



Statkraft

STATKRAFT AS
INTERIM REPORT Q4/09

Q4

Key figures

	Unit	Q4		The year	
		2009	2008	2009	2008
From the income statement					
Gross operating revenues	NOK mill.	8 157	8 339	25 675	25 061
Net operating revenues	NOK mill.	6 049	9 559	16 983	23 601
EBITDA	NOK mill.	3 840	7 906	9 769	18 171
Operating profit	NOK mill.	3 018	7 696	7 026	16 618
Share of profit from associates and joint ventures	NOK mill.	-22	33	1 179	935
Net financial items	NOK mill.	442	22 158	4 282	20 267
Profit before tax	NOK mill.	3 438	29 887	12 487	37 820
Profit after tax	NOK mill.	1 777	28 663	7 716	33 262
Items excluded from underlying operations					
Unrealised changes in value energy contracts	NOK mill.	-644	3 317	-2 813	4 283
Write-downs and reversed write-downs	NOK mill.	-108	307	-108	307
Unrealised changes, associates and joint ventures	NOK mill.	138	93	547	-753
Material non-recurring items, associates and joint ventures	NOK mill.	-368	-397	-401	-465
Unrealised changes in financial items	NOK mill.	434	-2 565	5 977	-3 102
Currency effect, realised internal loans	NOK mill.	-	-	-1 518	-
Final settlement, sale of shareholding i E.ON Sverige AB	NOK mill.	-	-	149	-
Gain from sale of shareholding in E.ON Sverige AB	NOK mill.	-	25 591	-	25 591
Underlying operations					
Gross operating revenues	NOK mill.	8 157	8 339	25 675	25 061
Underlying net operating revenues	NOK mill.	6 693	6 241	19 796	19 319
Underlying EBITDA	NOK mill.	4 484	4 588	12 582	13 888
Underlying operating profit	NOK mill.	3 770	4 072	9 947	12 029
Underlying share of profit from associates and joint ventures	NOK mill.	208	337	1 033	2 153
Underlying net financial items	NOK mill.	9	-868	-327	-2 222
Underlying profit before tax	NOK mill.	3 986	3 541	10 654	11 960
Underlying net profit	NOK mill.	2 187	2 918	5 746	8 097
Underlying EBITDA margin	%	55.0	55.0	49.0	55.4
Maintenance investments					
Maintenance investments	NOK mill.	437	281	1 308	796
Investments in new generating capacity	NOK mill.	914	733	2 447	1 196
Investments in shareholdings	NOK mill.	208	464	1 152	581
Net changes in cash flow from operating activities					
Net changes in cash flow from operating activities	NOK mill.	1 072	2 462	11 343	11 499
Cash and cash equivalents	NOK mill.			5 292	2 209
Assets					
Assets	NOK mill.			144 005	144 299
Interest-bearing debt ratio	%			41.3	36.1
Average system price, Nord Pool					
Average system price, Nord Pool	EUR/MWh	36.6	50.8	35.0	44.7
Average spotprice, European Energy Exchange (EEX)					
Average spotprice, European Energy Exchange (EEX)	EUR/MWh	38.7	68.0	38.9	65.8
Production, volume sold					
Production, volume sold	TWh	17.8	15.2	56.9	53.4
- of which hydropower	TWh	15.6	13.7	50.1	47.4
- of which wind power	TWh	0.2	0.2	0.6	0.6
- of which gas power	TWh	2.0	1.3	6.1	5.4
- of which bio power	TWh	0.0	0.0	0.1	0.0
Full-time jobs (equivalents)					
Full-time jobs (equivalents)	No.			3 378	2 633

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Main items

Q4 2009 (compared with Q4 2008)

▪ Gross operating revenues	- 2%
▪ Underlying EBITDA	- 2%
▪ Underlying profit before tax	+ 13%
▪ Underlying profit after tax	- 25%

In 2009, prices were substantially lower than in 2008, which was a very good year during which Statkraft chose to maintain high production to exploit the high power prices. Compared with an average for the period 2004-2008, the Nordic system price in 2009 was 2 per cent lower, while the German spot price was 15 per cent lower. However, the incorporation of new activities from the swap trade with E.ON AG and the consolidation of SN Power as a subsidiary contributed positively to the results. The operating revenue increased somewhat as a result of these transactions. In 2009, Statkraft reduced its hydropower production in Norway to a level more in line with annual mean production. The growth in recent years has taken place in areas with lower margins and less flexibility than Norwegian hydropower. The result for 2009 must be seen in light of this.

Highlights in the quarter

Wind power

The Forewind consortium, in which Statkraft owns 25 per cent, was awarded the Dogger Bank zone by the UK authorities in January 2010. The zone is located in the North Sea, between 125 and 195 kilometres off the coast of Yorkshire, and is the largest zone awarded in the third licensing round for development of offshore wind farms in the UK. The development has a potential of 9 GW.

Alltwalis Wind Farm in the UK started production in December. The wind farm in Wales has a total of ten turbines and an installed capacity of 23 MW.

Two partially-owned companies in the UK, in which Statkraft owns 50 and 33.9 per cent respectively, received their licenses in January 2010. The projects have an installed capacity of 18 and 52.5 MW. The licenses are valid and in force.

Statkraft Agder Energi Vind DA in Norway, in which Statkraft owns 62 per cent, was granted a license for a wind farm in Rogaland in December. The project has an installed capacity of up to 150 MW. The license may be appealed.

Full year 2009 (compared with 2008)

▪ Gross operating revenues	+ 2%
▪ Underlying EBITDA	- 9%
▪ Underlying profit before tax	- 11%
▪ Underlying profit after tax	- 29%

In Q4, Statkraft SCA Vind AB in northern Sweden was granted licenses for the construction of six wind farms with a total installed capacity of 1140 MW. The licenses have been appealed.

In October, Statkraft and the Swedish forest industry company Södra entered into a long-term cooperation agreement, which includes Statkraft buying 90.1 per cent of Södra's wind power development company in southern Sweden. The portfolio contains projects in various stages of development, with an overall potential of about 634 MW of installed capacity. The first project was granted a license in October, but the license has been appealed.

Solar power

Energy production at Statkraft's first solar park, Casale, started in December. The park, which is situated south of Rome, Italy, has an installed capacity of 3.3 MW, and can produce 4.5 GWh.

In September, Statkraft and the Italian company Solar Utility SpA signed an agreement relating to the acquisition of eight ready-to-build solar power projects in the Puglia region in south-eastern Italy. The projects, scheduled for realisation in 2010, have a total capacity of almost 20 MW.

SN Power

The Totoral wind farm in Chile, where SN Power owns 80 per cent, was officially opened in January 2010. The wind farm consists of 23 wind turbines with a total installed capacity of 46 MW.

In December, the Peruvian authorities and SN Power signed a power sales agreement relating to the delivery of about 9 TWh over 15 years from 1 July 2014. The agreement is contingent upon the Chevez power plant being built and completed by that date. An investment decision is expected by the fourth quarter of 2010.

In October, Tata power and SN Power signed a cooperation agreement with the aim of developing new or buying existing hydropower

plants totalling 4000 MW in India and Nepal by 2020. Of this, 2000 MW is expected to be realised by 2015.

District heating

Trondheim Energi Fjernvarme AS, in cooperation with Viken Skog, has received a license in Rælingen. The project's size is 20 GWh per year, and is based on utilisation of waste heat.

Industrial ownership

At the end of the quarter, Fjordkraft AS bought 100 per cent of the shares in Trondheim Energi Kraftsalg AS from Trondheim Energi AS.

Other

On 24 November, the osmotic power plant prototype at Tofte was officially opened. The construction of the prototype demonstrates that the technology works in an industrial plant.

In September, Trondheim Energi AS and TrønderEnergi AS agreed on the principles for a grid merger in Sør-Trøndelag County. The companies have started commercial negotiations with the shared intention of merging the grid companies Trondheim Energi Nett and TrønderEnergi Nett. The negotiations will continue in 2010.

In November, Christian Rynning-Tønnesen was appointed Statkraft's new President and CEO, to replace Bård Mikkelsen, who will resign in accordance with his employment contract. Rynning-Tønnesen has previously worked in Statkraft and comes from the position of CEO in Norske Skog. He will become President and CEO of Statkraft on 1 May 2010.

HSE

Two fatalities were reported in Theun Hinboun Power Company¹ (20 per cent ownership interest) in the fourth quarter. On 10 November, an excavator driver employed by a sub-contractor died when the excavator cabin was hit by a large boulder at a quarry. The accident took place in connection with the construction of an access road to the top of the quarry. The quarry was closed following this incident. On 22 December, a worker who was going to assist in the unloading of a fork-lift was hit by the rear turning wheel of the fork-lift. The worker died in the ambulance on his way to the nearest hospital. The accident is still under investigation.

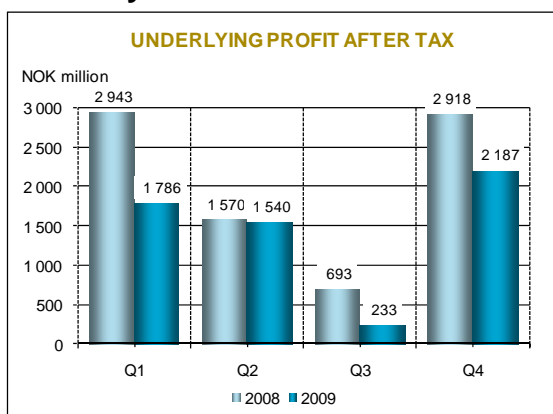
¹ Statkraft SF owns 20 per cent of the company, but the Emerging Markets segment in Statkraft AS manages the ownership.

Financial performance

In order to give a better understanding of Statkraft's underlying operations, unrealised changes in value and material non-recurring items within the Group and associates have been excluded from the financial review for the Group and the segments. Further information on these items can be found in the section "Items excluded from the underlying profit" later in the report.

At the beginning of the year, Statkraft had a total installed production capacity of 14 857 MW, of which 2433 MW was added through the take-over of power plants from E.ON on 31 December 2008. The increase is mainly in hydropower and gas power. From 2009, SN Power was consolidated as a subsidiary, thus increasing the Group's production capacity by an additional 621 MW.

Quarterly result²



For the fourth quarter of the year, the Group posted a profit before tax of NOK 3986 million (NOK 3541 million) and profit after tax of NOK 2187 million (NOK 2918 million). The Group's revenues were lower than in the corresponding quarter last year, in spite of higher production. This is due to substantially lower power prices in both the Nordic region and Germany, where the fourth quarter price decreases were 28 and 43 per cent, respectively, compared with the same period in 2008. As a result of the consolidation of SN Power as a subsidiary from 2009, and the swapping of the 44.6 per cent shareholding in E.ON Sverige AB in 2008 against hydro, gas and district heating assets, the operating expenses increased compared with the third quarter of 2008.

² The report shows comparable figures for the corresponding period in 2008 in parentheses.

Profit for the year

The profit before tax for the year was NOK 10 654 million (NOK 11 960 million), while the profit after tax was NOK 5746 million (NOK 8097 million). However, 2008 was a historically good year, with both high power prices and high capacity utilisation. Both operating revenues and expenses increased in 2009 as a result of the added activities. However, due to the drop in power prices, the Group's total revenues for this period have not increased as much as the expenses. The Group's production capacity increased by about 25 per cent in 2009, while the actual produced volume increased by 7 per cent.

Return on investment

Measured in ROACE – operating profit/loss compared with average capital employed – the Group achieved a return of 15.2 per cent in 2009 (26.6 per cent). The decline of 11.4 percentage points is due to both higher average capital employed and lower operating profit.

