FINANCIAL RESULTS Q1 2010

20 MAY 2010

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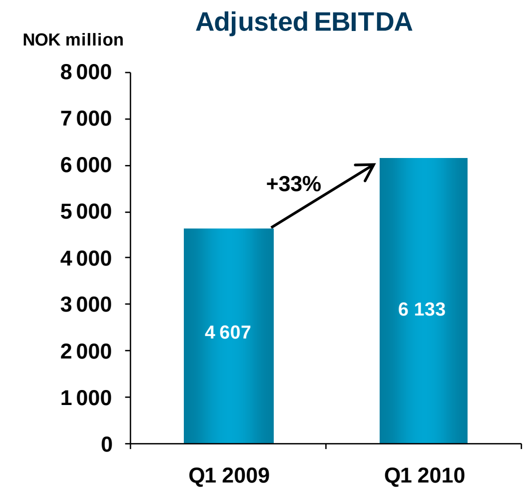
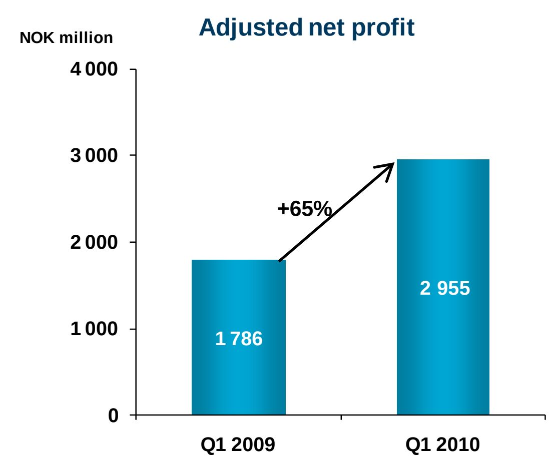
PURE ENERGY

Q1 2010 IN BRIEF

- All time high financial results due to higher prices and power demand in the Nordic region
  - Average Nord Pool system price up by 56% YoY
  - Average EEX spot price down by 13% YoY
- Highest January and February Nordic hydro generation since year 2000
  - Low temperatures gave increased demand
  - Statkraft's generation up 8% YoY
- Lower hydro generation expected for the rest of the year due to low Nordic reservoir levels
- Project development within several business areas
  - Wind power licences awarded, hydro power refurbishments decided and new energy service agreements with industry signed





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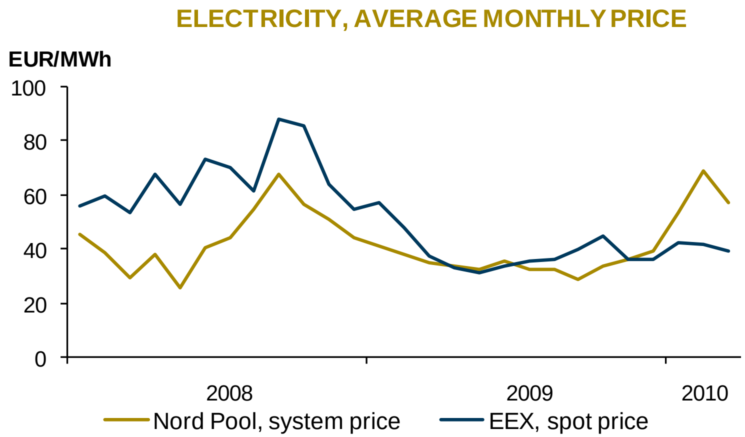
Adjusted for material non-recurring items and unrealised changes in value

ELECTRICITY MARKET

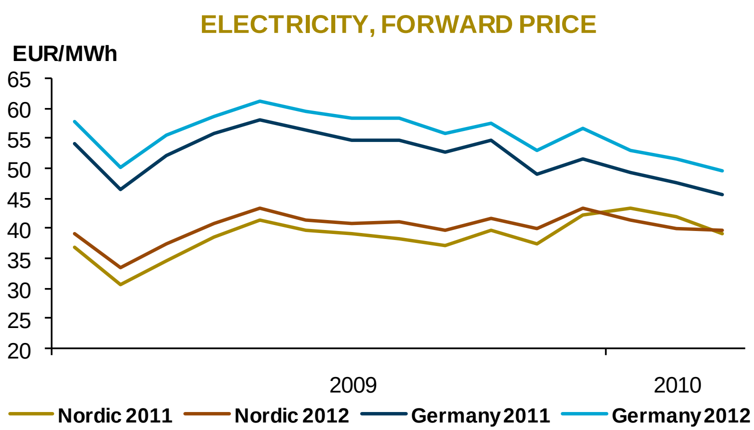


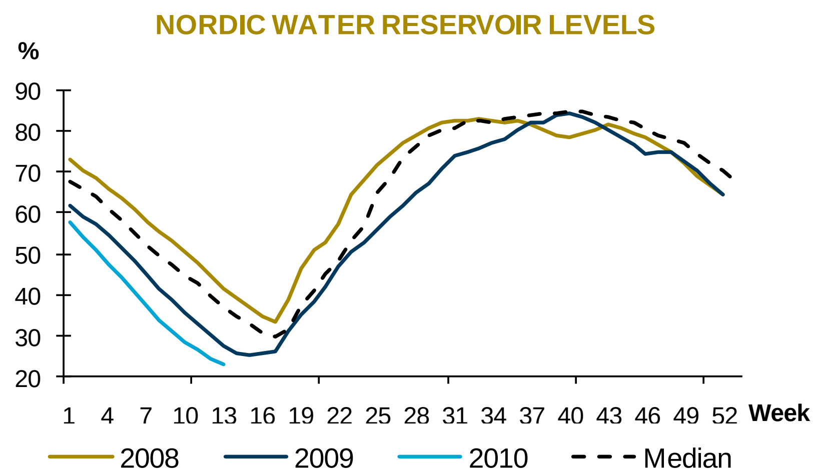
--> Average NordPool system price of 59.8 EUR/MWh (38.2)

