

Third-quarter 2008 highlights

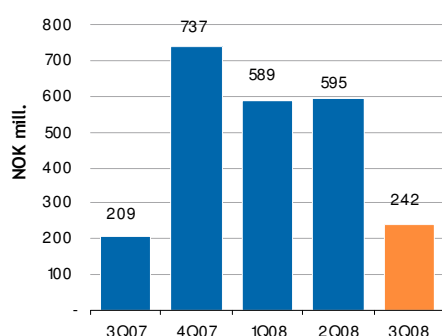
- > Operating profit, excluding REC: NOK 242 million — up 16 percent.
- > Renewable Energy Corporation (REC) share investment's value decline in quarter: NOK 1,866 million (vs. value growth of NOK 1,302 million in 3Q 2007).
- > Gain on the sale of the Group's residential alarm business: NOK 169 million.
- > After-tax profit, excl. REC: 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: final agreement to acquire Fortum Service's Nordic countries infrastructure business is pending regulatory and shareholder approvals.



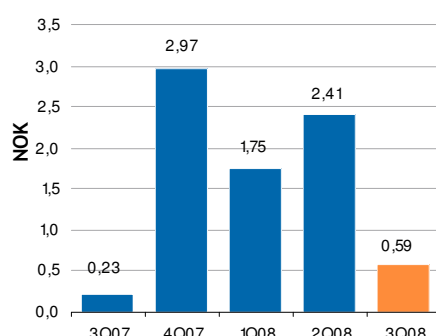
Earnings per share,
excl REC
NOK 0,59



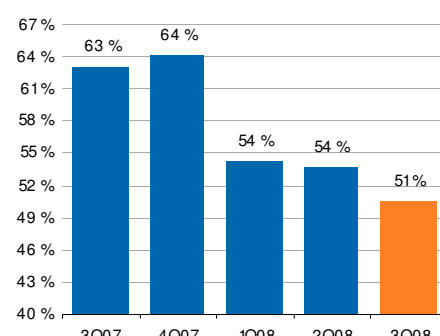
> Operating profit, excluding REC



> Profit per share per, excluding REC



> Equity ratio



Key figures

| Third quarter | | | YTD | Year | |
|---------------|---------|--|----------|--------|--------|
| 2007 | 2008 | Profit and loss (NOK million) | 2008 | 2007 | 2007 |
| 1 601 | 2 523 | Operating revenue | 7 843 | 6 331 | 10 124 |
| 1 717 | (1 406) | Operating profit before depreciation | (9 960) | 12 004 | 14 998 |
| 1 501 | (1 624) | Operating profit | (10 595) | 11 421 | 14 087 |
| 1 385 | (1 836) | Profit before tax and discount operation | (10 974) | 11 134 | 13 627 |
| 1 346 | (1 750) | Profit after tax | (11 079) | 10 822 | 13 337 |
| | | Capital matters | | | |
| 40 163 | 31 992 | Total assets | 31 992 | 40 163 | 43 468 |
| 63,1 % | 50,7 % | Equity ratio | 50,7 % | 63,1 % | 64,3 % |
| 9 767 | 10 261 | Net interest-bearing debt | 10 261 | 9 767 | 10 102 |
| | | Per-share figures (NOK) | | | |
| 6,90 | (8,97) | Profit (EPS) | (56,76) | 55,45 | 68,33 |
| 1,45 | (1,51) | Cash flow from operations | 7,39 | 6,77 | 1,15 |
| | | Key figures (GWh) | | | |
| 852 | 864 | Power generation | 2 516 | 2 508 | 3 123 |
| 2 200 | 2 222 | Power sales | 9 134 | 8 886 | 12 762 |

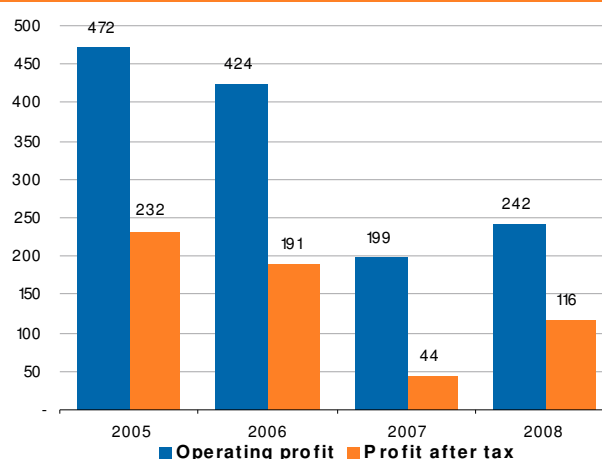
Third-quarter 2008 - Summary

Figures are in NOK unless otherwise stated. Comparative 2007 figures appear in parentheses.

