	31 091	-5 026	26 065	57 634	7 267	64 901
Total comprehensive income for the period	-	6 435	-2 566	3 869	3 869	243	4 112
Dividend and Group contribution paid	-	-7 420	-	-7 420	-7 420	-101	-7 521
Changes in equity relating to associates and joint ventures	-	- 79	-	-79	-79	-	-79
Transactions with minority interests	-	14	-	14	14	-32	-18
Capital increase	14 000	-	-	-	14 000	241	14 241
Capital decrease	-	-	-	-	-	-334	-334
Balance as of 31.12.2010	45 569	30 041	-7 592	22 449	68 018	7 284	75 302

CASH FLOW STATEMENT

STATKRAFT AS GROUP

Figures in NOK million	The Year	
	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	12 599	12 487
Profit/loss on sales of non-current assets	26	13
Depreciation, amortisation and impairments	3 205	2 743
Profit from sale of business	-371	-
Share of profit from associates and joint ventures	-766	-1 179
Unrealised changes in value	1 176	-3 164
Taxes	-2 562	-3 119
Cash flow from operating activities	13 307	7 781
Changes in long-term items	252	-305
Changes in short-term items *	-1 128	4 155
Dividend from associates	1 146	1 083
Net cash flow from operating activities	13 577	12 714
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment - maintenance	-1 000	-1 308
Investments in property, plant and equipment - new capacity	-1 852	-2 447
Proceeds from sales of non-current assets	67	158
Capital reduction in associates and joint ventures	46	1 320
Sale of business, net liquidity accruing to the group	1 358	-
Business combinations, net liquidity accruing to the Group	-	-417
Loans to third parties	-222	-1 410
Repayment of loans	194	161
Investments in other companies	-888	-735
Net cash flow from investing activities	-2 297	-4 678
CASH FLOW FROM FINANCING ACTIVITIES		
New debt	4 431	15 377
Repayment of debt	-8 282	-9 378
Capital increase	14 000	-
Capital reduction	-334	-
Dividend and Group contribution paid	-7 964	-10 260
Share issue to minority	241	928
Net cash flow from financing activities	2 092	-3 333
Net change in cash and cash equivalents	13 372	4 703
Currency effect on cash flows	17	-249
Cash and cash equivalents 01.01	6 663	2 209
Cash and cash equivalents 30.09 / 31.12	20 052	6 663
Unused committed credit lines	8 000	8 054
Unused overdraft facilities	1 074	731

*Changes in short term items are mainly related to change i w orking capital (NOK -49 million), changes in receivables and liabilities regarding cash collateral (NOK -448 million), changes related to derivatives (NOK 213 million), in addition to currency effects (NOK -881 million).

SEGMENTS

STATKRAFT AS GROUP

Figures in NOK million	Statkraft AS Group	Generation & markets	Wind power	Emerging markets	Skagerak Energi	Customers	Industrial ownership	Other
4th Quarter 2010								
Operating revenue external	8 939	5 164	-	192	1 142	218	2 110	114
Operating revenue internal	-	2 049	109	-	24	19	-3	-2 200
Gross operating revenues	8 939	7 213	109	192	1 166	237	2 107	-2 087
Operating profit/loss	4 162	3 774	-155	-135	829	43	-9	-184
Share of profit from associates and joint ventures	263	-170	13	282	-4	-11	188	-35
Profit before financial items and tax	4 425	3 604	-142	146	825	32	179	-219
The Year 2010								
Operating revenue external	29 252	18 144	-8	707	2 708	1 301	5 998	403
Operating revenue internal	-	3 475	298	-	620	30	3	-4 426
Gross operating revenues	29 252	21 619	289	707	3 328	1 331	6 001	-4 023
Operating profit/loss	12 750	11 379	-280	-103	1 764	480	11	-500
Share of profit from associates and joint ventures	766	196	-35	193	-2	-25	503	-64
Profit before financial items and tax	13 515	11 575	-315	89	1 762	455	514	-565
Balance sheet 31.12.10								
Investment in associates and joint ventures	17 090	666	1 085	5 661	98	230	9 289	63
Other assets	138 877	79 322	1 960	6 659	15 270	4 149	4 920	26 597
Total assets	155 967	79 987	3 045	12 320	15 368	4 379	14 209	26 660
Depreciations, amortisation and impairments	-3 205	-1 951	-221	-274	-464	-161	-34	-100
Maintenance investments	1 000	598	3	103	235	13	-	48
Investments in new generating capacity	1 852	789	131	186	344	189	12	202
Investments in shares	888	-	559	274	-	-	-	55
4th Quarter 2009								
Operating revenue external	8 157	5 695	52	177	613	590	991	39
Operating revenue internal	-	445	63	1	244	-5	-	-749
Gross operating revenues	8 157	6 140	115	178	857	585	991	-710
Operating profit/loss	3 019	2 819	31	44	414	42	-10	-321
Share of profit from associates and joint ventures	-23	-39	-22	-34	-1	-2	95	-20
Profit before financial items and tax	2 996	2 780	9	10	413	39	85	-341
The year 2009								
Operating revenue external	25 675	17 539	64	746	1 928	1 823	3 418	157
Operating revenue internal	-	1 000	197	1	798	-32	-	-1 965
Gross operating revenues	25 675	18 539	261	746	2 726	1 791	3 418	-1 808
Operating profit/loss	7 027	6 242	-64	181	1 191	80	97	-700
Share of profit from associates and joint ventures	1 179	-136	-15	91	-21	6	1 284	-30
Profit before financial items and tax	8 206	6 107	-78	272	1 170	86	1 380	-731
Balance sheet 31.12.09								
Investment in associates and joint ventures	16 509	393	566	5 192	82	292	9 938	46
Other assets	127 496	70 218	2 177	7 344	15 136	3 913	2 767	25 941
Total assets	144 005	70 611	2 743	12 536	15 218	4 205	12 705	25 987
Depreciations, amortisation and impairments	-2 743	-1 758	-93	-101	-486	-223	-33	-49
Maintenance investments	1 308	594	26	150	289	143	-	106
Investments in new generating capacity	2 447	548	348	599	401	67	8	476
Investments in shares	1 152	-	826	-271	1	-	5	591

