

**STATKRAFT AS
INTERIM REPORT Q3/10**

Q3

Key figures

| | Unit | Q3 | | Year to date | | The year |
|--|-----------|-------|------------------|--------------|--------------------|--------------------|
| | | 2010 | 2009 | 2010 | 2009 | 2009 |
| From the income statement | | | | | | |
| Gross operating revenues | NOK mill. | 4 364 | 4 588 | 20 314 | 17 518 | 25 675 |
| Net operating revenues | NOK mill. | 3 781 | 2 165 | 16 131 | 10 934 | 16 983 |
| EBITDA | NOK mill. | 2 000 | 421 | 10 723 | 5 929 | 9 769 |
| Operating profit | NOK mill. | 1 363 | -209 | 8 587 | 4 009 | 7 026 |
| Share of profit from associates and joint ventures | NOK mill. | 297 | 549 | 504 | 1 202 | 1 179 |
| Net financial items | NOK mill. | -33 | 3 415 | 2 294 | 3 840 | 4 282 |
| Profit before tax | NOK mill. | 1 627 | 3 756 | 11 385 | 9 050 | 12 487 |
| Profit after tax | NOK mill. | 1 163 | 2 645 | 6 759 | 5 938 | 7 716 |
| Items excluded from underlying operations | | | | | | |
| Unrealised changes in value energy contracts | NOK mill. | 255 | -1 023 | 701 | -2 169 | -2 813 |
| Gain from sale of shareholding in Trondheim Energi Nett AS | NOK mill. | - | - | 393 | - | - |
| Write-downs and reversed write-downs | NOK mill. | - | - | -227 | - | -108 |
| Unrealised changes, associates and joint ventures | NOK mill. | 152 | 137 | 439 | 409 | 547 |
| Material non-recurring items, associates and joint ventures | NOK mill. | - | - | -314 | -33 | -401 |
| Unrealised changes in financial items | NOK mill. | 415 | 3 756 | 1 903 | 5 544 | 5 977 |
| Currency effect, realised internal loans with non-recurring effect | NOK mill. | - | - | - | -1 518 | -1 518 |
| Final settlement, sale of shareholding i E.ON Sverige AB | NOK mill. | - | -2 | - | 149 | 149 |
| Underlying operations | | | | | | |
| Gross operating revenues | NOK mill. | 4 364 | 4 588 | 19 920 | 17 518 | 25 675 |
| Underlying net operating revenues | NOK mill. | 3 526 | 3 188 | 15 037 | 13 103 | 19 796 |
| Underlying EBITDA | NOK mill. | 1 745 | 1 444 | 9 629 | 8 098 | 12 582 |
| Underlying operating profit | NOK mill. | 1 108 | 814 | 7 720 | 6 177 | 9 946 |
| Underlying share of profit from associates and joint ventures | NOK mill. | 145 | 412 | 379 | 826 | 1 033 |
| Underlying net financial items | NOK mill. | -448 | -339 | 391 | -335 | -327 |
| Underlying profit before tax | NOK mill. | 804 | 888 | 8 490 | 6 668 | 10 654 |
| Underlying net profit | NOK mill. | 469 | 600 ¹ | 4 940 | 4 415 ¹ | 7 155 ¹ |
| Underlying EBITDA margin | % | 40.0 | 31.5 | 47.4 | 46.2 | 49.0 |
| Maintenance investments | NOK mill. | 171 | 439 | 646 | 871 | 1 308 |
| Investments in new generating capacity | NOK mill. | 477 | 380 | 1 102 | 1 533 | 2 447 |
| Investments in shareholdings | NOK mill. | 738 | -11 | 804 | 944 | 1 152 |
| Net changes in cash flow from operating activities | NOK mill. | 3 737 | -366 | 10 875 | 10 271 | 12 714 |
| Cash and cash equivalents | NOK mill. | | | 5 275 | 11 770 | 6 663 |
| Assets | NOK mill. | | | 136 297 | 149 174 | 144 005 |
| Interest-bearing debt ratio | % | | | 42.3 | 43.8 | 41.3 |
| Average system price, Nord Pool | EUR/MWh | 45.9 | 31.3 | 50.2 | 34.5 | 35.0 |
| Average spotprice, European Energy Exchange (EEX) | EUR/MWh | 43.8 | 37.1 | 42.3 | 38.9 | 38.9 |
| Average gas price, Title Transfer Facility (TTF) | EUR/MWh | 18.9 | 9.2 | 16.3 | 12.7 | 12.1 |
| Production, volume sold | TWh | 10.6 | 11.9 | 39.6 | 39.1 | 57.0 |
| - of which hydropower | TWh | 9.6 | 9.3 | 34.3 | 34.5 | 50.2 |
| - of which wind power | TWh | 0.1 | 0.2 | 0.4 | 0.4 | 0.6 |
| - of which gas power | TWh | 0.9 | 2.4 | 4.9 | 4.2 | 6.1 |
| - of which bio power | TWh | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 |
| Full-time jobs (equivalents) | No. | | | 3 296 | 3 322 | 3 378 |

¹ The figures have been changed in relation to previously published information due to erroneous calculation of 28 per cent tax on the changes in value in connection with securities subject to the exemption method.

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Highlights

Q3 2010

Underlying operations

| | <i>NOK mill.</i> | <i>Compared with 2009</i> |
|---------------------------------|------------------|---------------------------|
| ▪ Gross operating revenues | 4 364 | -5 % |
| ▪ EBITDA | 1 745 | +21 % |
| ▪ Profit before tax | 804 | -9 % |
| ▪ Profit after tax ¹ | 469 | -22 % |

For the first three quarters, the underlying operations improved by 19 per cent for EBITDA and 25 per cent for the operating result.

The third quarter

Power prices increased both in the Nordic region and in Continental Europe compared with the third quarter of 2009, but lower gas power production was not fully offset by higher hydropower production. The underlying development shows that gross operational revenues fell in the third quarter compared with the same period last year, but the EBITDA increased as a result of lower costs related to purchase of gas for energy production and power to the end-user business. However, lower profit shares from associates and lower net financial items resulted in a decline in the quarterly result.

Year to date

The Nordic system price was 45 per cent higher than during the same period last year, while prices in Germany were 9 per cent higher. The Group's total production for the three first quarters was 39.6 TWh (39.1 TWh), with the increase due to higher gas power production.

Hydropower production on the same level as last year with better prices is the main explanation for the increase in the underlying EBITDA. Gas power production yielded a negative profit contribution as a result of consistently low or negative spark spread, i.e. the margin between gas and energy prices. The Group has still chosen to produce as a result of obligations in gas delivery contracts.

In addition to higher income, higher financial income and lower financial expenses contributed to improving the underlying result

Important events during the quarter

HSE

There were two fatal incidents during the third quarter. In July, unauthorised people entered a

Year to date

Underlying operations

| | <i>NOK mill.</i> | <i>Compared with 2009</i> |
|---------------------------------|------------------|---------------------------|
| ▪ Gross operating revenues | 19 920 | +14% |
| ▪ EBITDA | 9 629 | +19% |
| ▪ Profit before tax | 8 490 | + 27% |
| ▪ Profit after tax ¹ | 4 940 | +12% |

restricted area at a closed down power station owned by Agder Energi and a man fell down a turbine pipe and died. The incident has been reported to the board of Agder Energi and an investigation report regarding securing of the plant has been prepared and is being followed up.

In August, a sub-contractor employee in Laos (THPC) died while fishing at the plant in his spare time. The investigation report was presented to the board of THPC in September, and the company is reviewing procedures and again informing people in neighbouring villages about the importance of respecting safety provisions at the plant.

Gas power

In August, the board of Statkraft approved the expansion of gas power production at Knapsack outside Cologne in Germany. The new plant, Knapsack II, will have an installed capacity of 430 MW, and is scheduled for completion in July 2013. The investment has a ceiling of about NOK 3 billion. The plant will be readied for CO₂ capture.

Wind power

On 1 October, Statkraft increased its shareholding in the Swedish company Södra Statkraft Vindkraft Utveckling from 40 to 90.1 per cent.

SN Power

In July, SN Power and the International Finance Corporation (IFC), part of the World Bank, entered into a cooperation agreement to look into opportunities to purchase or develop new hydropower plants in Vietnam.

In September, Statkraft's board approved the building of the Cheves hydropower plant in Peru. The power plant will have an installed capacity of 168 MW and an expected annual production of 834 GWh. The investment has a ceiling of about NOK 2.4 billion.

The Allain Duhangan power plant in India (192 MW) and La Higuera power plant in Chile (155 MW) came online in the third quarter.

Some work remains on a waterway in connection with Allain Duhangan, and this work is expected to be completed in 2011.

District heating

The development of the district heating grid in Harstad has started, along with the work to enter into contracts with customers. An agreement has been entered into with a biofuel supplier. The investment has a ceiling of about NOK 100 million for construction stage 1, with completion expected in the third quarter of 2011.

Other

On 19 October, Statkraft and the Swedish energy company E.ON Sverige signed an agreement under which Statkraft will purchase the remaining 33.3 per cent of the shares in Baltic Cable with accounting effect from 1 January 2011. The agreement will result in

the company becoming a wholly owned enterprise.

The grid in Tyssefaldene was sold to Odda Energi effective 1 January 2011.

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

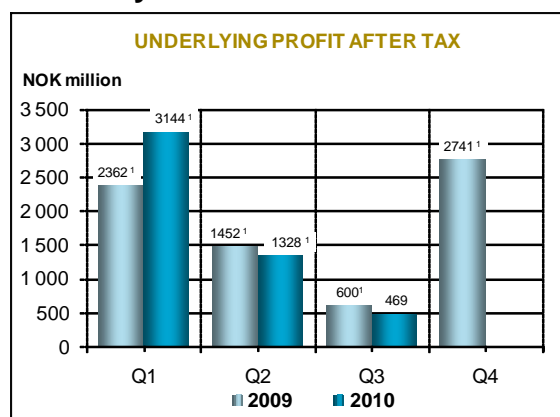
Financial performance²

The Group posted a profit before tax of NOK 1627 million in the third quarter (NOK 3756 million) and a profit after tax of NOK 1163 million (NOK 2645 million). The lower quarterly profit before tax is mainly due to lower contributions from associates, higher financial expenses and negative unrealised changes in value related to financial items.

The profit year-to-date is NOK 11 385 million before tax (NOK 9050 million) and NOK 6759 million after tax (NOK 5938 million). The improvement is mainly due to higher operating revenues, lower financial costs and a positive change in unrealised changes in value related to energy contracts.

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

Quarterly result



For the third quarter, the Group posted a profit before tax from underlying operations of NOK 804 million (NOK 888 million) and profit after tax of NOK 469 million (NOK 600 million). The lower result is mainly due to the decline in the profit shares from associates and lower net financial items. The former fell by NOK 267 million compared with the third quarter of 2009, while financial items decreased by NOK 109 million.

Gross operating revenues fell by 5 per cent, primarily as a result of lower income from dynamic hedging and trading and origination.

² The report shows comparable figures for the corresponding period in 2009 in parentheses.

Lower costs related to purchase of gas for energy production and power to the end-user business resulted, however, in improvements in both net operating revenues and the operating result. The decline in power purchases to the end-user business is connected to the fact that Fjordkraft now buys all power internally in the Group. This fact also entails that the Group's net external sales revenues fell correspondingly.