The Hafslund Group's third-quarter 2008 profit after tax was NOK -1,750 million, down from NOK 1,346 million in the third quarter of 2007. The profit figure reflects a NOK 1,866 million value decline of the Group's Renewable Energy Corporation (REC) investment and a NOK 169 million gain on the sale of its residential alarm business. For comparison, value growth for the REC investment in the third quarter of 2007 was NOK 1,302 million.

The Group had an after-tax profit, excluding REC, of NOK 116 million in the third quarter of 2008, up NOK 72 million from the third quarter of 2007. Earnings per share (EPS) for the third quarter of 2008 amounted to NOK 0.59 (NOK 0.23), which is also the figure for diluted EPS.

Third-quarter 2005 - 2008 (excluding REC)
(NOK million)



Third-quarter 2008 Hafslund Group operating profit, excluding the REC investment, amounted to NOK 242 million, up 16 percent compared with the year-earlier figure. The improvement is largely attributable to higher power prices in the third quarter of 2008, despite weak

Power Sales margins due to the higher wholesale power prices throughout the quarter.

The Hafslund Group's Power Generation business had a third-quarter 2008 operating profit of NOK 297 million (NOK 55 million). In the third quarter of 2008, the volume-weighted sales price was NOK 0.387 per kWh, up NOK 0.275 per kWh from the third quarter of 2007. The increase in power prices alone resulted in an additional NOK 230 million profit contribution compared with the third quarter of 2007.

The Group's district heating business – Heating – had a third-quarter 2008 operating profit of NOK -40 million (NOK -59 million). The average sales price was NOK 0.639 per kWh, a 40-percent increase compared with the third quarter of 2007. Energy generation was 118 GWh in the third quarter of 2008, up 19 GWh compared with the third quarter of 2007; the change is largely attributable to capacity investments. The third quarter is typically the weakest quarter for Heating because only about eight percent of its annual energy output is generated in the reporting period. For comparison, energy generation for the fourth quarter is generally about 37 percent of total annual generation.

Hafslund's Network business had an operating profit of NOK 70 million in the third quarter of 2008, which is on a par with the year-earlier figure. The third-quarter 2008 figure includes NOK 59 million in so-called excess/under income, a regulatory adjustment.

Power Sales experienced a challenging market in the third quarter of 2008. Operating profit for the quarter amounted to NOK -50 million (NOK 37 million). The weak profit performance must be viewed in light of rising wholesale power prices throughout the quarter. Net customer-base growth was recorded in the third quarter of 2008. The 2,222 GWh of power sold in the quarter is on a par with the year-earlier figure.

Further information on these and other profit centers is presented below in this third-quarter report.

The Hafslund Group's financial expenses amounted to NOK 212 million in the third quarter of 2008 (NOK 116 million). As of 30 September 2008, the Group's gross interest-bearing debt amounted to NOK 11.1 billion, up NOK 1.2 billion in the third quarter. The average coupon interest was 6.6 percent (5.7 percent) as of the close of the third quarter, up from 6.4 percent at the close of the second quarter of 2008. Somewhat lower long-term forward interest, compared with the close of the second quarter of 2008, raised the market value of the Group's fixed-interest debt and resulted in a

NOK 30 million increase in reported third-quarter 2008 financial expenses. Accordingly, the Group's financial expense outlays declined by NOK 23 million compared with the third quarter of 2007.

The sale of the Group's residential alarm business, Hafslund Sikkerhet Privat, was completed in the third quarter of 2008. As a result of the sale, historical results have been restated, so that figures pertaining to Hafslund Sikkerhet Privat are presented in the profit and loss account under Profit from discontinued operations. The reported amount includes the NOK 169 million gain on the sale of Hafslund Sikkerhet Privat.

The Group had tax expenses of NOK 85 million (NOK 45 million) in the third quarter of 2008, including payment of Norway's tax on hydropower generation facilities, which amounted to NOK 60 million (NOK 2 million). Factors determining the effective tax rate include pre-tax profit, the effect of discontinued operations, Norway's tax on hydropower facilities, value changes recorded to profit and loss, and untaxed gains on share sales.

