
Report from the Board of Directors

In 2009, prices were substantially lower than in 2008, which was a good year during which Statkraft chose to maintain high production to exploit the high power prices. Compared with 2008, the Nordic system price was 22 per cent lower and the German spot price 41 per cent lower, while a comparison with the period 2004-2008 shows that the price reduction was 2 per cent for the Nordic region and 15 per cent for Germany. However, the incorporation of new activities from the swap trade with E.ON AG and the consolidation of SN Power as a subsidiary gave positive result contributions. The operating revenue increased somewhat as a result of these transactions. In 2009, Statkraft reduced its hydropower production in Norway to a level more in line with annual mean production.

The activity level in the organisation was very high in 2009, and several projects have moved decisively towards realisation. The Group has secured a solid potential for further growth however, the investment level depends on the owner's willingness to strengthen Statkraft's equity. In recent years, Statkraft has greatly emphasised the development of growth opportunities, and the Group is now entering a new phase with stronger focus on efficient project realisation.

IMPORTANT EVENTS

On 31 December 2008, Statkraft took possession of assets in hydropower, gas power and district heating through an asset swap with E.ON AG. Substantial resources were allocated to the integration of these new power plants in 2009. In total, the transaction increased the Group's production capacity by 2433 MW, or about 20 per cent.

In January, Statkraft increased its shareholding in SN Power from 50 to 60 per cent through a combination of a purchase of shares from Norfund and a private placement in SN Power in the amount of NOK 2 billion. The transaction increased the Statkraft Group's production capacity by 621 MW, primarily hydropower.

Hydropower In June, Statkraft acquired 95 per cent of the shares in Yesil Enerji from the Turkish company Global Investment Holdings. The acquisition gives Statkraft the rights to six hydropower projects in Turkey with the potential to generate a total of about 2 TWh annually.

Three new hydropower plants came online in 2009, Rødberg, Sylsjø and Håvardsvatn, with an annual total mean production of 44 GWh.

Småkraft commissioned seven new power plants in 2009, with a total annual mean production of 106 GWh.

In October, Tata Power and SN Power signed a cooperation agreement with the aim of developing new or buying existing hydropower plants totalling 4000 MW in India and Nepal by 2020. Of this, 2000 MW is expected to be realised by 2015.

In the second quarter, Statkraft established an office in Lyon in France to prepare for many of the French hydropower licenses coming up for tender in the years up to 2030.

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

In March, Statkraft purchased 50 per cent of the shares in Statoil's project for the construction of the Sheringham Shoal Offshore Wind Farm off the Norfolk coast in the UK. The wind farm, which will be completed in 2011, will comprise 88 turbines and have a total installed capacity of 315 MW. The expected annual production for the project is 1.1 TWh.

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

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

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

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

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

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

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

The investment in Naturkraft has been written down by NOK 213 million in total in 2009, and by NOK 610 million since the power plant started production. The write-downs are due to the significantly diminished expectations for future spark spread, the margin between gas and energy prices, and the EUR becoming weaker vis-à-vis NOK. This has partially been offset by the power plant proving to be more flexible than assumed, so that more marginal periods with positive spark spread can be exploited.

German gas power had some downtime in 2009, both scheduled and unscheduled, resulting in relatively low production compared with total capacity. In addition, the low spark spread has contributed to relatively low production from the German gas power plants.

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

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

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

Power agreements Statkraft and Boliden Odda have entered into a comprehensive agreement that was finalised in the second quarter and became effective as of 1 July. As part of this agreement, Statkraft and Boliden Odda signed two long-term industrial power agreements for the period 2009–2030. The agreement for delivery of around 20 TWh is the largest industrial power agreement Statkraft has entered into since 1998. Statkraft SF owns the power facilities in Tyssedal, but the waterfall rights and power plants are leased out to AS Tyssefaldene on terms set by the authorities. In line with the agreement, Statkraft acquired Boliden's 39.88 per cent



→ **ARVID GRUNDEKJØN**

Chairman of the Board
and Chair of Statkraft's
Compensation
Committee, board
member since 2004



→ **BERIT RØDSETH**

Member of Statkraft's
Audit Committee,
board member
since 2007

shareholding in Tyssefaldene, which increased Statkraft's shareholding to 60.17 per cent. The remaining shares are owned by Eramet through the company DNN Industrier AS.

In 2007, Statkraft and the Swedish paper producer SCA entered into an agreement which includes a ten-year power delivery of 500 GWh per year to the paper mill Ortviken Pappersbruk. This power delivery started in June 2009.

The financial crisis in the autumn of 2008 put the negotiations with the power-intensive industry relating to long-term power agreements on hold. With the exception of the agreement with Boliden Odda, no major long-term power agreements were entered into in 2009. However, the demand to cover the need for short-term trading solutions has been substantial. Statkraft offers a solution to the power-intensive industry to cover this need, called energy service. This solution entails that Statkraft handles the companies' delivery of spot power quoted on Nord Pool, handling of the companies imbalances vis-à-vis Statnett as well as the need for short-term financial or physical hedging transactions. In Statkraft's total short-term industrial portfolio, eleven power-intensive companies, owning a total of 16 plants, have entered into energy service agreements. The total annual consumption of these companies is about 9 TWh.

