



Third-quarter 2008 report

Christian Berg, President and CEO

Hafslund ASA

28 October 2008

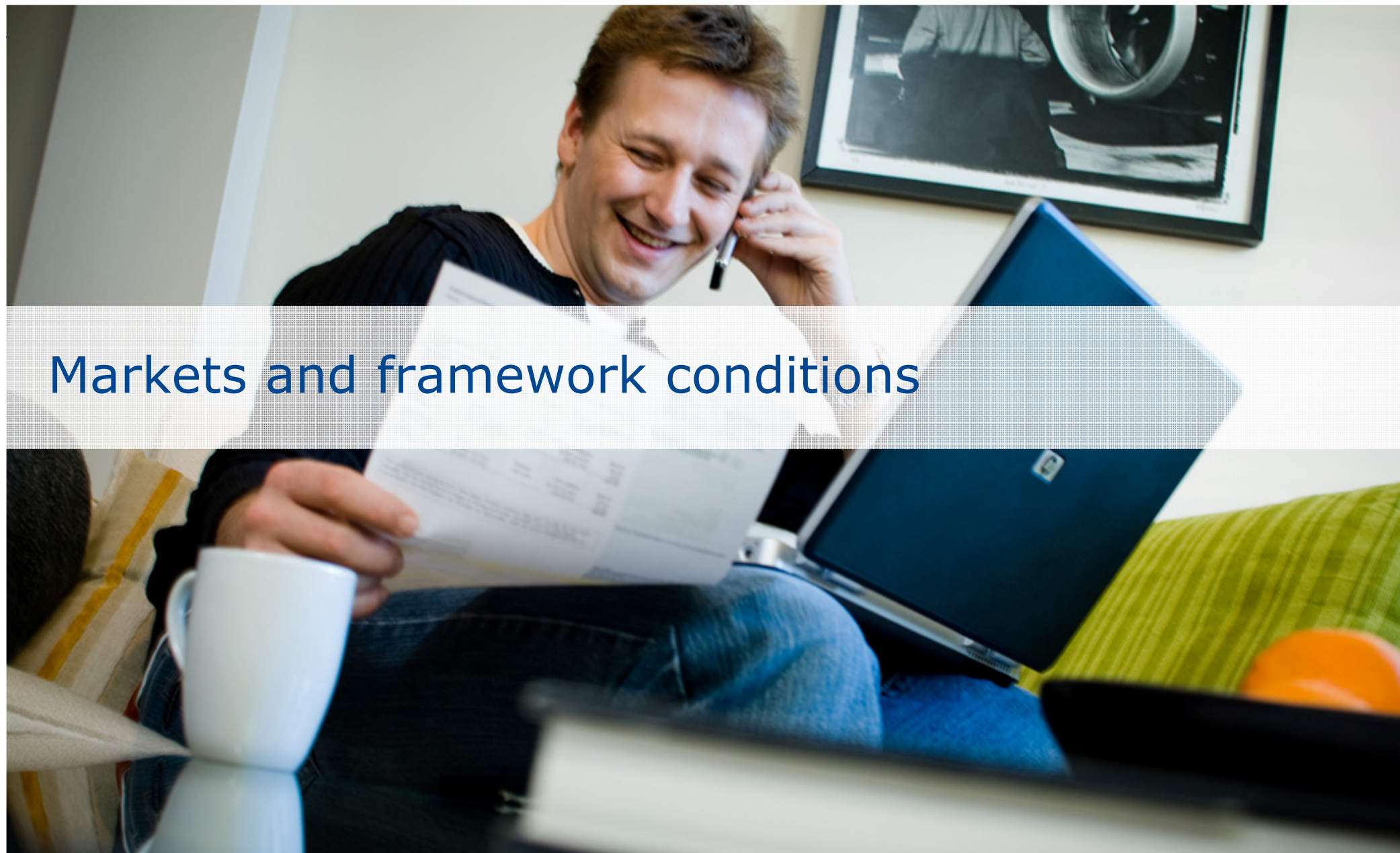


Agenda



1. Markets and framework conditions
2. Third-quarter 2008 results
3. Fesil – a Hafslund Venture portfolio company





Markets and framework conditions

Forward prices



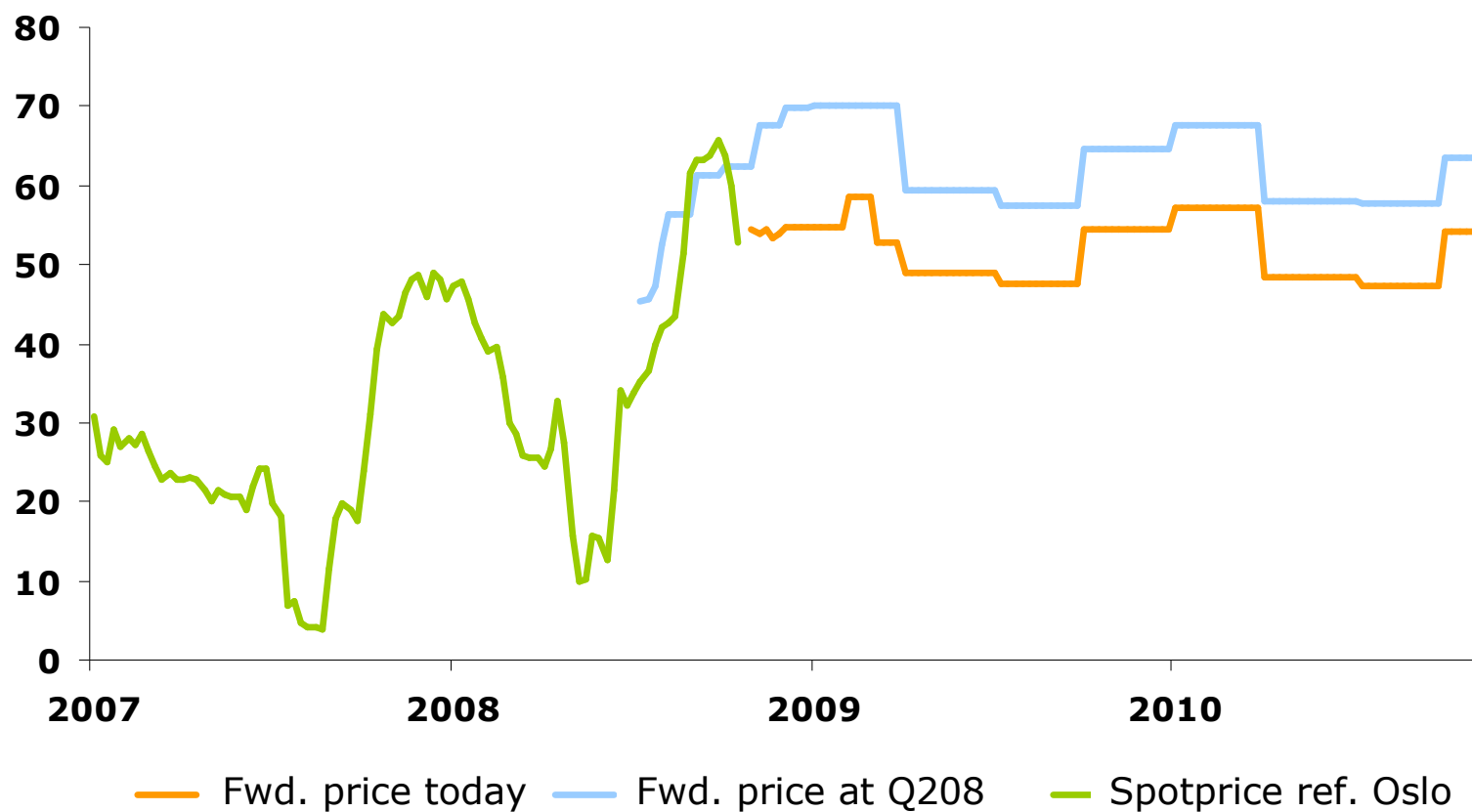
Kilde: Nord Pool 24.10.08

Power prices in the period



Power prices — contracts traded via Nord Pool 2007-2010

EUR/MWh



Kilde: Nord Pool 24.10.08

Funding – The Group's situation



The Financial crisis leads to:

- A challenging loan market

Hafslund has:

- A stable level with regard to net interest bearing debt
- Solid and adequate withdrawal facilities
 - EUR 500 mill until 2012
 - Syndicate of nine banks
- Considerable cashflow from operations
 - High equity as well as investment plans

A man with short brown hair, wearing a dark sweater, is smiling and talking on a mobile phone. He is holding a white document in his left hand. In the foreground, there is a white mug, a laptop, and a green cushion. The background shows a framed picture on the wall.