The return on equity was 9.1 per cent after tax (15.6 per cent), and the return on total assets after tax was 5.3 per cent (9.9 per cent). The reduction is attributable to lower earnings, as well as higher average equity and total capital as a consequence of the E.ON transaction and the consolidation of SN Power.

Operating income

The Group generated gross operating revenues of NOK 8157 million for the fourth quarter (NOK 8339 million). For the year overall, the gross operating revenues increased by 2 per cent to NOK 25 675 million (NOK 25 061 million).

The average system price for the year on the Nord Pool power exchange was 35.0 EUR/MWh (44.7 EUR/MWh) and the average spot price on the European Energy Exchange (EEX) in Germany was 38.9 EUR/MWh (65.8 EUR/MWh). Compared with the historically high prices in 2008, the decline of 22 and 41 per cent, respectively, was substantial. Compared with the average prices for the years 2004-2008, however, the decline was less substantial, 2 per cent in the Nordic region and 15 per cent in Germany.

The Group produced 56.9 TWh (53.4 TWh) in total. Hydropower production increased by 2.7 TWh, of which 2.0 TWh relates to

SN Power, which has been consolidated as a subsidiary since 2009. In addition, European hydropower production outside of Norway increased by 4.2 TWh as a result of new production capacity from the asset swap with E.ON AG. Lower prices and reduced demand from energy-intensive industry reduced hydropower production in Norway by 3.4 TWh. New gas-fired power plants in Germany and higher production at Kårstø in Norway increased gas-based power production by 0.7 TWh. Wind power production was somewhat higher than in 2008.

The net physical spot sales amounted to NOK 10 464 million in 2009 (NOK 12 668 million), a decline of NOK 2204 million as a result of lower prices. The revenues from dynamic hedging and trading and origination compensated for most of the decline and increased by NOK 433 million and NOK 1169 million, respectively. The realisation of EUA and CER contracts worth about NOK 800 million in Germany in December is a significant factor in the improvement of revenues from trading and origination.

OPERATING REVENUES		
STATKRAFT AS GROUP	The year	
Figures in NOK million	2009	2008
Net physical spot sales, incl. green certificates	10 464	12 668
Concessionary sales at statutory prices	384	234
Sales of electricity to industry at statutory price	1 671	1 624
Long-term commercial contracts	2 820	1 758
Dynamic hedging	1 654	1 221
Trading and origination	1 616	447
Distribution grid	1 485	1 426
End-users	4 285	4 305
District heating	505	371
Other/eliminations	-169	153
Sales revenues	24 715	24 205
Other operating revenues	960	856
Gross operating revenues	25 675	25 061

Other operating revenues amounted to NOK 960 million for the year (NOK 856 million). Surplus power from Tyssefaldene and sale of gas from Emden explain the increase.

Energy purchases totalled NOK 4825 million (NOK 4416 million). The increase is primarily related to new district heating plants in Sweden from the asset swap with E.ON AG and the purchase of gas for the gas-fired production.

Transmission costs in connection with transport of power totalled NOK 1054 million (NOK 1326 million). The decline is due to lower power prices and production volumes in Norway. This is offset to some degree by new production capacity in Sweden.

Net operating revenues amounted to NOK 19 796 million (NOK 19 319 million).

Operating expenses

The operating expenses totalled NOK 2923 million during the fourth quarter (NOK 2169 million). Accumulated for the year, the operating expenses amounted to NOK 9849 million (NOK 7290 million), an increase of 35 per cent from 2008. In excess of 60 per cent of the increase is related to added activities.

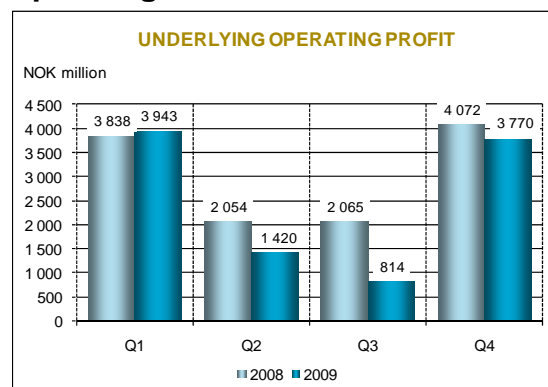
Wage costs for the year increased by NOK 664 million to NOK 2517 million, of which the added activities contributed slightly less than 60 per cent of the increase. The Group is in a strong growth phase with many exploration, engineering and development projects, and this has resulted in an increase in the number of full-time equivalents. General wage growth and provisions for pension liabilities explain the rest of the cost increase.

The increase in depreciation of NOK 775 million from 2008 is mainly related to new assets and the consolidation of SN Power. In total, depreciation for the year amounted to NOK 2635 million.

Property tax and licence fees increased by NOK 90 million to NOK 1166 million for the year. Property tax in Sweden increased as a result of new assets, while a lower calculation basis reduced the tax burden in Norway.

Other operating expenses amounted to NOK 3530 million. Of the increase of NOK 1030 million, about 55 per cent comes from new assets and the consolidation of SN Power.

Operating result



For the fourth quarter, Statkraft posted an operating profit of NOK 3770 million (NOK 4072 million). For the year as a whole,

the operating profit amounted to NOK 9947 million (NOK 12 029 million), of which new assets and the consolidation of SN Power contributed NOK 845 million.

Share of profit from associates

The share of profit from associates amounted to NOK 208 million for the fourth quarter (NOK 337 million). Accumulated for the year, the profit share was NOK 1033 million (NOK 2153 million).

The decrease in this item in 2009 is attributable to the fact that at the end of 2008, the 44.6 per cent shareholding in E.ON Sverige AB was swapped for wholly owned assets within hydro, gas and district heating. Statkraft also acquired 4.17 per cent of the shares in E.ON AG. The dividend from these shares amounted to NOK 1093 million before withholding tax and was recognised as financial income in the second quarter.

The 2008 accounts included the profit shares from E.ON Sverige AB of NOK 1315 million for the period up to 18 June, when the board of Statkraft resolved to proceed with the asset swap. Profit shares after this date were included in the calculation of gain and recognised in the income statement upon the implementation of the transaction on 31 December 2008. Settlement took place in the second quarter of 2009.

Financial items

Net financial items amounted to NOK -327 million in 2009 (NOK -2222 million).

The financial expenses were reduced by NOK 828 million compared with 2008. Interest charges fell by NOK 471 million as a result of lower market interest rates. In 2008, the Group's hedging transactions in EUR and bank deposits in currency yielded a loss totalling NOK 746 million, while they yielded a profit in 2009. This profit has been classified under other financial income. Skagerak Energi has added NOK 383 million to the Group's financial expenses in the form of loan losses and exercising of guarantee liabilities in connection with Cinclus Technology.

Financial income increased by NOK 1067 million compared with 2008. The increase is attributable to dividends from E.ON AG of NOK 1093 million. In addition, bank deposits in currency and hedging transactions in EUR have resulted in a currency gain of NOK 482 million. Average liquidity was higher

in 2009 than in 2008, while falling market interest rates generated a reduced yield from the portfolio.

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 67 per cent. The average current interest rates in 2009 for loans denoted in NOK were 4.1 per cent, in SEK 2.3 per cent, in EUR 3.9 per cent and in USD 4.8 per cent. Debt in USD is related to project financing in SN Power.

Statkraft has used hedge accounting in 2009 to reduce the volatility in the income statement. A larger share of the debt in EUR has been hedged against market rate changes.

Statkraft has entered into agreements with its financial counterparties for the settlement of interest and currency rate changes in value that limit counterparty risk resulting from derivative contracts to one week's changes in value (cash collateral).

Statkraft places significant amounts in banks and securities at times, particularly ahead of major payments. Counterparties are continually followed up to reduce the risk of losses.

Items excluded from the underlying profit

ITEMS EXCLUDED FROM UNDERLYING OPERATIONS				
STATKRAFT AS GROUP	Q4		The year	
Figures in NOK million	2009	2008	2009	2008
Unrealised changes in value energy contracts	-644	3 317	-2 813	4 283
Unrealised changes, associates and joint ventures	138	93	547	-753
Unrealised changes in financial items	434	-2 565	5 977	-3 102
Unrealised changes	-73	845	3 711	428
Material non-recurring items	-476	25 501	-1 878	25 433
Unrealised changes and material non-recurring items after tax	-410	25 745	1 970	25 165

Total unrealised changes in value and material non-recurring items after tax in 2009 amounted to NOK 1970 million (NOK 25 165 million).

Unrealised changes in the value of energy contracts amounted to NOK -2813 million (NOK 4283 million). The Group's contracts are, for example, indexed against various commodities, currencies and indices. At the end of 2009, the falling USD exchange rate and rising price for oil-related products compared with the gas price in particular resulted in unrealised losses for the contracts.

Unrealised changes in value of associates and joint ventures amounted to NOK 547 million (NOK -753 million).

Unrealised changes in value for financial items amounted to NOK 5977 million (NOK -3102 million), and are primarily related to currency effects. This applies to currency effects on internal loans, the shareholding in E.ON AG, debt denoted in SEK and EUR as well as currency hedging contracts.

Of the unrealised changes in value, financial items amounted to a currency gain for internal loans of NOK 4163 million. The gain arose mainly as a result of the strengthened NOK compared with EUR. Statkraft Treasury Centre (STC) provides loans to the Group's companies in the companies' local currency, of which a large percentage is in NOK. STC, which prepares its accounts in EUR, accordingly reports significant currency effects in its income statement. A contra item is recognised for the foreign currency effects on the consolidation of STC.

Unrealised changes in value related to the E.ON AG shares which can be attributed to currency factors are shown as currency loss under financial items and amounted to NOK -3440 million in 2009. The Group's debt in EUR, which is lower than the cost price of the E.ON AG shares, has a currency gain which partly offsets the shares' currency loss.

Debt in SEK and EUR resulted in an aggregate currency gain of NOK 3031 million for 2009. The unrealised changes in value result from a stronger NOK compared with SEK and EUR over the course of the year.

Unrealised changes in value for currency hedging contracts were positive and amounted to NOK 1408 million at the end of 2009. The reason is that the NOK has strengthened compared to EUR and SEK during the period. Statkraft uses currency hedging contracts to hedge future cash flows, and the contracts are mainly related to power sales denoted in EUR.

Changes in value for interest rate and inflation derivatives amounted to NOK -173 million in 2009, of which NOK -103 million is related to reductions in the value of the inflation derivatives.

Non-recurring items excluded from the calculation of the underlying profit amounted to NOK -1878 million (NOK 25 433 million). The amount in 2009 is related to write-downs as

well as the asset swap with E.ON AG, while the amount in 2008 is substantially related to gains from the sale of the shareholding in E.ON Sverige.

As a result of lower prices and foreign currency changes, the investment in Naturkraft has been written down by NOK 213 million in 2009. In total, the investment has been written down by NOK 610 million.

As a result of higher wood prices, the German biomass plants Landesbergen and Emden have been written down by NOK 60 million and NOK 21 million, respectively.

The hydropower plant Rheidol in the UK has been written down by NOK 79 million, mainly as a result of higher operating costs than assumed upon take-over.

The district heating plants in Sweden have been written down by NOK 29 million, primarily as a result of higher prices on input factors.

The La Higuera hydropower project in Chile has been written down by NOK 107 million as a result of delays and increased construction costs.

The profit on the sale of shares in E.ON AB was recognised as income as of 31 December 2008. The final settlement was completed in 2009, and NOK 149 million has been recognised as financial income which will be excluded from the calculation of the underlying result. In the second quarter, loans from Statkraft AS to subsidiaries in connection with the sale of and the settlement for the shares in E.ON Sverige AB were repaid and replaced with internal loan agreements. The loans were denominated in EUR, which had a development which differed from that of SEK and NOK, resulting in a currency loss of NOK 1518 million. The currency loss has been recognised under financial expenses as realised, but it is excluded from the calculation of the underlying profit. The currency loss had no currency effect.