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

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

At the end of 2009, Fjordkraft AS bought 100 per cent of the shares in Trondheim Energi Kraftsalg AS from Trondheim Energi AS.

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

FINANCIAL PERFORMANCE ¹

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

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

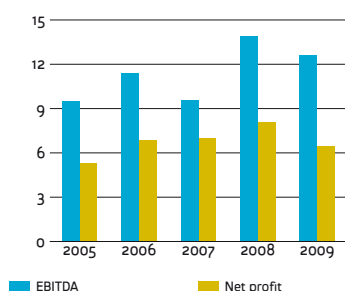
Annual profit The profit before tax for the year was NOK 10 654 million (NOK 11 960 million), while the profit after tax was NOK 6468 million (NOK 8097 million). However, 2008 was a historically good year, with both high power prices and high capacity utilisation. Both operating revenues and expenses increased in 2009 as a result of the added activities. The Group's production capacity increased by about 25 per cent in 2009.

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

The return on equity was 10.2 per cent after tax (15.6 per cent), and the return on total assets after tax was 5.8 per cent (9.9 per cent). The reduction is attributable to lower earnings, as well as higher average equity and total capital as a consequence of the E.ON transaction and the consolidation of SN Power.

EBITDA AND NET PROFIT, UNDERLYING OPERATIONS*

NOK bill.



* Unrealised changes in value and significant non-recurring items have been excluded. 2005 is NGAAP figures, 2006 has been revised to IFRS and 2007–2009 are IFRS figures.

¹ Comparative figures for 2008 are shown in brackets.

Operating revenues Gross operating revenues increased by 2 per cent to NOK 25 675 million (NOK 25 061 million).

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

The Group produced 56.9 TWh (53.4 TWh) in total. Hydropower production increased by 2.7 TWh, of which 2.0 TWh relates to SN Power, which has been consolidated as a subsidiary since 2009. In addition, European hydropower production outside of Norway increased by 4.2 TWh as a result of new production capacity from the asset swap with E.ON AG. Lower prices and reduced demand from energy-intensive industry reduced hydropower production in Norway by 3.4 TWh. New gas-fired power plants in Germany and higher production at Kårstø in Norway increased gas-based power production by 0.7 TWh. Wind power production was somewhat higher than in 2008.

Lower prices resulted in net physical spot sales falling by NOK 2204 million to NOK 10 464 million. The revenues from the hedging activities and trading and origination compensated for most of the decline and increased by NOK 433 million and NOK 1171 million, respectively. The realisation of EUA and CER contracts worth about NOK 800 million in Germany in December is a significant factor in the improvement of revenues from trading and origination. These revenues are offset by reduced unrealised gains for energy contracts slightly exceeding NOK 600 million. Revenues from grid and end-user activities were on a par with 2008, but the income from the district heating activities increased by NOK 134 million as a result of new assets in Sweden from the asset swap with E.ON AG.

Power sales to the industry under politically determined contracts amounted to 8.8 TWh, resulting in an estimated revenue reduction of NOK 981 million compared with selling the same volume at spot price.

Other operating revenues amounted to NOK 960 million for the year (NOK 856 million). The increase is mainly from revenues from Tyssefaldene.

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

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

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

Operating expenses The operating expenses were NOK 9849 million in 2009 (NOK 7290 million), an increase of 35 per cent from 2008. In excess of 60 per cent of the increase is related to added activities. The Group is in a strong growth phase, resulting in an increase in salary costs and other operating costs in the other activities.

Salary costs increased by NOK 663 million to NOK 2517 million, of which the added activities contributed slightly less than 60 per cent of the increase. Many exploration, engineering and development projects have resulted in an increase in the number of full-time equivalents. General wage increases and provisions for pension liabilities explain the rest of cost increases.

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

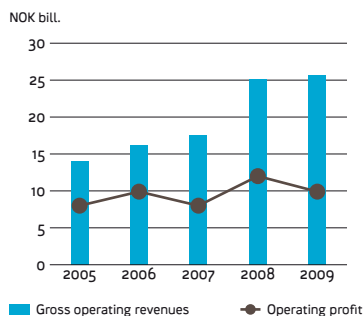
Property tax and licence fees increased by NOK 89 million to NOK 1166 million for the year. Property tax in Sweden increased as a result of new assets, while a lower calculation basis reduced the tax burden in Norway.

Other operating expenses amounted to NOK 3530 million. Of the increase of NOK 1030 million, about 55 per cent comes from new assets from the E.ON transaction and the consolidation of SN Power. The remaining increase is mainly from increased costs in power plants operated by



→ ELLEN STENSRUD

Deputy chair,
board member
since 2007

OPERATING REVENUES AND OPERATING PROFIT, UNDERLYING OPERATIONS*

* Unrealised changes in value and significant non-recurring items have been excluded. 2005 is NGAAP figures, 2006 has been revised to IFRS and 2007–2009 are IFRS figures.

third-parties, a pre-engineering study in Albania, terminations of power sales agreements and the repair of Baltic Cable.

Operating profit The operating profit amounted to NOK 9947 million (NOK 12 029 million), of which new assets and the consolidation of SN Power contributed NOK 1005 million.

Share of profit from associates The share of profit from associates amounted to NOK 1033 million in 2009 (NOK 2153 million).

