



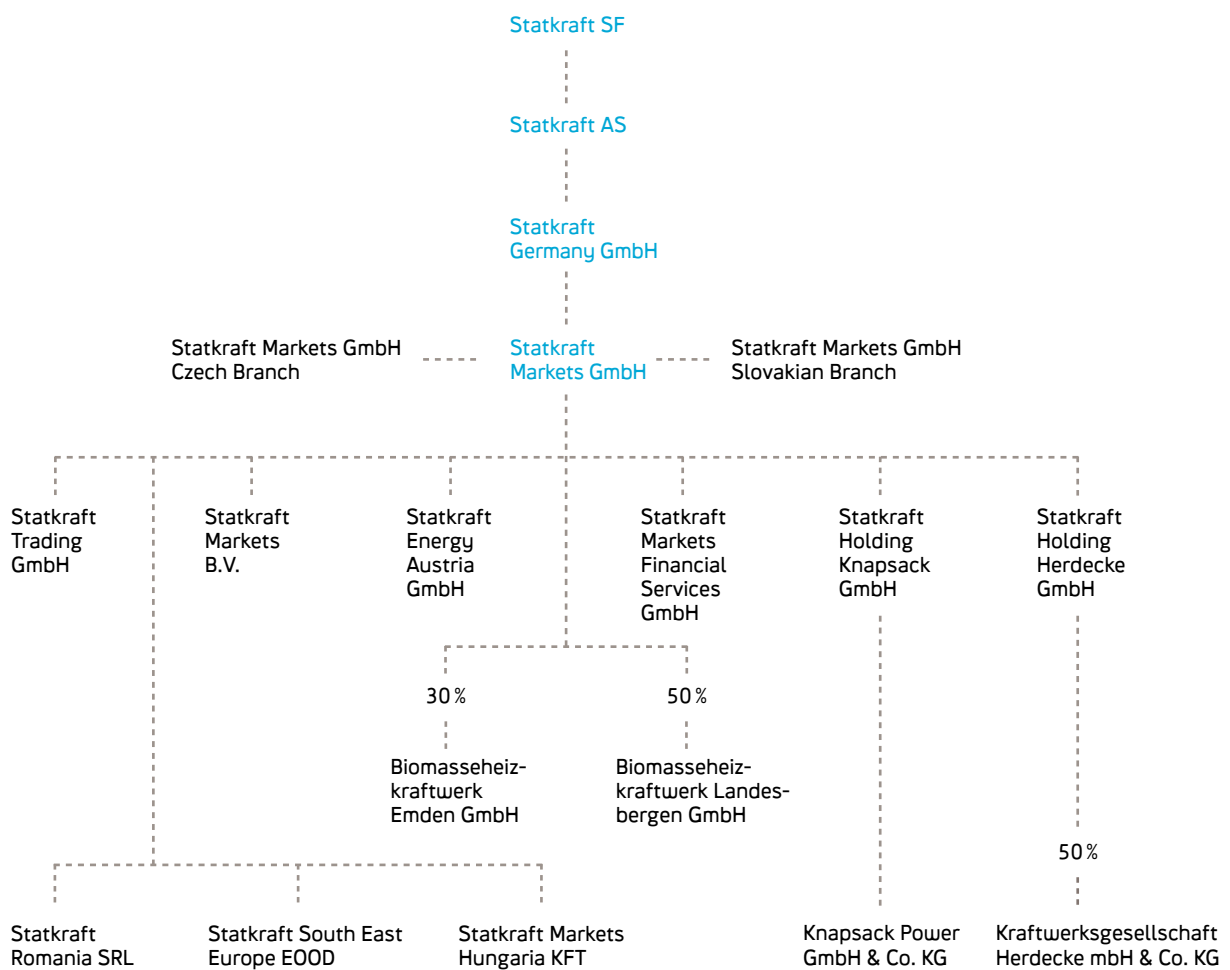
**Europe's driving force  
for pure energy**

## Key indicators of Statkraft Markets GmbH

Values in € million	2009	2008	2007	2006
Sales revenue	5,577.8	5,173.2	2,896.8	1,940.0
EBIT	12.6	-2.5	27.8	13.3
Profit before taxes	-2.9	-1.7	19.0	4.9
Profit after taxes	-4.2	-1.4	10.0	2.7
Cash flow of continuous operations	-45.2	1.5	26.2	-19.2
Cash and cash equivalents	12.7	20.7	15.1	8.8
Net working capital	37.9	5.4	12.9	-42.8
Balance sheet total	817.6	736.8	474.5	408.6
Equity	317.8	317.8	190.1	180.1
Equity ratio (%)	38.9	43.1	40.1	44.1
Number of employees	210*)	274	82	59

\*) On 1 January 2009, a total of 100 employees were transferred from Statkraft Markets GmbH to the new Statkraft companies Statkraft Germany GmbH and Statkraft Trading GmbH.

## Corporate structure





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Asbjørn Grundt

Executive Vice President, Market Operations and IT, Statkraft AS

” In the decade ahead Statkraft’s strategy will remain focused on environmentally friendly power generation supplemented by flexible gas-fired power generation and trading to provide predictability and stability. “



## Foreword by Asbjørn Grundt

Dear partners and customers,

2009 marked the tenth anniversary of Statkraft Markets GmbH's formation. Our key activities are Trading and Generation in Continental Europe. This is a good time to look back at the company's development and think about the decade ahead.

In 1999 Statkraft Markets GmbH was established as Statkraft's second trading office in Continental Europe. A year earlier trading had been started in the Amsterdam office, Statkraft's first office on the continent. Within three years the start-up losses and investment was paid off; the profits reached break-even and the company was embarking on a path of sustained profitability.

In 2005 Statkraft made a milestone decision to build three state-of-the-art gas-fired combined cycle plants at the same time, two of them being located in Germany close to Cologne and Dortmund, one other in Norway. The intention was to achieve a flexible generation portfolio on the continental market. The power plants started production and supplying into the grid in 2007. This meant that Statkraft Markets GmbH were now generators of power rather than just traders.

The second milestone was the asset swap agreement between E.ON and Statkraft, concluded at the end of 2008. After this deal Statkraft became the largest producer of renewable energy in Europe. Further, as a result of the swap, Statkraft Markets GmbH became the sixth-largest power generator in Germany.

In the decade ahead Statkraft's strategy will remain focused on environmentally friendly power generation supplemented by flexible gas-fired power generation and trading to provide predictability and stability. Norway was the first country in the world to liberalise its power markets. As a company with Norwegian headquarters, we believe that the competence in power plant operation and market knowledge will make a difference in liberalised markets. We are looking forward to applying these core competencies in new markets in the years ahead.

The experience gained in developing gas-fired power generation will be extended to new sites that we own and the ones in the pipeline. As the market for CO<sub>2</sub>-certificates becomes increasingly global we are about to establish a unit trading CO<sub>2</sub>-certificates worldwide. We will place a higher focus on multi-commodity trading, especially gas, by trading cross-border in Northwest Europe and the asset management of our own gas-fired power stations.

I hope that all of our stakeholders will continue to accompany us on this journey during the next ten years and I would like to thank you for the support and the trust that we have seen throughout the last decade.



ASBJØRN GRUNDT  
Executive Vice President



**DR TORSTEN AMELUNG**  
Managing Director



**DR GUNDOLF DANY**  
Managing Director



**STEFAN-JÖRG GÖBEL**  
Managing Director



**STEF PETERS**  
Managing Director



**DR CARSTEN POPPINGA**  
Managing Director



**DR JÜRGEN TZSCHOPPE**  
Managing Director

” Statkraft Markets GmbH’s flexible generation park provides us with a clear competitive advantage in markets which are increasingly dominated by renewable energies. “

## Foreword by the Statkraft Markets management team

Dear partners and customers,

Statkraft has evolved into an increasingly international energy company with a clear focus on environmentally friendly power generation and related trading operations. It is our intention to continue growing our business around these activities, as is clearly demonstrated by the development of Statkraft Markets GmbH, the company within which the largest share of the Statkraft Group's business in continental Europe is organised.