Taxes

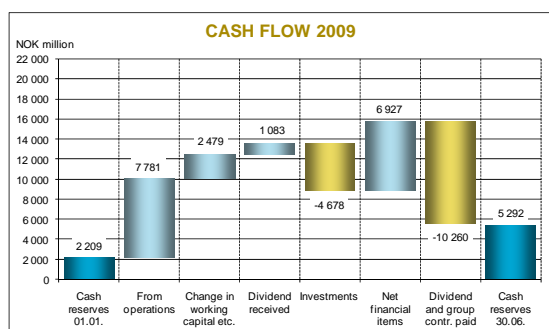
The tax expense on the underlying profit amounted to NOK 4908 million in 2009 (NOK 3863 million), which corresponds to an effective tax rate of 46 per cent (32 per cent). The increase is mainly due to a significant reduction in tax-free income. The unrealised changes in value and non-recurring items reduced tax costs by NOK 136 million (NOK -695 million).

Accounting tax expenses amounted to NOK 4772 million (NOK 4558 million).

Resource rent tax amounted to NOK 1415 million (NOK 1876 million), which corresponds to 30 per cent of the Group's total accounting tax expense, compared with 41 per cent in the same period in 2008.

Cash flow and capital structure

Operating activities generated a cash flow of NOK 7781 million in 2009 (NOK 9880 million). Long and short-term items had a net positive change of NOK 2479 million (NOK -960 million). These items are composed of changes in working capital and accrual effects. Tied-up working capital fell by NOK 354 million due to the fact that a profit share for 2008 in connection with the ownership of E.ON Sverige AB was settled in 2009. Changes in value for derivative positions, cash collateral, shares in E.ON AG, as well as currency conversion of operating equipment and debt resulted in a positive change of NOK 2319 million. Dividend received from associates amounted to NOK 1083 million (NOK 2579 million). The net change in liquidity from the activities was thus NOK 11 343 million (NOK 11 499 million).



Investments amounted to NOK 4678 million (NOK 3046 million). In addition to maintenance investments, the largest items were the purchase for NOK 469 million of 50 per cent of the shares in Statoil's project to develop the Sheringham Shoal offshore wind farm and the purchase of 95 per cent of the shares in Yesil Enerji of Turkey for NOK 523 million.

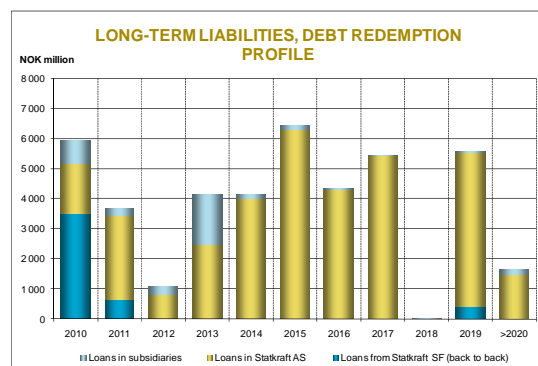
Both the international and the Norwegian credit markets were under great pressure in the latter half of 2008. Throughout 2009, the liquidity improved considerably with falling credit margins. Credit margins remain high, however, compared with before the onset of the problems in the financial markets in 2007.

Statkraft was active in the Norwegian, Swedish and European bond markets in 2009. In total, new bond issues were made for NOK 3300 million in the Norwegian market, SEK 900 million in the Swedish market and EUR 1000 million in the European market. In addition, certificates totalling NOK 1660 million were issued in the Norwegian market. New borrowings totalled NOK 15 377 million. During the same period, bond and certificate debt totalling NOK 9378 million fell due.

CASH FLOW

STATKRAFT AS GROUP Figures in NOK million	The year	
	2009	2008
Net cash flow from operating activities	11 343	11 499
Net cash flow from investing activities	-4 678	-3 046
Net cash flow from financing activities	-3 333	-9 422
Net change in cash and cash equivalents	3 332	-969
Currency effect on cash flows	-249	28
Cash and cash equivalents 01.01.	2 209	3 150
Cash and cash equivalents 31.12.	5 292	2 209

There was a positive change in net liquidity of NOK 3332 million during 2009 and the Group's cash and cash equivalents amounted to NOK 5292, compared with NOK 2209 million at the start of the year. The high liquidity reserve is partly due to raising of new debt to meet future needs for capital.



Interest-bearing liabilities were NOK 45 660 million at the end of 2009, compared with NOK 40 791 million at the start of the year. The interest-bearing debt-to-equity ratio was 41.3 per cent, compared with 36.1 per cent at year-end 2008. The increase of 5.2 percentage points is due to a combination of increased debt and lower equity.

Loans from Statkraft SF to Statkraft AS totalled NOK 4.5 billion at the end of 2009, compared with NOK 7.2 billion at 1 January. Guarantee premium payments to the Norwegian state have been reduced and amounted to NOK 38 million in 2009.

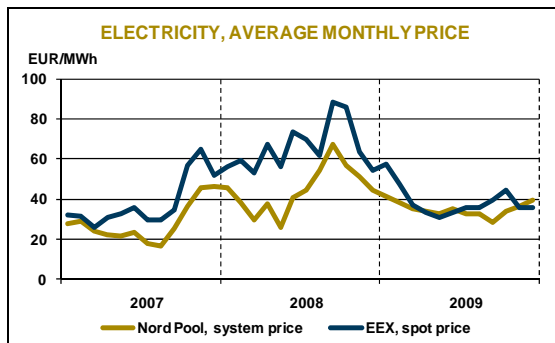
One of the paramount goals for Statkraft's financing is to establish and maintain financial flexibility and secure an even distribution of liability maturities. Efforts are made to adapt new borrowings to the maturity profile.

Current assets, except the liquidity reserve, amounted to NOK 16 391 million (NOK 19 784 million) and the short-term interest-free debt was NOK 15 774 million (NOK 16 244 million) at the end of 2009. Of this, energy and financial derivatives amounted

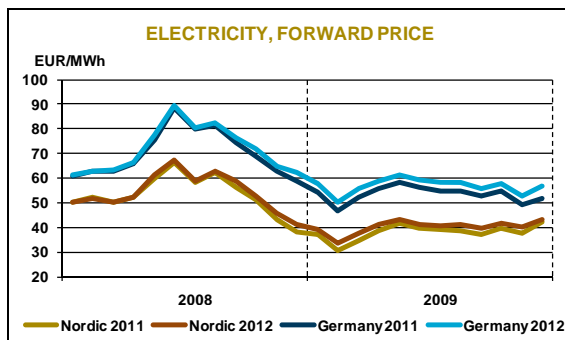
to NOK 4645 million (NOK 7090 million) and NOK 4067 million (NOK 7687 million), respectively.

At the end of 2009, Statkraft's equity totalled NOK 64 901 million, compared with NOK 72 324 million at the start of the year. This corresponds to 45.1 per cent of total assets. The decline of 5.0 percentage points from the turn of the year is primarily due to the disbursement of dividend for 2008.

The energy 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 ownership of SN Power. Power prices are influenced by hydrological factors and commodity prices for thermal power plants. Gas is also an input factor in Statkraft's own production. In both the Nordic and the German markets, average prices in 2009 were significantly lower than in 2008.



Forward prices rose in the fourth quarter, due to lower inflow than normal, cold weather in the Nordic region and higher fuel prices in Germany.

The Nordic energy market

The average system price in the Nordic market was lower in 2009 than in the preceding year and ended at 35.0 EUR/MWh, compared with 44.7 EUR/MWh in 2008 and 27.9 EUR/MWh in 2007. January was the month with the highest average monthly price, with 41.4 EUR/MWh, while the average monthly price in September was the lowest with 28.6 EUR/MWh.

The first half of the year was characterised by low inflow and resulting low reservoir levels, particularly in Sweden. There was more precipitation than normal in the third quarter, resulting in substantially lower prices than at the same time in 2008. Inflow and precipitation in the fourth quarter were lower than normal, and prices rose slightly as a result. The

financial crisis resulted in a significant reduction in consumption in the Nordic region in 2009, while low access to Swedish nuclear power mitigated the price reduction.

POWER CONSUMPTION AND OUTPUT IN THE NORDIC AREA

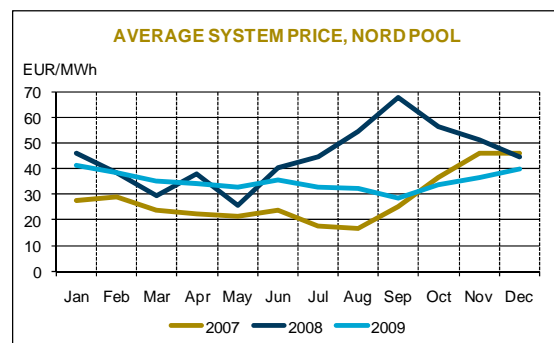
TWh	2009	2008	2007	Change 2009-2008
Nordic consumption	381.2	390.0	395.4	-2.2 %
Nordic output	372.4	391.4	392.7	-4.8 %
Net Nordic imports (+)/ exports (-)	8.8	-1.4	2.7	-
Norwegian consumption	123.7	127.3	126.0	-2.8 %
Norwegian output	132.8	140.9	136.1	-5.7 %
Norwegian imports (+)/ exports (-)	-9.1	-13.6	-10.1	-

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

Total consumption in Norway was 2.8 per cent lower than in 2008. Consumption in the energy-intensive industry fell by 18.7 per cent to 27.1 TWh in 2009 due to the global recession. An increase of 3.4 per cent to 86.7 TWh in ordinary consumption could not compensate for this.

Nordic energy production in 2009 was 19.0 TWh lower than in 2008, a decrease of 4.8 per cent, and net imports were 8.8 TWh.

Norwegian production was 8.1 TWh lower in 2009 compared with 2008, a decrease of 5.7 per cent, and net exports amounted to 9.1 TWh. For the year as a whole, the inflow and hydropower production were on a par with an average year, and the export surplus is due to lower consumption and increased thermal production.



Source: Nord Pool

The average system price on Nord Pool was 36.6 EUR/MWh in the fourth quarter (50.8 EUR/MWh). The system price rose throughout the quarter and ended 17 per cent higher than average for the third quarter of

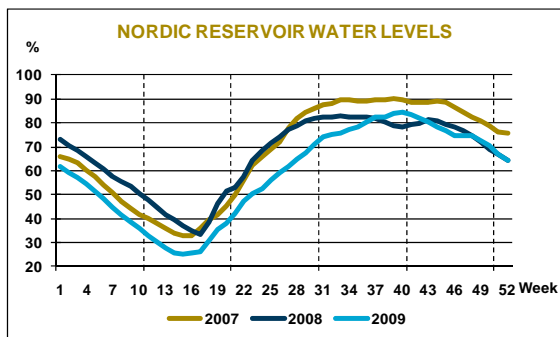
2009. Compared with the fourth quarter of 2008, prices were 28 per cent lower.

The problems in Swedish nuclear power production continued in the fourth quarter. Oskarshamnverket G3, which shut down for maintenance on 1 March 2009, was expected to be back in service after six months. The unit was down until 14 December, and then only operated at 28 per cent of installed capacity. Ringhals G1 was expected to be down for maintenance for two months from mid-March 2009, but the plant is still out of operation. The two long maintenance periods, in combination with maintenance for almost all other Swedish nuclear power plants, have resulted in less energy being offered on the Nordic market than expected at the beginning of 2009.