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

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

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

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

Financial income increased by NOK 1067 million compared with 2008. The increase is attributable to dividends from E.ON AG of NOK 1093 million. In addition, bank deposits in currency and hedging transactions in EUR have resulted in a currency gain of NOK 482 million. Average liquidity was higher in 2009 than in 2008, while falling market interest rates generated a reduced yield from the portfolio.

The Group has four loan portfolios in NOK, SEK, EUR and USD, respectively. The portfolios are exposed to both variable and fixed interest rates, with exposure to variable interest rates amounting to 67 per cent. The average current interest rates in 2009 for loans denoted in NOK were 4.1 per cent, in SEK 2.3 per cent, in EUR 3.9 per cent and in USD 4.8 per cent. Debt in USD is related to project financing in SN Power.

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

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

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

Items excluded from the underlying profit**Statkraft AS Group**

Figures in NOK million	Year	
	2009	2008
Unrealised changes in value energy contracts	-2 813	4 283
Unrealised changes, associates and joint ventures	547	-753
Unrealised changes in value currency and interest contracts	5 977	-3 102
Unrealised changes	3 711	428
Material non-recurring items	-1 878	25 433
Unrealised changes and material non-recurring items after tax	1 248	25 165

Total unrealised changes in value and material non-recurring items after tax in 2009 amounted to NOK 1248 million (NOK 25 165 million).

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

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

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

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

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

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

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

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

Non-recurring items excluded from the calculation of the underlying profit amounted to NOK -1878 million (NOK 25 433 million). The amount in 2009 is related to write-downs as well as the settlement with E.ON AG, while the amount in 2008 is substantially related to gains from the sale of the shareholding in E.ON Sverige AB.

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

The district heating plants in Sweden, two German biomass plants and one hydropower plant in the UK were written down by NOK 189 million in total in 2009. The write-down was due to better knowledge of the plants and therefore a better basis for estimating future cash flows as well as continued difficult market conditions.

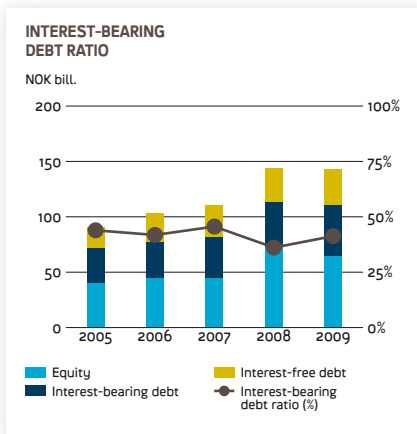
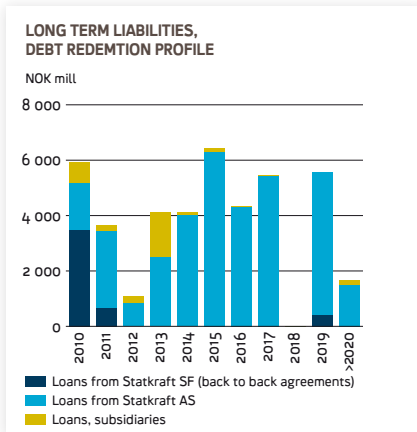
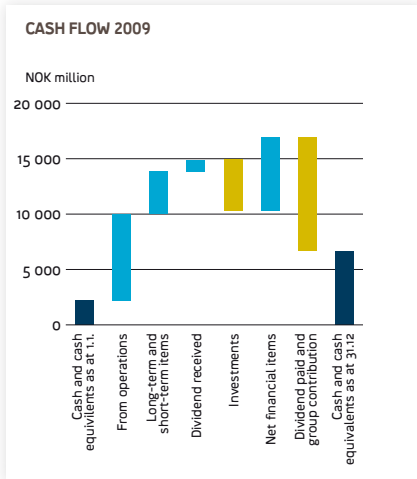
The La Higuera hydropower project in Chile has been written down by NOK 107 million as a result of delays and increased construction costs.

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



➔ **HALVOR
STENSTADVOLD**

Chair of Statkraft's
Audit Committee,
board member
since 2003



Taxes The tax expense on the underlying profit amounted to NOK 4186 million in 2009 (NOK 3863 million), which corresponds to an effective tax rate of 39 per cent (32 per cent). The increase is mainly due to a significant reduction in tax-free income. The unrealised changes in value and non-recurring items increased tax costs by NOK 586 million (NOK 695 million).

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

Resource rent tax amounted to NOK 1428 million (NOK 1876 million), which corresponds to 30 per cent of the Group's total accounting tax expense, compared with 41 per cent in the same period in 2008.

Cash flow and capital Operating activities generated a cash flow of NOK 7781 million in 2009 (NOK 9880 million). Long and short-term items had a net positive change of NOK 3601 million (NOK -960 million). These items are composed of changes in working capital and accrual effects. Tied-up working capital increased by NOK 1725 million due to the final settlement from the sale of E.ON Sverige AB in 2009. Changes in value for derivative positions, cash collateral, shares in E.ON AG, as well as currency conversion of property, plant and equipment and debt resulted in a positive change of NOK 1876 million. Dividend received from associates amounted to NOK 1083 million (NOK 2579 million). The net change in liquidity from the activities was thus NOK 12 714 million (NOK 11 499 million).