The average Nordic system price on Nord Pool was 45.9 EUR/MWh during the quarter (31.3 EUR/MWh), and the average German spot price on the German European Energy Exchange (EEX) was 43.8 EUR/MWh (37.1 EUR/MWh).

The Group produced 10.6 TWh (11.9 TWh) in total. The hydropower production in the third quarter was 3 per cent higher than during the same period last year, while gas power and wind power production fell 61 and 27 per cent, respectively.

Result year to date

The accumulated profit from the underlying operations for the first three quarters of the year was NOK 8490 million before tax (NOK 6668 million), while the profit after tax was NOK 4940 million (NOK 4415 million). The result is characterised by higher income than in the corresponding period last year, mainly as a result of high power prices in the Nordic region. Higher financial income and lower financial costs also contribute to the improvement, while lower contributions from associated companies have the opposite effect. Operations have been solid so far in 2010, with high uptime for the Group's power plants.

Return on investment

The Group achieved a return on average capital employed (ROACE) of 18 per cent over the last 12 months, compared with 15.2 per cent for 2009. The increase of 2.8 percentage points was due to a higher operating result. Capital employed remained largely unchanged.

The return on equity after tax was 12.0 per cent, compared with 11.3 per cent¹ for the full year 2009, and total return on capital after tax was 6.5 per cent, compared with 6.4 per cent¹ for the full year 2009. The increase was attributed to higher profit. Average equity and total equity remained at the same level as at the end of the previous year.

Operating revenues

The Group generated gross operating revenues of NOK 4364 million in the third quarter (NOK 4588 million). Accumulated for the first three quarters of the year, the gross operating revenues amounted to NOK 19 920 million (NOK 17 518 million), an increase of 14 per cent.

The average system price on Nord Pool was 50.2 EUR/MWh in the first nine months of the year (34.5 EUR/MWh), while the average spot price on EEX was 42.3 EUR/MWh (38.9 EUR/MWh). This represents an increase of 45 per cent in the Nordic region and 9 per cent in Germany. The average gas price at the Title Transfer Facility (TTF) in the Netherlands was 16.3 EUR/MWh (12.7 EUR/MWh), an increase of 28 per cent from the same period last year.

The Group produced a total of 39.6 TWh in the first three quarters of the year (39.1 TWh). The increase relates to gas power in Germany.

Higher prices in the Nordic region resulted in higher revenues from net physical spot sales than in the first nine months of 2009. At the same time, the high Nordic power prices also resulted in a decline in revenues from Nordic and Continental portfolio management. The revenues from the end-user activities increased as a result of higher power prices in the Nordic region. The increase in eliminations is connected to the fact that Fjordkraft now buys all power internally in the Group.

| OPERATING REVENUES | | | |
|---|---------------|---------------|---------------|
| Figures in NOK million | Year to date | | The year |
| | 2010 | 2009 | 2009 |
| Net physical spot sales, incl. green certificates | 11 073 | 7 730 | 10 464 |
| Concessionary sales at statutory prices | 224 | 254 | 384 |
| Sales of electricity to industry at statutory prices | 1 147 | 1 192 | 1 671 |
| Long-term commercial contracts | 2 332 | 2 044 | 2 820 |
| Nordic and Continental dynamic asset management portfolio | 230 | 1 379 | 1 654 |
| Trading and origination | 528 | 586 | 1 616 |
| Distribution grid | 1 046 | 1 069 | 1 485 |
| End-users | 3 879 | 3 006 | 4 285 |
| District heating | 392 | 255 | 505 |
| Other/eliminations | -1 683 | -483 | -169 |
| Sales revenues | 19 168 | 17 032 | 24 715 |
| Other operating revenues | 753 | 485 | 960 |
| Gross operating revenues | 19 920 | 17 518 | 25 675 |
| Energy purchase | -3 797 | -3 475 | -4 825 |
| Transmission costs | -1 086 | -939 | -1 054 |
| Net operating revenue | 15 037 | 13 103 | 19 796 |

Other operating revenues amounted to NOK 753 million in the first three quarters of the year (NOK 485 million). The increase is mainly generated by the increased activity in Skagerak Energi.

Energy purchases totalled NOK 3797 million (NOK 3475 million). The increase is primarily related to purchase of gas for energy production.

Transmission costs in connection with transport of power totalled NOK 1086 million (NOK 939 million). The increase was attributed to higher tariffs and power prices.

Net operating revenues amounted to NOK 15 037 million (NOK 13 103 million).

Operating expenses

The operating expenses totalled NOK 2418 million during the third quarter (NOK 2374 million). Accumulated for the first three quarters, the operating expenses totalled NOK 7317 million (NOK 6925 million), an increase of 6 per cent from the same period in 2009.

Salaries and payroll costs increased by NOK 87 million to NOK 1877 million in the first 9 months of 2010, corresponding to 5 per cent. The increase was generated by higher average staff levels, general wage growth and provisions for pension liabilities.

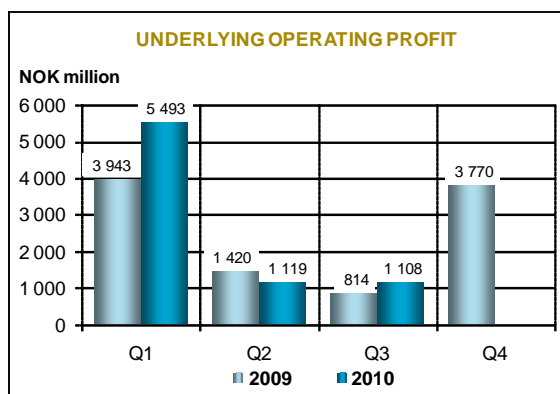
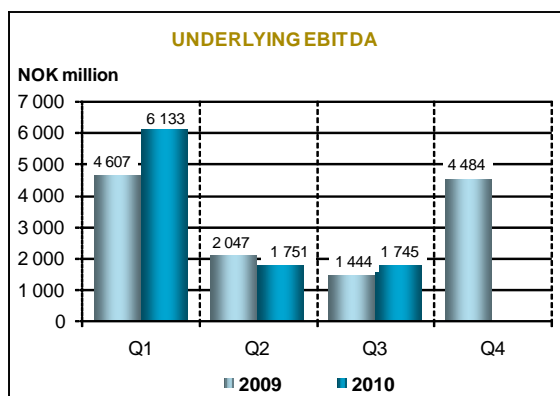
The decline in depreciation of NOK 12 million was due to a lower basis of depreciation as a result of write-downs last year, conversion effects for SN Power's depreciation as well as sale of the grid activities. Depreciation totalled NOK 1909 million in the first three quarters of the year.

Property tax and licence fees increased by NOK 63 million to NOK 928 million.

Other operating expenses increased by NOK 254 million to NOK 2604 million, primarily due to the increase of the Group's shareholding in AS Tyssefaldene.

EBITDA and operating result

Summarised for the first three quarters, the underlying operations improved by 19 per cent for EBITDA and 25 per cent for the operating result.



Profit shares from associates

The profit shares from associates amounted to NOK 145 million for the third quarter (NOK 412 million). Accumulated for the first three quarters of the year, the profit share was NOK 379 million (NOK 826 million). The decline is mainly related to a lower contribution from BKK and Agder Energi as a result of low production and losses in the hedging portfolio for energy contracts.

Financial items

Net financial items amounted to NOK 391 million so far this year (NOK -335 million).

Financial income amounted to NOK 1602 million in first nine months of the year (NOK 1221 million). This is an increase of NOK 382 million compared with the same period last year. The increase is mainly due to realised currency gains on external debt amounting to NOK 503 million. The realisation of these gains has resulted in a reduction in unrealised changes in the value of financial items. Hedging transactions in EUR and bank deposits denominated in foreign currency resulted in a loss totalling NOK 194 million.

Statkraft places significant amounts in banks and securities at times, particularly ahead of major payments. Counterparties are continu-

ously followed up to reduce the risk of losses. The return on placements was NOK 84 million lower so far this year as a result of lower average placed amounts.

The Group has four loan portfolios in NOK, SEK, EUR and USD, respectively. The portfolios are exposed to both variable and fixed interest rates, with exposure to variable interest rates amounting to 64 per cent. The average current interest rates so far in 2010 for loans denoted in NOK, SEK, EUR and USD have been 4.2, 1.2, 3.4 and 4.2 per cent, respectively. Debt in USD is in relation to project financing in SN Power.

Financial expenses amounted to NOK 1212 million so far in 2010 (NOK 1556 million). This was a decrease of NOK 344 million compared with the same period last year. Interest costs fell by NOK 227 million as a result of both lower market interest rates and lower average debt. Other financial expenses were NOK 118 million lower this year, mainly due to losses on a loan to Cinclus Technology in 2009.

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

Items excluded from the underlying result

| ITEMS EXCLUDED FROM UNDERLYING OPERATIONS | | | | | |
|---|------|--------------------|--------------|--------------------|------------------|
| Figures in NOK million | Q3 | | Year to date | | The |
| | 2010 | 2009 | 2010 | 2009 | 2009 |
| Unrealised changes in value energy contracts | 255 | -1 023 | 701 | -2 169 | -2 813 |
| associates and joint ventures | 152 | 137 | 439 | 409 | 547 |
| Unrealised changes in financial items | 415 | 3 756 | 1 903 | 5 544 | 5 977 |
| Unrealised changes | 822 | 2 870 | 3 043 | 3 784 | 3 711 |
| Material non-recurring items | - | -2 | -148 | -1 402 | -1 878 |
| Unrealised changes and material non-recurring items after tax | 695 | 2 046 ¹ | 1 819 | 1 523 ¹ | 561 ¹ |

In the first three quarters of the year, total unrealised changes in value and material non-recurring items after tax amounted to NOK 1819 million (NOK 1523 million).

Unrealised changes in value for energy contracts amounted to NOK 701 million (NOK -2169 million). The Group's contracts are indexed against various commodities, currencies and indices. Higher gas prices and a strong

USD have been the primary influences on these unrealised items.

Unrealised changes in value for associates and joint ventures amounted to NOK 439 million (NOK 409 million).

Unrealised changes in value for financial items amounted to NOK 1903 million in the first nine months of the year, (NOK 5544 million), and are primarily related to currency effects. This applies to currency effects for external liabilities in EUR and SEK, currency hedging contracts, as well as internal loans. In addition, currency effects for the E.ON AG shares are presented as unrealised changes in value.

Debts in SEK and EUR resulted in a total unrealised currency loss of NOK 69 million. The Norwegian krone (NOK) has rallied compared to EUR, yielding a currency gain of NOK 626 million. A substantial part of the debt in SEK was realised and rolled over. The realisation resulted in a decline in unrealised currency gains of NOK 548 million. In addition, impairment against SEK resulted in an unrealised currency loss of NOK 147 million.

Statkraft uses currency hedging contracts to ensure that future agreed cash flows, mainly related to power sales in EUR, are hedged. Of the unrealised changes in value for financial items, currency hedging contracts and short currency positions made a positive contribution of NOK 565 million, mainly due to a stronger NOK against EUR.

Currency gains on internal loans amounted to NOK 2430 million of the unrealised changes in value for financial items. The gain arose mainly as a result of stronger NOK and SEK against EUR. The gain has no cash effect and will have a contra entry in the equity capital in the currency conversion of the relevant companies when they are consolidated.