Consumption increased in the fourth quarter. Energy-intensive industry increased its consumption compared with the third quarter. The consumption in this sector reached bottom at the beginning of the third quarter, and has since been on the rise. In December, low temperatures resulted in additional consumption increases.

The hydrological balance was impaired in the fourth quarter, and October and December were drier than normal. At the end of September, the hydrological balance was 6.4 TWh higher than normal, while it was 7.1 TWh below normal at the end of December. Hydropower production has been high, and a new Norwegian production record was set on 18 December when 25 266 MWh were produced in one single hour.

The entire forward curve rose in December, as the inflow was lower than normal and lower-than-normal temperatures spurred consumption.

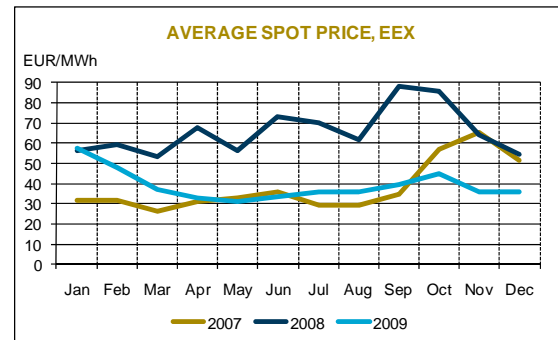


In the last week of the year, the total water level in the Nordic region's reservoirs was 90.9 per cent of normal, corresponding to

74.4 TWh. The water level was 61.4 per cent of maximum capacity, which is 121.2 TWh.

The energy market in Germany

The average spot price in the German market was significantly lower in 2009 than in 2008, and ended at 38.9 EUR/MWh, compared with 65.8 EUR/MWh in 2008 and 38.0 EUR/MWh in 2007. The principal cause of the substantial fall is lower coal prices and lower consumption as a result of reduced industrial activity.



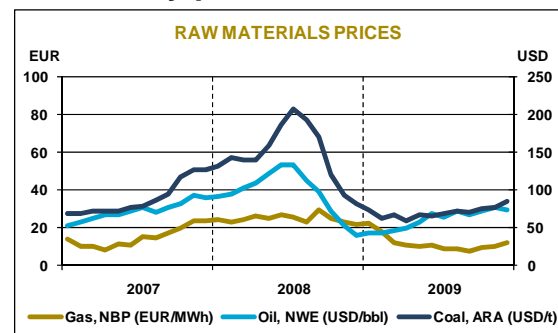
Source: European Energy Exchange (EEX)

The average system price on EEX was 38.7 EUR/MWh in the fourth quarter (68.0 EUR/MWh). Spot prices increased 5 per cent from the third quarter, but were 43 per cent lower than in the fourth quarter of 2008.

At the beginning of the quarter, prices were very volatile, and the base load prices varied between 39 EUR/MWh and 61 EUR/MWh on regular weekdays in October. The prices fell as the quarter proceeded, primarily as a result of periods with high wind power production, increased nuclear power production in France and relatively warm weather.

The short end of the forward curve remained unchanged in December, while the long end rose somewhat as a result of higher fuel prices.

Commodity prices



Oil prices rose in October and November due to increased demand while the supply from

major oil producers remained stable. In December, the oil price fell somewhat again, partly due to high oil inventories.

Gas prices experienced a rising trend in early October as a result of increased demand and reduced flow from Norway and other suppliers. However, the supply of gas turned out to be stable and inventories were almost full. Prices therefore fell in the second half of the month. As a result of colder weather in Europe, prices rose in early November, but retreated again towards the middle of the month as temperatures rose and consumption fell. Full inventories at the beginning of December put a dampener on the gas price, but cold weather towards the end of the month resulted in increased demand and higher prices.

Coal prices rose in October, partly due to higher freight rates. Trading was also influenced by rising oil prices. In November, prices rose further, mainly as a result of strong demand for coal in China and India. Northern China suffered cold weather and harsh winter

storms, making it harder to move coal from inland to the coastal region where most of the consumption takes place. Coal inventories in Europe remained high, and demand was relatively low as a result of lower industry production compared with 2008. Higher prices in Asia resulted, however, in rising coal prices also in Europe. Strong demand for coal in China, South Korea and India strengthened coal prices in December as well. The strong demand, particularly in China, was one of the main drivers for coal prices in 2009.

There were major variations in CO₂ prices in the fourth quarter, but the trend pointed downwards. The market was influenced by low gas prices and mild weather in Continental Europe. In December, changing expectations regarding the climate summit in Copenhagen influenced the price situation. The result of the climate summit had a negative effect on the CO₂ market, resulting in the price for Dec-10 EUA falling to 2.4 EUR/tonne and ending at 12.5 EUR/tonne at the end of 2009.

Workforce and HSE

Full-time equivalents

At the end of 2009, the Group employed 3378 full-time equivalents, 745 more than at the end of 2008. Of this increase, 468 full-time equivalents were acquired as a result of the consolidation of SN Power. The remaining increase is related to staff increases in other activities.

HSE

KEY FIGURES, HSE				
STATKRAFT AS GROUP	Q4		The year	
	2009	2008	2009	2008
H1 (lost-time injuries per million hours)	2.8	2.6	3.8	4.6
H2 (all injuries per million hours)	7.9	12.2	8.3	12.1
F (days lost through injury per million hours)	46.6	61.0	36.4	55.0
Absence due to illness (%)	4.1	3.8	3.3	3.9

There were a total of eight fatalities in connection with the international development projects in 2009. This poses a challenge for Statkraft, and comprehensive HSE measures have been implemented to avoid future accidents.

During the fourth quarter, two people died during work at Theun Hinboun Power Company (THPC)³ in Laos (20 per cent ownership interest). In November, an excavator operator died in connection with the construction of an access road. A large boulder in a quarry came loose and hit the operator's cabin. The accident is still under police investigation and an internal investigation has been initiated. As a consequence of the accident, the quarry in question was closed. The project's safety group is reviewing the methods and working practices in all quarries used by the project, and all sub-contractors have been asked to review their quarry operation plans again. In December, a person died in an industrial area where a sub-contractor produces concrete elements for tunnel linings. The accident took place when a forklift hit a person. More stringent measures have been implemented to ensure compliance with adopted safety routines and to prevent similar accidents from occurring in the future. The development project is subject to an HSE

audit, scheduled independently of the accidents, towards the end of January 2010.

Five people died in accidents in connection with SN Power's operations in the first quarter. A person drowned in the intake duct of one of the hydropower plants in Peru. The other four fatalities occurred at the Allain Duhangan construction project in India, in which SN Power has a 43 per cent shareholding. As a consequence of these fatalities and previous fatalities at the Allain Duhangan project, a new project manager was brought on board in April. Combined with the increased presence of international tunnel and HSE experts, this has contributed to marked improvements in the HSE situation.

In Turkey, Statkraft is building a hydropower plant in Cakit through the Group company Yesil Enerji. In August, a driver employed by a sub-contractor to the project died in an accident. In cooperation with the sub-contractor, Statkraft held an HSE seminar in early September, focusing on high-risk operations in the construction phase, review of HSE regulations, establishment of new contracts focusing on HSE, continuous dialogue with suppliers, increased presence and implementation of weekly HSE reporting. Statkraft's internal auditing staff has carried out an audit of the Cakit plant in Turkey and observations related to health and safety are subject to intense follow-up.

For the other HSE indicators, the development from 2008 to 2009 was positive. However, there was a minor increase in the H1 value and absence due to illness in the fourth quarter. There were five lost-time injuries in the Group, compared with three in the fourth quarter of 2008. The H1 value for the quarter was 2.8 (2.6). For 2009 overall, there were 24 lost-time injuries, compared with 20 in 2008, resulting in an H1 value of 3.8 (4.6).

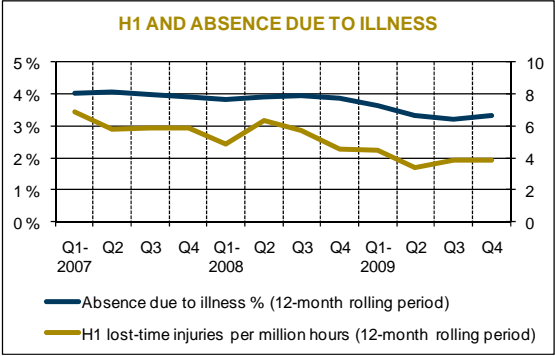
In total, there were five injuries in the Group in the fourth quarter, compared with 14 in the corresponding period in the preceding year. This gives an H2 value of 7.9 (12.2). Accumulated for 2009, there were 52 injuries, compared with 50 in 2008, which gives an H2 value of 8.3 (12.1).

In total, the F value (days absent per million working hours) in the fourth quarter was 46.6 (61.0). For the year as a whole, the F value was 36.4 (55.0).

³ Statkraft SF owns 20 per cent of the company, but the Emerging Markets segment in Statkraft AS manages the ownership.

Two lost-time injuries were reported by the Group's suppliers in the fourth quarter. The follow-up of suppliers has been intensified and will be followed in 2010 as well.

Absence due to illness in the fourth quarter was 4.1 per cent (3.8 per cent). Total absence due to illness for 2009 was 3.3 per cent (3.9 per cent). Statkraft's goal is to achieve a sickness absence rate below 4 per cent.



There were no serious environmental incidents in 2009. A total of 118 less serious environmental incidents were reported. None of these resulted in permanent consequences for the environment. Among the less serious environmental incidents, breaches of the river management regulations and minor oil discharges are the dominant categories.

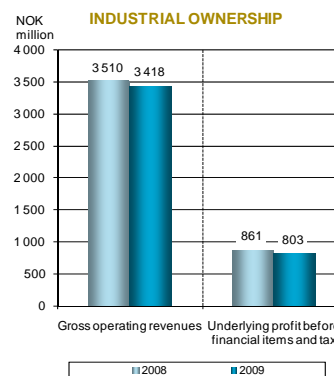
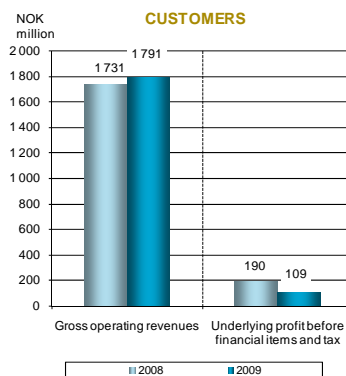
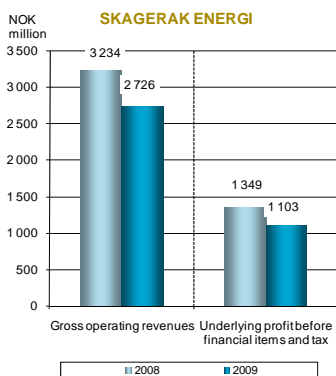
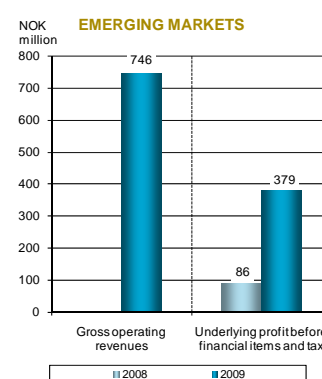
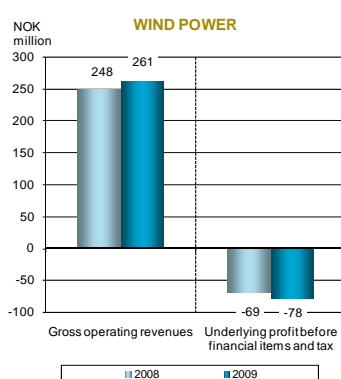
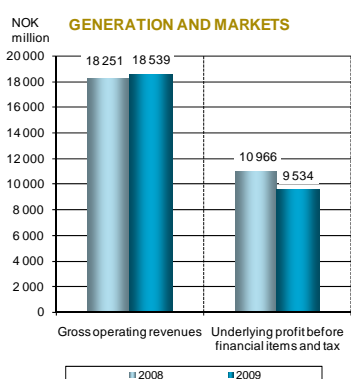
During the fourth quarter, 32 less serious environmental incidents and six undesirable environmental conditions were recorded, of which only one incident was assessed to have a high environmental risk.