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

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

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

There was a positive change in cash and cash equivalents of NOK 4703 million during 2009 and the Group's cash and cash equivalents amounted to NOK 6663 million, compared with NOK 2209 million at the start of the year. The high cash reserve is partly due to raising of new debt to meet future needs for capital.

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

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

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

Current assets, except cash and cash equivalents, amounted to NOK 15 020 million (NOK 19 784 million) and the short-term interest-free debt was NOK 15 775 million (NOK 16 245 million) at the end of 2009. Of this, energy and financial derivatives amounted to NOK 4645 million (NOK 7090 million) and NOK 4067 million (NOK 7687 million), respectively.

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

KEY FIGURES 2009 – SEGMENTS
SEGMENTS

NOK million	Statkraft AS Group	Generation and markets	Wind power	Emerging markets	Skagerak Energi	Customers	Industrial ownership	Other
Income statement – underlying operations								
Gross operating revenues	25 675	18 539	261	747	2 726	1 791	3 418	-1 808
Net operating revenues	19 796	15 242	246	686	2 690	802	245	-115
EBITDA	12 582	11 114	29	282	1 609	297	40	-790
Operating profit	9 947	9 435	-64	181	1 123	103	8	-838
Share of profit from associates and joint ventures	1 033	99	-15	198	-21	6	796	-30
Profit before financial items and tax	10 981	9 534	-78	379	1 103	109	803	-868
Unrealised changes in value and non-recurring items	-2 775	-3 427	-	-107	68	-23	577	138
Balance sheet								
Investments in associates and joint ventures	16 509	393	566	5 192	82	292	9 938	46
Other assets	127 496	70 218	2 177	2 792	15 136	3 913	2 767	30 493
Total assets	144 005	70 611	2 743	7 984	15 218	4 205	12 705	30 539
Investments, maintenance	1 308	594	26	150	289	143	-	106
Investments, new capacity	2 447	548	348	599	401	67	8	476
Investments in shares	1 152	-	826	-271	1	-	5	591
Work-force, health and safety								
Full-time equivalents	3 378	1 335	62	471	792	266	90	362
Sickness absence	3.3%	3.0%	3.2%	1.2%	4.5%	5.0%	4.7%	3.0%
LTI, number of lost-time injuries per million hours worked	3.8	4.3	-	0.8	6.5	8.7	-	-
Fatalities	8	-	-	7	-	-	-	1
Upstream business								
Installed capacity (MW)	15 806	12 956	268	649	1 359	508	-	66
Production, actual (TWh)	56.9	49.0	0.6	2.0	5.3	-	-	-
- of which hydropower	50.1	42.8	-	2.0	5.3	-	-	-
- of which gas power	6.1	6.1	-	-	-	-	-	-
- of which wind power	0.6	-	0.6	-	-	-	-	-
- of which bio fuel	0.1	0.1	-	-	-	-	-	-
District heating								
Heating supplied (GWh)	851	-	-	-	35	816	-	-
Number of customers (1000)	9.8	-	-	-	0.6	9.2	-	-
Downstream business								
Number of distribution grid customers (1000)	275	-	-	-	179	96	-	-
Energy supplied (TWh)	10.0	-	-	-	7.5	2.5	-	-
Number of end-user customers (1000)	397	-	-	-	-	82	315	-
Total volume supplied (TWh)	11.6	-	-	-	-	2.2	9.4	-

GOING CONCERN

In accordance with the requirements of the Accounting Act, the board confirms that the annual accounts have been prepared under the going concern assumption.

STATKRAFT'S ACTIVITIES

Statkraft is Europe's largest producer of renewable energy. The Group produces and develops hydropower, wind power, gas power, district heating and solar power, and is a significant player in the European energy exchanges, with specialist expertise within physical and financial energy trading. Statkraft has invested significantly in the innovation and development of marine energy, osmotic power and other new, environmentally friendly energy solutions. The Group has a large number of grid and end-user customers in Norway, and is the largest supplier of power to the Norwegian processing industry. Outside of Europe, Statkraft is engaged in energy production and development of new production through its subsidiary SN Power. The Group also holds



interests in other energy companies, both in Norway and the other Nordic countries, as well as a shareholding of 4.17 per cent in the German energy company E.ON AG.

To ensure a good structure for continued growth and profitability, the Group's operational structure was reorganised in the summer of 2008. The new organisational structure was chosen to accommodate the major changes arising from increased growth and internationalisation. The organisation provides flexibility and dynamics whereby new priorities and growth areas can be given visibility and be established as separate business units with clear responsibility for delivering results. The Group reports in accordance with how the Group management makes, follows up and evaluates its decisions. The segment structure is presented on the basis of the internal management information which the management periodically reviews and uses for resource allocation and goal attainment.

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.

Generation and Markets segment is the largest segment, 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. These business units are organised into one segment due to the close integration between operations, maintenance and energy optimisation. The production plants are generally flexible and include 182 wholly and partially-owned hydropower plants, five gas-fired power plants and two biomass plants. Total installed capacity is 12 956 MW. In addition to own power generation, extensive trading is performed in standardised and structured power contracts, gas, coal, oil and carbon quotas. Statkraft owns two-thirds of a 600 MW subsea cable between Sweden and Germany through the company Baltic Cable AB.