> Cash flow and capital matters

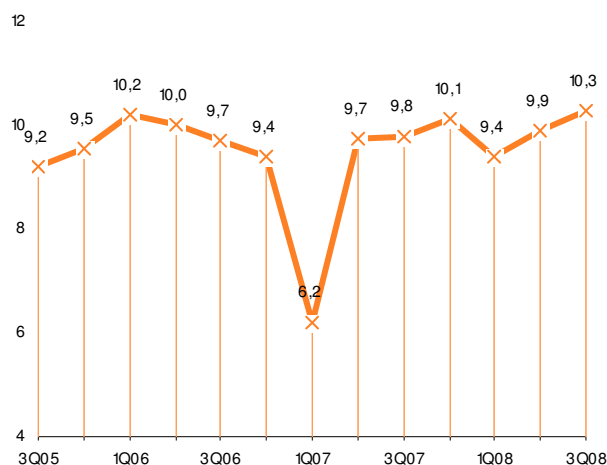
Cash flow from operations amounted to NOK -295 million in the third quarter of 2008, down NOK 578 million compared with the third quarter of 2007. The poor cash flow is due to a NOK 649 million increase in working capital. The increase in working capital is attributable to higher power prices in the third quarter of 2008.

Third-quarter 2008 operating profit before depreciation and excluding REC was NOK 460 million, which is NOK 750 million more than the figure for cash flow from operations. The following factors largely account for the variance: NOK -649 million due to increased working capital, NOK 36 million recorded for share and derivative value changes that do not affect cash flow, and NOK -142 million in interest payments.

Net cash flow for operational and expansion investments totaled NOK 448 million in the third quarter of 2008. Capital freed up through the Sikkerhet Privat sale, adjusted for net interest-bearing receivables, amounted to NOK 474 million. The aforementioned and purchases of own (treasury) class B shares, resulted in a NOK 392 million increase in net interest-bearing debt in the third quarter of 2008. Net interest-bearing debt amounted to NOK 10.3 billion at the close of the third quarter of 2008, a slight increase from the corresponding year-end 2007 figure.

The Hafslund Group had total assets of NOK 32.0 billion as of 30 September 2008, down NOK 1.3 billion from the close of the second quarter of 2008. The decrease is largely attributable to a NOK 1,866 million value decline of the REC share investment and the Sikkerhet Privat divestiture; the two figures more than offset an increase in receivables that exceeded NOK 800 million in the third quarter of 2008. The Group's equity ratio as of 30 September 2008 was 51 percent.

Net interest-bearing debt (NOK billion)



> Power price and price development - third quarter

The Hafslund Group's profit is affected by power prices and power price fluctuations.

The third quarter of 2008 was characterized by strongly diverging development of the two most important price drivers in the Nordic power market: hydrological balance and the cost of coal-fired power.

The beginning of the third quarter featured excellent hydrological conditions with a significant surplus compared with the seasonal average. These conditions generally mandated increased power production, especially among hydropower producers in southern Norway. Relatively high volumes of surplus reservoir energy, along with restricted capacity on outbound transmission from the affected, southern Norway region, resulted in locally low spot-market power prices throughout the month of July. Subsequently, in the third quarter, nearly continuous export from southern Norway and less precipitation resulted in a worsening of the hydrological situation, such that it approached the seasonal

average. These factors provided strong motivation for hydropower producers to maximize earnings through the reporting period.

On the other hand, both coal and CO₂ prices decreased in the third quarter, which resulted in the average price for producing coal-fired power fell from just over NOK 0.60 per kWh to about NOK 0.50 per kWh – a drop of nearly 20 percent. Thus, power price increases in the late summer and fall did not become as steep as the market had anticipated. Nordic spot prices were at their highest level thus far in 2008 in the last week of September. Thereafter, prices have declined in line with the ongoing, downward price development of fossil-fuel-based generation. Oil and gas prices have decreased by about 50 percent since they peaked in early July.

Outbound transmission capacity for hydropower generated in southern Norway is expected to return to full capacity as of 1 January 2009. Since the energy content of hydropower resources are close to normal for the season, the above-mentioned factors indicate well-balanced market competition between hydropower and coal-fired power producers in the time ahead. Forward power contract prices at Nord Pool for the coming winter season are trading at approximately NOK 0.45 - 0.50 per kWh; that figure is significantly below September 2008 spot prices of NOK 0.55 per kWh.

Summary first nine months

The Hafslund Group's NOK 1,410 million operating profit for the first nine months of 2008, adjusted for the NOK 12,005 million value decline of the Group's investment in Renewable Energy Corporation (REC), represents a NOK 252 million improvement over the corresponding period in 2007. The improvement reflects higher power prices and solid value growth in the Group's venture portfolio, despite somewhat weaker profits at the Network and Power Sales businesses and the power trading department.

After-tax profit of the Hafslund Group for the first nine months of 2008, excluding REC, was NOK 926 million, a NOK 366 million improvement compared with the first nine months of 2007. More efficient operations, a NOK 169 million gain on the sale of the Group's residential alarm business, and somewhat higher financial expenses are responsible for the after-tax profit improvement. Earnings per share,

exclusive of the REC investment, amounted to NOK 4.74 for the first nine months of 2008, up from NOK 2.87 for the corresponding 2007 reporting period.