Segments

Statkraft has a segmental structure within the Group that is implemented in accordance with IFRS 8. The segments are grouped in line with the way in which the business is organised for internal management and control purposes, and the information used internally for decision-making by management is reflected in the segment reporting.

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.

The Emerging Markets segment currently consists of Statkraft's shareholding in SN Power. SN Power has been consolidated as a subsidiary since January 2009, but was recognised as an associate in 2008.



Generation and Markets

KEY FIGURES - UNDERLYING OPERATIONS

GENERATION AND MARKETS	Unit	The year		Change
		2009	2008	
Gross operating revenues	NOK mill.	18 539	18 251	288
Net operating revenues	NOK mill.	15 242	14 977	265
EBITDA	NOK mill.	11 114	11 887	-774
Operating profit	NOK mill.	9 435	10 819	-1 384
Share of profit from associates and joint ventures	NOK mill.	99	148	-48
Profit before financial items and tax	NOK mill.	9 534	10 966	-1 432
Urealised changes in value and material non-recurring items	NOK mill.	-3 427	4 301	-7 728
Maintenance investments	NOK mill.	594	490	104
Investments in new generating capacity	NOK mill.	548	567	-19
Investments in shareholdings	NOK mill.	-	26	-26

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 partially-owned hydropower plants, five gas-fired power plants and two biomass plants. Total installed capacity is 12 726 MW. In addition to own power generation, extensive trading is performed in standardised and structured power contracts, gas, coal, oil and carbon quotas. Statkraft owns two-thirds of a 600 MW subsea cable between Sweden and Germany through the company Baltic Cable AB.

Highlights in the quarter

As a result of the merger between Essent and RWE, the power purchase agreement between Knapsack Power GmbH and Essent was terminated on 11 November with effect from 31 December 2009. The intra-group power purchase agreement was also terminated. The terminations will result in streamlining of the operations.

The Kårstø gas-fired power plant has been operational since the end of February. The investment has been subjected to a value assessment, resulting in a write-down of NOK 180 million in the fourth quarter. The investments have been written down by NOK 213 million in total in 2009, and NOK 610 million since the power plant started production. The write-downs are due to the significantly diminished expectations for future spark spread, the margin between gas and

energy prices, and the EUR becoming weaker vis-à-vis NOK. This has partially been offset by the power plant proving to be more flexible than assumed, so that more marginal periods with positive spark spread can be exploited.

In the fourth quarter, the German biomass plants in Emden and Landesbergen were written down by NOK 21 million and NOK 60 million respectively as a result of increased prices for wood. In addition, a write-down of NOK 79 million was made for the Rheidol hydropower plant in the UK, mainly as a result of higher operating costs than assumed upon take-over.

Negotiations have taken place for a possible new lease agreement with Troms Kraft for the waterfall rights for Bardufossen waterfall. The parties have diverging views as regards the legal situation for the current lease agreement which expires on 1 May 2010. Statkraft has notified the opposing party that we want a judicial clarification of the matter.

Financial performance

The segment posted an underlying profit before financial items and tax of NOK 9534 million in 2009 (NOK 10 966 million). The average system price in the Nordic region for 2009 was 9.7 EUR/MWh lower than in 2008, while production was 2.1 TWh higher as a result of increased capacity. In 2009, the total production for Nordic hydropower was 102 per cent of normal production, while production in 2008 was 108 per cent of normal. Gas-based power amounts to NOK 82 million of the result before financial items and tax. The result is primarily due to low, and at times negative

spark spread, the margin between gas and energy prices, resulting in low production.

Gross operating revenues increased by NOK 288 million. The sales revenues increased by NOK 143 million to NOK 18 023 million, of which net physical spot sales amounted to NOK 10 690 million (NOK 12 707 million). The realised income for dynamic hedging was NOK 1 654 million (NOK 1 205 million). The realised income from the trading and origination portfolios amounted to NOK 1 616 million (NOK 583 million). The power optimisation achieved a price which was higher than both the relevant area price and the price achieved by competitors.

Operating expenses increased by NOK 1 649 million to NOK 5 807 million. The increase mainly relates to new assets taken over through the asset swap with E.ON AG.

The segment posted an operating profit of NOK 9 435 million (NOK 10 819 million).

The share of results from associates was NOK 99 million (NOK 148 million).

Operations

The segment's production capacity increased by 2 190 MW in 2009 as a result of the asset swap with E.ON AG. The segment's operating units have had their operational responsibility extended to include the new assets in Sweden, Germany and Wales. The implementation of the new units has been the subject of substantial focus in 2009. In addition, the segment has ownership interests in the three new hydropower plants which came online in 2009, Sylsjø, Rødberg and Håvardsvatn, which increase the production capacity by 10 MW.

Operations and production were stable in the fourth quarter, and also for the year viewed as

a whole. The saleable hydropower production in the fourth quarter amounted to 13.3 TWh (12.0 TWh), while the saleable hydropower production for the year as a whole amounted to 42.8 TWh (40.7 TWh). Of the production for the year, 4.2 TWh are related to new assets from the asset swap with E.ON AG.

Saleable gas power production amounted to 2.0 TWh in the fourth quarter (1.3 TWh). For the year as a whole, gas power production was 6.1 TWh, which is 0.7 TWh higher than in 2008, but relatively low compared with the total capacity. This is due to some unavailability for German gas power throughout the year, both scheduled and non-scheduled, and the power plants Emden and Robert Frank in particular have had low production in 2009. In addition, the low spark spread has contributed to relatively low production from the German gas power plants.

Utility-adjusted downtime, production interruptions that are expected to result in lost income, was 3.6 per cent in 2009. This is higher than the target of 2.65 per cent. The percentage of unforeseen unavailability was higher than targeted, mainly due to faults in gaskets and transformers.

The unavailability costs were NOK 176 million in 2009, higher than the targeted NOK 145 million. The unavailability cost deviates from the target both due to scheduled and unforeseen downtime.

There were ten lost-time injuries and 13 injuries without lost time for own employees in 2009. In addition, there were nine lost-time injuries and six injuries without lost time among the suppliers.

Absence due to illness was 3.4 per cent in 2009.

Wind Power

KEY FIGURES - UNDERLYING OPERATIONS

WIND POWER	Unit	The year		Change
		2009	2008	
Gross operating revenues	NOK mill.	261	248	13
Net operating revenues	NOK mill.	246	228	18
EBITDA	NOK mill.	29	43	-14
Operating profit/loss	NOK mill	-64	-31	-33
Share of profit from associates and joint ventures	NOK mill.	-15	-38	24
Profit before financial items and tax	NOK mill	-78	-69	-10
Urealised changes in value and material non-recurring items	NOK mill.	-	307	-307
Maintenance investments	NOK mill.	26	-	26
Investments in new generating capacity	NOK mill.	348	39	309
Investments in shareholdings	NOK mill.	826	178	648

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. Responsibility for development and commercialisation of offshore wind power technology also rests with the segment. Development and construction projects are currently being implemented in Norway, Sweden and the United Kingdom. The segment has four wind farms in operation, Smøla, Hitra and Kjøllefjord in Norway and Alltwalis in the UK. The combined installed capacity of these wind farms is 268 MW.

Further investments in wind power in Norway will take place through the company Statkraft Agder Energi Vind DA, where Statkraft owns 62 per cent and Agder Energi 38 per cent.

Highlights in the quarter

In December, Statkraft Agder Energi Vind DA in Norway, where Statkraft owns 62 per cent, won a license from the Norwegian Water Resources and Energy Directorate for a wind farm at Moi/Laksesvelafjellet mountain in Bjerkeim Municipality in Rogaland. The project has an installed capacity of up to 150 MW. The license may be appealed to the Ministry of Petroleum and Energy (MPE).

In December, Alltwalis Wind Farm in the UK started production. The wind farm in Wales has a total of ten turbines and an installed capacity of 23 MW.

In January 2010, Baillie Wind Farm Ltd. in the UK, where Statkraft owns 33.9 per cent of the shares, won a license for a wind farm in

northern Scotland. The project has an installed capacity of up to 52.5 MW. The license is legally in force.

In January 2010, Catamount Energy Ltd. in the UK, where Statkraft owns 50 per cent of the shares, won a license for Barmoor wind farm in northern England. The project has an installed capacity of up to 18 MW. The license is legally in force.

On 8 January 2010, the Forewind consortium, consisting of the partners Statkraft, Statoil, RWE npower and Scottish and Southern Energy plc., was awarded the Dogger Bank zone by the UK authorities. The zone is located in the North Sea, between 125 and 195 kilometres off the coast of Yorkshire, and is the largest zone awarded in the third licensing round for development of offshore wind farms in the UK. The development has a potential of 9 GW. Statkraft owns 25 per cent of the consortium.

Statkraft SCA Vind AB in northern Sweden has been granted a license for the construction of six wind farms with a total installed capacity of 1140 MW. The licenses have been appealed.

On 1 October, Statkraft and the Swedish forest industry company Södra entered into a collaboration agreement which entails that Statkraft will buy 90.1 per cent of Södra's company for development of wind power on land owned by Södra shareholders in southern Sweden. The activities will be continued in two companies, one for investment, ownership and operation, where Statkraft will own 90.1 per cent of the shares, and one for early-phase project development, where Statkraft will own

40 per cent of the shares. The portfolio contains projects in various stages of development, with an overall potential of about 634 MW of installed capacity. The first project was granted a license in October, but the license has been appealed.

Financial performance

The segment posted an underlying loss before financial items and tax of NOK 78 million (loss of NOK 69 million) for 2009.

In the fourth quarter, the segment realised a gain of NOK 44 million in connection with the transfer of the project activities within development of land-based wind farms in Norway to Statkraft Agder Energi Vind DA.

The wind farms that are in operation had a somewhat higher production in 2009 than in 2008, but significantly lower prices resulted in lower revenues. Higher depreciation for wind farms due to increased basis of depreciation following last year's reversal of previous write-downs, as well as increased operating expenses in the wind farms, also contributed to lower profits.

Gross operating revenues totalled NOK 261 million (NOK 248 million). In 2009, the revenues include the gain from sold project activities. Excluding this gain, the revenues were NOK 217 million.

Transmission costs in connection with transport of power totalled NOK 16 million (NOK 20 million).

Net operating revenues thus totalled NOK 246 million (NOK 228 million).

Operating expenses comprised NOK 309 million (NOK 259 million). The increase is primarily due to increased activity in connection with new wind power projects, as well as expensing the cost related to the Selbjørn project, which was rejected by the MPE.

The segment posted an operating loss of NOK 64 million (loss of NOK 31 million).

The share of results from associates was NOK -15 million (NOK -38 million).

Operations

Total output for the wind farms amounted to 604 GWh in 2009 (580 GWh).

Seven dead sea eagles were found in 2009 following collisions with turbines. Statkraft is engaged in research which can prevent such collisions.

No injuries have been reported for the segment's own employees in 2009. Nor have any lost-time injuries been reported by the sub-contractors.