Statkraft Markets GmbH's flexible generation park provides us with a clear competitive advantage in markets which are increasingly dominated by renewable energies. The flexibility and availability we guarantee with our plants and employees at many different locations are the key factors behind our business success. The successful integration of employees and generation assets inherited from E.ON was an important milestone in 2009, and one which enabled us to substantially enhance our technical know-how and expand our portfolio of flexible generation plant.

We engage in trading operations in almost all the markets of Europe. This is crucial given that the European electricity market can only be grasped and evaluated in an overall European context. We trade in electricity and CO<sub>2</sub> as well as with gas. These activities are complemented by financial trading with coal and oil. These operations enable us to provide our trading partners with all-round product offerings and, at the same time – in the context of fundamental analyses and our proactive interventions – enables us to recognise and understand the global interactions between fuels, CO<sub>2</sub> and electricity. This

profound understanding guarantees our competitiveness to a certain extent.

We have set ourselves some ambitious goals for 2010 and subsequent years. We aim to expand our power plant park and have already secured several locations for CCGT power plants in Europe for this purpose. Planning work is already underway.

CO<sub>2</sub> certificate trading is becoming increasingly internationalised as more and more countries take direct or indirect part in emissions trading systems of the kind currently operating in the EU. We have therefore decided to concentrate our previous activities in the field of emissions trading in a Global Carbon unit and to extend these operations to locations outside of Europe itself.

By focusing on these key fields of business we intend to continue operating as a competent partner in the field of electricity generation and to be a force to reckon with on wholesale markets. We would like to take this opportunity to thank our customers and employees for the confidence they have shown in us and for the excellent cooperation we have enjoyed.



DR TORSTEN AMELUNG  
Managing Director



DR GUNDOLF DANY  
Managing Director



STEFAN-JÖRG GÖBEL  
Managing Director



STEF PETERS  
Managing Director



DR CARSTEN POPPINGA  
Managing Director



DR JÜRGEN TZSCHOPPE  
Managing Director

## Management report for the business year 2009

Two gas-fired and eleven hydro power plants successfully integrated in 2009

The Statkraft Markets Group can look back on yet another eventful and successful business year in 2009. The Group's members are Statkraft Markets GmbH and its subsidiaries, in particular Statkraft Markets B.V. in Amsterdam, Knapsack Power GmbH & Co. KG in Hürth, Statkraft Romania SRL and Statkraft South East Europe EOOD in Sofia. Business activities in 2009 were the trading of electricity, fuels and emission certificates in Continental Europe, the generation of power from its own environment-friendly power plants as well as support and services for developing new power plant projects for the Group's parent company, Statkraft AS in Oslo.

The year 2009 was characterised by the successful integration of two gas-fired and eleven hydro power plants as well as acquisition of holdings in two companies which generate electric power from biomass, which were acquired by Statkraft Markets GmbH as part of the asset swap transaction agreed between the Norwegian parent company Statkraft AS and E.ON AG that became effective as of 31 December 2008. The acquisition of this additional generation capacity has turned Statkraft into the sixth-largest power producer in Germany. Moreover, energy trading and origination was able to maintain the level which led to the outstanding results in 2008.

## Market development

Prices for electricity, gas and CO2 certificates substantially below the level for the previous year

Prices on the electricity markets were once again largely influenced by macroeconomic factors in 2009. The average price for spot deliveries on the German electricity market, calculated as the average day-ahead base-load price on the EEX, was at EUR 38.90/MWh in 2009, just under EUR 27/MWh or about 40% lower than the comparable value from the previous year.

The implementation of the "Basic Model of Balancing Services and Balancing Rules on the German Gas Market" (Grundmodell der Ausgleichsleistungen und Bilanzierungsregelungen im deutschen Gasmarkt) which was adopted by the Federal Network Agency in 2008 led to an upturn on the spot market in 2009. A significant factor here was the merger of the market regions Wingas Transport, Gasunie Deutschland and Ontras into the market region Gaspool as of 1 October 2009. Satisfactory liquidity was also observed at the virtual trading point NCG (NetConnect Germany). Owing to the evident supply surplus, prices were consistently well below the level of long-term oil-indexed supply agreements.

One important event for the carbon market was marked by the climate summit in Copenhagen which, in view of certificate trade outside of Europe, did not produce any tangible results. Prices for emission certificates in Europe stabilised in a range around EUR 13–14/t, whereby a similar level had already been reached in December of the previous year.

One noteworthy political development was that the issue of the remaining terms of operation for German nuclear power plants and the related general strategy for future electricity generation continued to be the subject of heated controversy even after the German general elections in September. The level of acceptance in society for the generation of electric power in both nuclear and coal-fired plants remains low, so that renewable energies and gas-fired plants must still be seen as the answer to the power generation issue if conformity with the 20-20-20 goals in the European Union is to be achieved.



## Business development

### Energy Management and Operations & Maintenance

The operational takeover of the gas-fired and hydro power plants by Statkraft Markets GmbH within the scope of the asset swap between Statkraft AS and E.ON AG marked the most important milestone in 2009 without a doubt and was celebrated together with the new and current employees at the plant sites on 8 January. The acquisitions increased the power plant portfolio of the Statkraft Markets Group by 262 MW of hydropower and by 913 MW of gas-fired capacity, whereby Statkraft's position in environmentally friendly power generation in Germany was strengthened significantly. In addition, Statkraft Markets GmbH assumed operational management and financial support of the biomass power plants in Emden and Landesbergen, in which the company holds interest of 30 and 50 %, respectively.

The integration of the additional power plant sites was especially challenging for the areas Operations & Maintenance, power plant scheduling and processing in interaction with procurement, billing and accounting. At the end of 2009, it was determined that the many and diverse tasks had been successfully completed and that the new sites had been successfully integrated into the Group.

The unit Operations & Maintenance, which saw its rising significance and growth manifested in the dedication of the new administration building at the power plant site Knapsack in 2009, carried the heaviest burden during the implementation of the group processes at the new sites. This was especially the case with respect to processes related to HR, procurement, HSE (health, security, environment) and technical operations.

Necessary technical inspections and planned revisions in 2009 caused a reduced availability of the gas-fired power plants in the power plant portfolio of the Statkraft Markets Group. Substantially higher availability is expected for 2010, which will result in standard levels.

Power plant scheduling and commercial marketing are embodied in the unit Energy Management. A major event in this area is the termination of long-term purchase agreements related to the Knapsack gas-fired power plant by Knapsack Power GmbH & Co. KG, an indirect subsidiary of Statkraft Markets GmbH. This means that in



Reduced availability of gas-fired power plants due to technical inspections and revisions

The new Regional Centre in Knapsack offers ample space for the management of all power plants in Germany and the UK

the future the Statkraft Markets Group will participate directly in all of the opportunities and risks related to the power plant operation of the 800 MW CCGT facility. Furthermore, it is worth noting that it has been possible to realise additional margins from the increasing marketing of power plant capacity on reserve electricity markets.

The markets in general proved to be more problematic than in the previous year because the margins in electricity generation remained in part substantially below those of the previous year owing to the declining price level. Consequently, production of 5.0 TWh in 2009 remained below the previous year's value of 5.4 TWh, although

Additional margins realised from increased marketing of power plant capacity on reserve electricity markets

the power plant portfolio expanded significantly. This also includes the proportional generation from the Herdecke power plant in which Statkraft holds a share of 50 % and which is operated by the partner Mark-E, an affiliate of Enervie (Südwestfalen Energie und Wasser AG), in the form of a successful cooperative venture. However, a renewed increase in production volume can be expected for the coming years.

Plans for new gas-fired power plant projects for Statkraft continued to be further developed in 2009. Projects at the existing sites in Emden and Knapsack are among them. Excellent progress has been made in project planning; however, the status of final investment decisions has not been reached.

In total the gross margin for Energy Management, defined as operating performance less cost of materials, was EUR 52.6 million in 2009.