--> Average EEX spot price of 41.1 EUR/MWh (47.4)

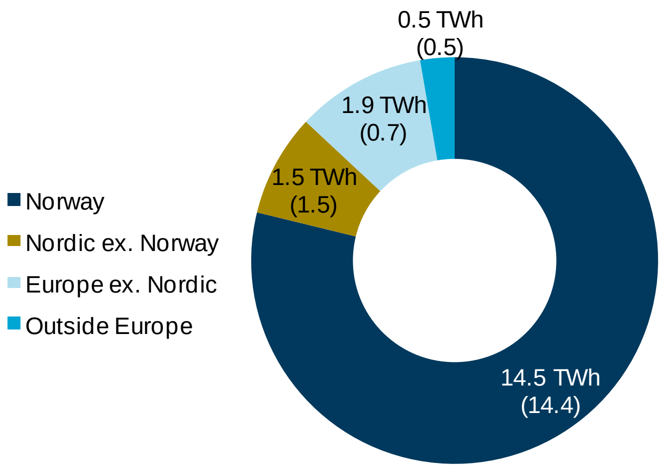
--> Reduced forward prices during the quarter

--> Nordic reservoir levels 37.3% below normal levels at the end of the period

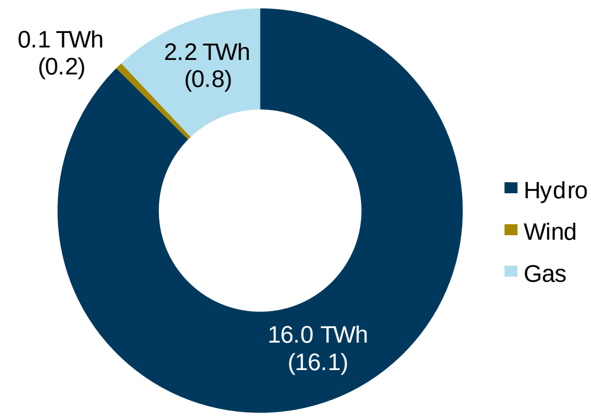




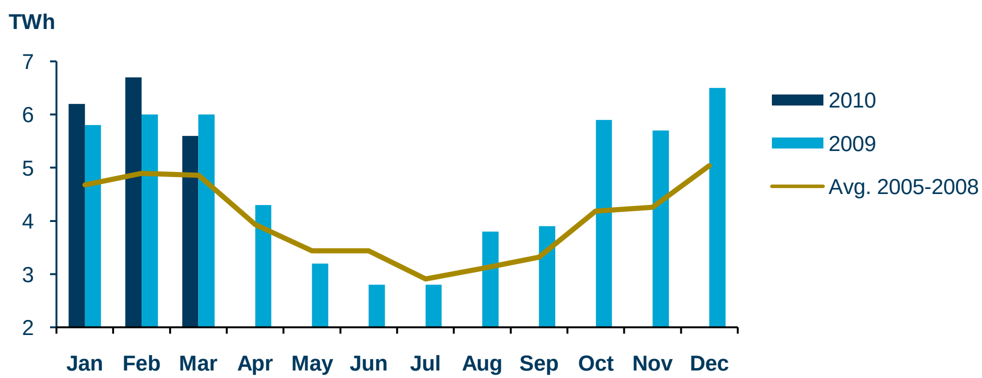
STATKRAFT'S POWER GENERATION



Total generation
18.4 TWh (17.1)



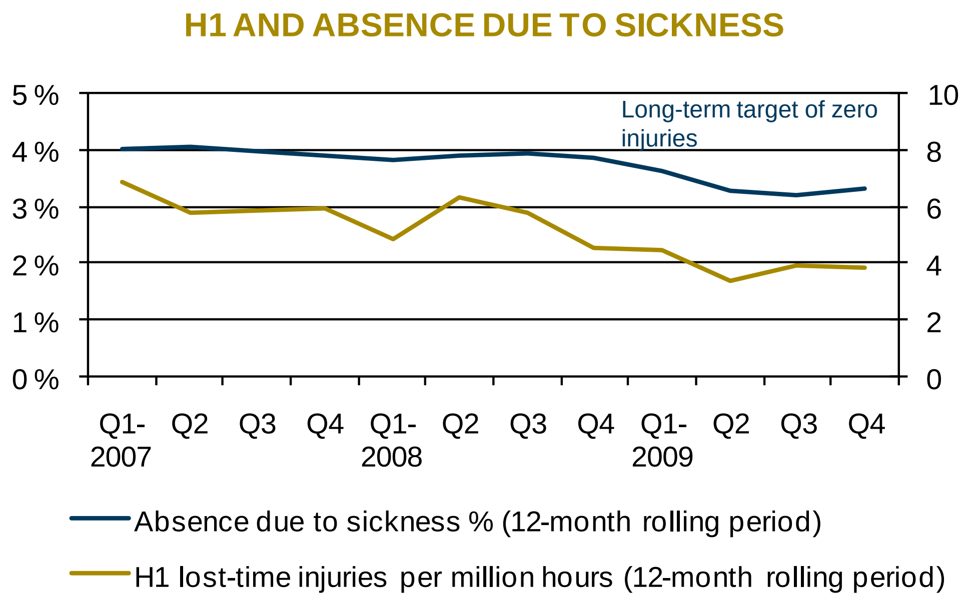
Monthly power generation



--> High generation from December 2009 to February 2010

--> Decreased generation from March 2010 due to hydrological situation, higher temperatures, reduced demand and lower price levels

HSE – A KEY PRIORITY



- --> One fatality at the Allain Duhangan construction site in India
  - --> Safety measures initiated
- --> H1-value Q1 2010 3.2 (3.5)
  - --> Total of 6 lost-time injuries
- --> Sickness absence in Q1: 4.0% (3.2%)
- --> No environmental non-compliances during the period