Business segments

> Power Generation

| | Third quarter | | YTD | |
|--------------------------------------|---------------|------|------|------|
| NOK million | 2008 | 2007 | 2008 | 2007 |
| Operating revenues | 326 | 97 | 691 | 440 |
| Operating profit before depreciation | 306 | 65 | 471 | 320 |
| Operating profit | 297 | 55 | 442 | 288 |
| Investments | 24 | 7 | 64 | 30 |
| Sales price (øre/kWh) * | 38,7 | 11,2 | 28,2 | 18,2 |

Hafslund's Power Generation business had operating revenues of NOK 326 million in the third quarter of 2008, up from NOK 229 million compared with the corresponding 2007 reporting period. Power Generation had a third-quarter 2008 operating profit of NOK 297 million, up from NOK 242 million from the third quarter of 2007.

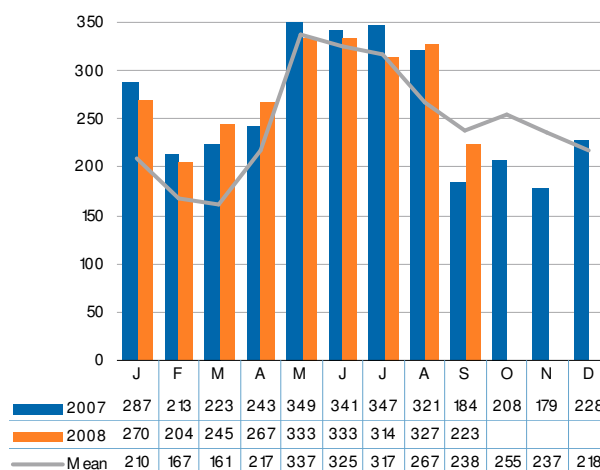
The Hafslund Group's strategy is to sell the power it produces in the spot market, without a significant degree of price hedging. One reason the Group uses this strategy is to provide Hafslund's investors with direct exposure to Nordic market power prices. Exposure to spot prices causes profits from Hafslund's power generation business to be largely driven by power contract price developments. The volume-weighted sales price in the third quarter of 2008 was NOK 0.387 per kWh, up from NOK 0.112 per kWh in the third quarter of 2007. Higher power prices, alone, resulted in a NOK 230 million increase in profit contribution, compared with the third quarter of 2007. During the third quarter of 2008, spot prices in the Norwegian price area where Hafslund's generation plants are located, increasingly approached the system price. This situation is chiefly attributable to normalization of hydropower reservoir conditions for the delivery area, but is also affected by expectations that the transmission corridor to Sweden via the Oslo Fjord cable link will be back in service as of 1 January 2009.

Somewhat lower forward prices for power contracts for delivery in 2013 reduced the carrying value of license power obligations to municipalities, which resulted in a NOK 27

million positive profit effect in the third quarter of 2008 (NOK -2 million); the profit effect has no cash flow component. License power obligations amounted to NOK 294 million as of 30 September 2008. The figure is based on an annual outtake of 62 GWh and a power price of NOK 0.09 per kWh, determined by Norway's Petroleum and Energy Ministry.

Power production in the third quarter of 2008 was 864 GWh, which is on a par with the third quarter of 2007, and approximately 50 GWh above normal production for the reporting period. At the beginning of the fourth quarter, aggregate hydrologic reservoir levels in Hafslund's drainage basin were 94 percent of normal levels for the season; total stored energy amounted to 930 GWh. Of this figure, snow pack amounted to just under 10 percent of total reservoir energy content. Projections based on production thus far in the fourth quarter of 2008, current hydropower reservoir levels, and provided normal precipitation, indicate that Hafslund's fourth-quarter 2008 power generation will be some 40 GWh below normal generation for the reporting period.

Power generation vs. 10-year average (GWh)



Note: Normal = 10-year average production.

The Power Generation business is in an investment phase to expand capacity. Core projects are construction of a new generator, the FKF 4, and upgrading the oldest generators at Hafslund's Vamma hydropower plant. The FKF 4 will be a complete 40 MW (50 MVA) power plant. When it goes online, the FKF 4 will allow cutting down on the overall operating hours of generators FKF 1 and FKF 2, and thus increase their operating lifetimes. The Vamma upgrade program and the

new FKF 4 generator are scheduled for completion in the spring of 2011. The two projects will add a significant 100 GWh of annual production capacity while considerably lengthening the lifetime of installed generation capacity. The NOK 500 million investment program includes NOK 250 million for generation capacity expansion.