### Trading and Origination

In the trading sector, activities on the British electricity and gas market continued to expand, whereby Continental Europe power trading continues to be the core business. Decisive trends, especially the fall in electricity prices in November, were recognised early in 2009 as well and a profit was realised in trading.

Results in the origination and portfolio management fields continued to be pleasing.

The structured contracts bundled and managed in Portfolio Management such as VPPs (i.e. virtual power plants based on a correspondingly structured supply agreement) contributed positively to results. The gradual opening of the gas market enabled Statkraft Markets GmbH to carry out gas deliveries to power plants and to conclude the appropriate tolling agreement in 2009.

Statkraft Markets GmbH continued to enjoy a close collaborative relationship with ewz in Switzerland, Braunschweiger Versorgungs AG & Co. KG (BVAG) in Germany and Salzburg AG in Austria in 2009.

The minor price differences in combination with the continued low level and slight volatility made the market in south-eastern Europe a very difficult one. As a result, the unit New Markets did not fulfil expectations in 2009. However, cross-border power trading in south-eastern European countries was expanded even further via the subsidiaries in Romania, Bulgaria and Hungary, and via Statkraft Western Balkans, an affiliate of Statkraft Markets GmbH in Belgrade, so that future trading opportunities could be realised.

Trading with renewable energies again made a substantial positive contribution to total profits in 2009. Statkraft actively markets certified power from renewable power generation to distribution companies that want, or are obliged, to offer green electricity to their customers. Statkraft offers the opportunity to purchase certified power and can deliver it across borders throughout Europe. Statkraft Markets GmbH has sales contracts with British, Dutch and German energy traders and utility companies, which are mainly supplied with green hydro power from Scandinavia.

An excellent result was reported in emissions trade for 2009, which is circumstantially explained by the realisation of previously unrealised profits in the HGB (German Commercial Code) accounting.

In total, the gross margin for Trading and Origination was EUR 62.3 million in 2009. Thereof approx. 38 % comes from Trading business and approx. 62 % from Origination business.

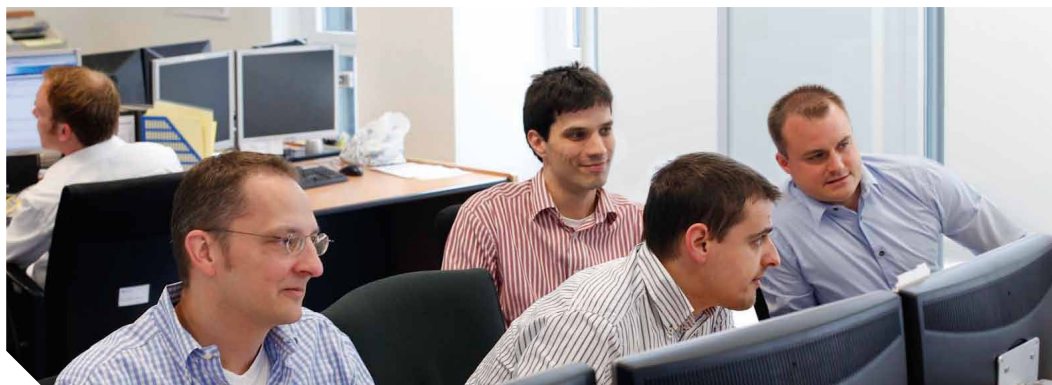
Gross margin of EUR 52.6 million in 2009 for Energy Management and Operations & Maintenance

## Operating result

Sales increased from EUR 5.2 billion to EUR 5.6 billion. This rise is due primarily to an increase in trading volume with electricity and emissions certificates. Sales in the amount of EUR 79.7 million from power production in own power plants are included for the first time this year in trading volume with electricity. In addition the traded volume in power trading, which made up a share of EUR 5.1 billion in sales, rose from 73 TWh in 2008 to 88 TWh in 2009. In addition, it must be kept in mind that a significant part of the sales in the current year results from futures trans-

These increases are a consequence of the fact that exclusively employees who were transferred to Statkraft Markets GmbH as of 31 December 2008 in the course of the power plant acquisition have been employed in the company since 1 January 2009. Former Statkraft Markets employees from the business units Trading and Finance have been transferred to Statkraft Trading GmbH or to Statkraft Germany GmbH since 1 January 2009. As a consequence, the expenses from group services especially within the other operating expenses rose from EUR 14.0 million to EUR 33.9 million. The figure of EUR 33.9 million includes expenses pursuant to the two service

88 TWh of traded electricity contributes EUR 5.1 billion to sales



Since 2009 Statkraft traders are trading electricity from the gas-fired and hydro power plants acquired from E.ON

actions concluded in the previous year for 2009. These futures contracts were concluded in 2008 at substantially higher prices than the average price for 2009. These two effects were able to more than compensate for the decline in the average price level.

Gross profit rose in the reporting period from EUR 36.2 million in 2008 to EUR 114.8 million. There had been a decline of EUR 13.7 million in the previous year. Production from Statkraft Markets GmbH's own power plants contributed EUR 36.3 million to this high gross profit.

As expected, the day-to-day operations of the power plants led to a rise in operating expenses. Personnel expenses were the only item which did not show a significant increase in comparison with the previous year.

agreements with Statkraft Trading GmbH and Statkraft Germany GmbH totalling EUR 18.4 million.

Moreover, expenses for repairs and maintenance amounting to EUR 3.8 million were incurred by the operation of the power plants for the first time in the reporting period. Another EUR 5.4 million was incurred as expenses for purchased services which were also related to the operation of the power plants. Depreciation increased by EUR 26.4 million to EUR 27.0 million. Overall, however, it must be noted that the company displays a competitive cost structure which is based, among other factors, on the moderate personnel expenses in comparison with similar companies.

Expenses for repairs and maintenance to power plants incurred for the first time

The financial results for Statkraft Markets GmbH in 2009 were negative at EUR -15.4



Negative financial results owing to value adjustments

million; the financial results of the previous year, in contrast, were slightly in the black at EUR 0.8 million. This is in part explained by the fact that the financial results and the income from investments of the current period were affected by the amount of EUR -9.3 million of the value adjustments on the holdings in the two biomass companies. The adjustments were based on an internal DCF (Discounted Cash Flow) calculation. Furthermore, interest expenses of EUR 6.7 million accrued in the reporting period, a rise of EUR 5.7 million in comparison with the previous year. Interest expenses are related above all to a bullet loan for the partial financing of the asset swap transaction in the amount of EUR 175.0 million which was taken out as of 31 December 2008.

Due to the special effect of the extraordinary write-downs, the results from ordinary business activities overall is negative and amounts to EUR -2.9 million. The loss after taxes of EUR -4.2 million was compensated by the sole shareholder Statkraft Germany GmbH pursuant to the profit and loss transfer agreement which has been in effect since 1 January 2009.

Fixed assets value down EUR 20.2 million compared to the previous year

Although a higher power production is planned for next year a comparable result is expected for 2010. However, this will be decisively affected by further developments on the energy markets, i.e. in particular of the prices for electricity and gas.

#### Financial and net asset position

Cash flow from current business activities in the current year amounts to EUR -45.2 million (previous year: EUR +1.5 million). This negative operating cash flow is a consequence of the closing date because outstanding payments for deliveries in trading with emissions certificates for December 2009 do not become due until January 2010. There were incoming

payments of EUR 40.5 million in January 2010, leading to a reduction in receivables. Cash flow from investment activities amounts to EUR -16.1 million (previous year: EUR -2.9 million), and cash flow from financing activities amounts to EUR 0.0 million (previous year: EUR -166.5 million). The final result causes a change in cash in the amount of EUR -61.3 million. As there was a positive cash balance at the beginning of the year of EUR 16.1 million, the result as of 31 December 2009 was a negative balance of EUR -35.8 million. The cash at the end of the year comprises cash and cash equivalents (EUR +12.7 million), short term liabilities against banks (EUR -9.4 million) and the negative cash pool account (EUR -48.5 million) which is shown under the liabilities due to affiliated companies.