The Wind Power segment is responsible for the development, construction, operation and ownership of onshore and offshore wind farms in Norway and Europe. Responsibility for development and commercialisation of offshore wind power technology also rests with the segment. Development and construction projects are currently being implemented in Norway, Sweden and the United Kingdom. The segment has four wind farms in operation, Smøla, Hitra and Kjøllefjord in Norway and Alltvalis in the UK. The combined installed capacity of these wind farms is 268 MW. Further investments in wind power in Norway will take place through the company Statkraft Agder Energi Vind DA, where Statkraft owns 62 per cent and Agder Energi 38 per cent.

The Emerging Markets segment is responsible for the management and further development of ownership interests outside Europe, and currently consists of the ownership interest in SN Power (60 per cent from 13 January 2009), where Norfund owns the remaining 40 per cent. In addition, Theun Hinboun Power Company (THPC) (20 per cent shareholding) is managed on behalf of Statkraft SF. THPC is not included in the segment's financial figures. At the end of last year, SN Power had ownership interests in 17 hydropower plants in South America and Asia, as well as in one wind farm and one gas power plant in South America. The power plants have an installed capacity of 649 MW (SN Power's share). In addition, SN Power is also currently constructing and refurbishing 610 MW of capacity together with its partners. 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. SN Power has been consolidated as a subsidiary since January 2009, while recognised as an associate in 2008.

The Skagerak Energi group constitutes a separate segment. The activities are concentrated around power production, district heating and grid activities. Other activities involve fibre, natural gas distribution and electrical contractor activities and settlement activities. The company is owned by Statkraft (66.6 per cent shareholding) and the local authorities in Skien (15.2 per cent), Porsgrunn (14.8 per cent) and Bamble (3.4 per cent). The production assets cover 45 wholly and partially-owned hydropower and district heating plants with a total installed capacity of 1359 MW. The company has about 179 000 distribution grid customers.

The Customers segment comprises the distribution grid, district heating and power sales activities that are performed by Trondheim Energi. The segment has about 96 000 distribution

grid customers and 82 000 electricity customers. 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 covers property management.

The Industrial Ownership segment is responsible for managing and developing Norwegian shareholdings where Statkraft has industrial ambitions. The segment comprises the companies Fjordkraft, BKK (49.9 per cent shareholding) and Agder Energi (45.5 per cent shareholding). The former company is included as a subsidiary in the consolidated financial statements, while the other two companies are reported as associates.

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

Strategy and vision

Vision As a leader in renewable energy in Europe, Statkraft will meet the world's need for cleaner energy.

STRATEGY Statkraft's strategy aims for continued profitable growth, both nationally and internationally, within environmentally friendly and flexible energy production. The Group has built up a large portfolio of projects, and will now focus on realising this portfolio.

The strategy indicates three main directions for further development.

→ **Industrial developer in Norway** Statkraft is the most important player in the work to supply Norwegian households and businesses with clean energy, and will be an active driving force in the development of the energy industry in Norway, and through this effort create profitable jobs and contribute to meeting the need for more clean energy.

The substantial assets related to the hydropower plants must be prudently managed. The ambition is to grow further through the development of new hydropower, wind power and district heating, as well through meeting the industry's need for long-term energy agreements.

→ **European flexible power producer** Statkraft must develop integrated market operations further by establishing a strong position within flexible power assets in western Europe.

Existing power plants must be expanded and upgraded, and the flexibility in the power plants must be exploited to supply the market with green power when fluctuations in demand and prices make this attractive. Specialist expertise in market analysis, power optimisation, trading with energy production, as well as operations and maintenance must be exploited and further developed.

→ **Green global developer** There is a great need for development of renewable energy in order to meet the world's energy and climate challenges. This creates commercial opportunities, and Statkraft strives to establish a strong niche position within international hydropower and renewable energy sources.

Corporate governance Statkraft's corporate governance shall contribute to sustainable and a largest possible permanent value creation in the Group. Efficient and transparent management and control of the business will form the basis for creating long-term values for the owner, employees, other stakeholders and society in general, and will help build confidence among stakeholders through predictability and credibility. Open and accessible communications shall





→ **THORBJØRN HOLØS**

Employee-elected
board member,
board member
since 2002

ensure that the company has a good relationship with society in general and the stakeholders who are affected by the company's business in particular.

Statkraft's policy for corporate governance establishes the respective roles of the owner, board and operational management. Statkraft applies the Norwegian Code of Practice for Corporate Governance (NUES) within the framework established by the company's organisation and ownership. Recommendations related to equal treatment of shareholders, freely negotiable shares and general meeting are not relevant for Statkraft, which is not a listed company and has the Norwegian state as its only owner.

Statkraft has an audit committee, consisting of three board members, which prepares the board's processing of tasks related to financial reporting, internal control and audit. A compensation committee, consisting of the chair and two other board members, prepares the board's processing of issues related to wages and other benefits for the CEO. Matters of principle related to salary levels, incentive schemes, pension terms, employment contracts, etc. for the Group management are also dealt with in the committee. Under certain conditions this also applies to other Statkraft employees.