> District Heating

| | Third quarter | | YTD | |
|--------------------------------------|---------------|------|------|------|
| | 2008 | 2007 | 2008 | 2007 |
| NOK million | | | | |
| Operating revenues | 58 | 45 | 412 | 346 |
| Operating profit before depreciation | (7) | (5) | 134 | 92 |
| Operating profit | (40) | (59) | 36 | (6) |
| Investments | 159 | 47 | 271 | 161 |
| Salesprice (in øre per kWh) | 63,9 | 45,8 | 59,7 | 51,2 |

Hafslund's district heating business had third-quarter 2008 operating revenues of NOK 58 million, up 29 percent compared with the corresponding 2007 reporting period. Revenue growth is attributable to higher district heating prices and increased production.

Typically, only about eight percent of total annual production is generated in the third quarter of the year. This seasonal factor and high fixed production costs generally make the third quarter of the year District Heating's weakest quarter. Operating profit before depreciation amounted to NOK -7 million in the third quarter of 2008, down NOK 2 million from the third quarter of 2007 despite higher production volumes and district heating prices in the third quarter of 2008. The decline in operating profit before depreciation must be viewed in light of a NOK 10 million accounting charge in the third quarter of 2008 associated with erroneously high revenue calculations and under-recorded grid losses in the first six months of 2008. Also, operation and maintenance costs were NOK 7 million higher, compared with the third quarter of 2007, due to somewhat higher levels of maintenance activities and increased prices from suppliers.

Operating profit for the quarter was NOK -40 million, which represents a NOK 19 million improvement over the third quarter of 2007. The third-quarter 2008 improvement in operating profit is attributable to third-quarter 2007 depreciation including a NOK 20 million charge associated with insufficient depreciation recorded in the first six months of 2007.

The achieved sales price was NOK 0.639 per kWh, up 40 percent compared with the third quarter of 2007. The increase must be viewed in light of generally higher power prices, compared with the third quarter of 2007. As a consequence of high oil prices during the year, district heating prices thus far in 2008 have more closely tracked the price of forward electric power contracts traded via Nord Pool.

The energy volume produced in the third quarter of 2008 was 118 GWh, up 19 percent compared with the third quarter of 2007. The 19 GWh volume increase over the third quarter of 2007 is largely attributable to capacity expansion. Due to reduced availability of one bio-fueled boiler, a greater-than-normal proportion of electric boilers was used in the third quarter. Thus, the proportionate consumption of renewable energy amounted to 60 percent in the quarter. Production costs in the third quarter of 2008 amounted to NOK 0.259 per kWh, up 17 percent from the year-earlier figure; the increase must be viewed in light of higher prices for waste-derived fuel and more extensive use of electric boilers than normal for the quarter.

The annual effect of planned and completed capacity investments will be an increase of some 70 GWh compared with 2007. The typical annual production profile for the district heating business is as follows: first quarter, 39 percent; second quarter, 16 percent; third quarter, eight percent; fourth quarter, 37 percent.

Investments in the quarter totaled NOK 159 million (NOK 47 million); annual reinvestment requirements are approximately NOK 50-60 million. Investments beyond this figure are for capacity expansion. Construction of a trunk line that will link Hafslund Fjernvarme's two district heating networks in Oslo is on schedule. Benefits of the project include facilitating further development of renewable energy production and biofuel-based energy sources and utilization of municipal waste. Additional Oslo neighborhoods will be able to tie into the expanded district heating network.

> Network

| | Third quarter | | YTD | |
|--------------------------------------|---------------|------|-------|-------|
| NOK million | 2008 | 2007 | 2008 | 2007 |
| Operating revenues | 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 |

Hafslund's Network business had third-quarter 2008 operating revenues of NOK 760 million, up NOK 104 million from the corresponding 2007 reporting period. Operating revenue growth is largely attributable to recognition of a NOK 59 million receivable for so-called excess/under income regarding Network's regulated activities and NOK 64 million resulting from power prices that were higher in the third quarter of 2008 than in the third quarter of 2007. (See presentation of the accounting treatment of excess/under income for grid activities in Note 4 to the accounts in this report to shareholders.)

Third-quarter 2008 operating profit before depreciation was NOK 208 million (NOK 189 million). Network's operating profit was NOK 70 million, which is on a par with the year-earlier figure. Energy purchases to compensate for grid losses and central grid transmission costs totaled NOK 304 million in the quarter, up NOK 68 million compared with the third quarter of 2007. Higher power prices made grid-loss power purchases considerably more expensive than in the third quarter of 2007. Operating expenses, excluding energy purchases and transmission costs paid to Statnett, Norway's transmission system operator (TSO), were NOK 247 million, NOK 15 million over the third quarter of 2007. The increase is largely due to higher activity levels as to monitoring and inspection tasks. Depreciation amounted to NOK 138 million (NOK 119 million) in the quarter; the figure includes NOK 7 million in increased depreciation compared with the year-earlier figure due to changes in the expected lifetimes of meters and grid data systems.