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INCOME STATEMENT - ACTUAL

NOK million	3m2010	3m2009	Year 2009
Gross operating revenues	**10 507**	8 031	25 675
Energy purchase and transmission costs	**-2 473**	-1 798	-5 879
Unrealised changes in value energy contracts	**-211**	-513	-2 813
Net operating revenues	**7 822**	5 720	16 983
Operating expenses before depreciation	**-1 900**	-1 626	-7 214
EBITDA	**5 922**	4 094	9 769
Depreciations and write-downs	**-640**	-664	-2 743
Operating profit (EBIT)	**5 282**	3 430	7 027
Share of profit from associates and joint ventures	**643**	269	1 179
Net financial expenses	**-357**	-528	-1 782
Unrealised changes in financial items	**1 924**	1 176	5 977
Net financial items	**1 567**	649	4 281
Profit before tax	**7 492**	4 348	12 487
Taxes	**-2 960**	-1 625	-4 771
Net profit	**4 532**	2 723	7 716

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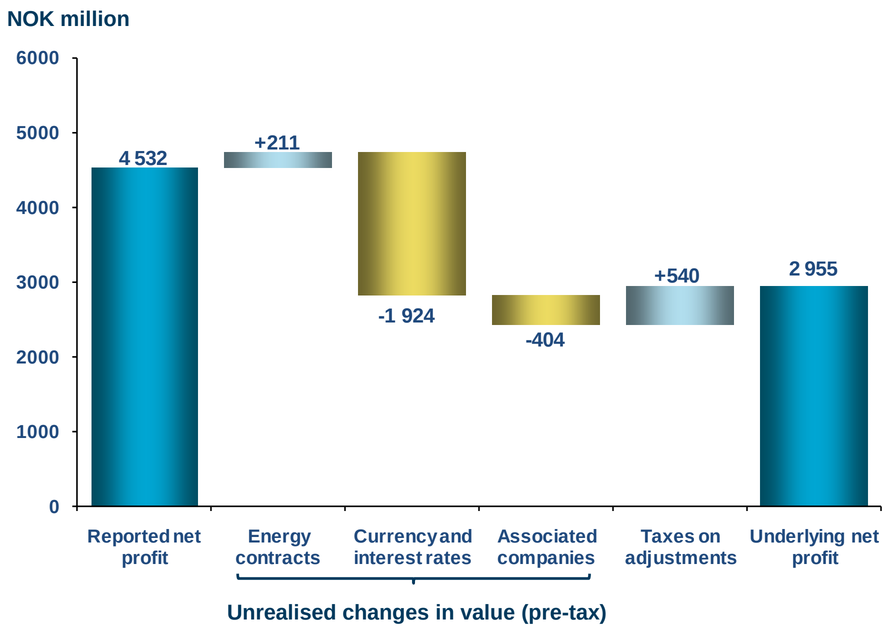
ADJUSTMENTS TO INCOME STATEMENT



--> Unrealised net currency gains
- Agio on internal debt (NOKm +1 722)
- Disagio on E.ON shareholding (NOKm -681)
- Agio on EUR and SEK debt (NOKm +499)
- Agio on currency derivatives (NOKm +425)
- Disagio on interest and inflation derivatives (NOK m -33)

--> Energy contracts mainly related to disagio on derivatives linked to dynamic hedging contracts

--> No non-recurring items

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UNDERLYING OPERATIONS

NOK million	3m2010	3m 2009	+/-
Gross operating revenues	10 507	8 031	+31 %
Adjusted EBITDA[1]	6 133	4 607	+33 %
Adjusted EBIT[1]	5 493	3 943	+39 %
Adjusted net profit[1]	2 955	1 786	+65 %
Cash flow from operating activities	4 182	2 729	+53 %
Net investments	461	557	-17 %
Interest-bearing debt	45 283	42 897	+6 %
Adjusted ROACE before tax[1,2]	17.7%	24.8	-7.1 %

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1: Adjusted for material non-recurring items and unrealised changes in value
2: 12 month rolling period

REVENUE BREAKDOWN

NOK million	3m2010	3m2009	Year 2009
Net physical spot sales, incl. green certificates	**6 267**	3 802	10 464
Concessionary sales at statutory prices	**89**	98	384
Sales to industry at statutory prices	**405**	424	1 671
Long-term commercial contracts	**803**	646	2 820
Dynamic hedging	**-76**	644	1 654
Trading and origination	**474**	333	1 618
Distribution grid	**534**	497	1 485
Retail sales	**2 060**	1 532	4 285
District heating	**156**	174	505
Other / eliminations	**-459**	-237	-169
Sales revenues	**10 253**	7 913	24 715
Other operating revenues	**254**	118	960
Gross operating revenues	**10 507**	8 031	25 675

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OPERATING EXPENSES[1]

NOK million	**3m 2010**	3m 2009	Year 2009
Salaries and payroll costs	**678**	636	2 517
Property tax and licence fees	**322**	263	1 166
Other operating expenses	**900**	727	3 530
Operating expenses before depreciation	**1900**	1626	7 213
Depreciation, amortisation and impairment	**640**	664	2 634