The depreciation of tangible and financial assets in fiscal year 2009 of EUR 36.3 million and the reduction of the company's value by EUR -14.6 million caused by a purchase price adjustment made during the reporting year are contrasted by investments in fixed assets of EUR 17.1 million. Investments in the amount of EUR 13.7 million were made in financial assets after consideration of a capital repayment for a subsidiary of EUR 13.2 million. The bottom line is that fixed assets value decreased by EUR 20.2 million in comparison with the previous year to EUR 471.1 million.

Changes in current assets and in liabilities are essentially a consequence of the closing date. Owing to the profit and loss transfer agreement, equity remained at EUR 317.8 million and was unchanged in comparison with the previous year. The change in the balance sheet item Other provisions was influenced primarily by the rise in provisions for imminent losses by EUR 68.2 million to EUR 71.6 million. The provisions for imminent losses are mainly driven by open emission trading positions at 31 December 2009.

The overall equity ratio came to 38.9 % (2008: 43.1 %) from a balance sheet total of EUR 817.6 million, a confirmation that the creditworthiness of Statkraft Markets GmbH continues to be good. The increase in the balance sheet total and the accompanying slight decline in equity ratio were caused in part by the circumstance that there were high receivables and liabilities or provisions from trade with emissions certificates as of the closing date on 31 December 2009. A major portion of these inventories was cleared in the first few months of 2010.

2009. Since the Statkraft Group, working from its offices in Düsseldorf and Amsterdam, is active all across Europe, employees from 23 countries are employed at these two sites. This international environment is also highly attractive to new employees outside of Norway, Germany and the Netherlands and, as a whole, has a positive influence on the opportunities for development of new markets within Europe.

Employees from 23 countries work for the Statkraft Group



The Dörverden hydro power plant: one of the new plants acquired in 2009 as a result of the asset swap agreement with E.ON

### Human Resources development

The number of employees as of 31 December 2009 reached 210. The annual average was 192 employees.

The quality of the employees and their commitment have been the key to the company's successful development in recent years. Continuous training programmes and other HR development measures are conducted to secure the outstanding qualification and competence levels of our staff for the future. The Statkraft Group also initiated various retention measures to secure the commitment of key employees to the company in

## Risk management

Statkraft Markets GmbH is involved in trading activities which are exposed to a number of risks, including market price risks, counterparty credit risks, operating risks and IT system risks. That is why Statkraft Markets GmbH assigns the highest priority to risk management.

Business activities include trading and sales of standardised futures contracts as well as of power profiles and structured products. A major part of the profiles and structured products is hedged with corresponding standard products. Another part of the futures contracts is contracted for trading purposes, usually on the basis of short-term hedge transactions. In total, the business activity should result in a positive margin. Statkraft Markets GmbH is exposed to financial risks which can cause fluctuations in results, equity and cash flow. In order to identify and manage these risks in good time, the company has established a corresponding risk management policy, which is an active part of the corporate management.

The risk management committee, in which Statkraft Energi AS is also represented, decides upon the risk management policy for the different business segments. Middle Office plays a pivotal role in risk management by performing daily risk controlling and delivering independent and professional valuations.

Middle Office managers systematically analyse all new deal opportunities and

prepare risk assessments in support of the management team when making decisions, thereby increasing risk awareness and ensuring effective risk mitigation. Furthermore, Middle Office prepares daily and weekly risk reports on Statkraft Markets GmbH's market positions. These reports are discussed and evaluated weekly by Statkraft Markets GmbH's management team.

Risk is managed within a mandate and limit system which allows closing of a trading contract only in compliance with risk limits which are defined separately for price change and risk of default. Market price risks on the volatile power and gas markets are measured by Value at Risk (VaR) and Profit at Risk (PaR). Middle Office supervises the portfolio exposures as well as the total risk in the company. In the case of limit breaches, Middle Office takes responsibility for closing of open positions in order to minimise the risks from unsecured items.

Credit and default risk is managed through an internal rating process. The credit limit for each counterparty is monitored and periodically reviewed, and regular reports are prepared concerning the positions of individual counterparties. The rating and limit system enables the company to focus on counterparties with high creditworthiness. Default risk includes positive market values of financial derivatives. In response to the worldwide financial crisis, limits relating to financial institutions and special industrial customers have been critically reviewed and adjusted. Statkraft Markets GmbH did not suffer any losses in 2009 as a result of the insolvency of customers.

No losses suffered by Statkraft Markets in 2009 as a result of customer insolvency



As well as evaluating potential counterparty risks, all products, business opportunities and counterparties are assessed with regards to principles of corporate social responsibility (CSR), and all Middle Office risk assessments relating to change of mandates or product lists must take this into account.

Risks arising from the fluctuation of liquidity resulting from the use of financial instruments such as futures contracts are managed by Statkraft Markets GmbH by regularly monitoring daily, medium and long-term cash flow and the daily management of incoming and outgoing cash.



a high degree of redundancy for all core operations. In keeping with this philosophy, multiple staff members are trained in all key processes to ensure that essential skills are always available. The risk management system is monitored by internal group auditing and verified by external auditors as part of the year-end audit.



The Werrawerk: run-of-river power plant, built in 1924, completely refurbished with new machinery in 1986 and acquired by Statkraft in 2009

Statkraft Markets GmbH is exposed to various operating risks, including technical risks from power plant scheduling, and process risks during the processing of trade transactions, especially IT risks. Such risks are managed proactively. Energy management at Statkraft Markets GmbH is in close contact with the power plant staff and takes into account all possible technological failures when drawing up marketing strategy. Statkraft Market GmbH's systems have

## Outlook, opportunities and risks

Opportunities and risks arising from scheduling of long-term sales contracts

Statkraft will maintain its determined focus on environmentally friendly power generation and energy trading in continental Europe. The further optimisation of the power plant portfolio, along with the expansion of trading activities, will play an important role in this regard.

With regard to power plant scheduling, the issue of gas procurements in view of the opening of the markets in Germany will certainly be of significance. The possibility to procure gas on the spot market through purchase transactions on the NCG or Gas-pool market offers additional options and consequently profit potential.

Power plant projects now under consideration will progress to final decisions over the next few years to further expand Statkraft's power plant portfolio in Continental Europe in the future in line with the group's strategy.

Continuing concentration process

As far as trading is concerned, the trading floor in Düsseldorf is playing an increasingly key role in pan-European market access. The marketing of generated quantities from hydro power plants and wind farms from Statkraft's own sites, both now in operation and under construction, in Great Britain and Turkey should be mentioned in this context. The expansion of origination business to Great Britain is another building block in this growth strategy, as is the creation of the business unit Global Carbon, which will be handling the global opportunities for emissions certificate trade and projects within the framework of the clean development mechanism as of 2010.

Following the planned scheduling of the long-term sales contracts, completed in autumn, for the power plant in Knapsack, the Statkraft Markets Group will extend the activities and participate to a greater degree in future opportunities, but also in the marketing risks for gas-generated power. This will mean especially greater exposure to market price risks in conjunction with the so-called spark spread which designates the margin between the gas procurement and sale of electricity.

The development of the economy in Europe in 2010 will play a decisive role for the price level of energy. Obviously, it is difficult to predict just how quickly the recovery will proceed but Statkraft Markets GmbH proved in 2009 that even falling prices represent a trade opportunity which can definitely have positive consequences on the bottom line.

As it is a trading-oriented company, Statkraft Markets GmbH will continue to be subject to regulatory opportunities and risks in the future. They include the further deregulation of the gas markets and the ongoing steps for the implementation of the 20-20-20 targets in the European Union.

The mergers of RWE and Essent and of Vattenfall and Nuon are evidence that the concentration process still goes on. In the case of E.ON, the centralisation of trading activities testifies to the necessity of maintaining integrated and diversified surveillance of a number of related markets. Power market prices are in the meantime the result of a complex function of fuel prices,

developments in demand and emission prices, and thus depend on global markets and a broadly diversified range of regulatory and political factors. The inherent complexity represents a challenge which Statkraft Markets GmbH has prepared to meet by creating the necessary organisational and personnel requirements. Statkraft Markets GmbH will continue to follow a path of development into a pan-European

multi-commodity trading company. In the coming year, this will include the development of additional markets, especially in Great Britain, and of the global emissions market.