Comments on the financial statements

1. Framework and significant accounting principles

The Group's consolidated financial statements for the fourth quarter of 2010, ending 31 December 2010, have been prepared in accordance with International Financial Reporting Standards (IFRS) and include Statkraft AS and its subsidiaries and associates. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated financial statements for 2009. The accounting principles applied in the interim financial statements are the same as those used for the annual financial statements.

2. Presentation of the financial statements

The presentation in the interim report has been prepared in accordance with the requirements in IAS 34. The presentation format is in line with the requirements in IAS 1.

From the fourth quarter, the statements show expanded result, previously called Presentation of recognised revenues and costs, together with the result and amounting to the overall total result for the Group. The change has been made to achieve a better presentation and is in accordance with the current standard.

3. Accounting judgements, estimates and assumptions

In applying the Group's accounting policies in connection with the preparation of the interim financial statements, management has exercised its judgment and employed estimates and assumptions that affect the figures included in the income statement and the balance sheet.

The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates, and which may involve a significant risk of material changes to the amounts recognised in future financial periods, are discussed in the annual financial statements for 2009.

In preparing the consolidated interim financial statements for the fourth quarter, the Group's management has exercised its judgment in relation to the same areas where such judg-

ment has had material significance in relation to the figures included in the Group's income statement and balance sheet, as is discussed in the annual financial statements for 2009.

4. Segment reporting

Statkraft's segment reporting is prepared in accordance with IFRS 8. The Group reports operating segments in accordance with how the Group management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by management and used for resource allocation and key performance review.

The Generation and Markets segment is the largest segment, responsible for the operation and maintenance of hydropower plants and gas power plants in Europe, and physical and financial trading in energy and energy-related products in Europe.

Wind Power is responsible for developing, constructing, operating and following up the ownership of onshore and offshore wind farms in Norway and the rest of Europe, as well as developing and commercialising offshore wind power technology.

Emerging Markets is responsible for managing and further developing ownership positions outside Europe, and mainly comprises the investment in SN Power. In addition, Theun Hinboun Power Company (THPC) is managed on behalf of Statkraft SF. THPC is not included in the segment's financial figures.

Activities in Skagerak Energi are followed up as a joint activity by management and reported as a separate segment.

After the sale of the grid activities, the Customers segment handles the district heating activities in Norway and Sweden.

Industrial Ownership includes the shareholdings in BKK, Agder Energi and Fjordkraft, and is responsible for managing and developing Norwegian shareholdings where Statkraft has industrial ambitions.

5. Other financial assets

Other financial assets in the balance sheet include the shareholding in E.ON AG which is recognised in the amount of NOK 14 867 million. The shares are designated as available-for-sale assets and recognised at fair value

with changes in value being recognised against the expanded result. Any part of the change in value that can be allocated to changes in currency and that falls within corresponding changes in currency for loans in EUR, is presented in the income statement under Unrealised changes in value financial items. Changes in value in 2010 totalled NOK -5282 million, of which NOK -1193 million related to the lower EUR exchange rate. The shareholding in E.ON AG has over the course of 2010 shown a continuous decline compared with the original cost. This entails a need for write-down of the shares by an amount that includes earlier changes in value recognised against the expanded result. The change in listed value in 2010 amounted to NOK -4088 million in total. Previous changes in value recognised against the expanded result amounted to NOK 463 million as of 2009. As a result of a lasting loss of value having occurred, the result has been charged with NOK -3625 million in Unrealised changes in value financial items.

6. Currency effects on internal loans

Currency gains on internal loans amounted to NOK 3373 million of the unrealised changes in value for financial items in 2010. The gain arose mainly as a result of a stronger NOK and

SEK against EUR. Statkraft Treasury Centre (STC) provides loans to the Group's companies in the companies' local currency, STC prepares its accounts in EUR and reports significant currency effects as a result of lending in its income statement. Subsidiaries with borrowings in EUR, but with a different reporting currency, report the currency effects in their income statements. Currency gains and losses of this nature will not be offset by corresponding effects in the Group's income statement. Foreign subsidiary accounts are converted into NOK upon consolidation and currency effects on internal loans are recognised directly in equity. This offsets currency gains and losses added to equity in the income statement.

7. Hedge accounting

Statkraft has used hedge accounting in 2010 to reduce the volatility in the income statement. A larger share of the debt in EUR has been hedged against market rate changes.

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