Absence due to illness was 3.1 per cent in 2009.

Emerging Markets

KEY FIGURES - UNDERLYING OPERATIONS

EMERGING MARKETS	Unit	The year		Change
		2009	2008	
Gross operating revenues	NOK mill.	746	-	746
Net operating revenues	NOK mill.	686	-	686
EBITDA	NOK mill.	282	-1	283
Operating profit	NOK mill	181	-1	182
Share of profit from associates and joint ventures	NOK mill.	198	87	111
Profit before financial items and tax	NOK mill	379	86	293
Urealised changes in value and material non-recurring items	NOK mill.	-107	-	-107
Maintenance investments	NOK mill.	150	-	150
Investments in new generating capacity	NOK mill.	599	-	599
Investments in shareholdings	NOK mill.	-271	200	-471

The Emerging Markets segment is responsible for the management and further development of ownership interests outside Europe, and currently consists of the ownership interest in SN Power (60 per cent from 13 January 2009), where 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 2009, SN Power had ownership interests in 17 hydropower plants in South America and Asia, as well as in one wind farm and one gas power plant in South America. The power plants have a combined installed capacity of 1011 MW. In addition, together with its partners, SN Power is also currently constructing and refurbishing 610 MW of capacity. THPC owns one 210 MW hydropower plant which will be upgraded to 220 MW, and has two further hydropower plants with a combined installed capacity of 280 MW under construction in Laos.

Highlights in the quarter

On 17 January 2010, the Totoral wind farm (80 per cent shareholding) in Chile was officially opened by Chile's President Michelle Bachelet. The wind farm consists of 23 wind turbines with a total installed capacity of 46 MW.

On 29 October, Tata Power and SN Power signed a cooperation agreement aiming to develop new or buy existing hydropower plants totalling 4000 MW in India and Nepal by 2020. Of this, 2000 MW is expected to be realised by 2015.

On 3 December, the Peruvian authorities and SN Power signed a power sales agreement for the delivery of about 9 TWh over 15 years (about 600 GWh annually) from 1 July 2014. The agreement is contingent upon the construction and completion of the 168 MW Chevez power plant (wholly owned) by the same date. This will be the largest hydropower development in Peru so far in this century. The Chevez project has already received Clean Development Mechanism quotas (CDM) corresponding to an annual emission reduction of 325 000 tonnes of CO₂. An investment decision is expected as soon as the final financing has been negotiated with the banks.

In November, Norfund signed a letter of intent with BBK and TrønderEnergi concerning the sale of 39 per cent of the voting shares in SN Power AfriCA, SN Power's subsidiary for investments in Africa and Central America. Norfund will in addition subscribe for 10 per cent of the non-voting shares, giving Norfund, BKK and TrønderEnergi a total ownership of 53.6 per cent of the share capital and 49 per cent of the voting shares in SN Power AfriCA following the completion of the transaction in January 2010.

The La Higuera hydropower project in Chile has been written down by NOK 107 million as a result of delays and increased construction costs.

Financial performance

SN Power was consolidated as a subsidiary as of January 2009. The company was previously reported as an associate.

The segment's underlying profit before financial items and tax was NOK 379 million in 2009 (NOK 86 million).

Gross operating revenues totalled NOK 746 million and the operating profit NOK 181 million. Achieved power prices in Peru and the production in Nepal were lower than in 2008. SN Power's profit shares from associated companies were higher than in 2008, mainly as a result of reversal of loss provisions in 2008 related to power sales agreements in Chile.

HSE

Two fatalities were reported in THPC (20 per cent ownership interest) in the fourth quarter⁴. On 10 November, an excavator driver employed by a sub-contractor died when the excavator cabin was hit by a large boulder at a quarry. The accident took place in connection with the construction of an access road to the top of the quarry. The quarry was closed following this incident. On 22 December, a worker who was going to assist in the unloading of a fork-lift was hit by the rear turning wheel of fork-lift. The worker died in the ambulance on his way to the nearest hospital. The accident is still under investigation.

During the first quarter, there were four fatalities at the Allain Duhangan project in India (43 per cent ownership interest). The international experts engaged with the assistance of SN Power to work on the project have contributed to significant improvements in the HSE standards and the practical HSE work in 2009, and the number of injuries and near-misses has been markedly reduced during the course of the year. One person drowned in an intake duct at one of the hydropower plants in Peru, also in the first quarter.

Operations

The up-time for the power plants in Peru, India, Nepal, Sri Lanka and the Philippines has been consistently good in 2009, from above 95 per cent to almost 100 per cent. There were no major interruptions, and total production for SN Power's relative share of wholly and partially-owned power plants was 2.7 TWh in 2009 (2.5 TWh). Production was also high in 2009 at the Phillipino power plants Magat and Binga (both 50 per cent ownership interest) as well as at the Cahua and Electroandes plants in Peru (both wholly owned). The production in Nepal (57 per cent ownership interest) and India (43 per cent ownership interest) was lower than expected due to less precipitation in the monsoon season and resulting drought in northern India.

As previously reported, there are significant delays and cost overruns in connection with the development projects Allain Duhangan (43 per cent ownership interest) in India and La Higuera (45 per cent ownership interest) in Chile. Both projects are expected to come online in 2010.

Parts of the La Confluencia development in Chile have also been delayed as a result of poor rock quality, but the contractor has managed to get back on schedule for the main part of the plant. The rehabilitation and expansion of the Ambuklao hydropower plant (50 per cent ownership interest) in the Philippines went according to plan until September 2009, when several tropical storms hit the plant. Large amounts of rain, up to 484 mm over the course of 24 hours, resulted in flooding of the construction camp and a series of landslides which blocked and partly destroyed the access roads to the plant. This has resulted in an estimated project delay of about two months, and completion is expected around 1 January 2011.

The Totoral wind farm (80 per cent ownership interest) in Chile was completed as scheduled in December 2009.

⁴ Statkraft SF owns 20 per cent of the company, but the Emerging Markets segment in Statkraft AS manages the ownership.

Skagerak Energi

KEY FIGURES - UNDERLYING OPERATIONS

SKAGERAK ENERGI	Unit	The year		Change
		2009	2008	
Gross operating revenues	NOK mill.	2 726	3 234	-507
Net operating revenues	NOK mill.	2 690	3 128	-438
EBITDA	NOK mill.	1 609	2 076	-467
Operating profit	NOK mill	1 123	1 596	-472
Share of profit from associates and joint ventures	NOK mill.	-21	-247	226
Profit before financial items and tax	NOK mill	1 103	1 349	-246
Urealised changes in value and material non-recurring items	NOK mill.	68	34	34
Maintenance investments	NOK mill.	289	202	87
Investments in new generating capacity	NOK mill.	401	214	187
Investments in shareholdings	NOK mill.	1	26	-25

This segment comprises the group Skagerak Energi and the activities focus on generation and sale of power and district heating, and distribution grid activities. Other activities involve fibre, natural gas distribution and electrical contractor activities and settlement activities. The company is owned by Statkraft (66.6 per cent shareholding) and the local authorities 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 1325 MW. The company has about 179 000 distribution grid customers.

Highlights in the quarter

In the fourth quarter, Skagerak Kraft, along with Notodden Energi and Tinfos, submitted a license application for Sauland power plant (ownership interest 84 per cent) to the Norwegian Water Resources and Energy Directorate. The hydropower plant will have an annual mean production of 218 GWh.

On 15 December, the board resolved to buy the company Energo. The company, based in Arendal, Norway, delivers systems which reduce energy consumption in large public and private buildings in Vestfold, Telemark and the Agder counties. The formal take-over took place on 1 January 2010.

In the fourth quarter, Skagerak Energi terminated its commitment in Cinclus Technology through the disbursement of a lump-sum compensation of NOK 179 million in connection with guarantee liabilities. This comes in addition to a previously written down loan of NOK 204 million 2009. In total, this has

resulted in a loss of NOK 383 million in 2009. Skagerak Energi has now severed all ties with the company and there is no further exposure.

Financial performance

The segment posted an underlying profit before financial items and tax of NOK 1103 million in 2009 (NOK 1349 million).

Gross operating revenues totalled NOK 2726 million (NOK 3234 million). The decline is mainly due to a decline of NOK 524 million in power sales revenues as a result of lower production and lower prices.

Operating expenses totalled NOK 1567 million (NOK 1532 million). The increase is due to the merger of the companies Nota (from Skagerak Energi) and Enita (from Trondheim Energi) into the company Metor AS, effective 1 January 2009, higher costs for regulation associations as well as higher costs in the fibre business.

The segment posted an operating profit of NOK 1123 million (NOK 1596 million).

The share of profit from associates was NOK -21 million (NOK -247 million). The change is primarily due to a negative result share from Cinclus Technology in 2008.

Operations

The segment produced 5.3 TWh in 2009, 1.2 TWh less than in 2008.

In the fourth quarter, Skagerak Nett suffered a cable fault in the centre of Skien and some customers were without electricity for more than 12 hours. The fault received a lot of

attention from the media, both due to the cold weather and the relatively long power outage. No serious consequences for customers as a result of the fault have been uncovered.

Skagerak Fibernet AS had connected 11 000 customers at the end of 2009.

There were nine lost-time injuries and ten injuries without lost time for own employees in 2009. No lost-time injuries have been reported for the sub-contractors.

Absence due to illness was 4.5 per cent in 2009.

Customers

KEY FIGURES - UNDERLYING OPERATIONS

CUSTOMERS	Unit	The year		Change
		2009	2008	
Gross operating revenues	NOK mill.	1 791	1 731	61
Net operating revenues	NOK mill.	802	759	43
EBITDA	NOK mill.	297	336	-39
Operating profit	NOK mill	103	181	-78
Share of profit from associates and joint ventures	NOK mill.	6	9	-4
Profit before financial items and tax	NOK mill	109	190	-82
Urealised changes in value and material non-recurring items	NOK mill.	-23	-10	-13
Maintenance investments	NOK mill.	143	84	59
Investments in new generating capacity	NOK mill.	67	82	-15
Investments in shareholdings	NOK mill.	-	3	-3

The Customers segment comprises the distribution grid, district heating and power sales activities managed by Trondheim Energi. The segment has about 95 000 distribution grid customers and 84 000 electricity customers. The district heating system in Trondheim and Klæbu has a total installed capacity of 297 MW, and supplies around 7500 business customers and 7000 households with district heating. In Sweden, the segment has an installed district heating capacity of 211 MW which it supplies to about 1450 customers. The segment also covers property management. The end-user company Fjordkraft is included in the Industrial Ownership segment.

Highlights in the quarter

In the fourth quarter, Trondheim Energi AS and Fjordkraft AS reached an agreement entailing the sale of the shares in Trondheim Energi Kraftsalg AS to Fjordkraft. Trondheim Energi Kraftsalg AS had gross operating revenues of NOK 90 million and an operating profit of NOK 28 million in 2009.

On 16 September, Trondheim Energi AS and TrønderEnergi AS agreed on the principles for a grid merger in Sør-Trøndelag County. The companies have started commercial negotiations with a shared intention of merging the grid companies Trondheim Energi Nett and TrønderEnergi Nett. The negotiations will continue in 2010.

Trondheim Energi Fjernvarme AS, in cooperation with Viken Skog, has received a license in Rælingen, and an agreement has been signed with Viken Skog which will enter the project as the majority owner. The project's

size is 20 GWh per year, and is based on utilisation of waste heat. In addition, work is underway on other growth initiatives within district heating in Norway and Sweden.

The district heating plants in Sweden have been written down by NOK 29 million, primarily as a result of higher prices on input factors.

Financial performance

The segment posted an underlying profit before financial items and tax of NOK 109 million in 2009 (NOK 190 million).