The work of the board of directors There were two changes to the board's composition in 2009. The members Aud Mork and Egil Nordvik were replaced by Hilde Tonne and Bertil (Periti) Tiusanen. The board of Statkraft AS is also the board of Statkraft SF. The board held 13 board meetings throughout the year. In 2009, the board reviewed the Group's strategy.

In addition to monitoring the daily operations, a significant part of the board's work in 2009 was related to Statkraft's financial platform and the appointment of a new CEO to replace Bård Mikkelsen. The board emphasised finding a new chief executive for Statkraft with solid energy sector competence, experience from international business activities and proven good results. Christian Rynning-Tønnesen will take up the position on 1 May 2010.

Risk management and internal control The key risk factors for Statkraft are connected to market operations, financial management, operating activities and framework conditions. The international growth contributes to increased project risk, both in the concept and implementation phases. How we handle risk is important to value creation and forms an integrated part of all business activities. This is followed up in the respective units through risk monitoring procedures and risk mitigation measures. In addition, the mandate, competence and capacity of the Group risk function has been strengthened in 2010.

There are substantial volume and price risks related to power production and trading. Precipitation and winter temperatures are of great importance to the Nordic power market, resulting in major fluctuations for both prices and production volumes. In addition, power prices are influenced by the price of gas, coal and oil, as well as CO₂ quota prices. In addition, gas power production is directly exposed to both gas, oil and CO₂. Statkraft manages this market risk by trading in physical and financial instruments in several markets. The increased integration of the energy markets is of great significance for business models and risk management, and great emphasis is placed on seeing the different markets in an overall context. Internal authorisations and limits have been established for all trading, and these are subject to continuous follow-up.

The central treasury department coordinates and manages the financial risk associated with foreign currencies, interest rates and liquidity. The most important instruments in managing this area are forward currency contracts, interest swap agreements and forward interest agreements. Foreign exchange and interest rate risk are regulated through mandates. Furthermore, limits have been established for liquidity and counterparty risk. Both market risk and the other financial risk, as well as exposure connected to the issued mandates, are followed up by independent middle office functions, and are regularly reported to Group management and the board.

The operational risk is mainly handled by means of detailed procedures, emergency preparedness plans and insurance. A comprehensive system has also been established to map, record and report unsafe conditions, undesirable incidents and injuries, and these are continuously analysed.

Other risk is primarily related to general framework conditions and political decisions.

Climate changes can present both threats and opportunities, and are of importance for all the risks described above. Statkraft is therefore very concerned with the potential consequences of climate change.

Statkraft's board is committed to further strengthening the internal control in the Group. Consequently, a management system has been established that gathers all governing documents and facilitates a more efficient, systematic and uniform management of the Group, incorporating adequate formalisation, documentation and compliance. Systems for internal control over financial reporting have also been established to contribute to reliable financial reporting.

SUSTAINABLE VALUE CREATION

Ethical business operations and anti-corruption work The Group's business principles ("Statkraft's code of conduct") were revised in 2009. The principles were revised to better reflect the Group's international scope, developments in the relevant legislation and expectations from the owner and other key stakeholders. Statkraft's code of conduct defines the framework for ethical conduct and promotes awareness of ethical issues. The code of conduct is supported by more detailed guidelines and tools. At the beginning of 2010, Statkraft became a member of the UN Global Compact, and the code of conduct has been formulated to include Global Compact's ten principles.

The importance of the code of conduct is emphasised by the fact that all employees must actively confirm that they have familiarised themselves with the document, while compliance and follow-up is reported regularly. Education and dilemma training are key aspects of the work in connection with ethics. A series of dilemma training sessions and courses were held for managers and employees in 2009. A new anti-corruption manual will be launched in the spring of 2010. The manual contains an overview of relevant statutory rules, internal procedures as well as specific examples and challenges in connection with corruption. The manual will be supplemented by an interactive education program for all employees. Corresponding measures are being developed for other sections of the code of conduct.

Statkraft encourages its employees to discuss ethical issues and to report any breaches they discover. The Group audit is an independent notification channel with a right and duty to report to the board. No whistleblowing cases were recorded in 2009.

Environmental impact No serious environmental incidents were recorded in the Group in 2009, but 118 less serious environmental incidents were recorded. Most of these were in connection with minor and short-term breaches of the river management regulations and minor oil spills, and had little or no environmental impact.

Development projects in Statkraft are planned and carried out in accordance with the requirements in the International Finance Corporation's standard relating to sustainable behaviour. For the environment, this entails impact analyses as regards environmental impact and systematic handling of environmental aspects through the entire project process. In 2009, impact analyses were initiated for the Devoll project in Albania and the Çetin project in Turkey.

Statkraft's emissions of greenhouse gases amounted to 1 600 000 tonnes in 2009 (1 605 000 tonnes). The Group buys climate quotas in the voluntary CO₂ quota market to neutralise greenhouse gas emissions from fuel consumption, business travel and accidental emissions.

In 2009, Statkraft consumed 1359 GWh of electricity. All electricity consumed in the Group has been certified as renewable in accordance with RECS (Renewable Energy Certificate System). Statkraft generated 39 700 tonnes of hazardous waste, which was handled in accordance with applicable regulations. The bulk of this volume is residual products from the district heating plant in Trondheim.