Unrealised changes in value related to currency for the E.ON AG shares are shown as currency losses under financial items and amounted to NOK 785 million. Currency effects are recognised in the income statement as part of the unrealised changes in value in order to reduce the effect of currency changes on internal and external loans denominated in EUR.

Changes in value for interest rate and inflation derivatives amounted to a loss of NOK 14 million so far this year.

Non-recurring items excluded from the calculation of the underlying result amount to NOK -148 million so far this year (NOK -1402 million). There were no new non-recurring items in the third quarter this year.

In the second quarter of 2010, Statkraft recorded a gain on the sale of the shares in Trondheim Energi Nett amounting to NOK 393 million. The gain was classified as other operating revenues in the accounts.

In the second quarter, Statkraft wrote down the gas power plant Emden IV in Germany, the hydropower plants Allain Duhangan in India, La Confluencia in Chile and Malana in India, as well as the project portfolio in Chile. In total, the write-downs amounted to NOK 537 million.

Taxes

The accounting tax cost amounted to NOK 4626 million in the first three quarters of the year (NOK 3112 million), corresponding to an effective tax rate of 41 per cent (34 per cent).

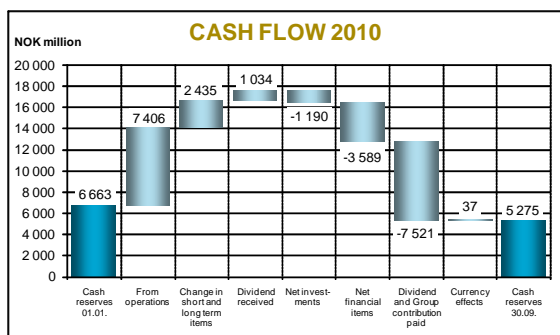
The payable resource rent tax amounted to NOK 1257 million (NOK 956 million), corresponding to 27 per cent of the Group's total accounting tax cost (31 per cent).

The unrealised changes in value and non-recurring items increased the accounting tax cost by NOK 1076 million in the first nine months of the year (NOK 859 million).

The tax costs on the underlying profit amounted to NOK 3550 million (NOK 2252 million¹), which corresponds to an effective tax rate of 42 per cent (34 per cent).

Cash flow and capital structure

The operating activities generated a cash flow of NOK 7406 million in the three first quarters of the year (NOK 3842 million). Long and short-term items had a net positive change of NOK 2435 million (NOK 5505 million). Dividends received from associates amounted to NOK 1034 million (NOK 924 million). The net change in liquidity from the business thus totalled NOK 10 875 million (NOK 10 271 million).



NOK 2596 million was invested during the first nine months of the year. In addition to maintenance investments, the largest investment items were related to hydropower in Norway and Turkey as well as wind power in Sweden and the UK. In addition, sale of fixed assets, most significantly Trondheim Energi Nett, amounted to NOK 1406 million. The net liquidity effect from investments thus amounted to NOK -1190 million (NOK -3358 million).

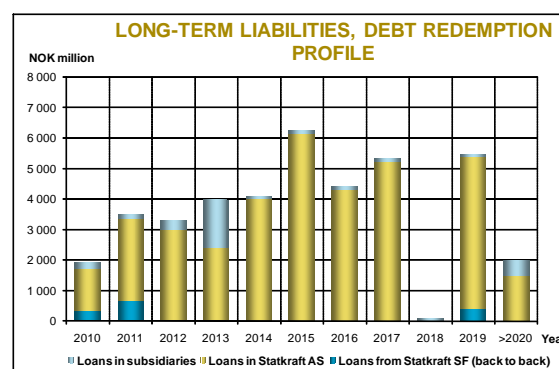
Statkraft's credit margins remained stable during the period. There has been a high level of activity in European and Swedish bond markets, while the activity in the Norwegian market has been more modest. During the third quarter, Statkraft issued bonds worth NOK 900 million in the Norwegian market. The market for bank loans and bank credit facilities also showed a stable trend as regards pricing and availability. New borrowings totalled NOK 2904 million during the first nine months of the year. Repayment of debt amounted to NOK 6734 million. In the third quarter, dividend and group contribution was disbursed to Statkraft SF totalling NOK 7521 million (NOK 6245 million).

CASH FLOW

| Figures in NOK million | Year to date | | The year |
|---|--------------|--------|----------|
| | 2010 | 2009 | 2009 |
| Net cash flow from operating activities | 10 875 | 10 271 | 12 714 |
| Net cash flow from investing activities | -1 190 | -3 358 | -4 678 |
| Net cash flow from financing activities | -11 110 | 3 002 | -3 333 |
| Net change in cash and cash equivalents | -1 425 | 9 915 | 4 703 |
| Currency effect on cash flows | 37 | -354 | -249 |
| Cash and cash equivalents 01.01. | 6 663 | 2 209 | 2 209 |
| Cash and cash equivalents 30.09./31.12. | 5 275 | 11 770 | 6 663 |

There was a negative change in net liquidity of NOK 1425 million (positive change of

NOK 9915 million), and the Group's cash and cash equivalents amounted to NOK 5275 million, compared with NOK 6663 million at the beginning of the year.



Interest-bearing liabilities were NOK 42 627 million at the end of the third quarter, compared with NOK 45 660 million at the start of the year. The interest-bearing debt-to-equity ratio was 42.3 per cent, compared with 41.3 per cent at year-end 2009.

Loans from Statkraft SF to Statkraft AS amounted to NOK 1.4 billion at the end of the quarter compared with NOK 4.5 billion at the beginning of the year. Guaranty premium payments to the Norwegian state amounted to NOK 13 million in the first three quarters of the year.

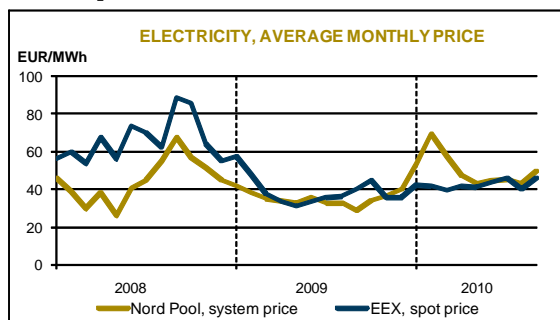
One of the paramount goals for Statkraft's financing is to establish and maintain financial flexibility and secure an even distribution of liability maturities. The Group strives to adapt new borrowing to the maturity profile.

At the end of the quarter, current assets, excluding cash and cash equivalents, totalled NOK 14 247 million and short-term interest-free debt amounted to NOK 18 700 million. Energy and financial derivatives amounted to NOK 4906 million of current assets and NOK 5082 million of short-term interest free debt, respectively.

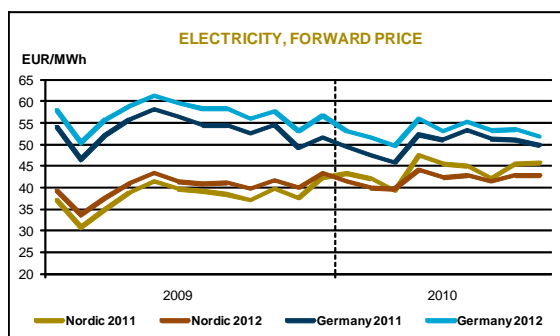
At the end of the third quarter, Statkraft's equity totalled NOK 58 142 million, compared with NOK 64 901 million at the start of the year. This corresponds to 42.7 per cent of total assets. The decline of 2.4 percentage points from the turn of the year is primarily related to disbursement of dividend and group contribution to Statkraft SF.

¹ The figures have been changed in relation to previously published information due to erroneous calculation of 28 per cent tax on the changes in value in connection with securities subject to the exemption method.

The power market



The majority of Statkraft's output is generated in the Nordic region and Germany. The Group is also exposed in markets outside Europe through its subsidiary SN Power. Power prices are influenced by hydrological conditions and commodity prices for thermal power plants. Gas is also an input factor in Statkraft's own production. Prices in the Nordic region were high in the first half of the year, while prices on the Continent were relatively low. Prices in the third quarter were relatively stable both in the Nordic region and on the Continent. The price difference between the Nordic region and Germany evened out towards the end of the first half of the year, but increased somewhat towards the end of the third quarter. At the end of September, the German spot price was 3.5 EUR/MWh lower than the Nordic system price.



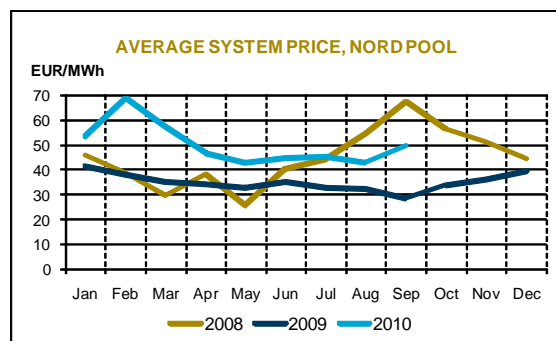
Forward prices in the Nordic region and Germany fell at the beginning of the third quarter as a result of warmer weather, lower consumption and lower thermal prices. Forward prices in the Nordic region increased somewhat in August as a result of increased consumption and uncertainty related to Swedish nuclear power. Forward prices in Germany fell additionally both in August and September as a result of lower gas prices.

The Nordic power market

The average system price in the Nordic market was higher in all of the first nine months than in the corresponding periods in 2009. The aver-

age price was 45.9 EUR/MWh in the third quarter (31.3 EUR/MWh) and 50.2 EUR/MWh in the first nine months of the year (34.5 EUR/MWh), increases of 46.7 and 45.4 per cent, respectively

Compared with an average of the system prices for 2005-2009, the prices in 2010 were 17.0 per cent higher in the third quarter and 40.6 per cent higher in first nine months of the year.



Source: Nord Pool

Power prices rose somewhat through the third quarter as a result of the holiday season being over, dry weather forecasts, falling temperatures and downtime for Swedish nuclear power. The price differences between price areas were small in the quarter.

POWER CONSUMPTION AND OUTPUT IN THE NORDIC AREA

| TWh | 2010 | 2009 | 2008 | 2010-2009 | Change |
|-------------------------------------|-------|-------|-------|-----------|--------|
| Nordic consumption | 281.0 | 267.2 | 286.5 | 5.2 % | |
| Nordic output | 267.8 | 262.1 | 288.4 | 2.2 % | |
| Net Nordic imports (+)/ exports (-) | 13.3 | 5.2 | -1.9 | - | |
| Norwegian consumption | 90.8 | 86.2 | 92.4 | 5.4 % | |
| Norwegian output | 84.1 | 91.7 | 102.8 | -8.4 % | |
| Norwegian imports (+)/ exports (-) | 6.8 | -5.5 | -10.4 | - | |

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

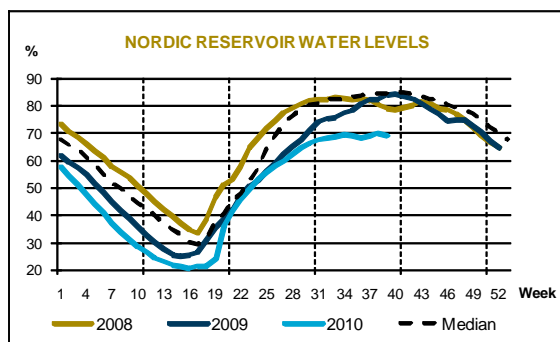
The consumption in the Nordic region was higher both in the third quarter and in the first nine months of the year compared with the same periods last year, and the total consumption increased by 4.3 per cent in the third quarter and 5.2 per cent so far this year. The increase is mainly due to lower than normal temperatures. The underlying consumption in Sweden and Finland in the regular supply is

5 and 6 per cent lower, respectively, than before the financial crisis.