Gross operating revenues totalled NOK 1791 million (NOK 1731 million). The increase is primarily attributable to increased district heating and power sales revenues as a result of higher volumes and prices. The increase in district heating relates to new district heating plants in Sweden from the asset swap with E.ON AG. The revenue cap established for the distribution grid company for 2009 is around NOK 45 million lower than in 2008 as a result of lower interest rate levels and lower electricity prices.

Energy purchases and transmission costs rose by NOK 17 million to NOK 990 million. The costs of the grid business were NOK 26 million lower and the power sales business' purchasing costs were NOK 26 million lower, while the district heating business' costs increased by NOK 73 million as a result of new plants in Sweden.

Operating expenses totalled NOK 699 million (NOK 578 million). The increase is primarily attributable to operating expenses relating to

the new district heating plants in Sweden and non-recurring costs associated with their acquisition.

The segment posted an operating profit of NOK 103 million (NOK 181 million).

Operations

The segment's business areas, including the new district heating plants in Sweden, experienced largely stable operations and production levels in 2009, although availability was slightly lower than normal for the district heating plants. In total, 816 GWh of heating

was delivered to customers in Norway and Sweden in 2009.

There was net volume growth of 229 GWh in sales to end-users in 2009, compared with 2008.

There were four lost-time injuries and five injuries without lost time for own employees in 2009. In addition, there were two lost-time injuries for sub-contractors.

Absence due to illness was 4.9 per cent in 2009.

Industrial Ownership

KEY FIGURES - UNDERLYING OPERATIONS

INDUSTRIAL OWNERSHIP	Unit	The year		Change
		2009	2008	
Gross operating revenues	NOK mill.	3 418	3 510	-92
Net operating revenues	NOK mill.	245	244	1
EBITDA	NOK mill.	40	15	25
Operating profit/loss	NOK mill	8	-18	25
Share of profit from associates and joint ventures	NOK mill.	796	879	-83
Profit before financial items and tax	NOK mill	803	861	-58
Urealised changes in value and material non-recurring items	NOK mill.	577	-409	986
Maintenance investments	NOK mill.	-	-	-
Investments in new generating capacity	NOK mill.	8	-	8
Investments in shareholdings	NOK mill.	5	-	5

The Industrial Ownership segment is responsible for managing and developing Norwegian shareholdings where Statkraft has industrial ambitions. 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

At the end of the quarter, Fjordkraft AS bought 100 per cent of the shares in Trondheim Energi Kraftsalg AS from Trondheim Energi AS. The ambition is to gather the companies' competence within electricity sales to become Norway's most forward-looking and customer-oriented electricity company. The overall customer portfolio amounts to about 400 000 customers.

BKK has a significant portfolio of minor power plant projects, both new construction and rehabilitation. In the fourth quarter, two projects, Krokevatn and Osvatn power plants, were completed and came online.

Financial performance

The segment posted an underlying profit before financial items and tax of NOK 803 million in 2009 (NOK 861 million). A somewhat lower underlying profit in Agder Energi is the main cause of the decline from 2008.

Operations

Customer satisfaction with Fjordkraft in the fourth quarter is the highest ever measured, with a relationship strength of 68. The increase in customer satisfaction can be ascribed to clear improvements in communication, products and service.

BKK and Agder Energi produced a total of 14.6 TWh in 2009 (16.8 TWh).

During the cold spell in December 2009 and January 2010, several new power consumption records were set in BKK's grid area. There were some minor outages in the period.

Both BKK and Agder Energi are working hard on projects to ensure supply security in their grid areas. The measures to strengthen the supply security will also secure transmission capacity for the large potential for new renewable energy in the grid areas of both companies. BKK's license applications for upgrades and new lines Hardanger-Voss-Samnanger, as well as a new line Mongstad-Kollsnes are being processed in the Norwegian Water Resources and Energy Directorate, and a decision is expected in the spring of 2010. It is expected that a license application will shortly be submitted for the announced Modalen-Mongstad line.

⁵ Fjordkraft is owned by Statkraft (3.15 per cent), Skagerak Energi (48.0 per cent) and BKK (48.8 per cent).

Other

Other includes the business units Southeast Europe Hydro, Solar Power, Small-Scale Hydro, Innovation and Growth, along with the 4.17 per cent shareholding in E.ON AG, and Group functions and eliminations. In 2008 it also included the investment in E.ON Sverige AB (44.6 per cent shareholding). The shareholding was sold to E.ON AG on 31 December 2008. Statkraft received assets and 4.17 per cent of the shares in E.ON AG in settlement. From 2009, the shareholding in E.ON AG will be reported under this segment.

South-east Europe Hydro

The business unit is responsible for all hydropower activities in South-east 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 projects in Albania and Turkey.

Together with the Austrian energy company EVN and the Albanian company Devoll Hydropower SHA, a joint venture owned 50-50 by Statkraft and EVN, Statkraft has entered into a license agreement with the Albanian authorities relating to the development, construction and operation of three hydropower plants in the Devoll river in Albania. As party to the license agreement, Statkraft is jointly responsible for the project's total investments, estimated at EUR 950 million.

Solar power

The business unit is responsible for Statkraft's initiatives within development of solar power plants. Statkraft is currently working on projects in Italy, France and Spain.

In December, energy production started at Statkraft's first solar park, Casale. The park, which lies south of Rome, Italy, has an installed capacity of 3.3 MW, and can produce 4.5 GWh.

On 24 September, Statkraft and the Italian company Solar Utility SpA signed an agreement relating to the acquisition of eight ready-to-build solar power projects in the Puglia region in southeast Italy. The projects have a total capacity of almost 20 MW. In the fourth quarter, work started to get a development contract in place in Italy, targeting a realisation of the projects in 2010.

Small-Scale Hydro

The business unit is responsible for ownership follow-up of shareholdings and initiatives within the area of small-scale hydropower (hydropower plants with an installed capacity of between 1 and 10 MW). The activity in Norway is organised in the company Småkraft AS.

At the end of 2009, Småkraft AS owned 19 operating power plants with a total expected annual production of about 235 GWh. At the turn of the year, the company had 11 power plants under construction, with an expected annual production of 110 GWh. In addition, the company has eight projects which have received a final license and 11 projects with licenses which have been appealed to the Ministry of Petroleum and Energy. The realisation of eight of the projects with licenses is contingent upon the building of the Ørskog-Fardal power line. At the end of 2009, Small-Scale Power had 69 license applications, totalling almost 700 GWh, in for processing with the Norwegian Water Resources and Energy Directorate (NVE). An additional 55 projects totalling almost 550 GWh are being prepared for processing by the NVE.

Innovation and Growth

The business unit is responsible for developing new result areas, products and services, and coordinating and initiating research and development activities.

On 24 November, the osmotic power plant prototype at Tofte was officially opened in the presence of HRH Crown Princess Mette-Marit and Minister of Petroleum and Energy Terje Riis Johansen. The construction of the prototype demonstrates that the technology works in an industrial plant. A business plan which will highlight the road towards commercialisation of osmotic power for the next two-three years is now complete. The plan calls for upping the tempo of the membrane development effort through closer collaboration with the supplier industry.

Shares in E.ON AG

The dividend from E.ON AG totalling NOK 1093 million was recognised as financial income at the distribution date of 7 May 2009.

As a result of the fall in the value of the E.ON AG shares and changes in foreign exchange rates, a negative change in value of NOK 2976

million has been recognised year-to-date. The increase in value of NOK 464 million related to share price changes was recognised directly against equity, while the negative currency effect of NOK 3440 million was recognised in the income statement under financial expenses.

Financial performance

The Other segment posted an underlying loss before financial items and tax, including Group functions and eliminations, of NOK 868 million for 2009 (profit of NOK 797 million). The

decline in the result can mainly be explained by the fact that the result shares from associates contributed NOK 1315 million in 2008, compared with NOK -30 million during the same period this year. The share of profit from associates in 2008 related primarily to the investment in E.ON Sverige AB, a shareholding that was sold at the end of 2008. The dividend from E.ON AG for 2008 which was recognised as income in May 2009 is not included in the result before financial items and tax for Other.

Outlook

Statkraft is a leader in renewable energy in Europe with production and trading both in Scandinavia and on the Continent. Through SN Power, the Group has established a solid foothold within renewable energy in South America and Asia.

The most important drivers for the underlying result in 2010 will be the development in demand, power prices and production volumes. Substantial uncertainty remains as regards the industrial activity level, both in the Nordic region and on the Continent. This may influence the demand for power and, as a result, the prices. Forward prices for 2010 indicate a somewhat higher price level than in 2009. Low inflow in the fourth quarter of 2009 and at the beginning of 2010 indicates that the hydropower production may be somewhat lower in 2010, while the current price situation for gas could provide a basis for slightly higher gas power production. The organisation has been strengthened in 2009 as a result of the large number of new projects. Overall, the underlying profit after tax for 2010 is therefore expected to be on a par with 2009.

Statkraft has developed a major portfolio of projects which support the Group's threefold strategy; industrial developer in Norway, European flexible power producer and green global developer. This strategy supports Norway's environmental ambitions, the EU's climate goals and the need for a sustainable development facing countries in South America and Asia. The current market is still characterised by the effects the financial crisis has had for many players. This paves the way for some interesting opportunities for Statkraft, with its strong industrial position.

The majority government's political platform, presented in October 2009, stated the following: "the government will facilitate Statkraft's further development as a driving force within renewable energy".

On 4 February 2009, the board presented Statkraft's strategic platform with the appurtenant financial plan to the Ministry of Trade and Industry in the form of a recommendation for strengthened equity and reduced dividend levels. The board emphasises that the company needs clarification as soon as possible.

Oslo, 17 February 2010
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

INCOME STATEMENT

Figures in NOK million	4th quarter		The Year	
	2009	2008	2009	2008
Sales revenues	7 682	8 112	24 715	24 205
Other operating revenues	475	227	960	856
Gross operating revenues	8 157	8 339	25 675	25 061
Energy purchase	-1 349	-1 565	-4 825	-4 416
Transmission costs	-114	-532	-1 054	-1 326
Unrealised changes in value energy contracts	-644	3 317	-2 813	4 283
Net operating revenues	6 049	9 559	16 983	23 601
Salaries and payroll costs	-727	-553	-2 517	-1 854
Depreciation, amortisation and impairments	-822	-210	-2 743	-1 553
Property tax and licence fees	-302	-295	-1 166	-1 077
Other operating expenses	-1 180	-805	-3 530	-2 500
Operating expenses	-3 030	-1 862	-9 956	-6 983
Operating profit	3 019	7 696	7 027	16 618
Share of profit from associates and joint ventures	-22	33	1 179	935
Financial income	690	26 082	2 060	26 435
Financial expenses	-681	-1 359	-3 756	-3 066
Unrealised changes in financial items	434	-2 565	5 977	-3 102
Net financial items	442	22 158	4 282	20 267
Profit before tax	3 438	29 887	12 487	37 820
Taxes	-1 660	-1 224	-4 772	-4 558
Net profit	1 777	28 662	7 716	33 262
Of which minority interest	8	119	184	250
Of which majority interest	1 769	28 543	7 532	33 012