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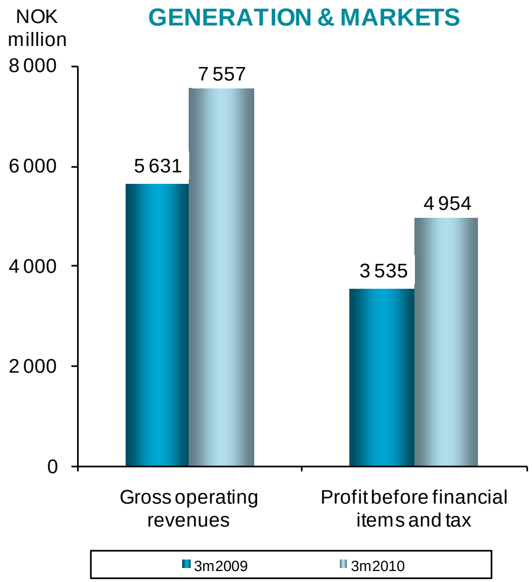
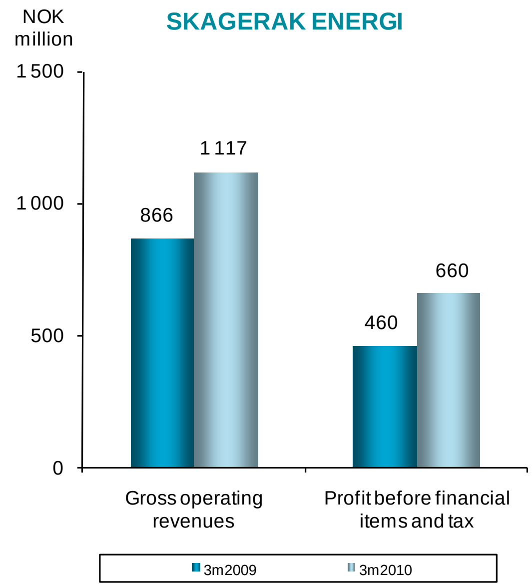
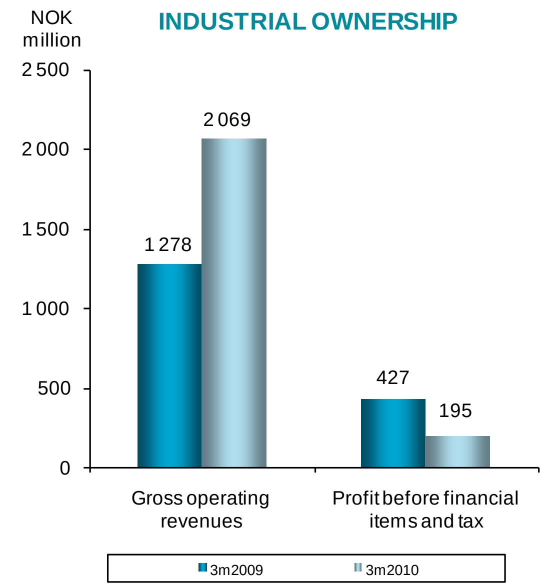
1: Adjusted for material non-recurring items and unrealised changes in value

SEGMENTS – BREAKDOWN (I)







--> Refurbishment investments of over NOK 1 bn. approved for three hydro power stations in Norway

--> Generation of 15.9 TWh (14.8)

--> Indicative offer to acquire Kragerø Energi

--> Profit positively affected by higher power prices

--> Generation of 1.9 TWh (1.7)

--> Initiative to restructure the ownership in BKK

--> Fjordkraft with high customer growth following cold winter

--> Lower generation in BKK due to low precipitation

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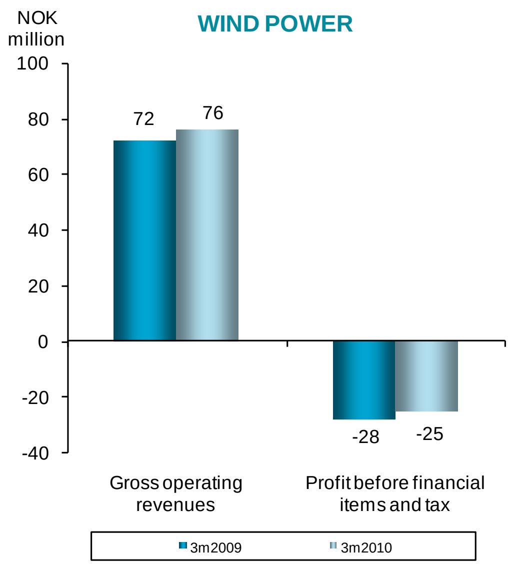
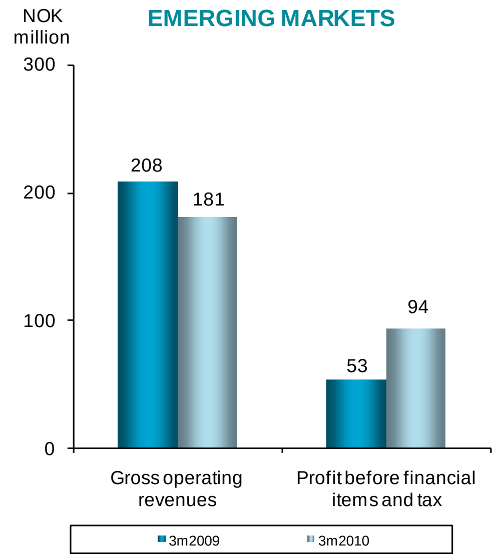
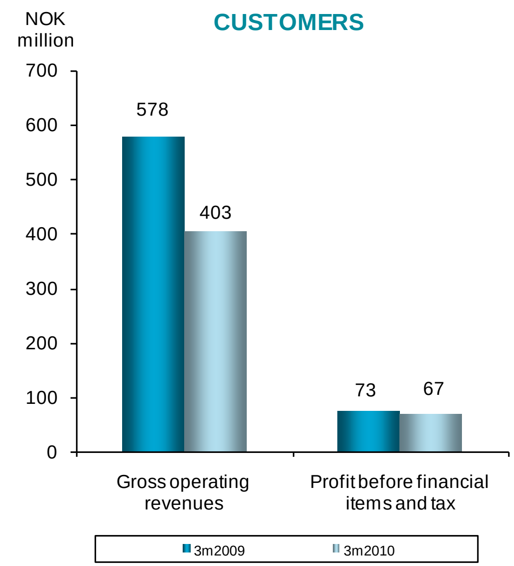
Underlying operations: Adjusted for material non-recurring items and unrealised changes in value

SEGMENTS – BREAKDOWN (II)







--> Lower generation from Norwegian wind farms at higher prices

--> Several new licenses awarded

--> Generation of 149 GWh (182)