No major events took place after the balance sheet date.

Düsseldorf, 30 April 2010



**DR TORSTEN AMELUNG**  
Managing Director



**DR GUNDOLF DANY**  
Managing Director



**STEFAN-JÖRG GÖBEL**  
Managing Director



**STEF PETERS**  
Managing Director



**DR CARSTEN POPPINGA**  
Managing Director



**DR JÜRGEN TZSCHOPPE**  
Managing Director



## Events 2009

### 08.01.2009, Emden

At an official ceremony on 8 January 2009 Statkraft took over several power plants in Sweden, Germany and the United Kingdom. Bård Mikkelsen, former CEO of Statkraft AS, who was accompanied on a tour of the site by Plant Manager Jens Thomas, was also in attendance in Emden to mark this special day.



### 09.06.2009, Knapsack

The opening ceremony of the new Statkraft Regional Centre at the Knapsack site. All power plants in Germany and the UK are managed from this location. Walther Boecker, Mayor of Hürth, and Helmut Weihers, Managing Director of InfraServ Knapsack, were among the eminent guests welcomed by Dr Gundolf Dany, Managing Director of Statkraft Markets. Tron Engebretsen, head of the business unit Production, made the trip from Norway in order not to miss this memorable occasion.



### 27.10.2009, Herdecke

Inauguration of the Cuno Forum, an event and information centre showing the history of the Herdecke power plant and power generation. It is named after Willi Cuno, former Lord Mayor of Hagen, who erected the first power plant in Wetterstraße, Herdecke, a hundred years ago. Statkraft operates a state-of-the-art CCGT power plant at this site jointly with Mark-E.



## Financial statements

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## Balance sheet as at December 31, 2009

Assets	December 31, 2009 EUR	Prior year EUR'000
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1. Software	943,151.48	1,019
2. Goodwill	10,994,552.65	27,948
	<b>11,937,704.13</b>	<b>28,967</b>
<b>II. Tangible assets</b>		
1. Land, land equivalent rights and buildings	33,344,322.49	36,171
2. Technical equipment and machinery	216,131,511.78	234,906
3. Other equipment, factory and office equipment	3,289,100.12	2,951
4. Plant under construction	15,637,524.11	1,958
	<b>268,402,458.50</b>	<b>275,986</b>
<b>III. Financial assets</b>		
1. Shares in affiliated companies	156,682,177.89	167,771
2. Participating interests	9,335,737.05	18,595
3. Loans to companies in which the company has a participating interest	13,950,000.00	0
4. Other loans	10,819,593.59	0
	<b>190,787,508.53</b>	<b>186,366</b>
	<b>471,127,671.16</b>	<b>491,319</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
Raw materials and supplies	5,562,178.84	6,589
<b>II. Receivables and other assets</b>		
1. Trade receivables	203,148,983.67	149,922
2. Receivables from affiliated companies	39,574,489.57	23,858
3. Other assets	79,910,813.66	33,807
	<b>322,634,286.90</b>	<b>207,587</b>
<b>III. Cash-in-hand, bank balances</b>		
	<b>12,693,439.30</b>	<b>20,655</b>
	<b>340,889,905.04</b>	<b>234,831</b>
<b>C. Prepaid expenses</b>		
	<b>5,592,271.02</b>	<b>9,307</b>
<b>D. Deferred taxes</b>		
	<b>0.00</b>	<b>1,328</b>
	<b>817,609,847.22</b>	<b>736,785</b>



Shareholders' equity and liabilities	December 31, 2009 EUR	Prior year EUR'000
<b>A. Equity</b>		
<b>I. Subscribed capital</b>	4,000,000.00	4,000
<b>II. Capital reserves</b>	305,104,558.71	305,105
<b>III. Retained earnings brought forward</b>	8,663,853.54	10,020
<b>IV. Net income / net loss</b>	0.00	-1,356
	<b>317,768,412.25</b>	<b>317,769</b>
<b>B. Provisions</b>		
1. Provisions for pensions and similar obligations	13,210,435.00	13,499
2. Provisions for taxes	1,076,273.50	8,325
3. Other provisions	88,669,527.71	26,332
	<b>102,956,236.21</b>	<b>48,156</b>
<b>C. Liabilities</b>		
1. Bank loans and overdrafts	9,418,334.46	0
2. Trade payables	93,717,881.31	116,720
3. Liabilities to affiliated companies	276,922,705.52	238,819
4. Other liabilities	8,201,428.25	14,280
	<b>388,260,349.54</b>	<b>369,819</b>
<b>D. Prepaid income</b>	<b>8,624,849.22</b>	<b>1,041</b>
	<b>817,609,847.22</b>	<b>736,785</b>

# Income statement

For the period 1 January to 31 December 2009

	2009 EUR	2008 EUR'000
<b>1. Sales revenue</b>	5,577,805,071.74	5,173,239
<b>2. Energy tax</b>	2,752,680.19	0
<b>3. Other operating income</b>	9,602,197.68	7,489
<b>4. Cost of materials</b>		
a) Cost of raw materials, consumables	49,619,070.28	0
b) Cost of purchased services	5,420,222,457.60	5,144,493
<b>5. Personnel expenses</b>		
a) Salaries	10,211,244.54	10,785
b) Social security contributions, pension costs and other benefit costs thereof for pensions: EUR 12,413.82 (previous year: EUR 56 K)	2,013,012.32	1,028
<b>6. Amortisation and depreciation of fixed intangible and tangible assets</b>	27,046,194.07	610
<b>7. Other operating expenses</b>	62,950,407.28	26,310
<b>8. Income from profit transfer agreements</b>	438,189.23	0
<b>9. Other interest and similar income of which from affiliated companies:</b>		
EUR 423,184.84 (previous year: EUR 1,881 K)	689,857.30	2,583
<b>10. Write-offs in financial assets</b>	9,259,000.00	0
<b>11. Expenses from assumption of losses</b>	560,946.85	812
<b>12. Interest and similar expenses of which from affiliated companies:</b>		
EUR 6,617,655.60 (previous year: EUR 928 K)	6,779,087.27	994
<b>13. Result from ordinary business operations</b>	-2,878,784.45	-1,721
<b>14. Taxes on income</b>	1,274,478.80	-365
<b>15. Other taxes</b>	94,212.69	0
<b>16. Income from assumption of losses</b>	4,247,475.94	0
<b>17. Net income / net loss</b>	0.00	-1,356

# Notes to the financial statements for the business year 2009

## General remarks

The annual financial statements have been prepared in compliance with Sections 242 et seqq. and Sections 264 et seqq. German Commercial Code (HGB) as well as with the relevant provisions of the German Law on Limited Liability Companies (GmbHG). The regulations for large firms organised in a corporate form apply.

The nature of expense format has been applied to the income and loss statement.

In July 2008, the Norwegian parent company, Statkraft AS, and E.ON AG signed an agreement regarding the exchange of assets (asset swap) with a total volume of EUR 4.5 billion. Within the scope of this transaction, Statkraft AS exchanged its shares in E.ON Sverige AB for hydro and gas-fired power plants in several different countries. Through this deal, Statkraft Markets GmbH acquired from E.ON AG subsidiaries ten run-of-river and two gas-fired power plants, one pumped-storage hydro power plant and shares in two companies which operate biomass heating-power plants. These power plants and the acquired shares were effectively transferred to Statkraft Markets GmbH as of 31 December 2008. The employment relationships of the power plant site staff were also all transferred to Statkraft Markets GmbH.

As of 1 January 2009, operations of some of the organisational sub-units of Statkraft Markets GmbH were transferred in accordance with the provisions of Section 613a German Civil Code (BGB) to Statkraft Trading GmbH and Statkraft Germany GmbH. Statkraft Trading GmbH is now the new employer for employees for market activities such as power plant scheduling, energy trading and origination. Employees from the Finance and Business Support, HR and Communications departments have trans-

ferred to Statkraft Germany GmbH. Also effective as of 1 January 2009, the company concluded agreements with Statkraft Trading GmbH and Statkraft Germany GmbH for the performance of services by the transferred organisational units.