As of 1 January 2007, the Norwegian Water Resources and Energy Directorate (NVE) introduced a new model for determining grid companies' income ceilings. The model represents a comprehensive reform that greatly impacts grid companies' income development and the industry structure. Hafslund believes that the new regulatory model does not provide the basis for maintaining key societal objectives, particularly stable conditions and reliable energy supplies.

Via a letter dated 24 June 2008, NVE notified Hafslund that the regulatory authority had ruled that Hafslund Nett AS must maintain an in-house grid operations and control function and a minimum staffing level of some 250 man-years. Norway's Ministry of Petroleum and Energy has not yet ruled on Hafslund's appeal in the matter. However, in a 7 October 2008 letter, the Ministry states that the 15 October 2008 deadline by which NVE's ruling must be implemented, subject to penalties for non-compliance, has been postponed pending the Ministry's final determination regarding Hafslund's appeal. The date on which the Ministry's decision will be announced is unknown.

In its proposal for provisions, NVE is requiring that Norwegian grid companies may only outsource necessary tasks that are a part of their monopoly activities to a limited extent. If the provisions are adopted with their present wording and NVE's ruling is supported by the Ministry, Hafslund Nett will have to modify its business model and increase its staffing by some 110 man-years, including merging with Hafslund Driftssentral AS, the Group's grid operations company. Norway's Ministry of Petroleum and Energy will hold a hearing on the final proposal for new provisions. The hearing date has not yet been set. Hafslund and the rest of the industry are united in their view that the proposed provisions are unnecessary and that there are no professional, factual, or operational reasons to impose them. As the proposal now stands, the provisions will result in a less efficient network industry and poorer utilization of resources and expertise. Hafslund's position is that the proposed legislation will negatively impact grid customers, as grid rental charges will increase without improving delivery reliability.

In August 2007, Norway's Ministry of Petroleum and Energy gave the go-ahead to NVE to facilitate the implementation of two-way communications for all power grid customers. Such systems should facilitate greater customer control over power usage and costs and further the socioeconomic goal of more rational power consumption patterns. The Ministry's goal is for such communication systems to be completely operational by 2012. Hafslund is in favor of the Ministry's initiative, but will await start-up of full-scale roll-out until a more comprehensive decision on issues and frameworks governing project implementation is available. A financing model that provides an adequate financial framework, predictability, and incentives for an efficient implementation is of particular importance.

> Telekom

| | Third quarter | | YTD | |
|--------------------------------------|---------------|------|------|------|
| | 2008 | 2007 | 2008 | 2007 |
| NOK million | | | | |
| Operating revenues | 76 | 65 | 216 | 240 |
| Operating profit before depreciation | 22 | 17 | 52 | 46 |
| Operating profit | 8 | 7 | 16 | 14 |
| Investments | 43 | 66 | 90 | 172 |

Hafslund Telekom's third-quarter 2008 operating revenues amounted to NOK 76 million, up 17 percent compared with the corresponding 2007 reporting period. Operating revenues for the third quarter of 2008 are distributed as follows: fiber optic networks, NOK 26 million (NOK 20 million); grid services, NOK 40 million (NOK 38 million), and wireless communications and housing cooperatives, NOK 10 million (NOK 7 million).

Operating profit before depreciation amounted to NOK 22 million (NOK 17 million), up 29 percent compared with the third quarter of 2007. Operating profit for the quarter was NOK 8 million, up 14 percent from the year-earlier figure. Investments in the third quarter of 2008, which amounted to NOK 44 million (NOK 66 million), were mainly to increase fiber optic network capacity. Focus on growth based on the existing fiber optic network lowered investment requirements.

> Power Sales

| | Third quarter | | YTD | |
|--------------------------------------|---------------|-------|-------|-------|
| | 2008 | 2007 | 2008 | 2007 |
| NOK million | | | | |
| Operating revenues | 946 | 423 | 3 153 | 2 204 |
| Operating profit before depreciation | (48) | 39 | 114 | 229 |
| Operating profit | (50) | 37 | 108 | 223 |
| Power sales (GWh) | 2 222 | 2 200 | 9 134 | 8 886 |

Hafslund's Power Sales business had operating revenues of NOK 946 million in the third quarter of 2008, up 123 percent compared with the corresponding 2007 reporting period. Operating revenue growth is largely attributable to higher power prices, compared with the year-earlier reporting period.