A major project aiming to develop a comprehensive environmental management system was concluded in 2009. The results from the project include Group-wide guidelines for environmental management in Statkraft with description of requirements related to mapping of environmental risk and impact. The Group was recertified in accordance with the environmental management system ISO 14001:2004 in 2009. For the time being, the activities outside of Scandinavia are not encompassed by the certificate.



→ **ODD VANVIK**

Employee-elected board member, member of Statkraft's Compensation Committee, board member since 1993

EMPLOYEES

At the end of 2009, the Group had 3378 full-time equivalents (2633). During the past year, the increase in full-time equivalents was 28 per cent. Of the new full-time equivalents, 466, or 63 per cent, were added in connection with the consolidation of SN Power. The Group now has employees in 19 countries, and 28 per cent of the staff work outside Norway. The average age among Statkraft’s employees is 45 years, while average seniority is 12 years. In 2009, the staff turnover rate in Statkraft was 2.3 per cent.

Several different surveys indicate that Statkraft is an attractive employer. In Universum’s annual survey among graduate students, the engineering students ranked Statkraft fifth among Norway’s most attractive employers, while the economics students ranked Statkraft in 25th place. Also in 2009, Statkraft was ranked one of Norway’s best places to work among businesses with more than 250 employees (questionnaire survey carried out by Great Place to Work Institute Norway).

Statkraft strives to attain an even gender distribution in the Group, and more women in managerial positions. In 2009, 22 per cent of the Group’s employees were women and the percentage of women in managerial positions was 23 per cent. The percentage of women on the board of directors is 44 per cent. The board follows up the work to achieve an even gender balance, including compliance with statutory requirements relating to gender distribution in the boards of subsidiaries and companies where Statkraft has major ownership interests.

Statkraft strives to attain a diverse working environment and promotes equal treatment in its recruitment and HR policy. Employees and others involved in Statkraft’s activities must be chosen and treated in a manner which does not discriminate on the basis of gender, skin colour, religion, age, disability, sexual orientation, nationality, social or ethnic origin, political conviction, trade union membership or other factors.

Each year, Statkraft evaluates its organisation and management as regards strategy, competence, organisational aspects and working environment. The results from the evaluation in 2009 were, as in previous years, very positive and indicate that Statkraft’s employees are satisfied and motivated in their jobs.

HEALTH AND SAFETY

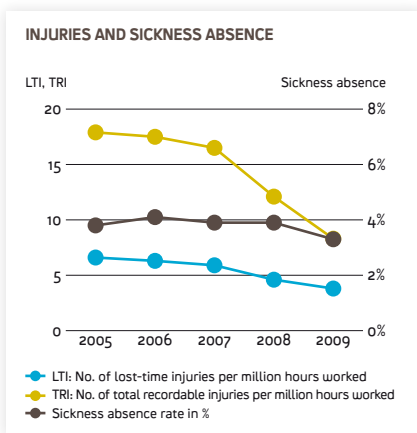
There were a total of eight fatalities in connection with the international development projects in 2009, and another fatality in the period to mid-March 2010. This poses a challenge for Statkraft, and comprehensive HSE measures have been implemented to avoid future accidents. One contractor employee in Turkey and one person from a local community in Peru died in connection with consolidated operations, and seven contractor employees died in connection with associated project activities – five in India and two in Laos.

Five of the deceased worked at SN Power’s Allain Duhangan project (India). Four of the fatal accidents took place in the first quarter of 2009, while the fifth took place in March 2010. As a consequence of fatal accidents, a new project manager was appointed in April 2009, and international experts in tunnel construction and HSE have become closely involved in the project.

Two contractor employees died during project work in Theun Hinboun Power Company (Laos) and one at Yesil Enerji’s project in Cakit in Turkey. In addition, a person from the local community drowned in a duct in the Arcata power plant in Peru (SN Power).

Most of the accidents took place in connection with transport. Work routines in connection with transport have therefore been made more stringent in all projects. Statkraft works to achieve increased understanding for and compliance with safety requirements within all development projects it is involved. Health and safety work and performance are followed up directly in the projects and through the respective boards of directors.

The absence indicator LTI was 3.8 in 2009 (4.6), while the injury indicator TRI was 8.4 (12.1). In total, 24 lost-time injuries, 229 days absent and 53 injuries were recorded in 2009. In addition, 19 lost-time injuries were recorded among Statkraft’s contractors. Increased focus on reporting and analysis of incidents, near-misses and unsafe conditions, as well as stricter requirements for investigation of serious conditions are assumed to be the causes of the positive development. Measures and efforts to minimise the number of injuries will continue to have high priority. The



Group has an expressed objective of learning the lessons from injuries, near-misses and unsafe conditions. In 2009, 5597 unsafe conditions and near-misses were recorded.

Absence due to illness in Statkraft was 3.3 per cent in 2009 (3.9 per cent). The company has a target of absence due to illness of less than 4 per cent. All Norwegian companies in the Group have entered into Inclusive workplace (IA) agreements, with active follow-up of absence and close cooperation with the company health service.

OUR ROLE IN SOCIETY

Statkraft is working to develop new production capacity which can contribute to long-term, reliable energy supply and we want to be a positive contributor in the societies in which we operate. We welcome a positive and open dialogue with all stakeholders and are working to develop the company in a manner which increases the value for the owner and the local communities and countries in which we operate.