Third-quarter 2008 results

Key events — third quarter 2008



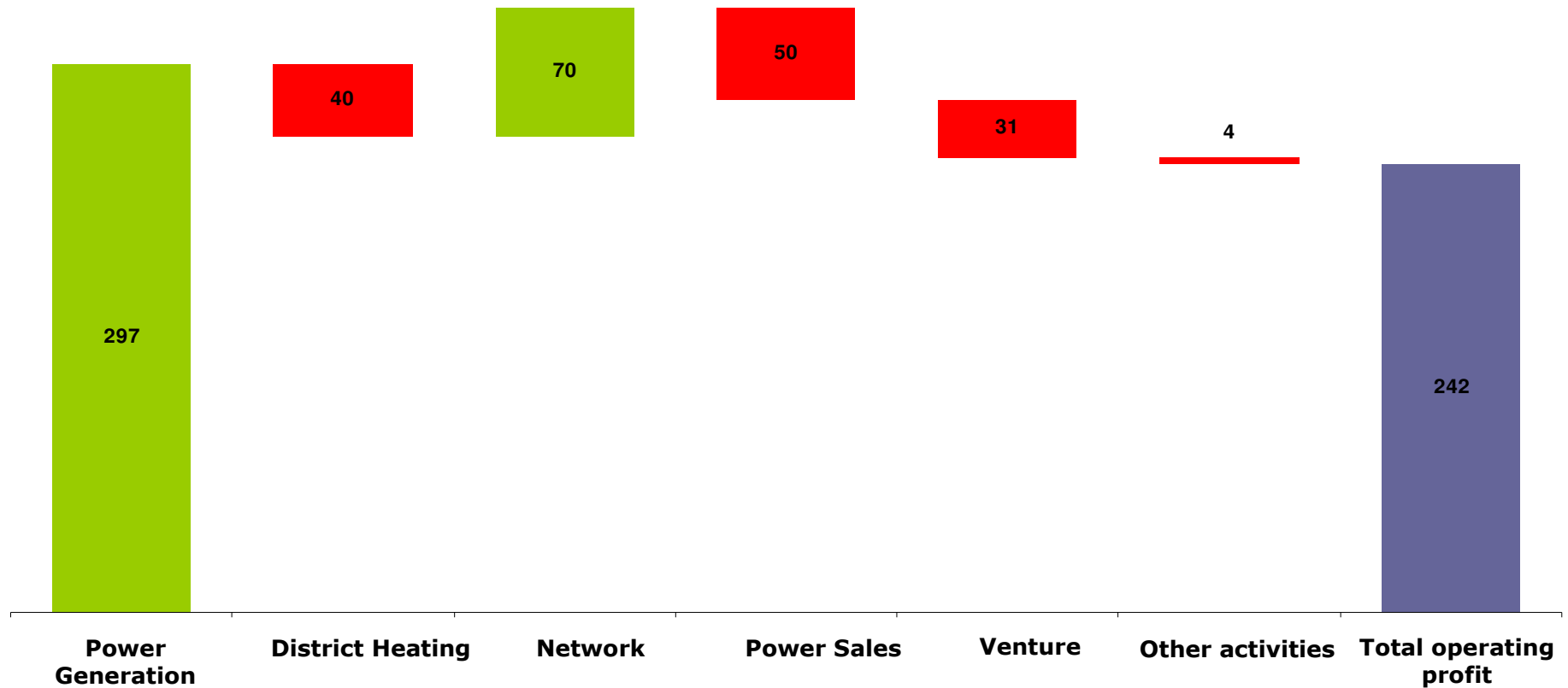
- Profit from operations reflect higher power prices throughout the third quarter.
- Operating profit, excluding REC investment: NOK 242 million — up 16%.
- REC share investment's value decline: NOK 1,866 million (vs. value growth of NOK 1,302 million in 3Q 2007).
- Gain on sale of Hafslund's residential alarm business: NOK 169 million.
- After-tax profit, excluding REC investment: NOK 116 million — up NOK 72 million.
- Return on equity, excluding REC: 26 percent for the 12-month period ending 30 September 2008 (16 percent for the 2007 accounting year).
- Hafslund Infratek – agreement to acquire Fortum Service's Nordic countries infrastructure business.



Operating Profit (excl. REC)

3Q 2008

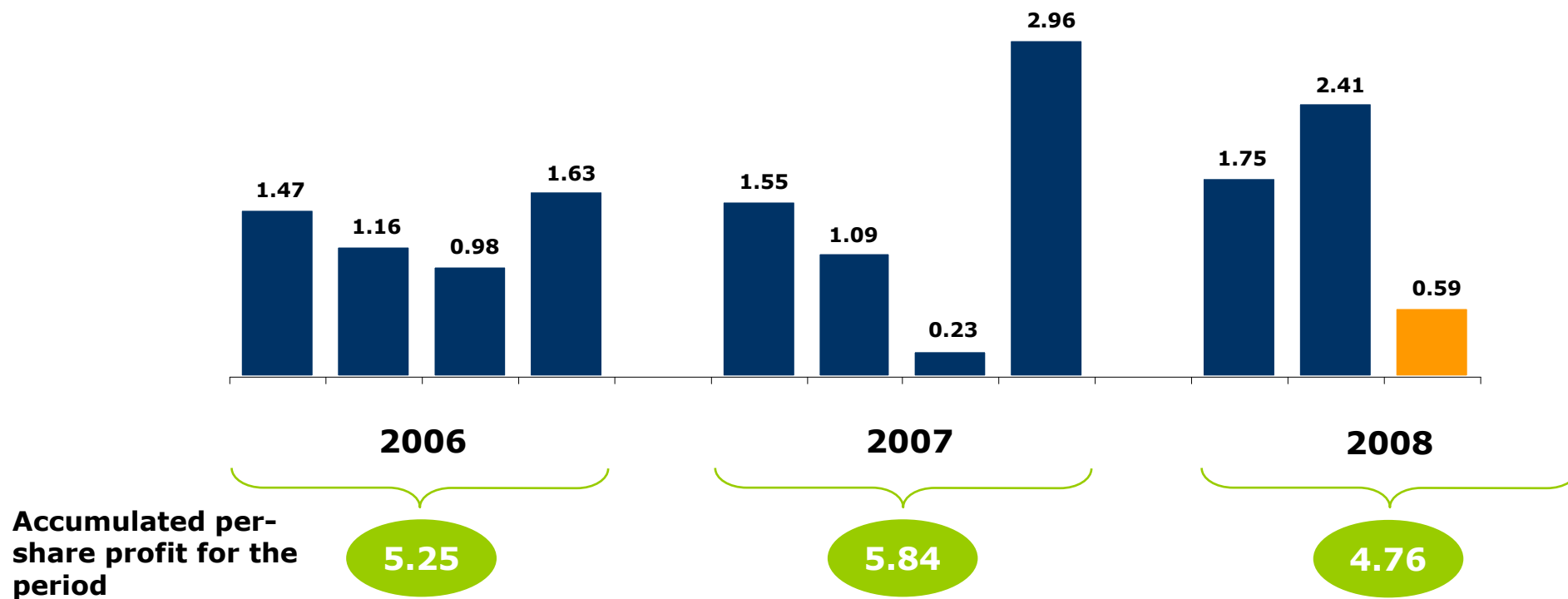
NOK million



Earnings per share (excl. REC)



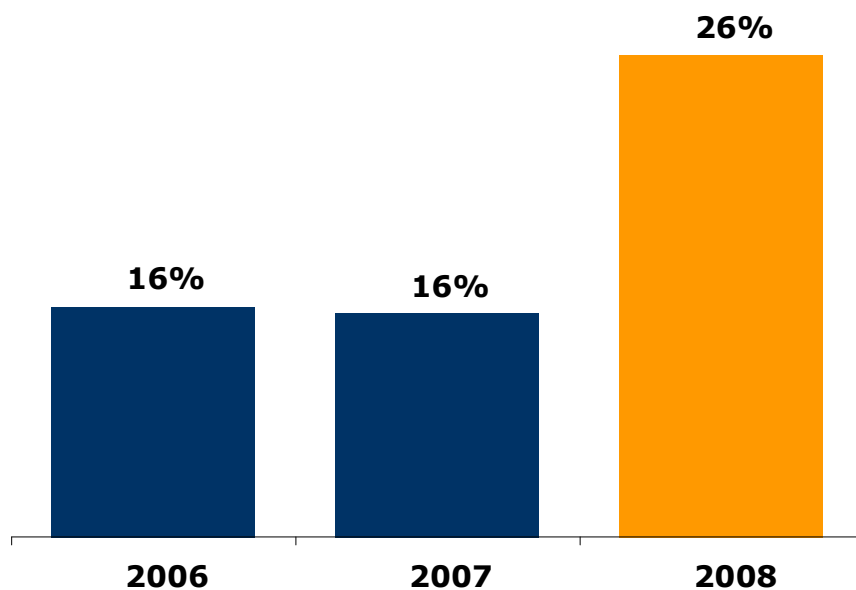
By quarter
in NOK



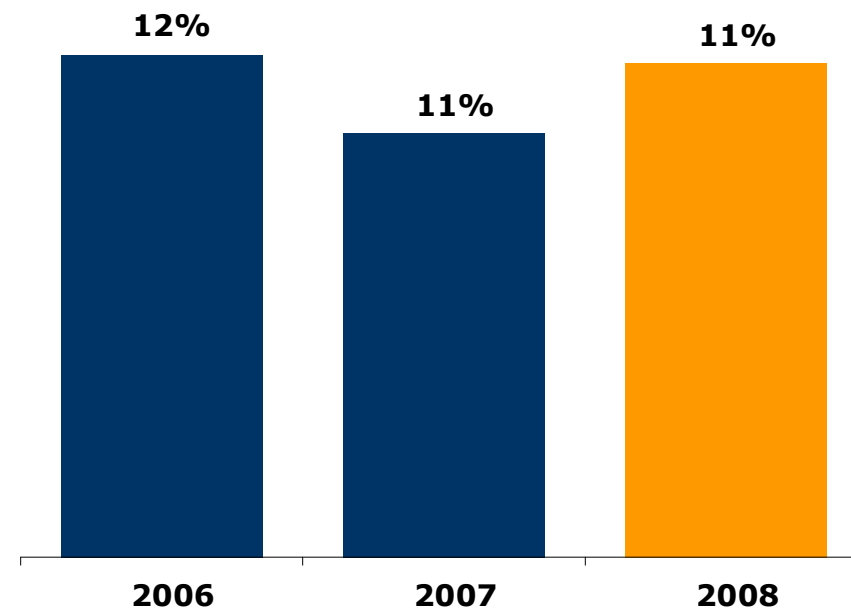
Rates of return (excl. REC)



Equity (ROE)



Capital employed (ROCE)



Power Generation



- Profit reflects rising power prices throughout the third quarter.
- Projected 4Q 2008 production: 40 GWh below normal for the season.
- Investments towards 2011 will give increased production capacity (100 GWh) and significantly increased lifetime for existing plants.
- Strategy of exposure to spot prices.