The contract partner for all trading activities, however, remains Statkraft Markets GmbH.

## Accounting and valuation rules

The following accounting and valuation rules were applied when preparing these annual financial statements.

Purchased **intangible fixed assets** and **tangible fixed assets** are recognised at acquisition cost; if subject to wear and tear, scheduled amortisation and depreciation is taken in accordance with their useful life. Amortisation and depreciation amounts comply with the useful lives recognised under tax law. The **goodwill** recognised as a fixed asset is depreciated using the straight-line method in accordance with its estimated useful life of 15 years, starting on 1 January 2009.

In compliance with the provisions of Section 6 German Income Tax Act (EStG), **low-value assets** with a net value of up to EUR 150.00 have been directly expensed in the income statement since business year 2008. In accordance with Section 6 (2a) German Income Tax Act, a collective item for low-value assets with a net value of more than EUR 150.00 and up to EUR 1,000.00 is recognised in the tangible fixed assets and depreciated over a five-year period using the straight-line method.

All depreciation and amortisation options admissible under tax law are applied.

The **financial assets** are recognised at the lower of cost of acquisition or fair values.

**Inventories** are recognised at cost of acquisition. Compliance with the lower-of-cost-or-market principle is secured by write-offs as required.

**Receivables and other assets** are capitalised at nominal value. Appropriate allowances are made in order to cover all related risks.

**Liquid assets** are recognised at nominal value.

Expenses incurred before the balance sheet date are disclosed as **prepaid expenses** on the assets side, to the extent these constitute expenditures for a certain time after this date.

**Pension provisions** are measured on the basis of actuarial principles according to the entry age normal method pursuant to Section 6a German Income Tax Act at an imputed interest rate of 6% and based on Prof Dr Klaus Heubeck's 2005 G mortality tables.

**Other provisions** cover all contingent liabilities as well as impending losses from pending transactions. They were created in the amount required in accordance with reasonable commercial assessment.

**Provisions for impending losses** result from existing pending transactions, the so-called open positions. In anticipation of such impending losses, their prices on the closing date of the transaction are compared with the market values on the balance sheet date. Due to the fulfilment of the prerequisites for the formation of valuation units in the portfolio, unrealised profits from open positions could partially be offset against loss-generating items. In accordance with the lower-of-cost-or-market principle, the mutual offset of profit and loss-generating items within the valuation units is limited to a maximum provision of zero. Negative and positive valuation units have not been offset against each other so that the addition of all negative valuation units corresponds to the sum of provisions for impending losses. No positive portfolio

values are capitalised. As in the previous year, this method has been applied to all valuation units.

**Liabilities** are recognised at the amounts at which they will be repaid.

Receivables and credits denominated in **foreign currencies** as well as foreign exchange reserves are recognised at the rates in effect at the date of transaction or at rates on the balance sheet date where these are lower.

Payables denominated in foreign currency are principally recognised at the rates in effect at the date of transaction or at the rates in effect at the balance sheet date where these are higher.

**Affiliated companies** are all companies included in the consolidated financial statements of Statkraft AS, Oslo/Norway, and companies in which Statkraft AS, Oslo/Norway, either directly or indirectly, holds the majority interest, but that are not included in the consolidated financial statements pursuant to the exercise of an option.

**Sales revenues** generated from trading business are presented gross.



## Notes to the balance sheet

### Fixed assets

The movements in fixed assets and their amortisation and depreciation are presented in the statement of movements in fixed assets (Appendix to the Notes).

The depreciation on the **goodwill** of EUR 10,995 thousand (previous year: EUR 27,949 thousand) amounted to EUR 785 thousand in the reporting period. The additional reduction of the goodwill by EUR 16,169 thousand is above all caused by the retroactive purchase price adjustment made in the middle of 2009.

**Participating interests** valued at EUR 9,336 thousand (previous year: EUR 18,595 thousand) concern the shares at the two biomass CHP plants (combined heat and power) in Emden and Landesbergen acquired in the framework of a barter deal

concluded with E.ON AG in 2008. An unscheduled write-off of EUR 9,259 thousand was taken in the reporting period pursuant to an internal DCF (discounted cash flow) calculation. In particular considering increased wood prices leads to this write-off.

During the current business year, the company granted loans to the two biomass CHP plants. They are recognised with a value of EUR 13,950 thousand (previous year: EUR 0) as **loans to companies in which the company has a participating interest**.

**Other loans** recognised at 10,820 thousand (previous year: EUR 0) are related exclusively to the value for the reinsurance policy covering the disclosed pension commitments. This reinsurance policy was concluded during the reporting period, effective as of 1 January 2009.

## List of shareholdings

Name of the company	Share- holding in %	The business year 2009 EUR'000	Share capital/ liable capital as of 31 Dec. 2009 EUR'000	Equity as of 31 Dec. 2009 EUR'000
Statkraft Energy Austria GmbH, Vienna/Austria	100	13	50	47
Statkraft Markets Financial Services GmbH, Düsseldorf	100	0*)	25	1,093
Statkraft Markets B.V., Amsterdam/The Netherlands	100	1,061	6,061	1,863
Statkraft Holding Herdecke GmbH, Düsseldorf	100	0*)	25	20,325
Statkraft Holding Knapsack GmbH, Düsseldorf	100	0*)	25	141,979
Knapsack Power GmbH & Co. KG, Düsseldorf **)	100	-17,965	25	120,247
Knapsack Power Verwaltungs GmbH, Düsseldorf **)	100	2	25	43
Kraftwerksgesellschaft Herdecke mbH & Co. KG, Hagen **)	50	1,467	10,000	11,467
Kraftwerksverwaltungsgesellschaft Herdecke mbH, Hagen **)	50	1	25	32
Statkraft Markets Hungária Kft., Budapest/Hungary	100	-2	198	191
Statkraft South East Europe EOOD, Sofia/Bulgaria	100	79	3	136
Statkraft Romania SRL, Bucharest/Romania ***)	100	248	100	519
Statkraft Trading GmbH, Düsseldorf	100	0*)	25	25
Statkraft Germany Drei GmbH, Düsseldorf	100	-2	25	21
Statkraft Germany Vier GmbH, Düsseldorf	100	-2	25	21
Statkraft Germany Fünf GmbH, Düsseldorf	100	-2	25	21
Biomasseheizkraftwerk Emden GmbH, Emden	30	-1,392	1,000	9,989
Biomasseheizkraftwerk Landesbergen GmbH, Landesbergen	50	-1,065	1,000	9,775

\*) Result for the year after transfer of profits/losses

\*\*\*) Indirectly held participating interests

\*\*\*) 1% indirectly held share

### Receivables and other assets

All receivables have a residual term of less than one year.

Receivables due from affiliated companies relate to trade receivables in the amount of EUR 10,223 thousand (previous year: EUR 15,698 thousand). Receivables due from the shareholder Statkraft Germany GmbH amounting to EUR 24,317 thousand (previous year: EUR 0) relate to VAT refund claims and receivables due to income from assumption of losses. Furthermore, receivables due from affiliated companies relate to receivables from profit and loss transfer agreements in the amount of EUR 438 thousand (previous year: EUR 0) and short-term loans granted to subsidiaries in the amount of EUR 4,596 thousand (previous year: EUR 8,160 thousand).

### Prepaid expenses

Prepaid expenses in the amount of EUR 5,592 thousand (previous year: EUR 9,307 thousand) notably include expenses for option premiums, network fees, gas delivery and IT services relating to the business year 2010.

### Deferred taxes

The deferred tax reimbursements capitalised as of 31 December 2008 were reversed, affecting income during the current business year. This is because a possible disclosure must now be made at the level of Statkraft Germany GmbH in its capacity as controlling company (since 1 January 2009).

### Equity

There were no capital increases or decreases during the reporting period. As a consequence of the controlling and profit and loss transfer agreement with Statkraft Germany GmbH, which has been in effect since 1 January 2009, the company's **equity** remained unchanged in comparison with the previous year at EUR 317,768 thousand.