Statkraft's economic value creation amounted to NOK 19 743 million in 2009. Of this, NOK 3740 million was returned to the owner as dividend and group contribution, while taxes and fees to the state and municipalities amounted to NOK 6202 million. Statkraft's total investments in 2009 amounted to NOK 4907 million (excluding loans given), of which NOK 2355 million was in Norway and NOK 2552 million abroad. Of these investments, 50 per cent were in connection with expansion of production capacity.

Statkraft's contribution to society includes knowledge enhancement and results created through innovation. We want to be a driving force in Norway's growing renewable energy and environment R&D sector. Our priority areas within R&D are channelled through three R&D programs within the areas marine energy, hydropower and customer activities. The budget for Statkraft's innovation projects in the period 2009–2011 is about NOK 500 million.

FRAMEWORK CONDITIONS

Statkraft's existing activities in Norway are influenced by framework conditions such as tax regulations, changes in the grid tariff regime, revisions of minimum waterflow provisions and other decrees from the Norwegian Water Resources and Energy Directorate, in addition to limitations in the transmission grid, general support schemes and regulations for the industry. The framework conditions can influence Statkraft's production, income and profitability. Correspondingly, Statkraft is exposed to framework conditions and regulations through its activities in the EU and emerging markets internationally.

The EU's renewables directive will have a great impact on Statkraft in the coming years. The directive sets binding goals for 20 per cent of total energy consumption to come from renewable energy by 2020. The European power prices alone cannot make new renewable technologies profitable. Most countries have therefore introduced subsidy systems to ensure growth for these technologies. The subsidy systems are national and vary significantly in both design and subsidy levels. There are two main subsidy systems: power transport tariffs and green certificates. Statkraft is exposed to subsidy schemes for the development of clean energy in a series of markets. Both known technologies such as land-based wind power and new technologies such as offshore wind, wave and tidal power are dependent upon financial support for realisation. Uncertainty related to the future scope and size of the various national subsidy systems is greatly emphasised when making investment decisions and will in the longer term be decisive for the development of new technologies.

The development of Europe's climate and energy policy makes Statkraft's advantages in environmentally friendly and flexible power production increasingly profitable. This applies to the further development of an integrated European energy market, the European CO₂ quota trading system and the goal of achieving 20 per cent renewable energy consumption. More wind power and other non-flexible power production increases the need for flexible production capacity. Outside of Europe, long-term prosperity development and climate challenges will drive demand for more clean energy.



→ **ASTRI BOTTEN LARSEN**

Employee-elected board member, member of Statkraft's Audit Committee, board member since 2002

ALLOCATION OF PROFIT

In the fiscal budget for 2010, the dividend from Statkraft to the Norwegian state has been set at NOK 3740 million, equalling 76 per cent of Group profit after tax and minority interests, adjusted for unrealised gains and losses. The dividend will be paid from Statkraft SF. In order to provide Statkraft SF with sufficient ability to pay dividend, the board proposes the following allocation of the net profit in Statkraft AS.

Amounts in NOK million

Net profit in Statkraft AS' company accounts	3 476
Allocation of profit for the year:	
Group contribution from Statkraft AS to Statkraft SF	7 420
Transferred from other equity	3 944

The parent company's distributable equity was NOK 16 570 million at year-end.

OUTLOOK

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

Substantial uncertainty remains as regards the activity level in the power-intensive industry, both in the Nordic region and on the Continent. Forward prices for 2010 indicate a somewhat higher price level than in 2009. Little precipitation in the fourth quarter of 2009 and at the beginning of 2010 indicates that the hydropower production may be somewhat lower in 2010, while the current price situation for gas could provide a basis for slightly higher gas power production. The organisation has been strengthened in 2009 as a result of the large number of new projects. Overall, the result for 2010 is therefore expected to be on a par with 2009.

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

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

On 4 February 2009, the board presented Statkraft's strategic platform with the associated financial plan to the Ministry of Trade and Industry in the form of a recommendation for strengthened equity and reduced dividend levels. It is of great importance to the company to achieve clarification as regards the capital situation.

The Board of Directors of Statkraft AS

Oslo, 17 March 2010



Arvid Grøndekjøn
Chair



Berit Rødseth
Board member



Ellen Stensrud
Deputy chair



Halvor Stenstadvold
Board member



Hilde M. Tønne
Board member



Bertil (Pertti) Tiusanen
Board member



Thorbjørn Holøs
Board member



Odd Vanvik
Board member



Astri Botten Larsen
Board member



Bård Mikkelsen
President and CEO

Responsibility statement

We confirm to the best of our knowledge that the consolidated financial statements for 2009 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that the financial statements for the parent company for 2009 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that the board of directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the key risks and uncertainties the companies are faced with.

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



Arvid Grøndekjøn
Chair



Berit Rødseth
Board member



Ellen Stensrud
Deputy chair



Halvor Stenstadvold
Board member



Hilde M. Tonne
Board member



Bertil (Pertti) Tiusanen
Board member



Thorbjørn Holøs
Board member



Odd Vanvik
Board member



Astri Botten Larsen
Board member



Bård Mikkelsen
President and CEO