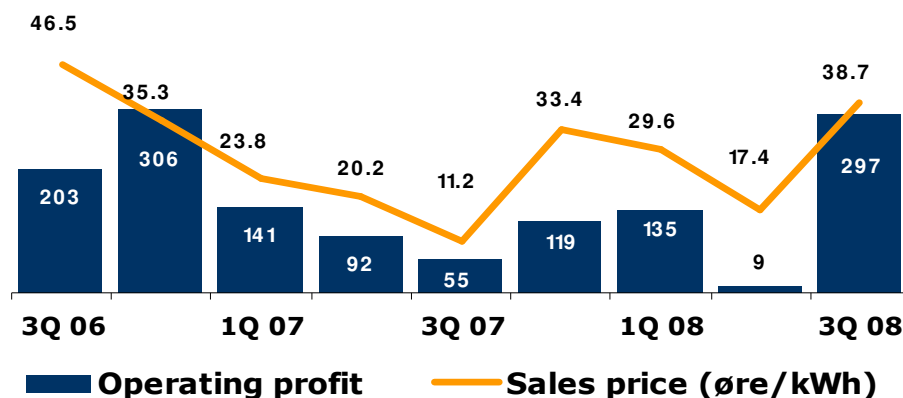


Power Generation



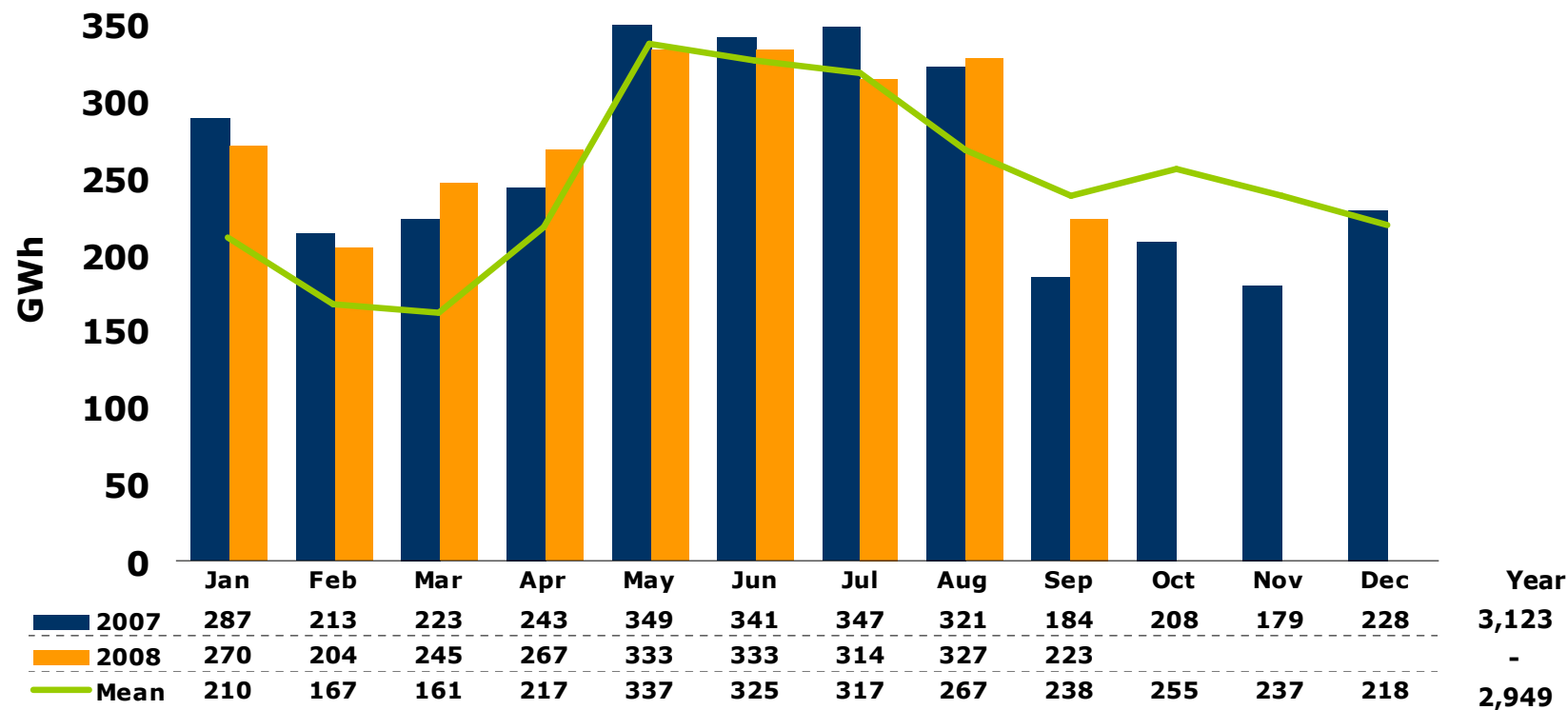
NOK million	3Q 08	3Q 07	YTD 08	YTD 07
Operating revenue	326	97	691	440
Operating profit before depreciation	306	65	471	320
Operating profit	297	55	442	288
Sales price (øre/kWh)	38.7	11.2	28.2	18.2
Investments	24	7	64	30

Operating profit and sales price



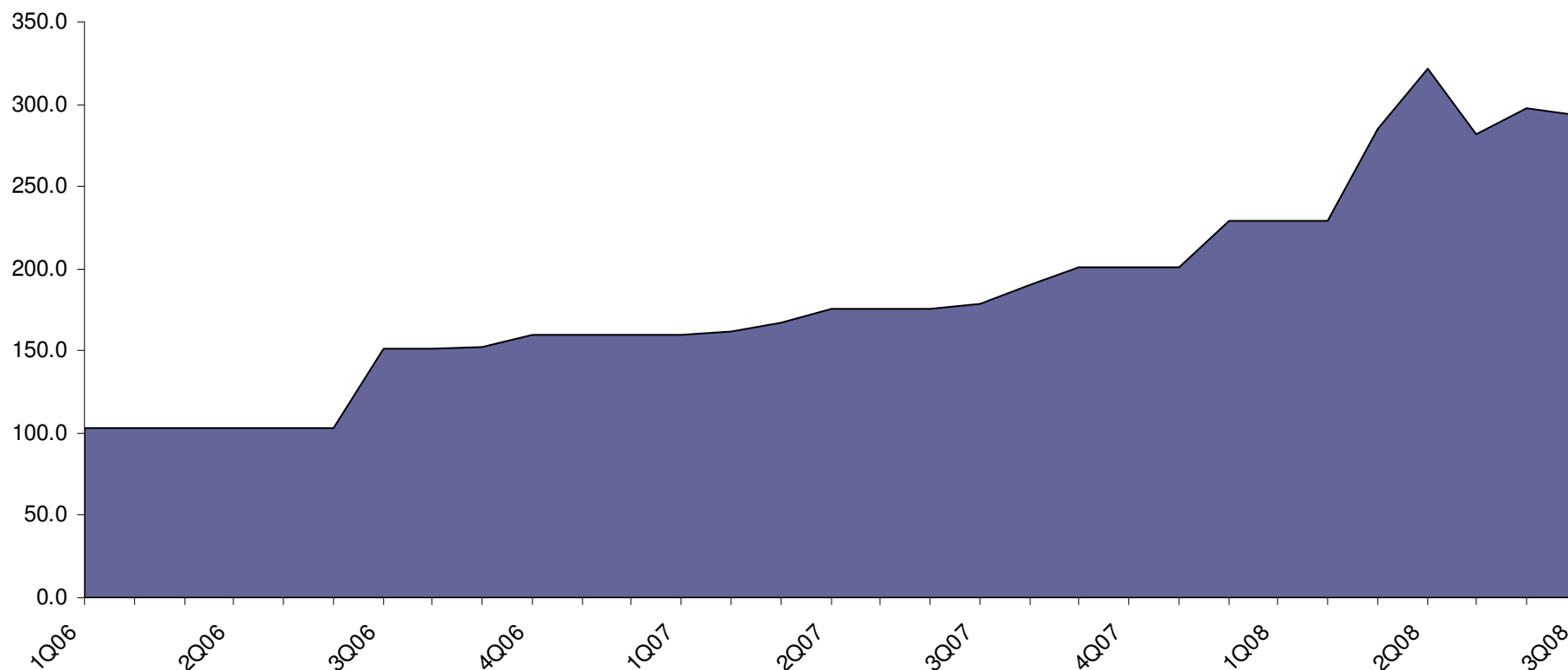
- Operating profit: NOK 326 million, up NOK 229 million from 3Q 2007.
- Power sold at NOK 0.387 per kWh, up NOK 0.276 from 3Q 2007.
- Production: 864 GWh, on a par with 3Q 2007 and 50 GWh above normal for the quarter.
- Licensed power obligations to municipalities decline by NOK 27 million (NOK -2 million).
- Somewhat higher operating expenses compared with 3Q 2007 due to higher real estate taxes and grid tie-in costs.

Power generation profile



Note: Normal production = 10-year average of power generation, 1998-2007

Licensed power obligations to municipalities



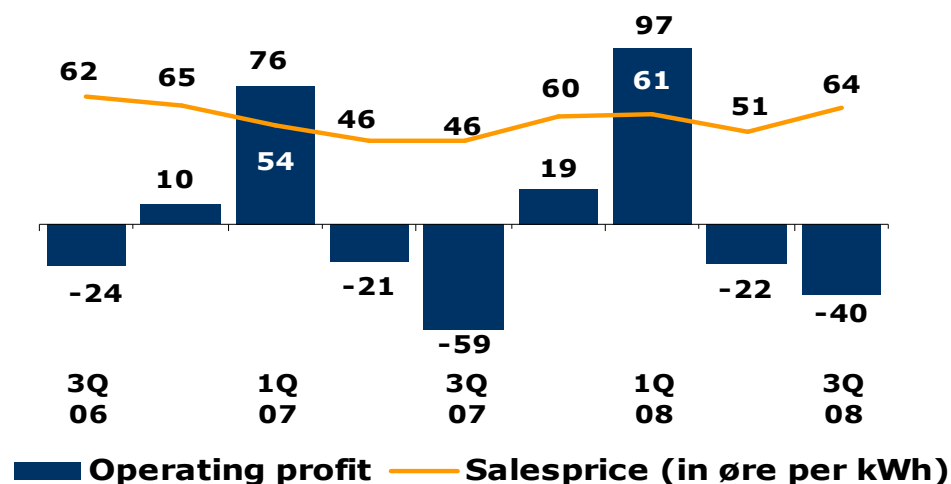
- Annual outtake of 62 GWh at a price of NOK 0.09 per kWh for licensed power obligations; price determined by Norway's Ministry of Petroleum and Energy.
- As of 30 September 2008, licensed power obligations totaled NOK 294 million, based on forward prices for delivery in 2013.