--> Revenues affected by currency effects

--> Four projects expected to start operation during 2010

--> Generation of 0.5 TWh (0.5)

--> Decreased revenues due to sale of retail power activities to Fjordkraft (Industrial Ownership)

--> Investments in two district heating plants approved, estimated at NOKm 160

--> Sale of Trondheim Energi's grid activity to TrønderEnergi agreed

--> Generation of 388 GWh

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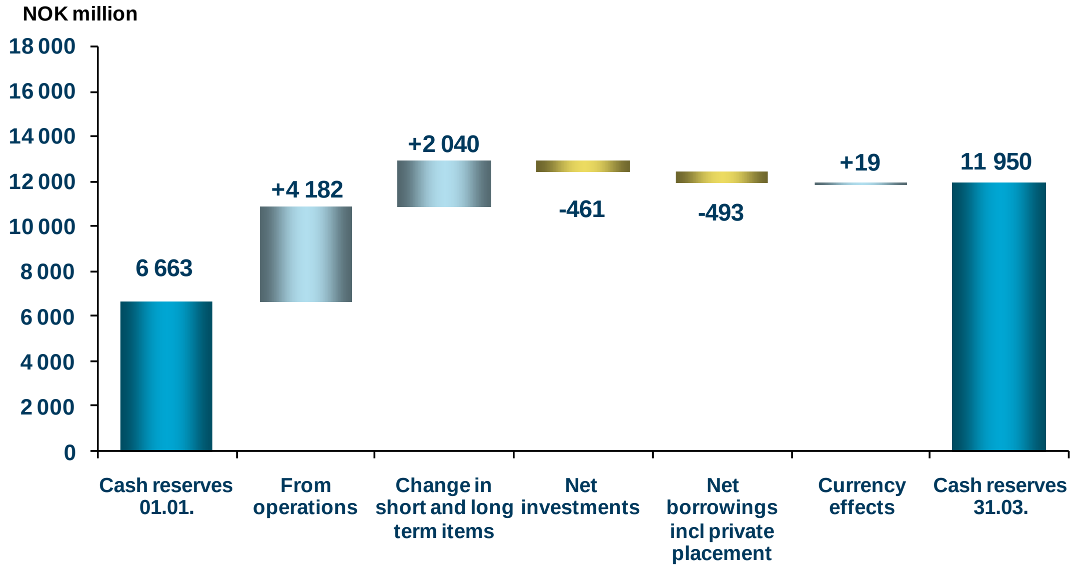
Underlying operations: Adjusted for material non-recurring items and unrealised changes in value

CASH FLOW



- --> Cash flow from operations of NOKm 4 182 (2 729)
- --> Net investments of NOKm 461 (557)
  - -- New capacity (48%), shareholdings/loans (2%) and maintenance (50%)

Included in changes in short and long term items:

- Change in working capital: NOKm 1 479
- Changes in cash collateral receivables and liabilites: NOKm 790
- Derivatives: NOKm -294
- Currency effects on E.ON shares: NOKm 681
- Other currency effects: NOKm -665

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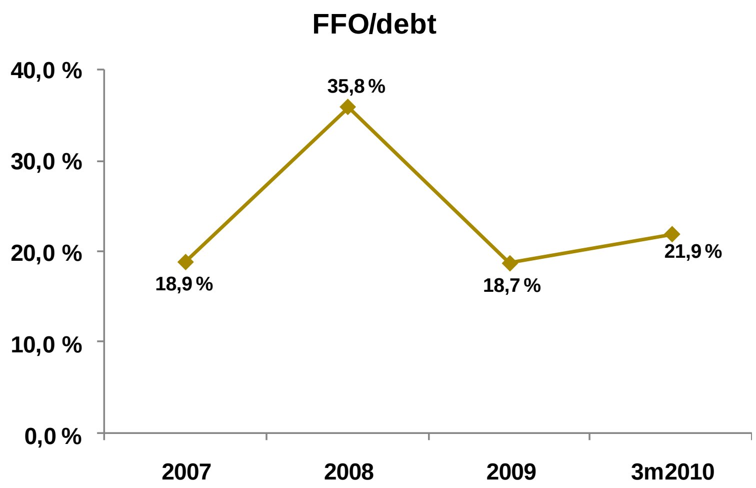
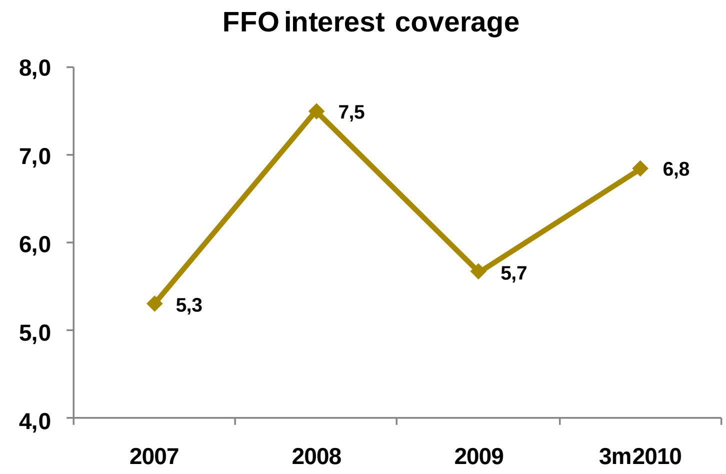
FINANCIAL STRENGTH AND RATING





- FFO* of NOKm 9 922
- Increased cash flow from operations
- Debt unchanged
- Short-term rating target of minimum BBB+/Baa1 maintained
  - Long-term target to achieve single A ratings with both Moody's and S&P

**12 month rolling period*
FFO = cash flow from operations + changes in short term items
FFO interest coverage = (FFO + interest expenses) / interest expenses
FFO/debt = FFO / interest bearing debt