The consumption in Norway increased by 4.6 per cent in the third quarter and 5.4 per cent so far this year. The regular consumption in Norway was 65.1 TWh in the first nine months of the year, an increase of 6.4 per cent compared with the same period in 2009. The consumption in the energy-intensive industry was 21.5 TWh, an increase of 9 per cent from the preceding year.

The Nordic energy production was 1.7 per cent higher in the third quarter and 2.2 per cent higher so far this year than in the corresponding period last year. The Nordic region's net import of power was 3.4 TWh in the quarter (1.5 TWh) and 13.3 TWh during the first nine months of the year (5.2 TWh).

The Norwegian energy production was 11.4 per cent lower in the third quarter and 8.4 per cent lower so far this year compared with the same periods in 2009. Norway's net import of power from abroad was 0.1 TWh during the quarter, compared with a net export of 4.0 TWh in the third quarter of 2009. The net import so far in 2010 is 6.8 TWh, compared with a net export of 5.5 TWh at the same time last year.

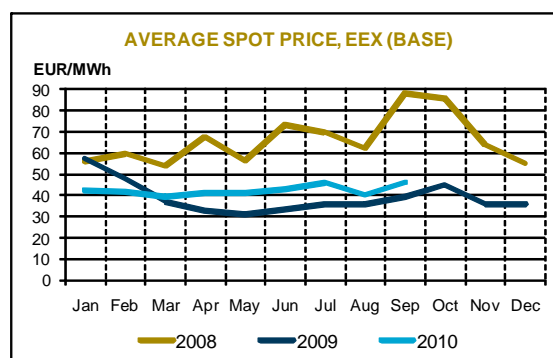


At the end of September (week beginning 27 September), the total water level in the Nordic region's reservoirs was 82.0 per cent of normal, corresponding to 83.8 TWh. The water level was 69.2 per cent of maximum capacity, which is 121.2 TWh.

The German power market

The average spot price on the German market was 18.3 per cent higher in the third quarter than in the corresponding period last year, and ended at 43.8 EUR/MWh (37.1 EUR/MWh). For the first nine months of the year overall, prices were 8.5 per cent higher than during the same period in 2009, and ended at 45.9 EUR/MWh (38.9 EUR/MWh).

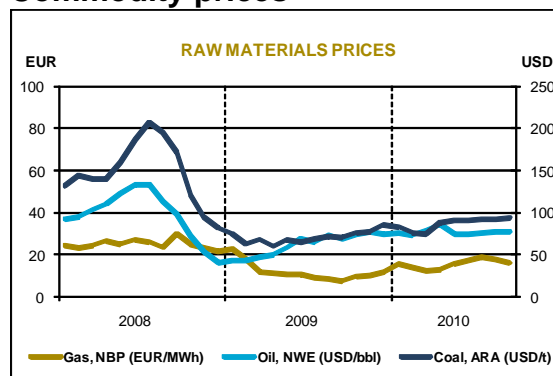
Compared with an average of the spot prices for the years 2005-2009, the prices in 2010 are about 8 per cent lower both in the quarter and so far this year.



Source: European Energy Exchange (EEX)

With the exception of the first two months of the year, the average German spot price has been higher in 2010 than in the corresponding period last year. The price increase towards the end of the quarter was primarily driven by lower power imports from France.

Commodity prices



Oil prices showed a relatively flat development in the third quarter, stabilising at around USD 70-80 per barrel.

The gas price rose somewhat at the beginning of the third quarter, but fell back again. The prices were influenced by some downtime for the transmission capacity.

Coal prices were relatively stable in the third quarter. Prices were influenced by lower Asian demand and a weaker US dollar.

CO₂ prices rose somewhat in August with the issuing of new CER quotas related to projects that reduce emissions of the greenhouse gas HFC-23 being halted for the time being. As this effect became incorporated into the market prices, prices fell again as the month progressed. The weaker British gas market and

German power prices were the main influences on the quota market. Towards the end of the quarter, the quota market was lifted again by

relative fuel prices (lower coal prices compared with gas prices), as well as somewhat higher German power prices.

Staff and HSE

Full-time equivalents

At the end of the third quarter, the Group employed 3296 full-time equivalents, 82 less than at the end of 2009, and 26 less than at the end of the third quarter of 2009. The decline from the turn of the year is due to the sale of Trondheim Energi Nett, which reduced the number of full-time equivalents by 124.

HSE

| | Q3 | | Year to date | | The year |
|---|------|------|--------------|------|----------|
| | 2010 | 2009 | 2010 | 2009 | 2009 |
| LTI (lost-time injuries per million hours) | 1.8 | 5.0 | 3.0 | 4.2 | 3.8 |
| TRI (total recordable injuries per million hours) | 4.8 | 9.4 | 5.5 | 8.6 | 8.4 |
| F (days lost through injury per million hours) | 13.8 | 24.5 | 33.7 | 32.6 | 36.6 |
| Absence due to illness (%) | 3.4 | 3.4 | 3.4 | 3.1 | 3.3 |

There were two fatal incidents during the third quarter. In July, unauthorised people entered a restricted area at a closed down power station owned by Agder Energi and a man fell down a turbine pipe and died. The incident has been reported to the board of Agder Energi and an investigation report regarding securing of the plant has been prepared and is being followed up. In August, a sub-contractor employee in Laos (THPC) died while fishing at the plant in his spare time. The investigation report was presented to the board of THPC in September, and the company is reviewing procedures and again informing the people in neighbouring villages of the importance of respecting the plant's safety provisions.

The Group has had four fatal incidents so far this year. In the first quarter, one person died at the Allain Duhangan plant in India, where SN Power has an ownership interest of 43 per cent. There was also a fatal incident in the second quarter in the Theun Hinboun Power Company (THPC) in Laos, where Statkraft SF owns 20 per cent.

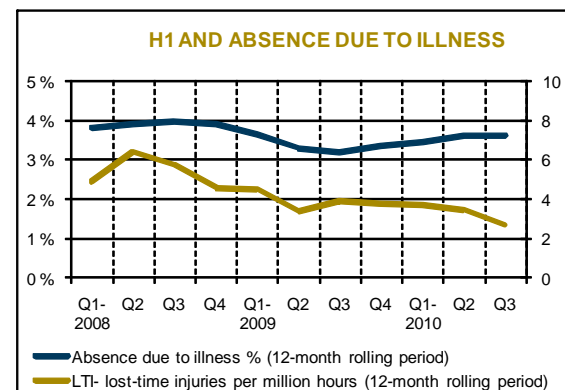
There were six fatal incidents in the first nine months of 2009, and eight in total for the year. Improved training and management follow-up, as well as increased presence of technical and HSE experts have contributed to reduce the number of accidents and injuries in international development projects. To ensure a further positive development, the focus on follow-up and preventive measures will remain strong in own operations and projects. Stricter HSE requirements are also set for partners and suppliers.

During the third quarter, there were three lost-time injuries for own employees in the Group, of which two injuries took place in Skagerak Energi, and one in the Generation and Markets segment. The latter was a crush injury in connection with the assembly of a mast, and the incident could potentially have resulted in serious personal injury. The incident is being investigated and followed up. The LTI value for the third quarter improved from 5.0 last year to 1.8.

There were a total of eight injuries in the Group in the third quarter, against 15 in the corresponding period in 2009, which gives a TRI value of 4.8 compared with 9.4 in the corresponding period in 2009.

The injury frequency for suppliers in consolidated operations shows a negative development. There were ten lost-time injuries in the third quarter, nine of which took place in Generation and Markets and one in the Customers segment. This amounted to an LTI value for suppliers of 20.9 in the third quarter, compared with 10.9 during the same period in 2009. As a result of the high injury frequency in Generation and Markets, courses in the revised Regulations relating to safety and health requirements on construction sites have been held for project managers and employees, as well as a revision of guidelines related to choice and follow-up of suppliers.

In total, there were 23 days of absence in the third quarter, resulting in an F-value of 13.8, against 24.5 during the same period last year. Absence due to illness was 3.4 per cent in the third quarter. Statkraft's goal is to achieve an absence rate of less than 4 per cent.

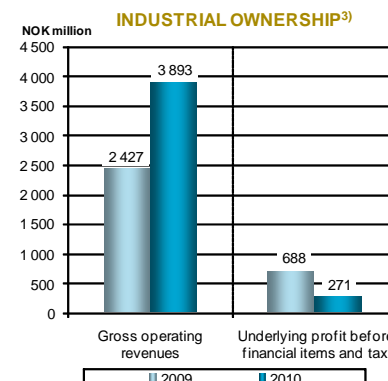
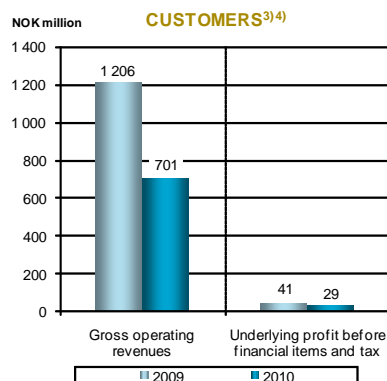
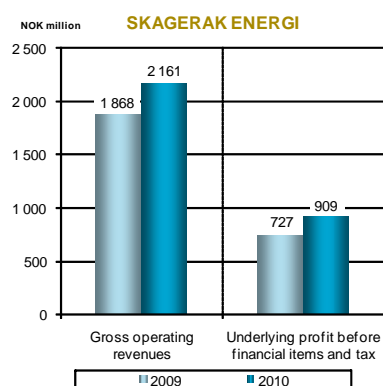
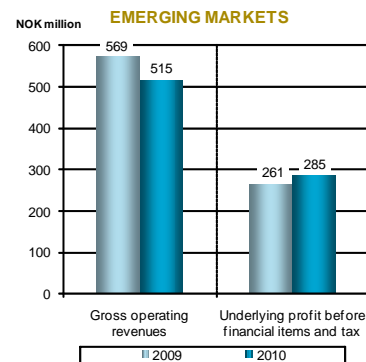
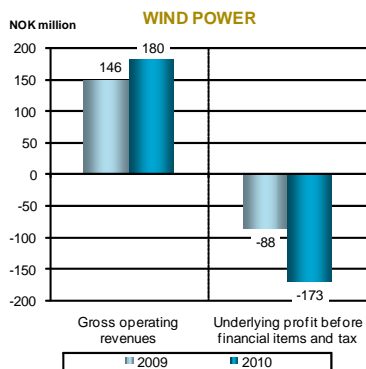
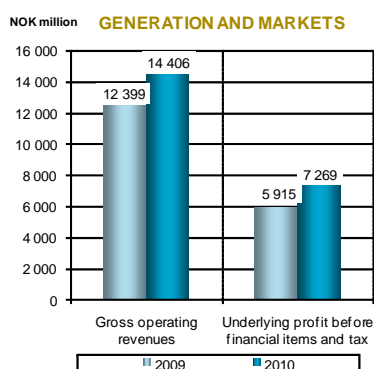


The Group experienced no serious environmental incidents so far this year.