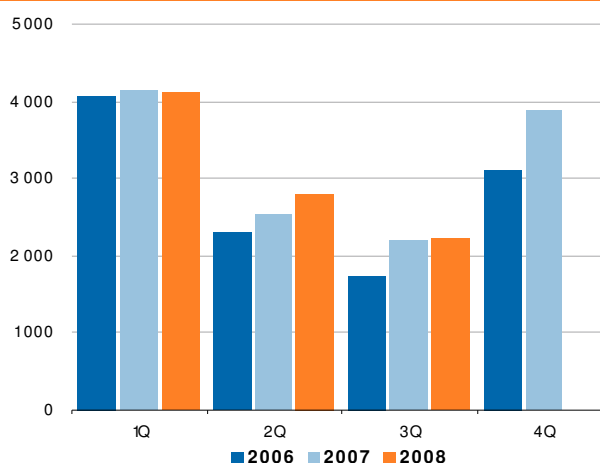
Power Sales' third-quarter 2008 operating profit was NOK - 50 million, down NOK 87 million compared with the year-earlier figure. The weak operating profit must be viewed in

light of rising wholesale power prices throughout the quarter.

The volume of power sold in the third quarter of 2008 was 2,222 GWh, which is on a par with the corresponding 2007 figure. Customer-base growth compensated for somewhat lower average consumption than in the third quarter of 2007. The volume of power sold to residential-market customers totaled 1,333 GWh (1,296 GWh). The volume of power sold to corporate-market customers was 889 GWh (904 GWh). Power Sales experienced net customer base growth in the third quarter of 2008.

Work on optimizing operations and increasing customer satisfaction is paying off for Hafslund Power Sales. The most recent survey by TNS Gallup showed an average score of 80 points among respondents, which corresponds to a "highly satisfied customer" ranking.

Power Sales - volume sold (GWh)



> Venture

| | Third quarter | | YTD | |
|----------------------------------|---------------|-------|----------|--------|
| NOK million | 2008 | 2007 | 2008 | 2007 |
| Operating revenues | 122 | 70 | 424 | 155 |
| Operating profit (excluding REC) | (31) | (10) | 466 | 71 |
| - operating profit REC | (1 866) | 1 302 | (12 005) | 10 262 |

Hafslund Venture had a third-quarter 2008 operating profit, excluding the Group's venture portfolio investment in Renewable Energy Corporation (REC), of NOK -31 million (NOK -10 million). The operating profit figure includes a NOK 19 million charge due to a value decline in Venture's Metallkraft investment. Metallkraft recently carried out a NOK 180 million share issue directed at both current and new investors; the shares were issued at NOK 66 per share. Using that share price to determine the fair value of Hafslund Venture's Metallkraft investment as of 30 September 2008 resulted in the NOK 19 million charge to operating profit. Metallkraft achieved full financing of its planned factory in Singapore following the share issue.

The Group's REC investment experienced a NOK 1,866 million value decline in the third quarter of 2008; for comparison, REC investment value growth in the third quarter of 2007 was NOK 1,302 million. The 30 September 2008 closing REC share price was NOK 105.50 per share, down 20 percent in the third quarter and 62 percent in the first nine months of 2008. Hafslund owns 70.4 million REC shares, which corresponds to 14.25 percent of all outstanding REC shares. The investment is recorded in Hafslund's balance sheet at NOK 7,428 million at the close of the first nine months of 2008.

Hafslund's venture portfolio, excluding REC, is recorded in Hafslund's balance sheet at NOK 1.1 billion as of the close of the third quarter of 2008. Venture's 49.9 percent shareholding in Fesil Holding, 26.53 percent stake in Network Norway, and 10.96 percent shareholding in Metallkraft comprise some 80 percent of the total value of the Group's venture portfolio, excluding REC, as of 30 September 2008.

Venture's profit, excluding REC, for the first nine months of 2008 was NOK 466 million; the figure is largely attributable to NOK 296 million in value growth of the Fesil Holding AS investment and a NOK 188 million gain on the sale of One Call AS to Network Norway AS.

> Other Activities

| | Third quarter | | YTD | |
|------------------------------|---------------|------|-------|-------|
| NOK million | 2008 | 2007 | 2008 | 2007 |
| Real estate | 6 | (2) | 13 | 20 |
| Billing and customer service | 24 | 34 | 65 | 83 |
| Support | (20) | (29) | (101) | (103) |
| Power trading | (41) | 55 | 64 | 98 |
| Other renewable energy | (14) | (0) | (33) | (2) |
| Hafslund Infratek | 27 | 29 | 59 | 57 |
| Other | 2 | 14 | 44 | 76 |
| Operating profit other | (15) | 100 | 110 | 229 |

The Hafslund Group's Other Activities, which include real estate management, power trading, and staff and support functions, had a third-quarter 2008 operating profit of NOK -14 million (NOK 101 million). The above table shows operating profit by Other Activities' profit centers.