OUTLOOK

- Lower hydro generation expected compared to 2009 following low hydro reservoir levels
- Forward prices indicate increased price level compared to 2009
- Uncertainty linked to the hydrological situation and industry demand
- The Board will review the Group's strategy due to an unresolved equity situation

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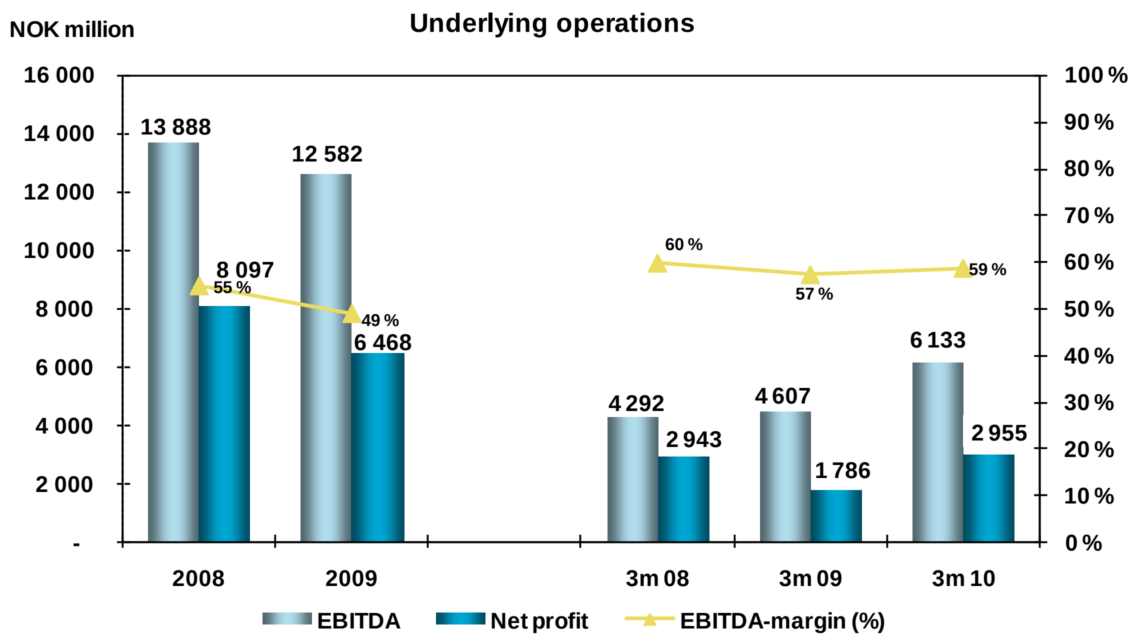
APPENDIX

FINANCIAL DEVELOPMENT



Underlying operations: Adjusted for material non-recurring items and unrealised changes in value

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FULL FINANCIAL STATEMENT

Figures in NOK million	1th Quarter 2010	2009	The year 2009
Sales revenues	**10 253**	7 913	24 715
Other operating revenues	**254**	118	960
Gross operating revenues	**10 507**	8 031	25 675
Energy purchase	**-1 954**	-1 425	-4 825
Transmission costs	**-520**	-373	-1 054
Unrealised changes in the value of energy contracts	**-211**	-513	-2 813
Net operating revenues	**7 822**	5 720	16 983
Salaries and payroll costs	**-678**	-636	-2 517
Depreciation, amortisation and impairments	**-640**	-664	-2 743
Property tax and licence fees	**-322**	-263	-1 166
Other operating expenses	**-900**	-727	-3 530
Operating expenses	**-2 540**	-2 290	-9 956
Operating profit	**5 282**	3 430	7 027
Share of profit from associates and joint ventures	**643**	269	1 179
Financial income	**77**	451	2 060
Financial expenses	**-434**	-978	-3 756
Unrealised changes in the value of currency and interest contracts	**1 924**	1 176	5 977
Net financial items	**1 567**	649	4 281
Profit before tax	**7 492**	4 348	12 487
Tax expense	**-2 960**	-1 625	-4 771
Net profit	**4 532**	2 723	7 716
Of which minority interest	**206**	118	184
Of which majority interest	**4 326**	2 605	7 532

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BALANCE SHEET

Figures in NOK million	31.03.10	31.03.09	31.12.09
ASSETS			
Intangible assets	**2 175**	3 331	2 277
Property, plant and equipment	**78 184**	78 948	78 239
Investments in associates and joint ventures	**17 352**	14 218	16 509
Other non-current financial assets	**20 018**	17 512	21 939
Derivatives	**3 650**	3 558	3 358
Non-current assets	**121 379**	117 567	122 322
Inventories	**544**	336	1 247
Receivables	**9 502**	8 538	8 707
Short-term financial investments	**433**	357	421
Derivatives	**4 388**	9 527	4 645
Cash and cash equivalents	**11 950**	9 657	6 663
Current assets	**26 817**	28 415	21 683
Assets	**148 197**	145 982	144 005
EQUITY AND LIABILITIES			
Paid-in capital	**31 569**	31 569	31 569
Retained earnings	**27 730**	27 752	26 065
Minority interests	**7 595**	7 423	7 267
Equity	**66 894**	66 744	64 901
Provisions	**13 925**	17 107	13 653
Long-term interest-bearing liabilities	**35 659**	34 689	36 342
Derivatives	**3 971**	2 997	4 016
Long-term liabilities	**53 555**	54 793	54 011
Short-term interest-bearing liabilities	**9 624**	8 208	9 318
Taxes payable	**3 344**	3 204	2 372
Other interest-free liabilities	**10 927**	5 840	9 336
Derivatives	**3 853**	7 193	4 067
Current liabilities	**27 748**	24 445	25 093
Equity and liabilities	**148 197**	145 982	144 005