Segments

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

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



³⁾ The power sales activities in the Customers segment were sold to Fjordkraft, which is part of the Industrial Ownership segment, at the end of 2009. In 2009, the activities generated gross operating revenues of NOK 90 million and NOK 28 million in operating profit.

⁴⁾ The grid activities in the Customers segment had been sold to TrønderEnergi Nett. The result from the enterprise has been included in the figures for the Customers segment in the first half of the year. During the second half of 2009, the grid activities had gross operating revenues of NOK 218 million and NOK 53 million in operating profit.

Generation and Markets

KEY FIGURES - UNDERLYING OPERATIONS

| Figures in NOK million | Year to date | | Change | The year 2009 |
|--|--------------|--------------|--------------|------------------|
| | 2010 | 2009 | | |
| Gross operating revenues | 14 406 | 12 399 | 2 007 | 18 539 |
| Net operating revenues | 11 489 | 9 927 | 1 561 | 15 242 |
| EBITDA | 8 424 | 7 054 | 1 370 | 11 114 |
| Operating profit | 7 253 | 5 867 | 1 385 | 9 435 |
| Share of profit from associates and joint ventures | 17 | 48 | -31 | 99 |
| Profit before financial items and tax | 7 269 | 5 915 | 1 354 | 9 534 |
| Unrealised changes in value and material non-recurring items | 701 | -2 589 | 3 290 | -3 427 |
| Maintenance investments | 427 | 366 | 61 | 594 |
| Investments in new generating capacity | 392 | 279 | 113 | 548 |
| Investments in shareholdings | - | - | - | - |

The Generation and Markets segment is responsible for the operation and maintenance of hydropower plants and gas power plants in Europe, as well as physical and financial trading in energy and energy-related products in Europe. The production plants are generally flexible and include 182 wholly and partly owned hydropower plants, five gas power plants and two biomass plants. The total installed capacity is 12 956 MW. In addition to own power production, the segment is engaged in extensive trading 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

Highlights in the quarter

On 18 August, the board of Statkraft approved the expansion of gas power production at Knapsack outside Cologne in Germany. The new plant, Knapsack II, is scheduled for completion in July 2013, and Statkraft and Siemens have signed an agreement relating to the delivery of the new gas power plant with an installed capacity of 430 MW. The investment has a ceiling of NOK 3 billion. The agreement covers design, delivery and construction of the power plant as soon as the final permits and approvals have been secured. The gas power plant will be highly flexible, which is important to balance the strong fluctuations from the steadily rising share of non-flexible sources on the Continent, such as wind and solar power. The gas power plant also has relatively low CO₂ emissions compared with the coal power plants which currently dominate power production in the region, and will be readied for CO₂ capture.

The grid in AS Tyssefaldene was sold to Odda Energi AS effective 1 January 2011. The sale will take place through sale of content and is legally considered to be a business transfer. The sale of the grid activities will not influence the tariffs paid by Statkraft for supplying power in the area.

Troms Kraft Produksjon's lease agreement for the waterfall rights at Bardufoss expired on 1 May 2010. The parties disagree on rights and obligations upon expiry of the agreement. Statkraft has issued a writ of summons to the Court of Arbitration to establish that the agreement has expired and that Statkraft Energi has the redemption right to Troms Kraft's plant.

On 19 October, Statkraft and the Swedish energy company E.ON Sverige signed an agreement to the effect that Statkraft will purchase the remaining 33.3 per cent of the shares in Baltic Cable, with accounting effect from 1 January 2011. The company owns and operates the 600 MW power cable between Trelleborg in Sweden and Lübeck in Germany. Through this agreement, the company becomes wholly owned by Statkraft.

Financial performance

The segment's underlying profit before financial items and tax was NOK 7269 million in the first three quarters of the year (NOK 5915 million). The improvement is driven by higher power prices in the Nordic region.

The gas power activities yielded a loss before financial items and tax from the underlying production in the first nine months of the year.

The gas power production of 5.0 TWh (4.1 TWh) was relatively high in spite of low or negative spark spread, the margin between gas and power prices, during the period. This is due to gas purchase obligations through gas delivery agreements. However, production fell in the third quarter, to 1.0 TWh (2.3 TWh). This is due to a further impairment of the spark spread and the fact that the gas purchase contract for Emden has been terminated. The latter results in larger flexibility to adapt the production to price fluctuations in the spot markets.

The gross operating revenues rose by NOK 2007 million to NOK 14 406 million. High power prices in the Nordic region, high gas power production and high revenues from the power transmission on the Baltic Cable resulted in an increase in the revenues from net physical spot sales of NOK 2988 million. The high power prices in the Nordic region resulted in the realised result from the Nordic portfolio management being NOK 797 million lower than in the first three quarters of 2009. The result from Continental portfolio management was NOK 351 million lower than during the same period in 2009. Revenues from long-term commercial industry contracts increased by NOK 344 million due to a higher contract volume. Realised revenues from trading and origination were NOK 58 million lower than at the same time last year.

The operating expenses increased by NOK 176 million to NOK 4236 million. The increase relates mainly to an increased shareholding in AS Tyssefaldene. This gives increased sales revenues, but the revenues were somewhat lower than costs as a result of Tyssefaldene

having physical obligations exceeding the production capacity in the third quarter this year.

The operating profit for the segment amounted to NOK 7253 million in the first three quarters of the year (NOK 5867 million).

The share of results from associates was NOK 17 million (NOK 48 million).

Operations

Operations and production were stable in the year's first nine months. The hydropower production amounted to 29.3 TWh (29.5 TWh), whereas gas power production, including biomass, amounted to 4.9 TWh (4.1 TWh).

Uptime rates have been good so far in 2010, and scheduled downtime (shutdown of production expected to result in loss of revenues) for Nordic hydropower was 2.6 per cent. This is better than the target of 4.8 per cent. For Germany and the UK, the actual downtime for hydro and gas power has been 7.6 per cent so far in 2010. Downtime at Knapsack, Emden gas and Emden bio were the main causes.

There were four lost-time injuries and seven injuries without lost time for own employees in the first three quarters of the year. In addition, there were 22 lost-time injuries among sub-contractor employees.

Absence due to illness was 3.1 per cent so far this year.

Wind power

KEY FIGURES - UNDERLYING OPERATIONS

| Figures in NOK million | Year to date | | Change | The year 2009 |
|--|--------------|------------|------------|------------------|
| | 2010 | 2009 | | |
| Gross operating revenues | 180 | 146 | 34 | 261 |
| Net operating revenues | 164 | 133 | 32 | 246 |
| EBITDA | -47 | -29 | -18 | 29 |
| Operating profit/loss | -125 | -95 | -30 | -64 |
| Share of profit from associates and joint ventures | -48 | 7 | -55 | -15 |
| Profit before financial items and tax | -173 | -88 | -85 | -78 |
| Unrealised changes in value and material non-recurring items | - | - | - | - |
| Maintenance investments | 1 | 24 | -23 | 26 |
| Investments in new generating capacity | 56 | 121 | -65 | 348 |
| Investments in shareholdings | 517 | 528 | -11 | 826 |

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. Today, Wind power has development and construction projects underway in Norway, Sweden and the UK and is working in partnerships in the segment's market areas. The segment has four wind parks in operation; Smøla, Hitra and Kjøllefjord in Norway as well as Alltwalis in the UK. The total installed capacity for these wind farms is 268 MW.

Highlights in the quarter

On 1 October, Statkraft increased its shareholding in the Swedish company Södra Statkraft Vindkraft Utveckling from 40 to 90.1 per cent. This means that Statkraft will assume employer responsibility for the five employees in the company.

The Em development project in Mönsterås in southern Sweden is proceeding according to schedule and budget. The wind farm will have an installed capacity of 9.2 MW, and is expected to be in operation by January 2011.

The assembly of the first turbine foundations offshore has been completed in the offshore wind power project Sheringham Shoal in the UK. The work on land is in the process of being completed. The work of laying the offshore export cable has started. The project will be completed in 2012.

Financial performance

The underlying loss for the segment before financial items and tax was NOK 173 million⁵ in first three quarters of the year (loss of NOK 88 million). The Norwegian wind farms in operation are showing a result improvement of NOK 2 million, but increased activity related to new wind power projects resulted in a decline in the segment's result.

The wind farms in operation in Norway had lower production compared with the first nine months of 2009 as a result of less wind, but higher prices resulted in an increase in gross operating revenues of NOK 11 million. In addition, the segment has received revenues of NOK 26 million from the Alltwalis wind farm in the UK, which started production in October 2009.

Gross operating revenues totalled NOK 180 million (NOK 146 million).

The transmission costs amounted to NOK 16 million (NOK 14 million) and the net operating revenues increased by NOK 32 million to NOK 164 million.

Operating expenses comprised NOK 289 million (NOK 227 million). The increase mainly relates to the company Statkraft Södra Vindkraft which was acquired in October 2009, the new wind farm in the UK, more employees

⁵ The result so far in 2010 is negatively impacted by an intra-group income correction for the wind farms relating to the fourth quarter of 2009. The correction was implemented in the first quarter of 2010 and entails a revenue and result reduction totalling NOK 22 million

and higher activity level in connection with the development of new capacity. The operating expenses for the Norwegian wind farms increased by NOK 7 million, while Alltwalis contributed an increase of NOK 22 million.

The segment posted an operating loss of NOK 125 million (loss of NOK 95 million).

The share of loss from associates and joint enterprises was NOK 48 million (profit share of NOK 7 million). The decline is due to increased activity in connection with the Sheringham Shoal and Doggerbank offshore wind power projects, as well as the company Statkraft Agder Energi Vind.

Operations

Total production for the wind farms was 368 GWh in the three first quarters of the year (448 GWh). Production so far in 2010 is lower than last year in spite of new production capac-

ity from Alltwalis in the UK. This is due to lower production from the Norwegian wind farms as a result of less wind compared with the same period last year.

So far in 2010, 11 eagles have been found dead after colliding with wind turbines. Statkraft is engaged in research to prevent such collisions.

No injuries have been reported for own employees year-to-date, but three lost-time injuries have been reported by sub-contractors.

Absence due to illness is 1.0 per cent so far this year.

Emerging Markets

KEY FIGURES - UNDERLYING OPERATIONS

| Figures in NOK million | Year to date | | Change | The year 2009 |
|---|--------------|------------|------------|------------------|
| | 2010 | 2009 | | |
| Gross operating revenues | 515 | 569 | -54 | 746 |
| Net operating revenues | 481 | 558 | -77 | 686 |
| EBITDA | 159 | 261 | -102 | 282 |
| Operating profit | 60 | 137 | -77 | 181 |
| Share of profit from associates and joint ventures | 226 | 125 | 101 | 198 |
| Profit before financial items and tax | 285 | 261 | 24 | 379 |
| Urealised changes in value and material non-recurring items | -341 | - | -341 | -107 |
| Maintenance investments | 88 | 176 | -88 | 150 |
| Investments in new generating capacity | 88 | 586 | -498 | 599 |
| Investments in shareholdings | 230 | -271 | 501 | -271 |

The Emerging Markets segment is responsible for the management and further development of ownership positions outside Europe, and currently consists of the ownership interest in SN Power (60 per cent). Norfund owns the remaining 40 per cent. In addition, Theun Hinboun Power Company (THPC) in Laos (20 per cent shareholding) is managed on behalf of Statkraft SF. THPC is not included in the financial segment figures. At the end of last year, SN Power had ownership interests in 19 hydropower plants in Latin America and Asia, as well as in one wind farm and one thermal power plant in Latin America. The power plants have a combined installed capacity of 1358 MW. In addition, SN Power has 431 MW under construction and rehabilitation, alone or in cooperation with others. 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

There was one fatal incident in the third quarter, when an employee with a sub-contractor in Laos (THPC) died while fishing at the plant in his spare time. The investigation report was presented to the board of THPC in September, and the company is reviewing procedures and again informing the people in neighbouring villages of the importance of respecting the plant's safety provisions.