District Heating



NOK million	3Q 08	3Q 07	YTD 08	YTD 07
Operating revenue	58	45	412	346
Operating profit before depreciation	-7	-5	134	92
Margin	-13%	-10%	32%	26%
Operating profit	-40	-59	36	-6
Salesprice (in øre per kWh)	63.9	45.8	59.7	51.2
Investments	159	47	271	160

Operating profit and sales price (øre/kWh)



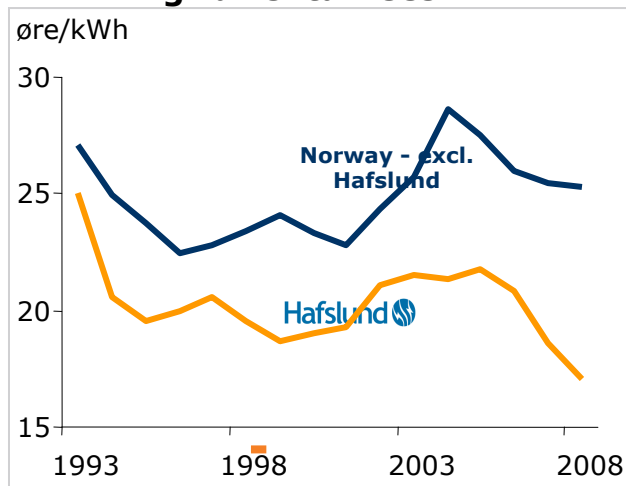
- Operating revenues: NOK 58 million, up 29 percent compared with 3Q 2007.
- Volume sold: 118 GWh, up 19 GWh from 3Q 2007.
- Energy sold at NOK 0.639 per kWh, up 39 percent from 3Q 2007 – tracks the price of electric power.
- 3Q 2008 profit charged NOK 10 million due to excess revenues and under-recorded grid losses in first six months of the year.
- Operating profit before depreciation: NOK -7 million, down NOK 2 million from 3Q 2007.



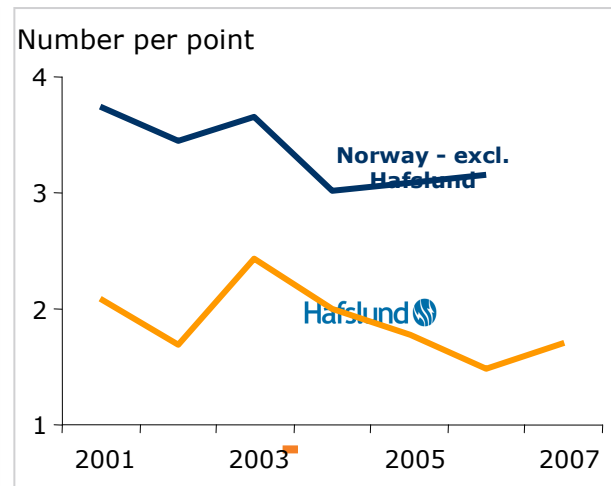
Network

- Norway's Water Resources and Energy Directorate (NVE) has issued mandatory requirements concerning how Hafslund Nett AS organizes grid operations and control activities and staffing.
- NVE's ruling does not take into account the fact that Hafslund has:

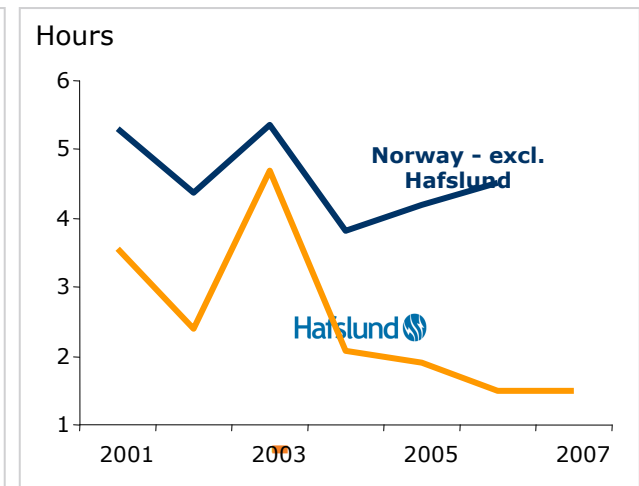
One of Norway's lowest grid rental fees:



Few service interruptions:



Shorter outages:



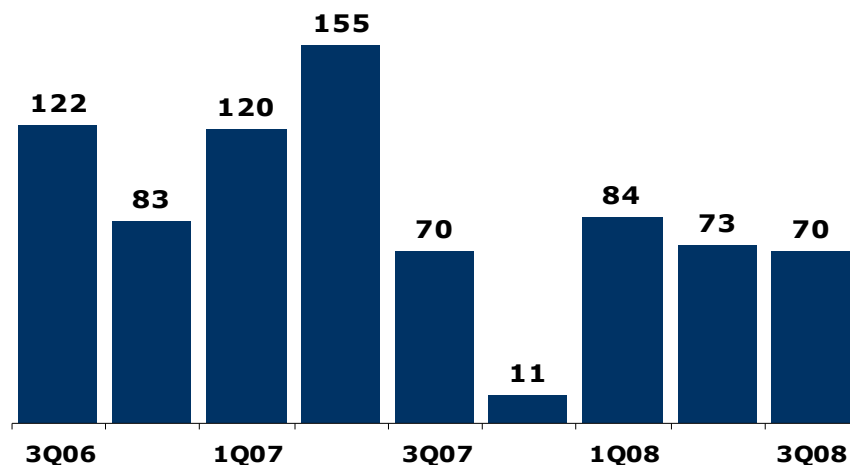
- Hafslund has appealed NVE's ruling to Norway's Ministry of Petroleum and Energy; Ministry has postponed effective date.
- The Office of the Auditor General of Norway has criticized the incentive structure for grid owners that NVE seeks to implement.
- Greater risk associated with inconsistent and unpredictable regulatory framework conditions.

Network



NOK million	3Q 08	3Q 07	YTD 08	YTD 07
Operating revenue	760	656	2,353	2,310
Operating profit before depreciation	208	189	636	719
Operating profit	70	70	227	345
Investments	191	80	388	226

Operating profit development



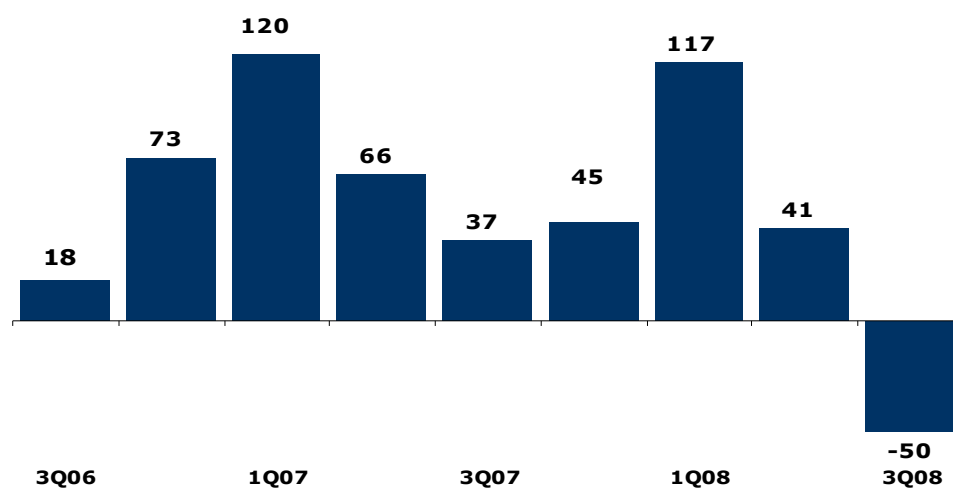
- Operating revenues: NOK 760 million, up 7 percent from 3Q 2007, adjusted for excess/under income.
- High power prices resulted in operating profit growth as well as increased costs for energy purchases (grid losses).
- Estimated regulated income ceiling for 2008 (excl. transmission costs): approximately NOK 2,016 million, down NOK 72 million from 3Q 2007.
- Operating profit: NOK 70 million, includes NOK 59 million receivable for excess/under income adjustment.
- Operating expenses: NOK 247 million, excluding energy purchases and transmission costs; the figure is up slightly compared with 3Q 2007 due to greater monitoring and inspection activity.

Power Sales



NOK million	3Q 08	3Q 07	YTD 08	YTD 07
Operating revenues	946	423	3,153	2,204
Operating profit before depreciation	-48	39	114	229
Margin	-5%	9%	4%	10%
Operating profit	-50	37	108	223
Margin	-5%	9%	3%	10%

Operating profit development



- Operating revenues: NOK 946 million — more than double 3Q 2007 revenue due to higher power prices.
- Rising wholesale power prices throughout 3Q 2008 resulted in unusually weak margins.
- Operating profit: NOK -50 million (NOK 37 million).
- Net customer-base growth in 3Q 2008.
- Sold volume: 2,222 GWh, on a par with 3Q 2007.
- Continuous focus on increased customer satisfaction gives results – perceived customer satisfaction carried out by TNS Gallup shows 80 points.