BALANCE SHEET

Figures in NOK million	31.12.09	31.12.08	31.12.07
ASSETS			
Intangible assets	2 277	2 481	1 589
Property, plant and equipment	78 239	74 553	56 228
Investments in associates and joint ventures	16 509	14 387	32 131
Other non-current financial assets	21 939	25 169	2 944
Derivatives	3 358	5 716	2 096
Non-current assets	122 322	122 306	94 988
Inventories	1 247	699	303
Receivables	10 078	11 646	5 094
Short-term financial investments	421	349	347
Derivatives	4 645	7 090	6 230
Cash and cash equivalents	5 292	2 209	3 150
Current assets	21 683	21 993	15 124
Total assets	144 005	144 299	110 112
EQUITY AND LIABILITIES			
Paid-in capital	31 569	31 569	31 569
Retained earnings	26 065	37 983	10 032
Minority interests	7 267	2 772	2 817
Equity	64 901	72 324	44 418
Provisions	13 653	11 327	10 831
Long-term interest-bearing liabilities	36 342	30 639	30 361
Derivatives	4 016	3 612	5 625
Long-term liabilities	54 012	45 578	46 817
Short-term interest-bearing liabilities	9 318	10 152	6 923
Taxes payable	2 372	2 735	1 583
Other interest-free liabilities	9 335	5 823	3 542
Derivatives	4 067	7 687	6 829
Current liabilities	25 092	26 397	18 877
Equity and liabilities	144 005	144 299	110 112

Statement of recognised Income and Expenses (SORIE)

Figures in NOK million	Year	
	2009	2008
Net profit	7 716	33 262
Change in the fair value of financial instruments	463	-
Estimate deviations pensions	81	-517
Change in translation difference on investments	-8 304	3 335
Translation differences included in the profit calculations	-	-931
Total comprehensive income	-44	35 149

Total comprehensive income attributable to:		
Shareholders of the parent	647	35 016
Minority interest	-691	133

Statement of changes in equity

Figures in NOK million	Paid-in capital	Other equity	Accumulated translation differences	Retained earnings	Total majority	Minority interest	Total equity
Balance as 01.01.2008	31 569	10 078	- 46	10 032	41 601	2 817	44 418
Total comprehensive income for the period		32 595	2 421	35 016	35 016	133	35 149
Dividend and Group contribution paid		-6 836	-	-6 836	-6 836	-198	-7 034
Equity holdings in associates and joint ventures		- 229	-	-229	-229	-	-229
Capital increases		-	-	-	-	20	20
Balance at 31.12.2008	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 paid		-10 000	-	-10 000	-10 000	-260	-10 260
Business combinations including the liability of the option to increase share ownership in a group company		-2 561	-	-2 561	-2 561	4 475	1 914
Changes in equity relation to associates and joint ventures		- 4	-	-4	-4	-	-4
Capital increases		-	-	-	-	971	971
Balance at 31.12.2009	31 569	31 091	-5 026	26 065	57 634	7 267	64 901

CASH FLOW STATEMENT

Figures in NOK million	The Year	
	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	12 487	37 820
Gain/loss on sales of non-current assets	13	-12
Depreciation, amortisation and impairments	2 743	1 553
Profit from sale of shares	-	-25 591
Share of profit from associates and joint ventures	-1 179	-935
Unrealised changes in value contracts	-3 164	-1 180
Taxes	-3 119	-1 775
Cash flow from operating activities	7 781	9 880
Changes in long-term items	-305	2 159
Changes in short-term items	2 784	-3 119
Dividend from associates	1 083	2 579
Net cash flow from operating activities	11 343	11 499
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment - maintenance	-1 308	-796
Investments in property, plant and equipment - capacity	-2 447	-1 196
Proceeds from sales of non-current assets	158	13
Capital decrease relaing associates amd joint ventures	1 320	-
Acquisition of businesses, net of cash accruing to the group	-417	-
Loans to third parties	-1 410	-486
Repayment of loans to third parties	161	-
Investments in other companies	-735	-581
Net cash flow from investing activities	-4 678	-3 046
CASH FLOW FROM FINANCING ACTIVITIES		
New long-term debt	15 377	6 525
Repayment of long-term debt	-9 378	-7 551
Dividend paid and Group contributions	-10 260	-8 396
Capital increas in subsidiary to minority	928	-
Net cash flow from financing activities	-3 333	-9 422
Net change in cash and cash equivalentents	3 332	-969
Currency effect on cash flows	-249	28
Cash and cash equivalentents 01.01	2 209	3 150
Cash and cash equivalentents 31.12	5 292	2 209
Unused committed credit lines	8 400	8 000
Unused overdraft facilities	1 900	400

*Changes in short term items are mainly related to effects from the asset swap with E.ON AG (NOK 3250 million), changes in receivables and liabilities regarding cash collateral (NOK 1832 million), change regarding the value of E.ON stocks (NOK 2976 million), in addition to a currenct effects (NOK -5 822 million).

SEGMENTS

Figures in NOK million

	Statkraft AS Group	Generation & markets	Wind power	Emerging markets	Skagerak Energi	Customers	Industrial ownership	Other
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	2 997	2 781	10	10	413	39	84	-340
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	16 508	393	566	5 192	82	292	9 938	45
Other assets	127 497	70 218	2 177	2 792	15 136	3 913	22 916	10 345
Total assets	144 005	70 611	2 743	7 984	15 218	4 205	32 854	10 390
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 shareholdings	1 152	-	826	-271	1	-	5	591
4th Quarter 2008								
Operating revenue external	8 339	5 610	6	-	769	550	1 358	46
Operating revenue internal	-	122	97	-	406	16	2	-643
Gross operating revenues	8 339	5 732	103	-	1 175	566	1 360	-597
Operating profit/loss	7 696	7 278	315	1	646	81	-36	-587
Share of profit from associates and joint ventures	33	-121	-38	62	-111	-4	244	1
Profit before financial items and tax	7 729	7 157	277	61	535	77	208	-586
The year 2008								
Operating revenue external	25 061	17 447	13	-	2 197	1 684	3 508	212
Operating revenue internal	-	804	235	-	1 037	47	2	-2 125
Gross operating revenues	25 061	18 251	248	-	3 234	1 731	3 510	-1 913
Operating profit/loss	16 618	15 570	276	-1	1 630	171	-78	-950
Share of profit from associates and joint ventures	935	-302	-38	87	-247	9	530	896
Profit before financial items and tax	17 553	15 268	238	86	1 383	180	452	-54
Balance sheet 31.12.08								
Investment in associates and joint ventures	14 387	1 224	91	2 737	88	249	9 884	114
Other assets	129 912	74 936	1 512	200	14 955	4 612	24 729	8 968
Total assets	144 299	76 160	1 603	2 937	15 043	4 861	34 613	9 082
Depreciations, amortisation and impairments	-1 553	-1 069	233	-	-480	-155	-33	-49
Maintenance investments	796	490	-	-	202	84	-	20
Investments in new generating capacity	1 196	567	39	-	214	82	-	294
Investments in shareholdings	581	26	178	200	26	3	-	148

Comments regarding the financial statements

1. Framework and material accounting policies

The Group's consolidated financial statements for the fourth quarter of 2009, ending 31 December 2009, 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 2008. 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

IAS 34 has been changed in line with the revised standard for the presentation of financial statements, IAS 1.

The revised standard has resulted in some changes in the presentation format. Statkraft has amended its presentation formats for equity and non-owner transactions. The presentation format has also been amended so that derivatives are classified as being either short or long-term, based on the same assessments used for other balance sheet items.

Comparative figures have been amended accordingly.

The changes to IAS 1 have had no effect on the reporting of the Group's results.

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 2008.

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 judgment 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 2008.

4. Segment reporting

Statkraft's segment reporting is prepared in accordance with IFRS 8. The segments were previously reported in accordance with IAS 14. Statkraft underwent an internal reorganisation in the summer of 2008, during which the company chose to implement IFRS 8 as of the third quarter of 2008, ahead of the mandatory deadline. Application of the standard was mandatory as of 1 January 2009.

Following the change, the Group now reports in line with the way in which Group management makes, follows up and evaluates its decisions, rather than the previously adopted segmentation. 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 new segments are described in more detail in the respective sections of the interim financial report.

The new organisational structure was chosen to accommodate the major changes arising from increased growth and internationalisation. The aim is to achieve a more flexible and dynamic organisation where new prioritisations and growth areas can be highlighted and achieve visibility as separate business units with clear performance targets. At the same time, the Group is establishing a basis for an effective management and control structure.

Generation and Markets is the largest segment and is responsible for the operation and maintenance of hydropower plants in the Nordic region, gas-fired power plants in Europe, and physical and financial trading in Europe. These business units are organised into one segment due to the close integration between operations, maintenance and energy optimisation.

In particular, initiatives relating to development, construction and ownership follow-up of wind power, and development of new growth markets outside Europe, will be followed up by management and reported and displayed as separate segments in the respective Wind Power and Emerging Markets areas.

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

The Customers segment covers distribution grid activities, power sales and district heating.

Industrial Ownership includes the shareholdings in BKK, Agder Energi and Fjordkraft.

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 20 149 million. The shares are designated as available-for-sale assets and recognised at fair value with changes in value being recognised against equity. Any part of the change in value that can be allocated to changes in currency is recognised in the income statement as a premium/discount and included in financial income and financial expenses respectively. The change in value at the end of the fourth quarter was NOK 2976 million, of which

NOK 3440 million is due to a lower exchange rate for EUR.

6. Business combinations

On 13 January 2009 Statkraft purchased 10 per cent of the shares in SN Power, thus increasing its shareholding in the company from 50 per cent to 60 per cent. The purchase sum for the shares was NOK 1100 million. Statkraft also acquired a purchase option for a further 7 per cent of the shares in 2015, or when the investment portfolio in Africa reaches 500 MW.

At the same time Norfund is guaranteed the opportunity to sell its residual shareholding in SN Power by selling options on its remaining shares in 2010, 2013, 2014 and 2015. Pricing of the shares, and thus Statkraft's financial obligation to Norfund, will be based on guidelines in the agreement calculated in accordance with approved valuation models at the relevant time. The options will be recognised at fair value in the balance sheet as they are exercised. Estimated changes in value are recognised in the income statement.

Prior to the transaction SN Power was recognised as a joint venture in accordance with the equity method. The allocation of the purchase amount has not been completed. Costs connected with the transaction comprise in the region of NOK 23.5 million and are recognised in their entirety as part of the cost price of the shares.

Assets NOK million	Book value at the time of acquisition	Fair value investments	Fair value
Goodwill	-	63	63
Intangible assets	160	-	160
Property, plant and equipment	4 161	1 477	5 638
Investments in associates	2 448	3 641	6 089
Other non-current financial assets	24	-	24
Total non-current assets	6 793	5 181	11 974
Receivables	651	0	651
Cash and cash equivalents	1 372	0	1 372
Total current assets	2 023	0	2 022
Purchased assets	8 816	5 181	13 997
Provisions	0	607	607
Long-term interest-bearing liabilities	2 002	0	2 002
Other interest-free liabilities	1024	0	1024
Total liabilities	3 026	607	3 633
Net value of purchased assets	5 790	4 574	10 364

Statkraft AS purchased 95 per cent of the shares in Yesil Enerji of Turkey on 23 June 2009. The investment amounts to NOK 711 million, including the cost price of the shares at

NOK 523 million and assumed debt of NOK 188 million. Due to the fact that the purchase took place towards the end of June, the cost allocation has yet to be completed.

Assets NOK million	Book value at the time of acquisition	Fair value investments	Fair value
Intangible assets	-	-	-
Property, plant and equipment	309	504	813
Investments in associates	-	-	-
Other non-current financial assets	1	-	1
Total non-current assets	310	504	814
Receivables	17	-	17
Cash and cash equivalents	4	-	4
Total current assets	21	-	21
Purchased assets	331	504	835
Provisions	-	-	-
Long-term interest-bearing liabilities	75	-	75
Other interest-free liabilities	210	-	210
Total liabilities	285	-	285
Net value of purchased assets	46	504	550

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