### Provisions for pensions and similar obligations

The major portion of this item totalling EUR 13,210 thousand (previous year: EUR 13,498 thousand) is for pension provisions in the amount of EUR 10,216 thousand (previous year: EUR 10,942 thousand).

### Other provisions

Other provisions were notably created for impending losses from pending transactions (EUR 71,603 thousand, previous year: EUR 3,409 thousand), employee bonuses (EUR 528 thousand, previous year: EUR 2,730 thousand), delivery commitment for emission rights (EUR 5,012 thousand, previous year: EUR 6,624 thousand), network and broker fees (EUR 1,270 thousand, previous year: EUR 1,618 thousand), cost of balance energy (EUR 639 thousand, previous year: EUR 1,002 thousand), demolition costs (EUR 3,678 thousand, previous year: EUR 3,678 thousand), maintenance costs (EUR 4,525 thousand, previous year: EUR 4,525 thousand) and holiday leave not yet taken/settlement obligations (EUR 278 thousand, previous year: EUR 1,917 thousand).

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**Liabilities**

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The liabilities have a residual term of up to one year; liabilities of EUR 175,000 thousand (previous year: EUR 175,000 thousand) have a residual term of over five years. Liabilities are partially collateralised by guarantees of the parent company.

The liabilities due to affiliated companies relate to trade accounts payable in the amount of EUR 52,829 thousand (previous year: EUR 58,852 thousand), liabilities from loans in the amount of EUR 175,000 thousand (previous year: EUR 175,000 thousand) and liabilities from loss compensation obligations in the amount of EUR 561 thousand. As of the balance sheet date, there are liabilities from the cash pool due to the top-level parent company Statkraft AS, Oslo/Norway, in the amount of EUR 48,533 thousand (previous year: EUR 4,595 thousand). As of the balance sheet date, there were trade liabilities due to the shareholder Statkraft Germany GmbH in the amount of EUR 2,035 thousand (previous year: EUR 0).

With the consent of Statkraft Markets GmbH, the loan of EUR 175,000 thousand was transferred as of 25 March 2009 from Statkraft AS to Statkraft Treasury Center SA, Brussels/Belgium.

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**Other financial obligations/contingencies**

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Obligations pursuant to tenancy leases and leasing agreements came to a total of EUR 2,500 thousand (previous year: EUR 4,191 thousand) as of 31 December 2009.

A letter of support has been presented to a clearing office in Austria for the accounting grid obligations of Statkraft Energy Austria GmbH. There was no liability to this clearing office as at the balance sheet date.

Statkraft Markets GmbH issued a guarantee of EUR 2,000 thousand to the Bulgarian State Energy and Water Regulatory Commission, relating to liabilities of Statkraft South East Europe EOOD, Sofia/Bulgaria, from electricity supply contracts within Bulgaria. The liabilities of Statkraft South East Europe EOOD, Sofia/Bulgaria, from electricity supply contracts within Bulgaria amount to EUR 12 thousand as of 31 December 2009.



## Notes to the income statement

The acquisition and inclusion in the balance sheet of the power plants became effective on 31 December 2008. Consequently, income and expenses from power plant products are disclosed for the first time in this reporting period.

### Sales revenue

Sales revenue in the past business year amounted to EUR 5,577,805 thousand and was distributed among electricity (EUR 5,023,868 thousand), gas (EUR 141,333 thousand) and emissions as well as renewables (EUR 399,285 thousand). Sales revenue also includes income from group services to Statkraft Energi AS, Oslo/Norway, in an amount of EUR 7,451 thousand as well as from other services to customers in an amount of EUR 5,868 thousand. Energy taxes in the amount of EUR 2,753 thousand are included in the sales revenues but settled out open in the income statement.

Classified by regional markets, sales were notably generated in Germany (EUR 4,276,298 thousand), France (EUR 627,709 thousand), Great Britain (EUR 262,746 thousand), the Netherlands (EUR 200,169 thousand), the USA (EUR 46,387 thousand), Switzerland (EUR 33,442 thousand), Norway (EUR 24,487 thousand), Austria (EUR 17,460 thousand), Czech Republic (EUR 16,267 thousand), Italy (EUR 13,856 thousand), Belgium (EUR 12,499 thousand), Bulgaria (EUR 10,950 thousand), Hungary (EUR 9,974 thousand), Denmark (EUR 9,631 thousand) and Spain (EUR 5,355 thousand). The remaining sales were generated in other countries of the EU or EEA.

### Other operating income

Other operating income amounted to EUR 9,602 thousand. It notably consists of income from the recharging of internal

costs for projects and services to group companies in an amount of EUR 4,803 thousand, foreign currency gains in an amount of EUR 3,492 thousand and income from the reversal of provisions in an amount of EUR 870 thousand. Furthermore, it includes income from former periods of EUR 261 thousand, resulting from receivables on which an allowance was already made.

### Other operating expenses

The item other operating expenses includes above all expenses for legal and consultancy fees (EUR 4,512 thousand), rent, repair and similar costs (EUR 6,685 thousand), services for power plants (EUR 5,398 thousand), expenses from group services (EUR 33,885 thousand), foreign currency losses (EUR 3,411 thousand), IT-related expenses (EUR 1,552 thousand), marketing and information costs (EUR 1,862 thousand), travel expenses (EUR 427 thousand), expenses for telephone and data transmission (EUR 822 thousand), membership fees (EUR 512 thousand), guarantee costs (EUR 491 thousand), expenses for external employees (EUR 771 thousand) as well as general allowances on receivables (EUR 568 thousand).

The group service expenses of EUR 33,885 thousand include an item of EUR 11,797 thousand for expenses from the service agreement with Statkraft Trading GmbH. Another EUR 6,611 thousand relate to expenses from the service agreement with Statkraft Germany GmbH.

### Taxes on income

Taxes on income amount to EUR -1,274 thousand, of which EUR -116 thousand relate to corporate income tax, EUR 62 thousand to municipal trade tax, both concerning previous years, and EUR 1,328 thousand to the reversal of the capitalised deferred taxes.

### Derivative financial instruments

The business activities of Statkraft Markets GmbH include the trade and sale of electricity, gas, emission rights and commodities. For this purpose, forward contracts are concluded that are settled before maturity against hedged transactions. The individual forward contracts are listed in the corresponding portfolios. The market valuation is performed by means of forward rates and internally developed models that comply with industry standards or, if the market price cannot be reliably determined, at acquisition costs. The material factors in

these models are the anticipated price change on the energy markets, the historical price development, the volatility of market prices as well as the general interest rate development.

The valuation under commercial law of the derivative financial instruments as at the balance sheet date is performed by application of the lower-of-cost-or-market principle. Positive market values are indicated by "0" and negative values under the balance sheet item "Provisions for impending losses".

	Nominal volume 31.12.2009 EUR millions	Market value 31.12.2009 EUR'000	Recognised as at 31.12.2009 EUR'000	Balance sheet item 31.12.2009
Commodity derivative	11,743	-49,372	-71,603	Other provisions

### Auditor's fees

The total fee charged by the auditor Deloitte & Touche GmbH for business year 2009 comes to EUR 153 thousand: EUR 147 thousand for the audit of the financial statements and EUR 6 thousand for other certification services.

### Business of larger extent with affiliated companies and participating interests

Statkraft Markets GmbH engaged in the following larger scale business with affiliated and associated companies in the business year 2009:

1. Service Agreement between Statkraft Markets GmbH and Statkraft Energi AS on
  - a. underwriting of trading business under one's own name but on behalf of Statkraft Energi AS,

- b. procurement of power commercialisation relating to the Power Purchase Agreement with Kraftwerksgesellschaft Herdecke mbH & Co. KG and Knapsack Power GmbH & Co. KG as well as shares (two-thirds) on Baltic Cable AB, Malmö, Sweden
2. Gas delivery from Statkraft Markets GmbH to Knapsack Power GmbH & Co. KG
  3. Power Delivery Agreement between Statkraft Markets GmbH and Knapsack Power GmbH & Co. KG
  4. Service Agreement between Statkraft Markets GmbH and Statkraft Germany GmbH for the performance of services such as Finance and Business Support, HR and Communications
  5. Service Agreement between Statkraft Markets GmbH and Statkraft Trading GmbH for the performance of services such as power plant scheduling, energy trading and origination
  6. Loan Agreement between Statkraft Markets GmbH (borrower) and Statkraft Treasury Center S.A.