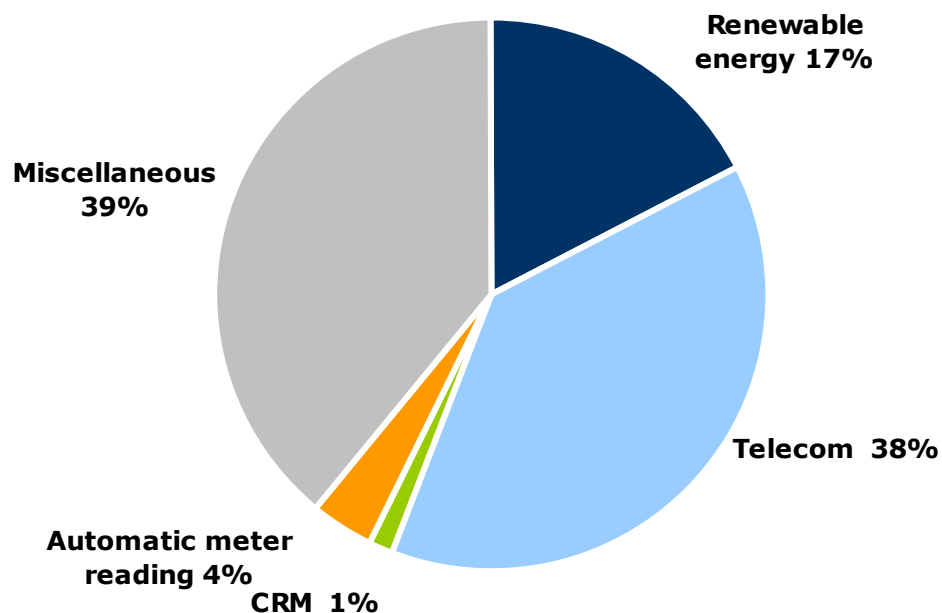
Venture



NOK million	3Q 08	3Q 07	YTD 08	YTD 07
Operating revenue	122	70	424	155
Operating profit (excl REC)	-31	-10	466	71
- REC	-1,866	1,302	-12,005	10,262

Venture portfolio (excl. REC)

as of 30 September 2008: 100% = NOK 1,126 million



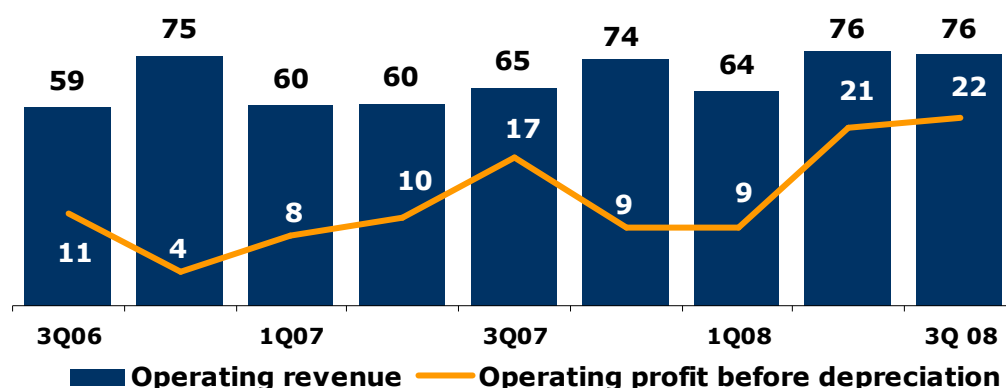
- Operating profit, excluding REC: NOK - 31 million.
- Metallkraft with fully subscribed NOK 180 million share issue. Singapore facilities being planned.
- Metallkraft's share issue price resulted in a NOK 19 million impairment charge to book value of Venture's investment.
- REC investment value decline: NOK 1.9 billion in 3Q 2008; shares closed 30 September at NOK 105.50.
- Investments in Network Norway, Fesil, and Metallkraft comprise 80 percent of Venture's portfolio, excluding REC.

Telekom



NOK million	3Q 08	3Q 07	YTD 08	YTD 07
Operating revenues	76	65	216	186
Operating profit before depreciation	22	17	52	36
Margin	29%	26%	24%	19%
Operating profit	8	7	16	14
Investments	43	66	90	172

Operating revenues and operating profit before depreciation



- Operating revenues: NOK 76 million, up 17 percent compared with 3Q 2007.
- Operating profit before depreciation: NOK 22 million, up 29 percent from 3Q 2007.
- Fiber optic network business accounted for NOK 26 million of Telekom's revenues and contributed NOK 13 million to operating profit.
- Growth and cost-cutting measures are paying off.
- Focus on growth based on existing fiber optic network lowered investment requirements.

* Figures adjusted for operations subsequently transferred to other

| 21 | Hafslund Group units.

Group profit and loss account



NOK million	3Q 08	2Q 07	YTD 08	YTD 07
Operating revenue	2,523	1,601	7,843	6,331
Gain/loss financial items	-1,901	1,314	-11,522	10,491
Operating expenses	-2,029	-1,199	-6,281	-4,817
Operating profit before depreciation	-1,406	1,717	-9,960	12,004
Depreciation	-218	-216	-636	-583
Operating profit	-1,624	1,501	-10,595	11,421
Financial expenses	-212	-116	-379	-287
Pre-tax profit	-1,836	1,385	-10,974	11,134
Tax	-85	-45	-285	-315
Results discontinued operations	171	6	181	3
Profit after tax	-1,750	1,346	-11,079	10,822
Majority's share of profit	-1,766	1,348	-11,093	10,818
Earnings per share (EPS) in NOK	-8.97	6.90	-56.76	55.45

Group balance sheet



NOK million	30/09/2008	30/06/2008	31/12/2007	30/09/2007
Intangible assets	2,412	2,598	2,580	2,635
Fixed assets	17,926	17,750	17,440	17,582
Financial assets	8,823	10,620	20,086	18,229
Accounts receivables and inventory	2,472	1,898	2,969	1,619
Cash and cash equivalents	360	586	393	97
Assets	31,992	33,451	43,468	40,163
Equity (incl. Min. int.)	16,227	17,987	27,935	25,341
Allocation for liabilities	2,885	2,893	2,780	2,734
Long-term debt	8,027	7,455	8,026	7,268
Other currently liabilities	3,074	3,268	2,837	2,906
Short-term debt	1,780	1,848	1,890	1,914
Equity and liabilities	31,992	33,451	43,468	40,163
Net interest-bearing debt	10,261	9,869	10,102	9,767
Equity ratio	51%	54%	64%	63%

Group cash flow statement



NOK million	3Q 08	3Q 07	YTD 08	YTD 07
Pretax profit	-1,836	1,385	-10,974	11,134
Depreciation	218	216	636	583
Profit and loss items without liquidity effects	1,973	-1,327	11,102	-10,908
Change in working capital, etc.	-649	8	681	511
Cash flow from operations (A)	-295	283	1,445	1,321
Operational and expansion investments	-448	-311	-1,220	-3,084
Sale of operating assets and activities	474	0	506	22
Portfolio changes venture, etc.	-108	-17	-279	4,797
Cash flow to investments activities (B)	-82	-328	-993	1,735
Cash flow discontinued operations	4	20	25	31
Dividend and other capital transactions ©	-19	-18	-635	-3,475
Cash flow to financing activities (A+B+C)	-392	-43	-159	-388
Net interest-bearing debt at beginning of period	-9,869	-9,724	-10,102	-9,379
Net interest-bearing debt at end of period	-10,261	-9,767	-10,261	-9,767



Fesil – a Hafslund Venture portfolio company



A Hafslund Venture portfolio company

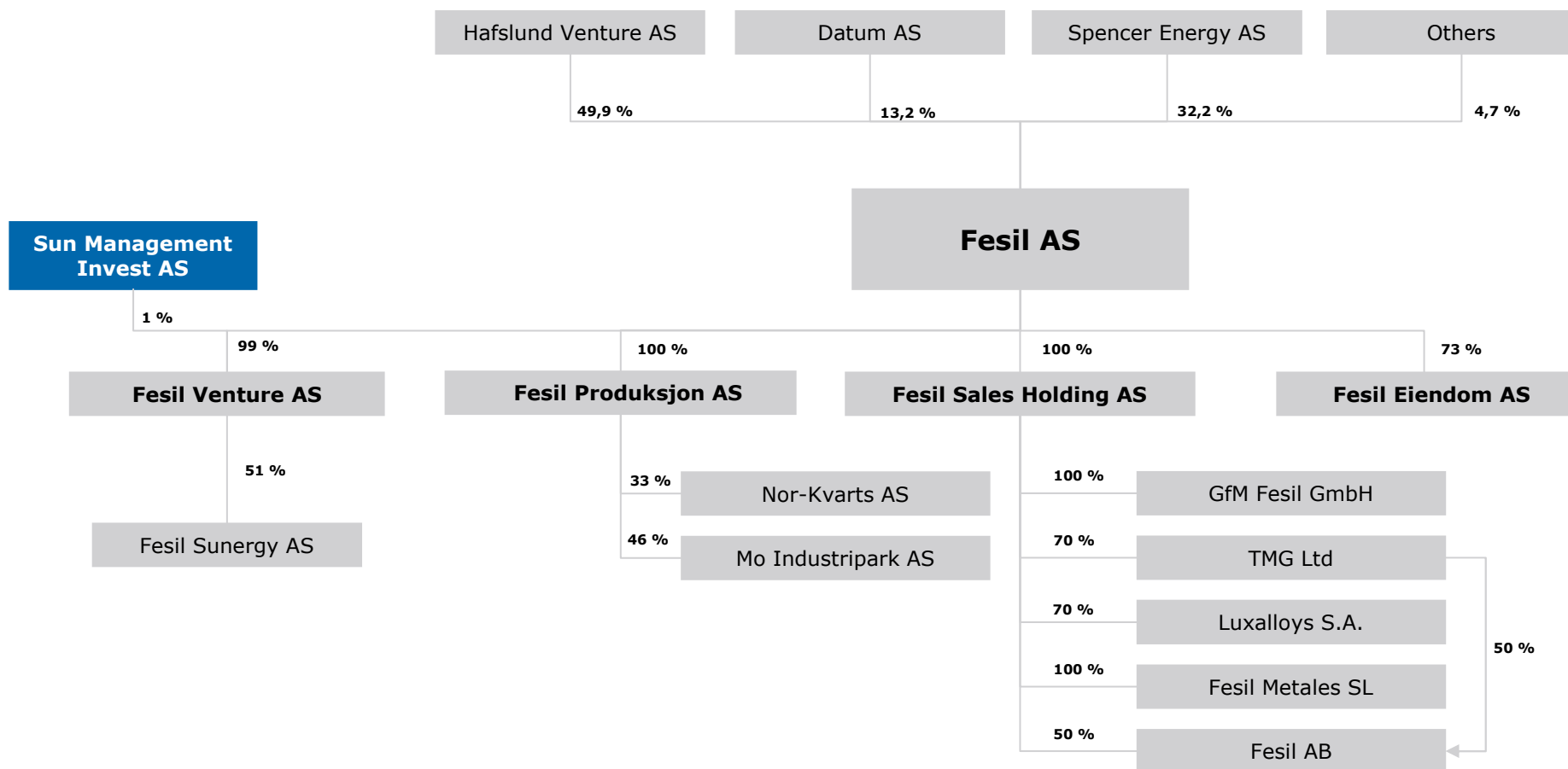
Tore Schiøtz, Group Executive Vice President, Venture