The hydropower plants Allain Duhangan (192 MW) in India (43 per cent shareholding) and La Higuera (155 MW) in Chile (45 per cent shareholding) came online in the third quarter. Some work remains on a waterway in connec-

tion with Allain Duhangan, and this work is expected to be completed in 2011. As earlier reported, both these development projects have reported significant delays and cost overruns.

On 23 September, the board of Statkraft approved the construction of the Cheves hydropower plant in Peru (100 per cent shareholding). The power plant will have an installed capacity of 168 MW and an expected annual production of 834 GWh. The investment has a ceiling of about NOK 2.4 billion. Prior to the decision an agreement, connected to the development of the plant, to deliver 600 GWh of power were entered into. In order to comply with the contractual obligations, SN Power will have to complete the development of the hydro-power plant within 1 July 2014.

On 2 July, SN Power and the International Finance Corporation (IFC), part of the World Bank, entered into a cooperation agreement to look into opportunities to purchase or develop new hydropower plants in Vietnam. The power balance in Vietnam is strained after years of strong economic growth.

Financial performance

The segment's underlying profit before financial items and tax was NOK 285 million in the first three quarters of the year (NOK 261 million). The consolidated activities in Peru and Nepal, the wind farm in Chile and SN Power's national and regional offices achieved an operating result NOK 77 million lower than for corresponding period in 2009. Associates and joint ventures, which are mainly active in India and the Philippines, achieved a result im-

provement of NOK 101 million compared with the corresponding period last year.

Gross operating revenues totalled NOK 515 million (NOK 569 million) in the first nine months of the year. The decline is due to a lower exchange rate for USD in 2010 compared with the same period in 2009, as well as lower revenues in Peru. The lower revenues in Peru are due to both lower production and prices. The Totoral wind farm in Chile (80 per cent shareholding), which came online at the end of last year, has generated revenues of USD 10 million so far this year.

Operating expenses comprised NOK 421 million (NOK 421 million). Corrected for operating expenses in connection with the Totoral wind farm and a weaker USD, the costs of underlying operations are about on the same level as last year.

The segment posted an operating profit of NOK 60 million (NOK 137 million).

The profit share from associates in India (49 per cent shareholding in Malana) and in the Philippines (50 per cent shareholding in Magat and Binga) was NOK 226 million (NOK 125 million). The result improvement is due to higher prices and growing sale of add-on services in the Philippines as well as improvements in net financial items in these partly-owned companies.

Operations

SN Power's relative share of the production in wholly and partly owned power plants was

1.9 TWh in the first three quarters of the year (2.0 TWh). Corrected for SN Power's relative share of the production at Totoral wind farm, this is a decline of 8 per cent. The reasons for the lower production are low reservoir water level at the start of the period and modest rain in the first half of the year for the Magat hydropower plant in the Philippines (50 per cent shareholding), as well as lower inflow in Peru, Nepal and the Philippines compared with the corresponding period in 2009. Uptime for the power plants in Peru, India, Nepal, Sri Lanka and the Binga power plant in the Philippines have been generally good.

Demanding geological conditions will cause cost overruns for La Confluencia (50 per cent shareholding), but parts of the plant are expected to come online in 2010. The Ambuklao hydropower plant (50 per cent shareholding) in the Philippines, which is undergoing rehabilitation and was expected to come online at the turn of the year 2010/2011, will be six to nine months delayed as a result of having to build a new intake tunnel, as it proved impossible to repair the old tunnel as originally planned.

There were two lost-time injuries and no injuries without lost time for own employees in first nine months of the year. In addition, three lost-time injuries have been reported for employees in associates and 43 lost-time injuries for sub-contractor employees in projects in associated companies.

Absence due to illness is 1.3 per cent so far this year

Skagerak Energi

KEY FIGURES - UNDERLYING OPERATIONS

| Figures in NOK million | Year to date | | Change | The year 2009 |
|--|--------------|------------|------------|------------------|
| | 2010 | 2009 | | |
| Gross operating revenues | 2 161 | 1 868 | 293 | 2 726 |
| Net operating revenues | 2 137 | 1 834 | 303 | 2 690 |
| EBITDA | 1 250 | 1 091 | 159 | 1 609 |
| Operating profit | 907 | 746 | 160 | 1 123 |
| Share of profit from associates and joint ventures | 2 | -20 | 22 | -21 |
| Profit before financial items and tax | 909 | 727 | 182 | 1 103 |
| Unrealised changes in value and material non-recurring items | 29 | 30 | -2 | 68 |
| Maintenance investments | 99 | 150 | -51 | 289 |
| Investments in new generating capacity | 236 | 251 | -15 | 401 |
| Investments in shareholdings | - | - | - | 1 |

This segment comprises the Skagerak Energi Group and the activities focus on generation and sale of power and district heating, as well as distribution grid activities. Other activities involve fibre, natural gas distribution and electrical contractor activities and settlement activities. Skagerak Energi is owned by Statkraft (66.6 per cent shareholding) and the local municipalities in Skien (15.2 per cent), Porsgrunn (14.8 per cent) and Bamble (3.4 per cent). The production assets comprise 45 wholly and partly-owned hydropower plants with a total installed capacity of 1315 MW. The company has about 179 000 distribution grid customers.

Highlights in the quarter

On 1 July, Skagerak notified Lyse that the option to sell the shares in Skagerak Fibernett will be exercised. This means that Lyse will acquire Skagerak's shareholding in early January 2011.

Statnett has signalled a need to increase the transmission capacity in the national grid between Kristiansand and Rød in Skien. The project will give Skagerak the opportunity to restructure the current regional 132 kV grid while making it possible to strengthen supply to the industry at Herøya and in the Rafnes area.

Financial performance

The segment's underlying profit before financial items and tax was NOK 909 million in the first three quarters of the year (NOK 727 million).

Gross operating revenues totalled NOK 2161 million (NOK 1868 million). The increase is mainly attributed to an increase in power sales revenues as a result of higher prices. In addition, other operating revenues increase as a

result of the consolidation of Skagerak Naturgass and Skagerak Fibernett as subsidiaries – Skagerak Naturgass and parts of the fibre activities were earlier reported as associates – and higher activity levels in Skagerak Elektro.

The operating expenses amounted to NOK 1230 million (NOK 1088 million). The increase is due to the consolidation of Skagerak Naturgass and Skagerak Fibernett, as well as higher activity levels in Skagerak Elektro and Skagerak Varme.

The segment posted an operating profit of NOK 907 million (NOK 746 million). The profit share from associates was NOK 2 million (loss of NOK 20 million).

Operations

The segment produced 3.4 TWh in the first three quarters of the year (3.6 TWh). Operations were stable in the period.

There were eight lost-time injuries and three without lost time for own employees in the year's nine first months. The number of injuries is down from 2009, but the number of lost-time injuries is up. As a result, Skagerak Nett started an HSE campaign in late September focusing on reinforcing good conduct and safety awareness. Skagerak Elektro is planning a similar campaign, while Skagerak Kraft will continue its HSE work in connection with working at heights. No lost-time injuries were reported among sub-contractor employees.

Absence due to illness was 4.8 per cent so far this year.

Customers

KEY FIGURES - UNDERLYING OPERATIONS

| Figures in NOK million | Year to date | | Change | The year 2009 |
|---|--------------|-----------|------------|------------------|
| | 2010 | 2009 | | |
| Gross operating revenues | 701 | 1 206 | -505 | 1 791 |
| Net operating revenues | 439 | 535 | -96 | 802 |
| EBITDA | 166 | 168 | -2 | 297 |
| Operating profit | 44 | 34 | 10 | 103 |
| Share of profit from associates and joint ventures | -14 | 8 | -22 | 6 |
| Profit before financial items and tax | 29 | 41 | -12 | 109 |
| Urealised changes in value and material non-recurring items | 393 | 4 | 389 | -23 |
| Maintenance investments | 9 | 68 | -59 | 143 |
| Investments in new generating capacity | 125 | 66 | 59 | 67 |
| Investments in shareholdings | - | - | - | - |

The Customers segment consists of the district heating activities in Norway and Sweden. The district heating system in Trondheim and Klæbu has a total installed capacity of 297 MW, and supplies around 750 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 contains property management.

Highlights in the quarter

The final processing tax on waste was abolished in Norway from 1 October 2010, and Trondheim Energi Fjernvarme is therefore renegotiating all major waste contracts. The negotiations with the waste suppliers were completed in the third quarter. The new agreements ensure a larger waste volume in 2011.

The development of the district heating grid in Harstad and the work to enter into contracts with customers have started. Agreements have been entered into with biofuel suppliers to the plant. The investment has a ceiling of about NOK 100 million for construction stage 1, and construction is expected to be completed in the third quarter of 2011.

In Sweden, activity levels are high in connection with the construction of a new production plant for biofuel in Trosa and the construction of a new service building, including installation of a new oil-fired boiler, in Åmål. The investment has been estimated at about SEK 60 million, and the plant is expected to be completed in March 2011. The new plant will

have a 6 MW bio-fuel baseload capacity, and an 11 MW oil-fired peakload capacity.

Financial performance

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

The segment's underlying profit before financial items and tax was NOK 29 million in the first three quarters of the year (NOK 41 million).

Gross operating revenues totalled NOK 701 million (NOK 1206 million). The decline is mainly due to the sale of the power sales activities to Fjordkraft at the end of 2009. Gross operating revenues for these activities totalled NOK 562 million in the same period in 2009. In addition, the revenues are reduced as a result of the sale of the grid activities which had gross operating revenues of NOK 23 million in the third quarter of 2009. The revenues from the district heating activities were NOK 41 million higher than last year as a result of higher volumes delivered to customers.

Energy purchases and transmission costs fell by NOK 405 million to NOK 262 million. The reduction was related to the sale of the power sales activities. The costs of the district heating activities increased by NOK 60 million.

Operating expenses totalled NOK 396 million (NOK 502 million). The operating expenses in connection with district heating fell by

NOK 8 million. The remaining reduction is related to divested activities.

The segment posted an operating profit of NOK 44 million (NOK 34 million). During the first nine months of 2009, the power sales activities contributed about NOK 12 million to the operating result.

The profit share from associates was negative with NOK 14 million (NOK 8 million). The decline is due to result impairment in Istad Power and Metor.

Operations

An unforeseen stop on line 1 at Heimdal heat station and delays in the upgrade of lines 1

and 2 resulted in lower uptime in the third quarter. In Sweden, uptime rates have been good at all plants.

In total, 624 GWh of heat was supplied to customers in Norway and Sweden in the first nine months of the year (538 GWh).

There were three lost-time injuries and three without lost time for own employees in the first three quarters of the year. In addition, there were two lost-time injuries for sub-contractor employees.

Absence due to illness is 4.7 per cent so far this year.