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CASH FLOW STATEMENT

Figures in NOK million	1th Quarter 2010	1th Quarter 2009	The Year 2009
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	**7 492**	4 348	12 487
Profit/loss on sales of non-current assets	**-4**	-3	13
Depreciation, amortisation and impairments	**640**	664	2 743
Share of profit from associates and joint ventures	**-643**	-269	-1 179
Unrealised changes in value	**-1 713**	-663	-3 164
Taxes	**-1 590**	-1 348	-3 119
Cash flow from operating activitites	**4 182**	2 729	7 781
Changes in long-term items	**-38**	3 287	-305
Changes in short-term items *	**2 078**	637	4 155
Dividend from associates	**-**	-	1 083
Net cash flow from operating activities	**6 222**	6 653	12 714
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment - maintenance	**-231**	-162	-1 308
Investments in property, plant and equipment - new capacity	**-221**	-333	-2 447
Proceeds from sales of non-current assets	**38**	14	158
Capital reduction in associates and joint ventures	**-**	-	1 320
Business combinations, net liquidity accruing to the Group	**-**	211	-417
Loans to third parties	**-12**	-36	-1 410
Repayment of loans	**16**	-	161
Investments in other companies	**-51**	-251	-735
Net cash flow from investing activities	**-461**	-557	-4 678
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	**571**	5 758	15 377
Repayment of debt	**-1 222**	-5 023	-9 378
Dividend and Group contribution paid	**-**	-	-10 260
Share issue to minority	**158**	800	928
Net cash flow from financing activities	**-493**	1 535	-3 333
Net change in cash and cash equivalents	**5 268**	7 631	4 703

Currency effect on cash flows	**19**	-183	-249
Cash and cash equivalents 01.	**6 663**	2 209	2 209
Cash and cash equivalents 31.	**11 950**	9 657	6 663
Unused committed credit lines	**8 052**	8 000	8 054
Unused overdraft facilities	**550**	400	731

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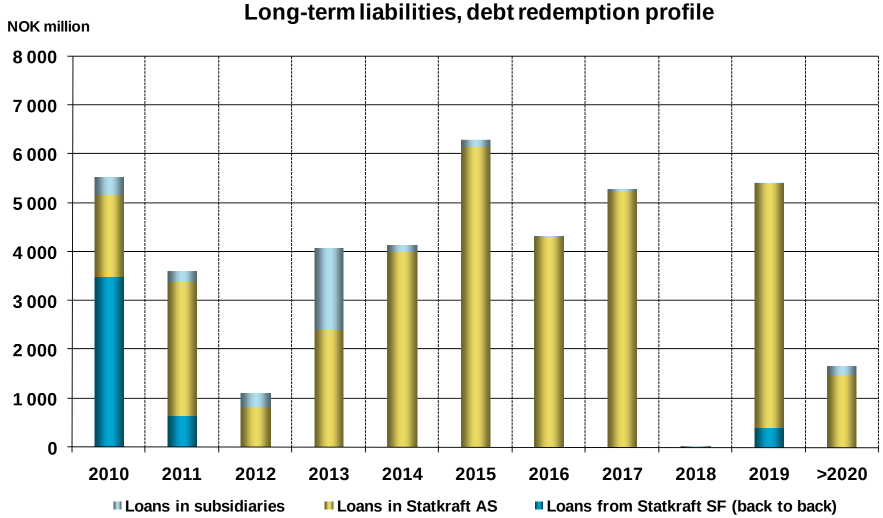
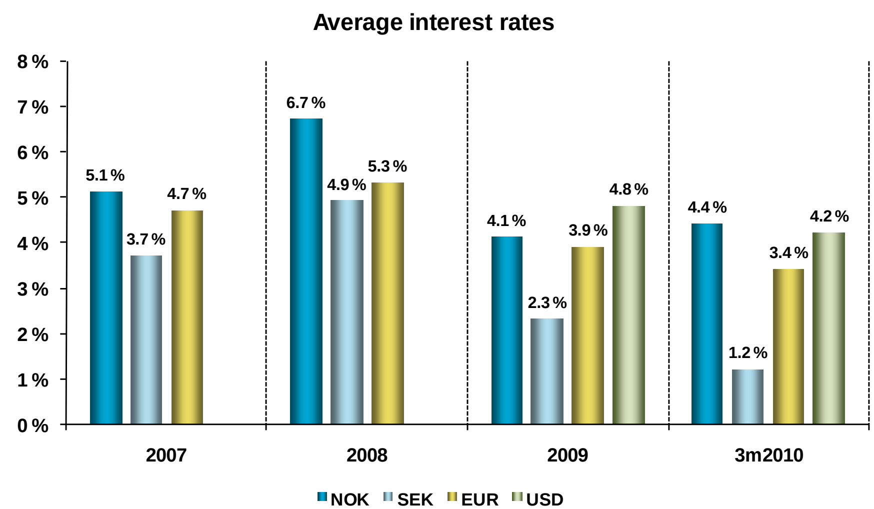
**Changes in short term items are mainly related to change i working capital (NOK 1 479 million), changes in receivables and liabilities regarding cash collateral (NOK 790 million), change regarding the value of E.ON stocks (NOK 1 880 million), in addition to a currenct effects (NOK -2 372 million).*