Hafslund Venture AS

28 October 2008



Company structure



Fesil Produksjon AS



Silicon Metal;

is used in industries such as chemical, aluminium, electronic and solar grade silicon



Ferrosilicon;

is used as an essential alloy in the production of steel and cast iron world wide, mainly as a deoxidant and an alloying element



Microsilica;

is an additive to the concrete industry

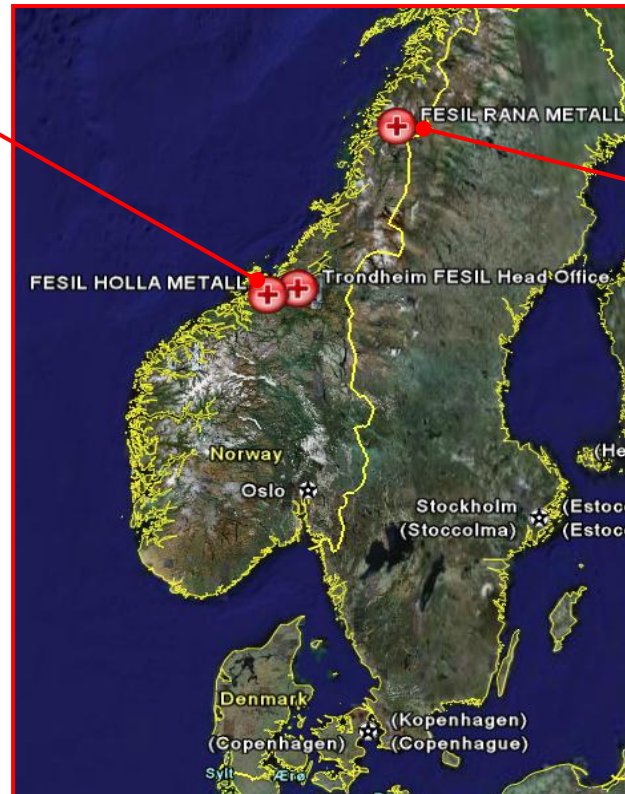
Grenland Bridge and Hotel Burj Dubai is built with FESIL Microsilica high strength concrete



Production plants

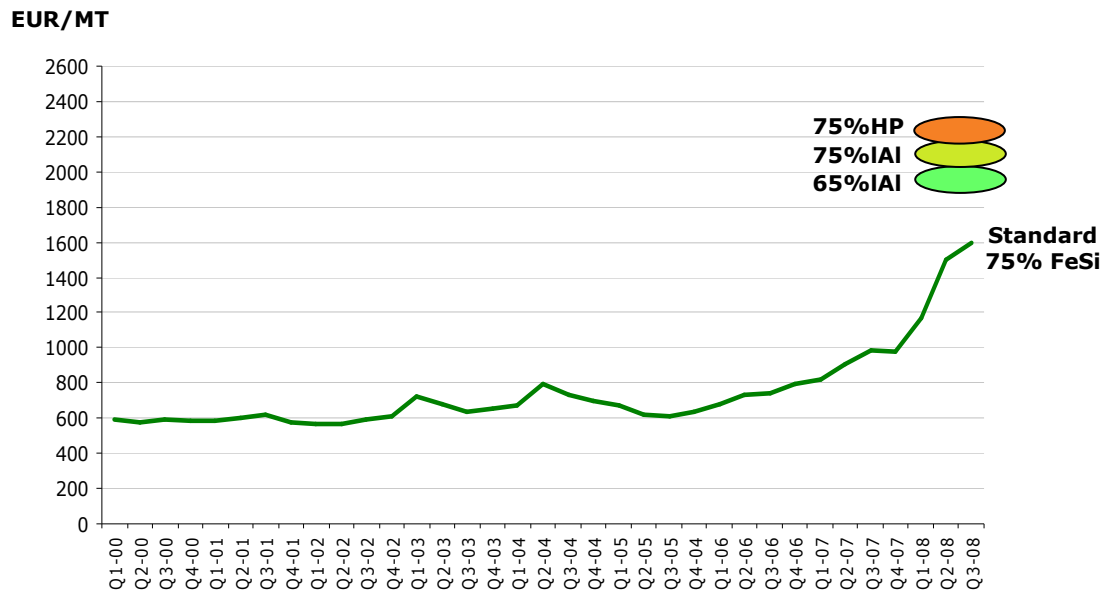


- Products: **Silicon metal**
- Annual production: **48,000 MT**
- Qualities: High quality
- No. of furnaces: **4**
- No. of employees **130**
- Smoke filter for all furnaces
- Microsilica: **25,000 MT**
- Established: **1964**
- Deep-water pier
- Uncertainties regarding power situation from 2011



- Products: **Ferrosilicon**
- Annual production: **78,000 MT**
- Qualities: High quality (Si-content 75% & 65%)
- No. of furnaces: **2**
- No. of employees: **93**
- Smoke filter for all furnaces
- Microsilica: **28,000 MT**
- Established: **1989**
- Secured low-price el. of 550 Gwh until 2020

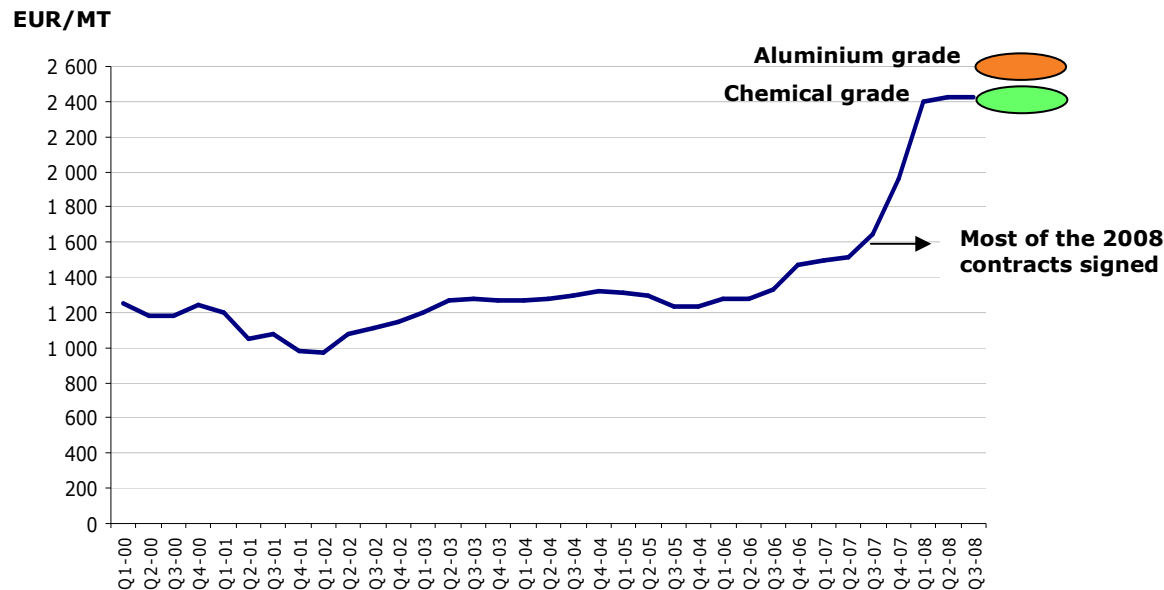
European spot prices - Ferrosilicon 75%



Source: CRU, and Fesil estimates

- Demand for standard FeSi somewhat decreased
- Price dependency on standard FeSi decreased
- Demand for FESIL's special high purity products still very good, - focus from customers:
 - Quality
 - Volume
 - Price
- Relative cost positions versus competitors more equalized
- Anti dumping in force from March 2008 for five years against Kina, Russia, Egypt, Kazakhstan

European spot prices – Silicon metal



Source: CRU, and Fesil estimates

- Demand still strong in the chemical sector, decreasing demand from aluminium sector.
- Due to good market situation for FeSi, some producers are converting from SiMet to FeSi
- Cost positions versus customers more equalized.
- Antidumping in EU to be lifted March 2009. If a new case will be launched: AD to continue until March 2010.
- Increased export tax in China from 10% to 25 is expected.
- New projects in the chemical sector to consume 250,000 MT high purity more than today. (3 yrs)
- New demand from the solar sector.

Cost allocation – raw materials (%)



	Silicon metal			Ferro silicon (7555*)	
Raw materials	% of full cost	% of raw material cost		% of full cost	% of raw material cost
Quartz	8,3 %	12,2 %		4,9 %	8,0 %
Coal	8,9 %	13,1 %		8,4 %	13,6 %
Coke	7,4 %	10,8 %		8,8 %	14,4 %
Wood chips	5,3 %	7,8 %			
Pet. coke				0,4 %	0,6 %
Iron pellets				3,0 %	4,9 %
Electrode paste	6,5 %	9,4 %		2,4 %	3,9 %
Energy (kwh/ton)	32,0 %	46,7 %		33,5 %	54,6 %
	68,4 %	100,0 %		61,4 %	100,0 %

Fesil Sales Holding



GfM (100 %)

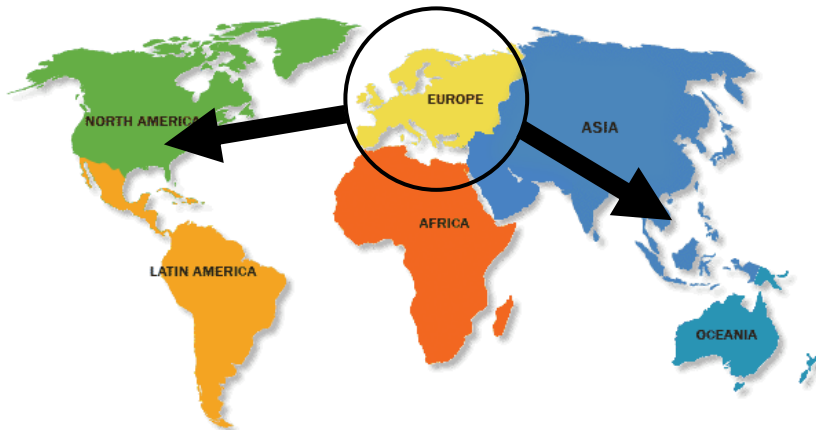
- Leading supplier of alloys, metals, pig iron, cement-bonded alloying briquettes and casting additives
- Number of employees: 25
- Agency business (30%) trading (70%)