Industrial ownership

KEY FIGURES - UNDERLYING OPERATIONS

| Figures in NOK million | Year to date | | Change | The year 2009 |
|---|--------------|------------|-------------|------------------|
| | 2010 | 2009 | | |
| Gross operating revenues | 3 893 | 2 427 | 1 466 | 3 418 |
| Net operating revenues | 264 | 192 | 72 | 245 |
| EBITDA | 71 | 46 | 26 | 40 |
| Operating profit/loss | 46 | 21 | 25 | 8 |
| Share of profit from associates and joint ventures | 225 | 667 | -442 | 796 |
| Profit before financial items and tax | 271 | 688 | -417 | 803 |
| Urealised changes in value and material non-recurring items | 65 | 607 | -543 | 577 |
| Maintenance investments | - | - | - | - |
| Investments in new generating capacity | 7 | 6 | 1 | 8 |
| Investments in shareholdings | - | - | - | 5 |

The Industrial ownership segment is responsible for management and development of Norwegian shareholdings. The segment comprises the companies Fjordkraft⁶, 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

There was a fatal incident in Agder Energi in July, when unauthorised people entered a restricted area at a closed down power station and a man fell down a turbine pipe and died. The incident was raised in the board and a separate investigation report relating to securing the plant has been prepared and is being followed up.

In August, BKK started the operation of Måren power plant in Høyanger Municipality. The hydropower plant has an installed capacity of 5 MW, and an expected mean production of 21 GWh. BKK is working to develop more hydropower.

Financial performance

The segment's underlying profit before financial items and tax was NOK 271 million in the first three quarters of the year (NOK 688 million). BKK and Agder Energi achieved a profit before financial items and tax of

NOK 102 million and NOK 123 million, respectively. Both BKK and Agder Energi have had lower production in the first nine months of the year than in the same period last year. In addition, the companies have endured losses in their hedging portfolios, while the same period last year generated significant profit. Fjordkraft has had a positive development and achieved a profit before financial items and tax of NOK 61 million (NOK 36 million).

Operations

As a result of little precipitation, BKK's production so far this year was 3.3 TWh, substantially lower than in the corresponding period last year (4.9 TWh). Agder Energi produced 4.5 TWh, also somewhat less than during the same period in 2009 (5.4 TWh). The resource situation remains weak.

Power prices in the Bergen area (NO5) and Kristiansand area (NO2) were below the system price in the first quarter. Prices have normalised in the second and third quarters.

Fjordkraft reported no injuries in the first nine months of the year, while the associates BKK and Agder Energi reported 16 and six lost-time injuries, respectively.

Absence due to illness was 4.8 per cent so far this year.

⁶ Fjordkraft is owned by Statkraft (3.15%), Skagerak Energi (48.0%) and BKK (48.85%).

Other

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

Southeast Europe Hydro

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

Solar Power

Statkraft has held a strategic review where it was decided to focus the strategy and scale down the Group's investment plans. The solar power market has great growth potential, but the business requires major investments. A process is therefore underway to sell the Group's solar power business.

Small-Scale Hydro

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

At the end of the third quarter, Småkraft AS had 24 power plants in operation with an expected annual production of totalling 285 GWh. At the same time, the company had nine power

plants under construction, four of which are scheduled for completion in 2010. In addition, Småkraft has five projects which have received a final licence and 11 projects which have either been appealed to the Ministry of Petroleum and Energy or which are awaiting grid connection. At the end of the third quarter, Småkraft had 64 licence applications with a total potential of 760 GWh up for processing with the Norwegian Water Resources and Energy Directorate (NVE). An additional 53 projects totalling almost 510 GWh are being prepared for processing by the NVE.

Innovation

The business unit is responsible for coordinating and initiating research and development activities, as well as monitoring and analysing relevant technologies.

Shares in E.ON AG

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

Financial performance

Other posted an underlying loss before financial items and tax, including Group functions and eliminations, of NOK 492 million in the first three quarters of the year (loss of NOK 543 million). The dividend from the E.ON shares has not been included in the result before financial items and tax.

Outlook

Strategic focus

In June, Statkraft focused its strategy with greater emphasis on the Group's core expertise within flexible and renewable energy production. Based on an overall evaluation of competitive advantages, market opportunities and synergies between activities, the following growth areas have been given priority:

- Flexible energy production and market operations in Norway and the rest of Western Europe
- International hydropower
- Wind power in Norway, Sweden and the UK
- District heating
- Ownership in regional companies

As a consequence, the Group is in the process of selling the solar power activities, while the investment plans for wind power and district heating are being scaled down.

In the 2011 National Budget, the Government proposes a dividend from Statkraft SF for 2010 of 85 per cent of the Group result after tax and

minority interests. A dialogue is also being conducted with the owner concerning the Group's capital situation. The scope of the strategic focus will depend on the result of this dialogue.

Expectations for the year's operations

High production at the beginning of 2010 in combination with lower than normal reservoir levels means that the Group expects lower Nordic hydropower production in the fourth quarter, compared with the same period last year. Forward prices for 2010 indicate a somewhat higher price level than in 2009, also for the coming months. The underlying annual result is expected to be somewhat lower than in 2009. There is, however, significant uncertainty as regards development in the hydrological resource situation. There is also uncertainty as regards the industrial activity, both in the Nordic region and on the Continent, and this may influence the demand for power and, as a result, the prices.

Oslo, 10 November 2010
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

CONSOLIDATED INCOME STATEMENT

| Figures in NOK million | 3rd Quarter | | Year to date | | The year |
|--|---------------|---------------|---------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | 2009 |
| Sales revenues | 4 114 | 4 410 | 19 168 | 17 032 | 24 715 |
| Other operating revenues | 249 | 177 | 1 146 | 485 | 960 |
| Gross operating revenues | 4 364 | 4 588 | 20 314 | 17 518 | 25 675 |
| Energy purchase | -572 | -1 116 | -3 797 | -3 475 | -4 825 |
| Transmission costs | -266 | -284 | -1 086 | -939 | -1 054 |
| Unrealised changes in the value of energy contracts | 255 | -1 023 | 701 | -2 169 | -2 813 |
| Net operating revenues | 3 781 | 2 165 | 16 131 | 10 934 | 16 983 |
| Salaries and payroll costs | -659 | -635 | -1 877 | -1 790 | -2 517 |
| Depreciation, amortisation and impairments | -637 | -629 | -2 135 | -1 921 | -2 743 |
| Property tax and licence fees | -311 | -300 | -928 | -865 | -1 166 |
| Other operating expenses | -812 | -809 | -2 604 | -2 350 | -3 530 |
| Operating expenses | -2 418 | -2 374 | -7 544 | -6 925 | -9 956 |
| Operating profit | 1 363 | -209 | 8 587 | 4 009 | 7 027 |
| Share of profit from associates and joint ventures | 297 | 549 | 504 | 1 202 | 1 179 |
| Financial income | -70 | -95 | 1 602 | 1 370 | 2 060 |
| Financial expenses | -379 | -246 | -1 212 | -3 074 | -3 756 |
| Unrealised changes in the value of currency and interest contracts | 415 | 3 756 | 1 903 | 5 544 | 5 977 |
| Net financial items | -33 | 3 415 | 2 294 | 3 840 | 4 281 |
| Profit before tax | 1 627 | 3 756 | 11 385 | 9 050 | 12 487 |
| Tax expense | -464 | -1 111 | -4 626 | -3 112 | -4 771 |
| Net profit | 1 163 | 2 645 | 6 759 | 5 938 | 7 716 |
| Of which minority interest | 69 | 51 | 163 | 175 | 184 |
| Of which majority interest | 1 094 | 2 594 | 6 596 | 5 763 | 7 532 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Figures in NOK million | 30.09.10 | 30.09.09 | 31.12.09 |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Intangible assets | 1 781 | 3 046 | 2 277 |
| Property, plant and equipment | 77 967 | 79 314 | 78 239 |
| Investments in associates and joint ventures | 16 875 | 14 435 | 16 509 |
| Other non-current financial assets | 16 102 | 22 402 | 21 939 |
| Derivatives | 4 051 | 3 361 | 3 358 |
| Non-current assets | 116 776 | 122 558 | 122 322 |
| Inventories | 999 | 876 | 1 247 |
| Receivables | 7 924 | 7 079 | 8 707 |
| Short-term financial investments | 418 | 409 | 421 |
| Derivatives | 4 906 | 6 483 | 4 645 |
| Cash and cash equivalents | 5 275 | 11 770 | 6 663 |
| Current assets | 19 522 | 26 616 | 21 683 |
| Assets | 136 297 | 149 174 | 144 005 |
| EQUITY AND LIABILITIES | | | |
| Paid-in capital | 31 569 | 31 569 | 31 569 |
| Retained earnings | 19 049 | 23 883 | 26 065 |
| Minority interests | 7 524 | 6 844 | 7 267 |
| Equity | 58 142 | 62 296 | 64 901 |
| Provisions | 14 056 | 12 315 | 13 653 |
| Long-term interest-bearing liabilities | 35 691 | 38 935 | 36 342 |
| Derivatives | 2 772 | 3 732 | 4 016 |
| Long-term liabilities | 52 518 | 54 982 | 54 011 |
| Short-term interest-bearing liabilities | 6 936 | 9 561 | 9 318 |
| Taxes payable | 3 496 | 3 703 | 2 372 |
| Other interest-free liabilities | 10 122 | 13 404 | 9 336 |
| Derivatives | 5 082 | 5 228 | 4 067 |
| Current liabilities | 25 637 | 31 896 | 25 093 |
| Equity and liabilities | 136 297 | 149 174 | 144 005 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Figures in NOK million | Year to date | | The Year |
|---|--------------|-------------|------------|
| | 2010 | 2009 | 2009 |
| Net profit | 6 759 | 5 938 | 7 716 |
| Change in the fair value of financial instruments | -4 973 | 452 | 463 |
| Estimate deviation pensions | -9 | -8 | 81 |
| Translation differences | -1 250 | -6 981 | -8 304 |
| Total comprehensive income | 527 | -599 | -44 |
| Total comprehensive income attributable to: | | | |
| Shareholders of the parent | 384 | -631 | 647 |
| Minority interest | 143 | 32 | -691 |

CONSOLIDATED 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 of 01.01.2009 | 31 569 | 35 608 | 2 375 | 37 983 | 69 552 | 2 772 | 72 324 |
| Total comprehensive income for the period | - | 6 207 | -6 838 | - 631 | -631 | 32 | -599 |
| Dividend and Group contribution paid | - | -10 000 | - | -10 000 | -10 000 | -246 | -10 246 |
| Business combinations including the liability of the option to increase shareholding in subsidiary | - | -3 469 | - | -3 469 | -3 469 | 3 375 | -94 |
| Capital increase | - | - | - | - | - | 911 | 911 |
| Balance as of 30.09.2009 | 31 569 | 28 346 | -4 463 | 23 883 | 55 452 | 6 844 | 62 296 |
| Balance as of 01.01.2009 | 31 569 | 35 608 | 2 375 | 37 983 | 69 552 | 2 772 | 72 324 |
| Total comprehensive income for the period | - | 8 048 | -7 401 | 647 | 647 | - 691 | -44 |
| Dividend and group contribution | - | -10 000 | - | -10 000 | -10 000 | -260 | -10 260 |
| Business combinations including the liability of the option to increase shareholding in subsidiary | - | -2 561 | - | -2 561 | -2 561 | 4 475 | 1 914 |
| Equity holdings to associates and joint ventures | - | -4 | - | -4 | -4 | - | -4 |
| Capital increase | - | - | - | - | - | 971 | 971 |
| Balance as of 31.12.2009 | 31 569 | 31 091 | -5 026 | 26 065 | 57 634 | 7 267 | 64 901 |
| Total comprehensive income for the period | - | 1 643 | -1 259 | 384 | 384 | 143 | 527 |
| Dividend and Group contribution paid | - | -7 420 | - | -7 420 | -7 420 | -101 | -7 521 |
| Changes in equity relating to associates and joint ventures | - | 12 | - | 12 | 12 | - | 12 |
| Transactions with minority interests | - | 8 | - | 8 | 8 | -26 | -18 |
| Capital increase | - | - | - | - | - | 241 | 241 |
| Balance as of 30.09.2010 | 31 569 | 25 334 | -6 285 | 19 049 | 50 618 | 7 524 | 58 142 |