7. Operation Management Agreement between Statkraft Markets GmbH and Biomasseheizkraftwerk Emden GmbH
8. Operation Management Agreement between Statkraft Markets GmbH and Biomasseheizkraftwerk Landesbergen GmbH
9. Loan Agreement between Statkraft Markets GmbH (lender) and Biomasseheizkraftwerk Emden GmbH
10. Loan Agreement between Statkraft Markets GmbH (lender) and Biomasseheizkraftwerk Landesbergen GmbH

### Management

The managing directors are Dr Torsten Amelung (Chairman), Düsseldorf (with sole powers of representation); Dr Jürgen Tzschoppe (Commercial Asset Management), Düsseldorf; Stefan-Jörg Göbel (Trading & Origination), Düsseldorf; Dr Carsten Poppinga (Finance), Düsseldorf; Stephanus Peters (Origination), Amsterdam/ The Netherlands (authorised to act jointly), and Dr Gundolf Dany (Operations & Maintenance), Pulheim (with sole powers of representation). The managing directors perform the duties and responsibilities of the divisions shown above as their full-time occupations.

### Total emoluments paid to the management

The company has decided to exercise the option of the protective clause of Section 286 (4) German Commercial Code with respect to the emoluments paid to management. Only one managing director received emoluments from the company in business year 2009.

### Employees

The company had an annual average of 192 employees during the reporting period (2008: 134).

### Group affiliation

The company's annual financial statements are included in the consolidated financial statements of Statkraft AS, Oslo/Norway, as of 31 December 2009 (smallest group). The largest group of consolidated entities in which the company is included are the consolidated financial statements of Statkraft SF, Oslo/Norway. The management intends to file Statkraft AS' consolidated financial statements, prepared according to International Financial Reporting Standards (IFRS), in German with the online version of the Bundesanzeiger (German Federal Gazette) according to the relevant provisions for consolidated financial statements and consolidated management reports. In this case, Statkraft Markets GmbH will not be obligated to prepare its own consolidated financial statements and a consolidated management report according to Section 290 German Commercial Code.

Deviations from German legal requirements with respect to the annual financial statements of Statkraft Markets GmbH can arise in the field of fixed assets due to different definitions of useful life, different valuations of goodwill, pension provisions, pending transactions and the creation of provisions for deferred taxes thereon, resulting from the application of varying accounting and valuation methods.

### Proposal for appropriation of profit

The accumulated deficit for the year will be absorbed by the sole shareholder, Statkraft Germany GmbH, pursuant to the controlling and profit and loss transfer agreement. Net result for the year is therefore disclosed as EUR 0.

Düsseldorf, 30 April 2010



DR TORSTEN AMELUNG  
Managing Director



DR GUNDOLF DANY  
Managing Director



STEFAN-JÖRG GÖBEL  
Managing Director



STEF PETERS  
Managing Director



DR CARSTEN POPPINGA  
Managing Director



DR JÜRGEN TZSCHOPPE  
Managing Director

## Movements in fixed assets in the business year 2009

### Gross book values

	Balance as at 1.1.2009 EUR	Additions EUR	Transfers EUR	Disposals EUR	Balance as at 31.12.2009 EUR
<b>I. Intangible fixed assets</b>					
Software	1,602,861.36	13,889.43	16,100.00	0.00	1,632,850.79
Goodwill	27,948,531.11	0.00	-1,541,640.73	14,627,012.54	11,779,877.84
	<b>29,551,392.47</b>	<b>13,889.43</b>	<b>-1,525,540.73</b>	<b>14,627,012.54</b>	<b>13,412,728.63</b>
<b>II. Tangible fixed assets</b>					
Land, land equivalent rights and buildings	36,171,455.67	176,722.26	2,992.99	0.00	36,351,170.92
Technical equipment and machinery	234,905,972.11	1,237,554.63	1,821,929.98	0.00	237,965,456.72
Other equipment, factory and office equipment	4,817,280.55	1,300,136.50	354,973.67	4,550.70	6,467,840.02
Plant under construction	1,958,159.88	14,333,720.14	-654,355.91	0.00	15,637,524.11
	<b>277,852,868.21</b>	<b>17,048,133.53</b>	<b>1,525,540.73</b>	<b>4,550.70</b>	<b>296,421,991.77</b>
<b>III. Long-term financial assets</b>					
Shares in affiliated companies	167,771,263.89	2,066,250.00	0.00	13,155,336.00	156,682,177.89
Participating interests	18,594,737.05	0.00	0.00	0.00	18,594,737.05
Loans to companies in which the company has a participating interest	0.00	13,950,000.00	0.00	0.00	13,950,000.00
Other loans	0.00	10,819,593.59	0.00	0.00	10,819,593.59
	<b>186,366,000.94</b>	<b>26,835,843.59</b>	<b>0.00</b>	<b>13,155,336.00</b>	<b>200,046,508.53</b>
	<b>493,770,261.62</b>	<b>43,897,866.55</b>	<b>0.00</b>	<b>27,786,899.24</b>	<b>509,881,228.93</b>



Accumulated amortisation/depreciation				Net book values		
Balance as at 1.1.2009 EUR	Additions EUR	Disposals EUR	Balance as at 31.12.2009 EUR	Balance as at 31.12.2009 EUR	Balance as at 31.12.2008 EUR	
						<b>I. Intangible fixed assets</b>
584,359.01	105,340.30	0.00	689,699.31	943,151.48	1,019	Software
0.00	785,325.19	0.00	785,325.19	10,994,552.65	27,948	Goodwill
<b>584,359.01</b>	<b>890,665.49</b>	<b>0.00</b>	<b>1,475,024.50</b>	<b>11,937,704.13</b>	<b>28,967</b>	
						<b>II. Tangible fixed assets</b>
0.00	3,006,848.43	0.00	3,006,848.43	33,344,322.49	36,171	Land, land equivalent rights and buildings
0.00	21,833,944.94	0.00	21,833,944.94	216,131,511.78	234,906	Technical equipment and machinery
1,866,532.86	1,314,735.21	2,528.17	3,178,739.90	3,289,100.12	2,951	Other equipment, factory and office equipment
0.00	0.00	0.00	0.00	15,637,524.11	1,958	Plant under construction
<b>1,866,532.86</b>	<b>26,155,528.58</b>	<b>2,528.17</b>	<b>28,019,533.27</b>	<b>268,402,458.50</b>	<b>275,986</b>	
						<b>III. Long-term financial assets</b>
0.00	0.00	0.00	0.00	156,682,177.89	167,771	Shares in affiliated companies
0.00	9,259,000.00	0.00	9,259,000.00	9,335,737.05	18,595	Participating interests
0.00	0.00	0.00	0.00	13,950,000.00	0	Loans to companies in which the company has a participating interest
0.00	0.00	0.00	0.00	10,819,593.59	0	Other loans
<b>0.00</b>	<b>9,259,000.00</b>	<b>0.00</b>	<b>9,259,000.00</b>	<b>190,787,508.53</b>	<b>186,366</b>	
<b>2,450,891.87</b>	<b>36,305,194.07</b>	<b>2,528.17</b>	<b>38,753,557.77</b>	<b>471,127,671.16</b>	<b>491,319</b>	

## Independent auditor's report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of Statkraft Markets GmbH, Düsseldorf, for the business year from 1 January to 31 December 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control

system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Statkraft Markets GmbH, Düsseldorf, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 7 June 2010

Deloitte & Touche GmbH  
Wirtschaftsprüfungsgesellschaft

signed  
(Bork)  
German Public Auditor

signed  
(Frank)  
German Public Auditor

Note: German version prevails

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