Luxalloys (70 %)

- Leading supplier of alloys, metals, pig iron, cement-bonded alloying briquettes and casting additives
- Number of employees: 11
- Agency business (39%) trading (61%)

TMG (70 %)

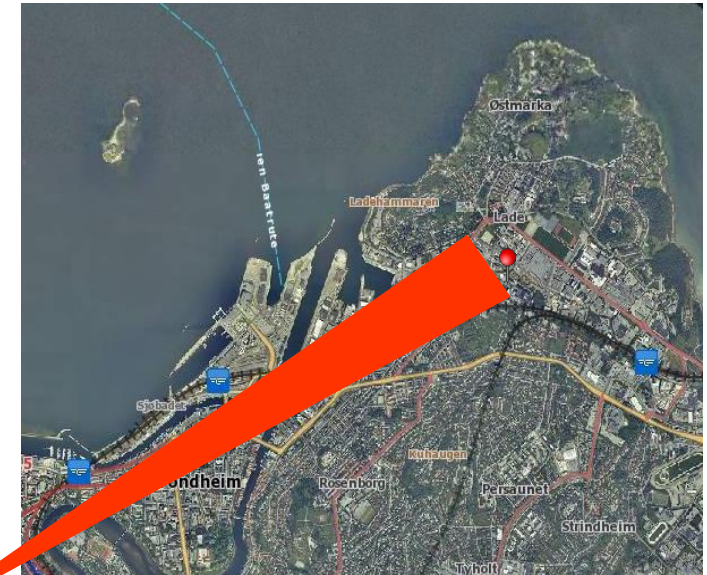
- Leading supplier of ferro alloys, metals and minerals to the European steel, foundry and refractory industries
- Number of employees: 19
- Agency business (70%) and trading (30%)



Fesil Eiendom AS (73%)



- Fesil Eiendom is the owner of a 80 decares site ca. 1,5 km from Trondheim
- Part of former Ila Lilleby Smelteverks production premises
- All production is closed down and the property is likely to be developed through a co-owned company with Veidekke
- Total estimated potential is 60-80,000 m²
- There is a signed contract with Veidekke



Mo Industripark AS (46%)

- **Fesil is the largest owner in Mo Industripark;**
 - Invested MNOK 466 in period 1990-2007
 - Acc. dividend of MNOK 335 in period 1990-2007
- **The industrial park contains;**
 - A service centre for 128 companies located at site
 - In total 2,150 employees - 84 related to Fesil (4 %)
 - Residential property, offices and factories
 - Hydro generation station that generate ca 35 GWh
 - A district heating plant that generate 65 GWh
 - Own power grid that distribute 1.7-2.4 TWh
 - 2,600 decares ("DA") land use + 440 DA (not utilised)
 - 350,000 m² building
- **Revenues comes from property rental, power production and sale of services;**
 - 2007 Group turnover of NOK 220 mill.
 - 2007 Operating result of NOK 48.3 mill.



Mo Industripark AS



Rana Industriterminal AS



Hafslund

Fesil Sunergy AS (51%)

- Fesil Venture holds 51% of the shares in Fesil Sunergy
- Fesil Sunergy is co-owned with Sunergy Investco (Delta)
- The aim is to produce 3,400 ton UMG Si
- The project has been running for 8 years
- Fesil invited into the project in 2004

Status Oct. 2008 and the way forward...

- Tests at ECN showed very promising results
- Chemical analysis in Q4-08
- Cell test results in Q1-09
- Lilleby Test plant under construction (800 ton UMG Si)
- First cell test results from clean UMG Si will be available in Q4-09



High purity
metallurgical
silicon

Refinement in
liquid face

Solidification

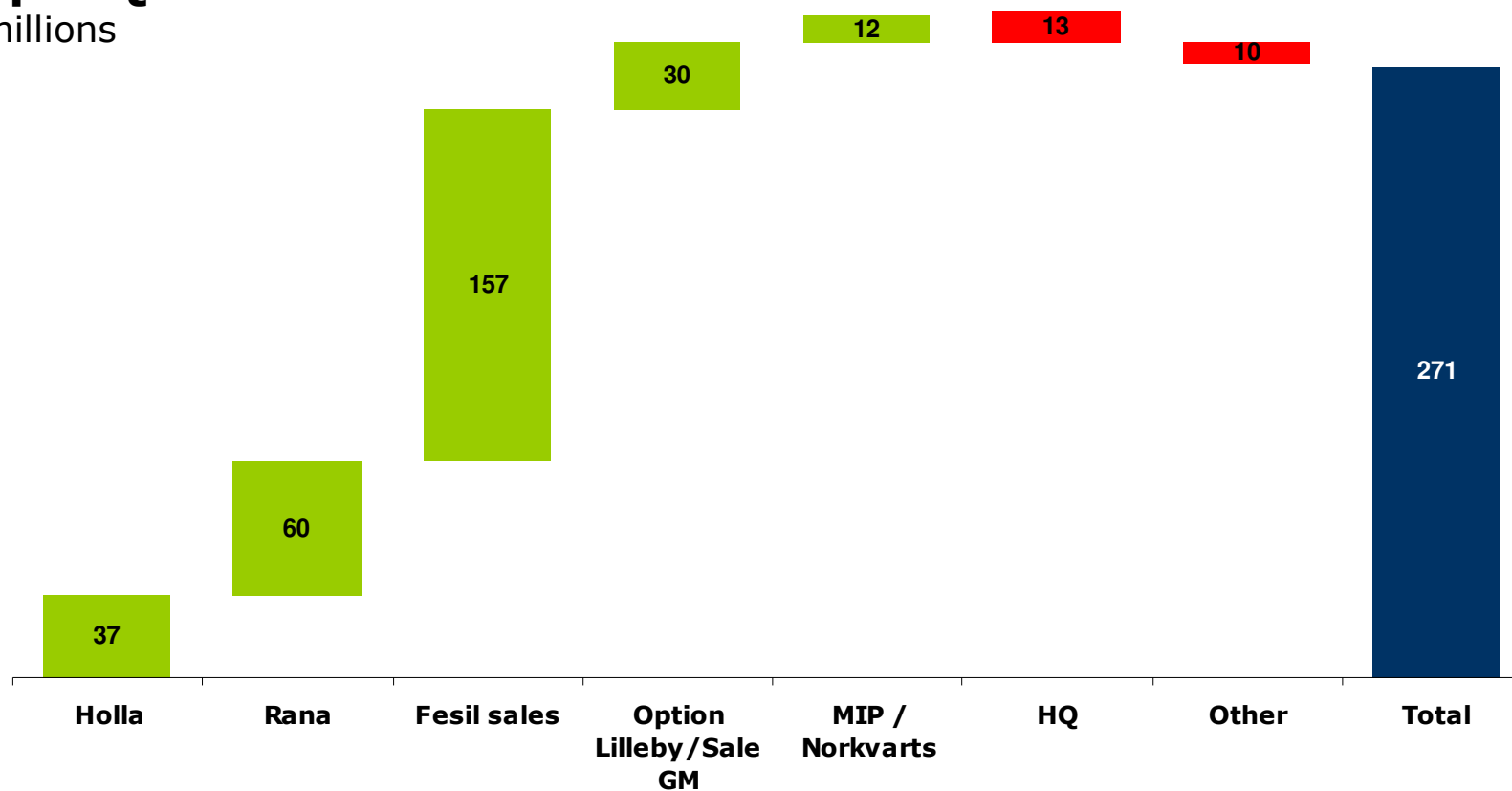
Hafslund

Earnings before tax



Acc. per Q3. 2008

NOK millions



NB! Preliminary numbers not approved by the board of directors

The way forward...



- Hafslund Venture shall exercise active ownership together with the other owners of Fesil. The aim is to create growth in all parts of the business, through;
 - Organic growth
 - Potential acquisitions, partly financed through an IPO in 1-3 years
- Contribute to Fesil Sunergy's development
- Develop non-core business for potential divestment in the future



Hafslund

- We make everyday life safer and better



Additional information

Other Activities



NOK million	3Q 08	3Q 07	YTD 08	YTD 07
Real estate mangament	6	-2	13	20
Billing and cutomer service	24	34	65	83
Group staff and support functions	-20	-29	-101	-103
Power trading	-41	55	64	98
Other renewable energy	-12	0	-32	-2
Hafslund Infratek	27	29	59	57
Other	2	15	48	72
Operating profit	-14	101	116	225