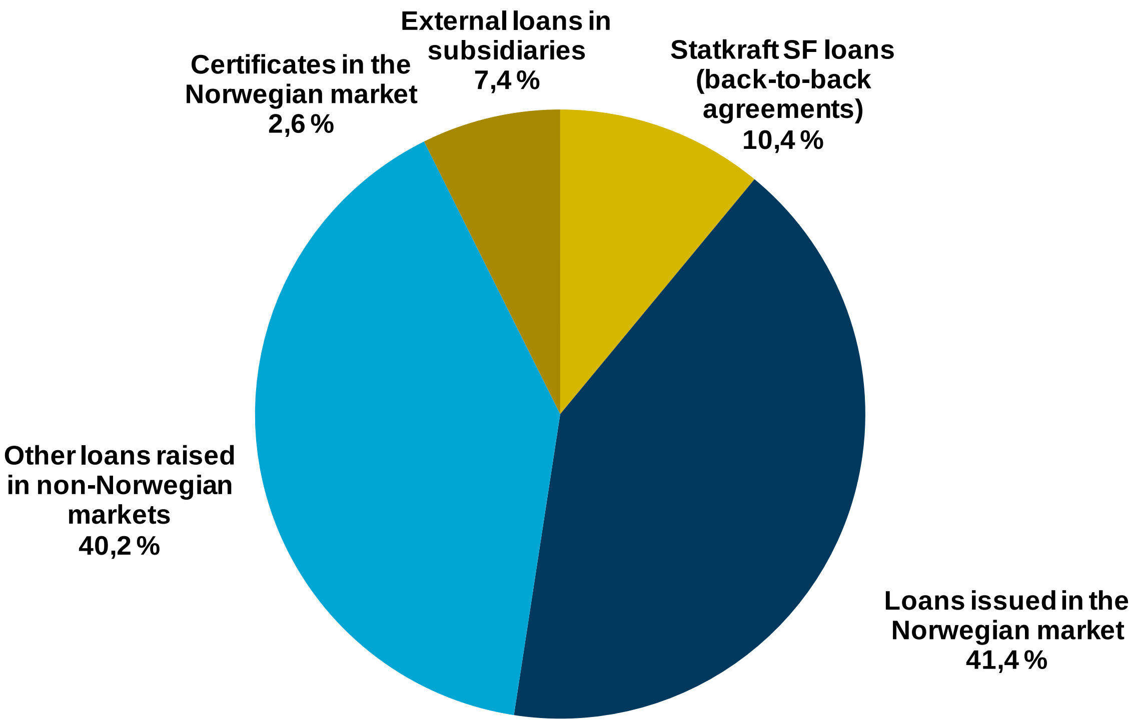
LIABILITIES AND INTEREST EXPENSES





- Funding 3m 2010:
  - New loans NOKm 571
  - Repayment NOKm 1 222
- Interest-bearing liabilities of NOK 45.3 bn
  - NOK 50%, EUR 39%, SEK 7%, USD 4%
- Undrawn credit facilities of NOK 8 bn
- 67% exposed to floating interest rates

DISTRIBUTION OF LOANS



Per 31 March 2010

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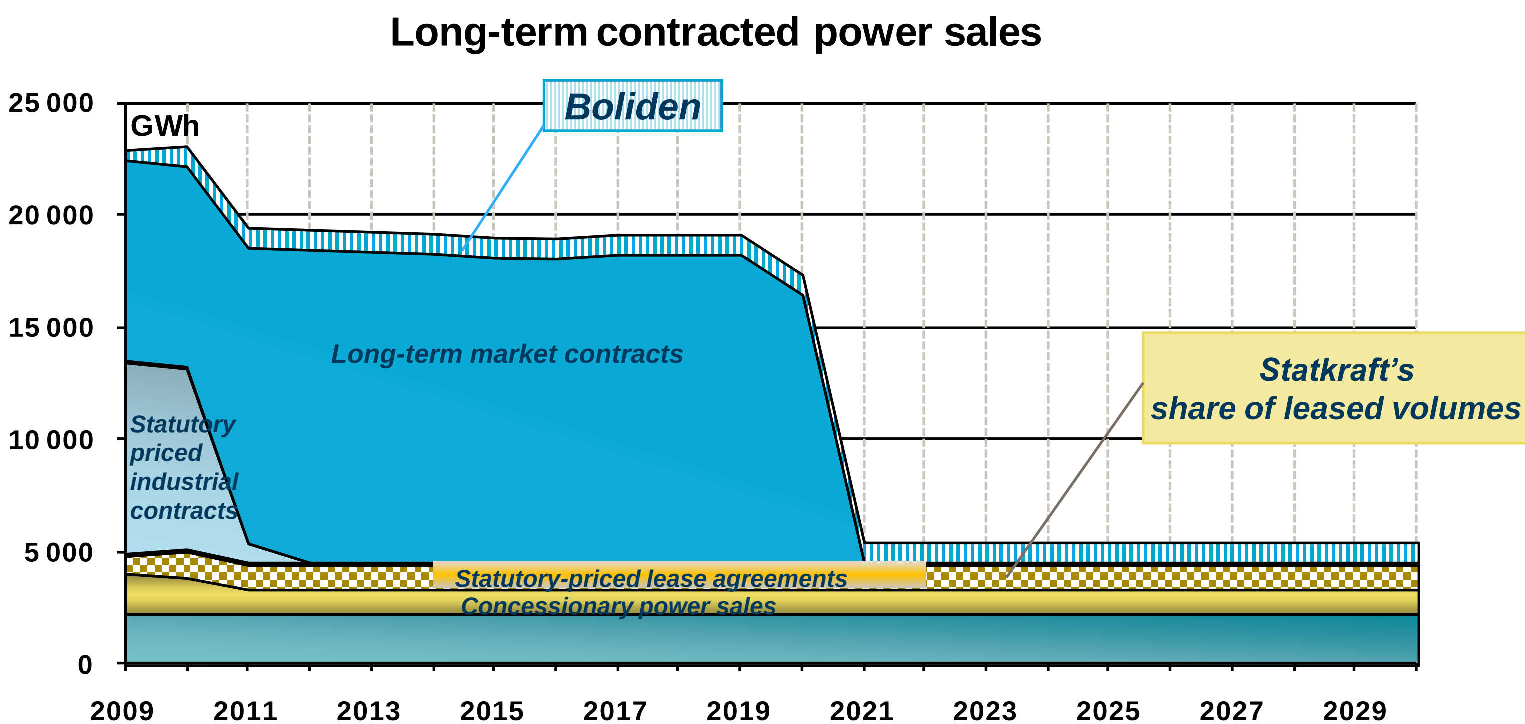
INDUSTRY AS A CUSTOMER GROUP



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