CONSOLIDATED CASH FLOW STATEMENT

| Figures in NOK million | Year to date | | The Year |
|---|----------------|---------------|---------------|
| | 2010 | 2009 | 2009 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before tax | 11 385 | 9 050 | 12 487 |
| Profit/loss on sales of non-current assets | 26 | 3 | 13 |
| Depreciation, amortisation and impairments | 2 135 | 1 921 | 2 743 |
| Profit from sale of business | -393 | - | - |
| Share of profit from associates and joint ventures | -504 | -1 202 | -1 179 |
| Unrealised changes in value | -2 604 | -3 375 | -3 164 |
| Taxes | -2 639 | -2 555 | -3 119 |
| Cash flow from operating activities | 7 406 | 3 842 | 7 781 |
| Changes in long-term items | 459 | -44 | -305 |
| Changes in short-term items * | 1 976 | 5 549 | 4 155 |
| Dividend from associates | 1 034 | 924 | 1 083 |
| Net cash flow from operating activities | 10 875 | 10 271 | 12 714 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Investments in property, plant and equipment - maintenance | -646 | -871 | -1 308 |
| Investments in property, plant and equipment - new capacity | -1 102 | -1 533 | -2 447 |
| Proceeds from sales of non-current assets | 145 | 63 | 158 |
| Capital reduction in associates and joint ventures | - | - | 1 320 |
| Sale of business, net liquidity accruing to the group | 1 261 | - | - |
| Business combinations, net liquidity accruing to the Group | - | -421 | -417 |
| Loans to third parties | -128 | -138 | -1 410 |
| Repayment of loans | 84 | 65 | 161 |
| Investments in other companies | -804 | -523 | -735 |
| Net cash flow from investing activities | -1 190 | -3 358 | -4 678 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| New debt | 2 904 | 15 363 | 15 377 |
| Repayment of debt | -6 734 | -7 027 | -9 378 |
| Dividend and Group contribution paid | -7 521 | -6 245 | -10 260 |
| Share issue to minority | 241 | 911 | 928 |
| Net cash flow from financing activities | -11 110 | 3 002 | -3 333 |
| Net change in cash and cash equivalents | -1 425 | 9 915 | 4 703 |
| Currency effect on cash flows | 37 | -354 | -249 |
| Cash and cash equivalents 01.01 | 6 663 | 2 209 | 2 209 |
| Cash and cash equivalents 30.09 / 31.12 | 5 275 | 11 770 | 6 663 |
| Unused committed credit lines | 8 040 | 8 000 | 8 054 |
| Unused overdraft facilities | 1 569 | 400 | 731 |

*Changes in short term items are mainly related to change i working capital (NOK 1473 million), changes in receivables and liabilities regarding cash collateral (NOK 555 million) in addition to currency effects (NOK 170 million).

SEGMENTS

| | Statkraft AS Group | Generation & markets | Wind power | Emerging markets | Skagerak Energi | Customers | Industrial ownership | Other |
|--|--------------------|----------------------|------------|------------------|-----------------|-----------|----------------------|--------|
| Figures in NOK million | | | | | | | | |
| 3rd Quarter 2010 | | | | | | | | |
| Operating revenue external | 4 364 | 2 730 | -5 | 171 | 525 | 34 | 815 | 94 |
| Operating revenue internal | - | 834 | 54 | - | -10 | 3 | 4 | -884 |
| Gross operating revenues | 4 364 | 3 564 | 48 | 171 | 514 | 37 | 819 | -790 |
| Operating profit/loss | 1 363 | 1 415 | -65 | 28 | 116 | -61 | -6 | -65 |
| Share of profit from associates and joint ventures | 297 | 186 | -18 | 154 | 3 | -1 | -16 | -11 |
| Profit before financial items and tax | 1 660 | 1 600 | -83 | 183 | 119 | -63 | -21 | -76 |
| Year to date 2010 | | | | | | | | |
| Operating revenue external | 20 314 | 12 980 | -8 | 515 | 1 566 | 1 083 | 3 888 | 290 |
| Operating revenue internal | - | 1 426 | 189 | - | 596 | 11 | 6 | -2 226 |
| Gross operating revenues | 20 314 | 14 406 | 180 | 515 | 2 161 | 1 094 | 3 893 | -1 936 |
| Operating profit/loss | 8 587 | 7 605 | -125 | 32 | 935 | 437 | 20 | -318 |
| Share of profit from associates and joint ventures | 504 | 366 | -48 | -89 | 2 | -14 | 315 | -28 |
| Profit before financial items and tax | 9 091 | 7 970 | -173 | -56 | 937 | 422 | 336 | -346 |
| Balance sheet 30.09.10 | | | | | | | | |
| Investment in associates and joint ventures | 16 875 | 659 | 1 046 | 5 443 | 116 | 237 | 9 230 | 144 |
| Other assets | 119 422 | 71 375 | 2 144 | 6 661 | 15 101 | 3 750 | 3 192 | 17 200 |
| Total assets | 136 297 | 72 035 | 3 190 | 12 104 | 15 217 | 3 987 | 12 422 | 17 342 |
| Depreciations, amortisation and impairments | -2 135 | -1 371 | -78 | -127 | -343 | -122 | -26 | -69 |
| Maintenance investments | 646 | 427 | 1 | 88 | 99 | 9 | - | 22 |
| Investments in new generating capacity | 1 102 | 382 | 56 | 88 | 236 | 125 | 7 | 209 |
| Investments in shares | 804 | - | 517 | 230 | - | - | - | 57 |
| 3rd Quarter 2009 | | | | | | | | |
| Operating revenue external | 4 589 | 3 249 | 9 | 168 | 383 | 299 | 492 | -14 |
| Operating revenue internal | - | 144 | 36 | - | 86 | -12 | - | -254 |
| Gross operating revenues | 4 589 | 3 393 | 45 | 168 | 468 | 287 | 492 | -267 |
| Operating profit/loss | -208 | -205 | -33 | 24 | 99 | -41 | 33 | -87 |
| Share of profit from associates and joint ventures | 549 | -67 | - | 81 | -2 | - | 546 | -8 |
| Profit before financial items and tax | 340 | -272 | -33 | 104 | 97 | -42 | 579 | -95 |
| Year to date 2009 | | | | | | | | |
| Operating revenue external | 17 518 | 11 844 | 12 | 569 | 1 315 | 1 233 | 2 427 | 118 |
| Operating revenue internal | - | 555 | 134 | - | 554 | -27 | - | -1 216 |
| Gross operating revenues | 17 518 | 12 399 | 146 | 569 | 1 868 | 1 206 | 2 427 | -1 098 |
| Operating profit/loss | 4 009 | 3 423 | -95 | 137 | 777 | 38 | 107 | -379 |
| Share of profit from associates and joint ventures | 1 202 | -97 | 7 | 125 | -20 | 8 | 1 189 | -10 |
| Profit before financial items and tax | 5 210 | 3 326 | -88 | 261 | 757 | 46 | 1 296 | -389 |
| Balance sheet 30.09.09 | | | | | | | | |
| Investment in associates and joint ventures | 14 435 | 959 | 505 | 2 246 | 121 | 260 | 10 168 | 176 |
| Other assets | 134 739 | 66 591 | 1 886 | 7 659 | 14 865 | 4 259 | 2 812 | 36 667 |
| Total assets | 149 174 | 67 550 | 2 391 | 9 905 | 14 986 | 4 519 | 12 980 | 36 843 |
| Depreciations, amortisation and impairments | -1 921 | -1 187 | -66 | -125 | -345 | -134 | -25 | -39 |
| Maintenance investments | 871 | 366 | 24 | 176 | 150 | 68 | - | 87 |
| Investments in new generating capacity | 1 533 | 279 | 121 | 586 | 251 | 66 | 6 | 224 |
| Investments in shares | 944 | - | 528 | -271 | - | - | - | 687 |
| 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 | 46 |
| Other assets | 127 497 | 70 218 | 2 177 | 7 344 | 15 136 | 3 913 | 2 767 | 25 941 |
| Total assets | 144 005 | 70 611 | 2 743 | 12 536 | 15 218 | 4 205 | 12 705 | 25 987 |
| Depreciations, amortisation and impairments | -2 743 | -1 758 | -93 | -101 | -486 | -223 | -33 | -49 |
| Maintenance investments | 1 308 | 594 | 26 | 150 | 289 | 143 | - | 106 |
| Investments in new generating capacity | 2 447 | 548 | 348 | 599 | 401 | 67 | 8 | 476 |
| Investments in shares | 1 152 | - | 826 | -271 | 1 | - | 5 | 591 |

Comments on the financial statements

1. Framework and significant accounting principles

The consolidated interim financial statements for the third quarter of 2010, ending on 30 September, have been prepared in accordance with International Financial Reporting Standards (IFRS) and include Statkraft AS, its subsidiaries and associates. The interim accounts have been prepared in accordance with IAS 34 Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated financial statements for 2009. The accounting principles applied in the quarterly report are the same as those used for the annual financial statements.

2. Presentation of the financial statements

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

3. Accounting judgments, estimates and assumptions

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

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

In preparing the consolidated interim financial statements for the third 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 2009.

4. Segment reporting

Statkraft's segment reporting is prepared in accordance with IFRS 8. The Group reports operating segments in accordance with how

the Group management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by management and used for resource allocation and key performance review.

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

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

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

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

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

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

5. Other financial assets

Other financial assets in the balance sheet include the shareholding in E.ON AG, which was recognised in the amount of NOK 14 428 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 and that falls within corresponding changes in currency for loans in EUR is presented in the

income statement under financial items. The change in value at the end of the third quarter was NOK -5721 million, of which NOK -785 million is due to a lower exchange rate for EUR.

6. Currency effects on internal loans

Currency gains on internal loans amounted to NOK 2430 million of the unrealised changes in value for financial items. The gain arose mainly as a result of a stronger NOK and SEK against EUR. Statkraft Treasury Centre (STC) provides loans to the Group's companies in the companies' local currency, STC prepares its accounts in EUR and reports significant currency effects as a result of lending in its income statement. Subsidiaries with borrowings in EUR, but with a different reporting currency,

report the currency effects in their income statements. Currency gains and losses of this nature will not be offset by corresponding effects in the Group's income statement. The accounts of foreign subsidiaries are converted into NOK upon consolidation and the currency effects on internal loans are then reported directly in the equity. This equalises currency gains and losses added to the equity through the income statement.

7. Hedge accounting

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

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