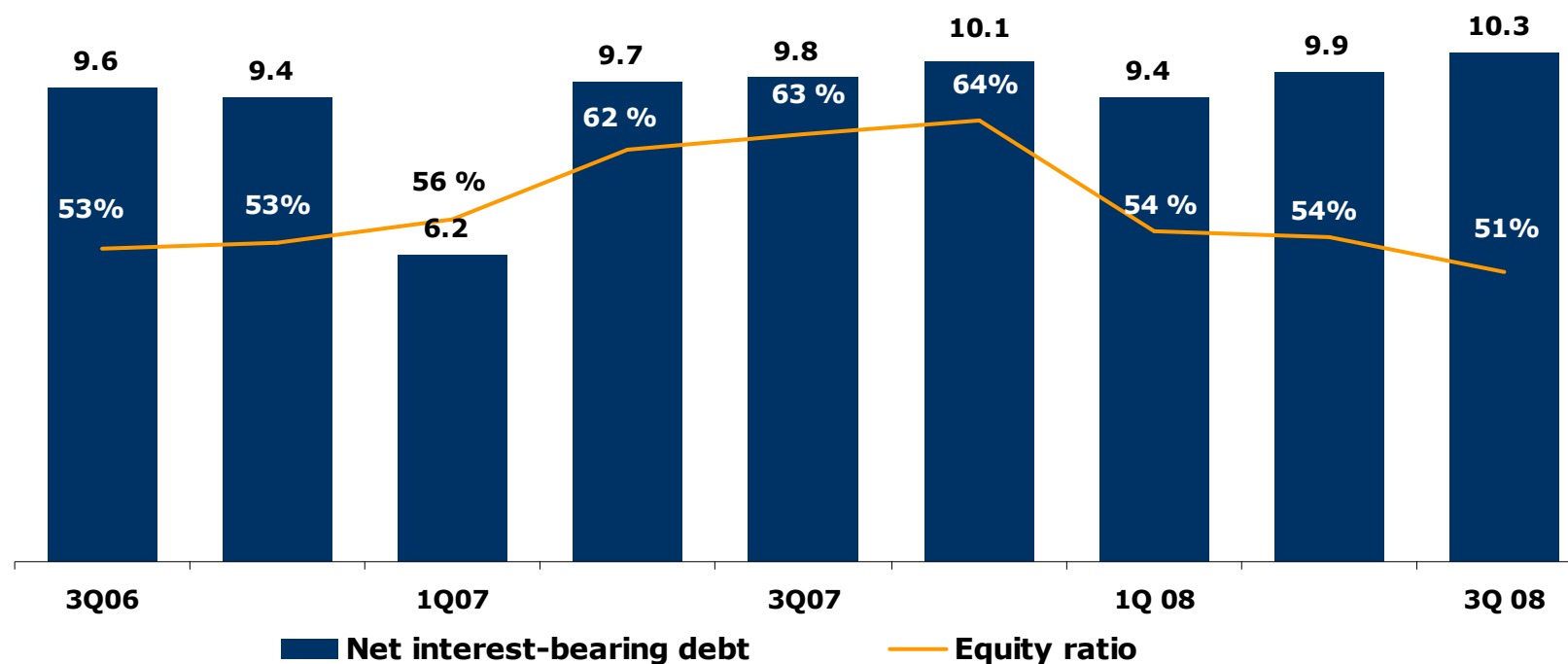
- Other renewable energy: comprises the Bio-El Fredrikstad energy recovery plant (now in pilot operation) and ongoing project costs of the Borregaard plant and the Averøy wood pellets factory (both under construction).
- Construction of Europe's largest wood pellet factory at Averøy began in September. Full production scheduled for the fall of 2010.
- Hafslund makes indicative bid for Frevar KF and Fredrikstad Fjernvarme AS.
- Hafslund Infratek: 8% revenue growth in 3Q 2008; operating margin: 7.4 percent.

Capital structure development



Interest-bearing debt and equity ratio

NOK billion

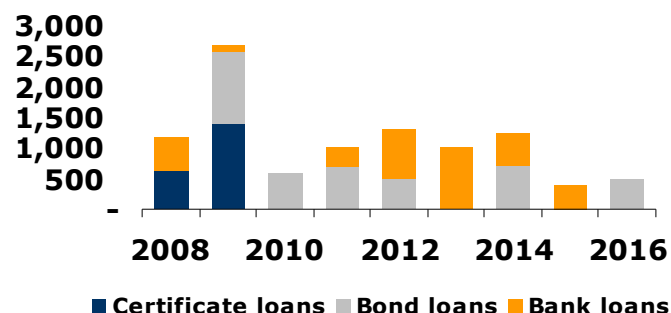




Loans

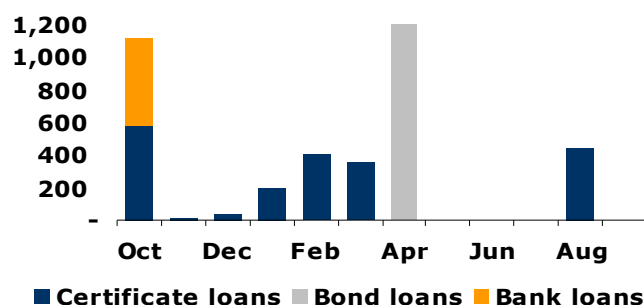
Debt maturity profile 2008-2017

NOK million



Loans at maturity, next 12 months

NOK million



Portfolio details

	30/09/08	30/06/08	Change
Syndicated and bank loans	33%	30%	3%
Bond loans	49%	56%	-7%
Certificate loans	18%	14%	4%

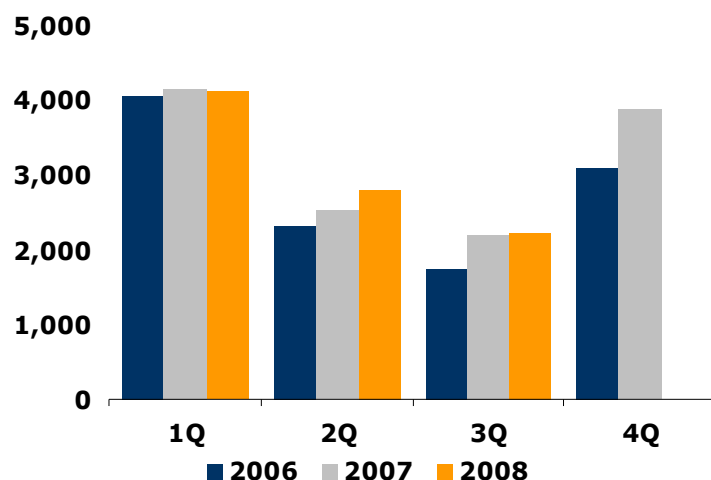
	30.09.08	30.06.08	Change
Nominal value - market value of loans	84	114	-30
Market value derivatives	21	31	-10
Average interest incl. Derivatives	6,6 %	6,4 %	0,2 %
Proportion of loan portfolio with fixed interest	32 %	31 %	1 %
Loans at maturity, next quarter (NOKm)	1 169	1 456	-287
Unused drawing facilities (NOKm)	4 174	4 455	-281

Hafslund Power Sales in 3Q 2008: 2,222 GWh = 13.8% of total Norwegian consumption



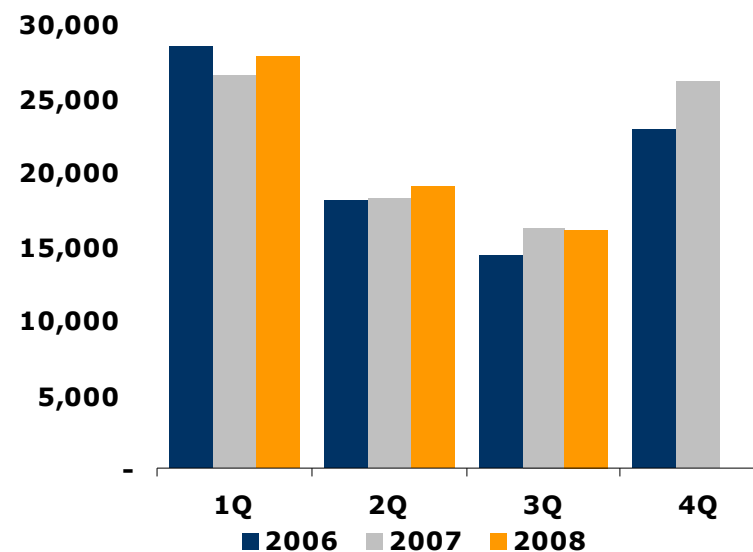
Hafslund Power Sales

GWh



Norway's gross general consumption of electricity*

GWh



Note: * Gross general consumption encompasses gross consumption (excl. electro-boilers and pumped storage), which includes households and agriculture, services, wood processing, mining and other industries (excl. Power-intensive).
Source: NVE

Shareholders (as of 30 September 2008)



#	Shareholder	Class A shares held	Class B shares held	Total	Ownership	Share of voting rights
Shareholding in thousands						
1	City of Oslo	67,525	37,343	104,868	53.7 %	58.5 %
2	Forum Forvatning AS	37,853	28,706	66,559	34.1 %	32.8 %
3	Østfold Energi AS	5,201	4	5,205	2.7 %	4.5 %
4	MP Pensjon	-	1,564	1,564	0.8 %	0.0 %
5	Verdipapirfond Odin Norden		1,114	1,114	0.6 %	0.0 %
6	Verdipapirfond Odin Norge		685	685	0.4 %	0.0 %
7	Svenska Handelsbanken	267	243	510	0.3 %	0.2 %
8	Hafslund ASA		484	484	0.2 %	0.0 %
9	State Street Bank and Trust Co.	2	376	378	0.2 %	0.0 %
10	AS Herdebred	106	254	360	0.2 %	0.1 %
	Total, 10 largest shareholders	110,954	70,773	181,727	93.1 %	96.1 %
	Other shareholders	4,474	8,985	13,459	6.9 %	3.9 %
Total		115,428	79,758	195,186	100%	100%

Key figures



Group	YTD 08	YTD 07
Capital matters		
Total assets	31,992	40,163
Capital employed	28,981	37,598
Equity	16,227	25,341
Market capitalization	18,800	29,300
Equity ratio	51%	63%
Net interest-bearing debt	10,261	9,767
Profitability excl. REC		
Profit after tax	927	560
Equityreturn (last 12 month)	26%	13%
Earnings per share (EPS)	5.0	2.9
Cash flow per share	7.4	6.8
Power Generation		
Sales price (øre/kWh)	28.2	18.2
Production volume (GWh)	2,516	2,508
Production as a % of normal	112%	114%
Capital employed	4,944	4,687

District heating	YTD 08	YTD 07
Capital employed	3,584	3,449
Sales price (øre/kWh)	59.7	51.2
Sales volume (GWh)	746	667

Network	YTD 08	YTD 07
Capital employed	9,506	9,146
NVE-capital (regulatory)	5,588	5,499

Power Sales	YTD 08	YTD 07
Capital employed	1,663	1,234
Total volume (GWh)	9,134	8,886

Telecom	YTD 08	YTD 07
Capital employed	513	397

Venture	YTD 08	YTD 07
Market value REC	7,427	17,494
Capital employed	1,126	699

Definitions



Items	Definition
Group	
Capital employed	Equity + Net interest-bearing debt + Net tax positions
Equity ratio (in%)	$(\text{Equity incl. Minority interests} / \text{Total assets}) \times 100$
Earnings per share	Profit after tax / Average no. of shares outstanding
Cash flow per share	Net cash from operations / Average no. of shares
Return on equity	Result after tax / Average equity (incl. Minority interests)
Return on capital employed	Operating profit / (Average equity + Net interest-bearing debt + Net tax positions)
Power generation	
Mean production	Average power generation over the past 10 years.

Investor information



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