Hafslund takes active positions in the power market through the Group's power trading department. The power trading department undertakes all market trades; to the extent it trades on behalf of other business units, these trades are undertaken on the latter's account and risk. Profit is derived from trades for various purposes: purchase and sale of power, market position management, hedging, and trading for profit. Power trading had a third-quarter 2008 operating profit of NOK -41 million (NOK 55 million). Power trading's profit for the first nine months of 2008 was NOK 64 million.

Hafslund Infratek's third-quarter 2008 operating revenues amounted to NOK 363 million (NOK 337 million), up 7.8 percent from the corresponding 2007 reporting period. Operating profit for the quarter was NOK 27 million – slightly below the corresponding third-quarter 2007 figure. The operating margin was 7.4 percent. Third-quarter 2008 revenue growth is attributable to higher activity levels in the Infrastructure business area, which delivered a solid profit in the quarter with an 11.6 percent operating margin, compared with 9.8 percent in the third quarter of 2007. Hafslund ASA owns 64.6 percent of Hafslund Infratek ASA stock, or 27.6 million shares. The 30 September 2008 closing price of Hafslund Infratek shares was NOK 17.10; accordingly, the market value for Hafslund's shareholding was NOK 472 million.

The profit center Other renewable energy had a third-quarter 2008 operating profit of NOK -12 million; the figure comprises project costs associated with construction of an energy recovery facility at Borregaard in Sarpsborg and a

wood pellet factory at Averøya in Møre on the west coast of Norway. The figure also includes costs associated with pilot operation of the new energy recovery facility in Fredrikstad, which incinerates waste-derived fuel; annual plant capacities are: 66,000 metric tons of waste and a production volume of 140 GWh to 170 GWh.

Key events

> Sale of residential alarm business

Hafslund has sold Hafslund Sikkerhet Privat, which comprised the Group's residential alarm business, to Securitas Direct AS. The effective date of the sale was 15 September 2008. The NOK 542 million sales amount generated gains of NOK 169 million. Of the total sales amount, Hafslund received NOK 150 million in newly issued class B Securitas Direct AB shares or 1.8 percent of the company's share capital.

The Hafslund Group's development in recent periods has increasingly moved toward a more explicit targeting of renewable energy and critical infrastructure, while maintaining the Group's position as Norway's largest leading integrated energy company. Divestiture of the residential alarm business was a natural aspect of streamlining Group activities.

> Hafslund Infratek - agreement with Fortum

On 23 October 2008, Hafslund Infratek and Fortum Service entered into an agreement under which Hafslund Infratek will acquire Fortum Service's infrastructure business in the Nordic countries, which has 1,100 employees. Fortum Oyj, which will receive settlement in the form of 21,074,864 newly issued Hafslund Infratek shares, will have a 33-percent shareholding in the combined company. Hafslund ASA's majority stake in Hafslund Infratek ASA will be reduced to 43.3 percent after the aforementioned transactions. The acquisition is contingent upon approval by the Board of Directors of Fortum Oyj

and by a mid-December Hafslund Infratek extraordinary shareholders' meeting. Competition authorities and other regulatory bodies must also approve the business combination. The acquisition is scheduled to be completed effective 1 January 2009. Integration of Fortum Service's infrastructure business with that of Hafslund Infratek will

create a powerful Nordic player in the markets for building, operating, and securing critical infrastructure, primarily for energy distributors, telecoms, and high-security applications.

> Indicative bid for Frevar and Fredrikstad Fjernvarme energy and district heating activities

As a further step in the Hafslund Group's targeting of renewable energy and critical infrastructure, Hafslund has submitted an indicative bid to Fredrikstad municipality for its ownership interests in the energy-recovery activities of Frevar KF and the district heating company Fredrikstad Fjernvarme AS. These activities overlap considerably with those of Hafslund; Hafslund's Bio-El energy recovery plant in Fredrikstad exemplifies such overlap. The indicative bid covers the activities of municipality-owned Frevar that are subject to market competition and that largely comprise waste incineration. Fredrikstad Fjernvarme AS, which is in an expansion phase, currently has an annual production of some 34 GWh. The purchase price presented in the indicative bid is on the order of NOK 225 - 250 million.

Shares and shareholder matters

As of September 30, 2008:

| Shareholder (number of shares in thousands) | A-shares | B-shares | Total | Holdin g |
|---|----------|----------|---------|----------|
| Oslo Kommune | 67,525 | 37,343 | 104,868 | 53.7 % |
| Fortum Forvaltning AS | 37,853 | 28,706 | 66,559 | 34.1 % |
| Østfold Energi AS | 5,201 | 4 | 5,205 | 2.7 % |
| MP Pensjon | | 1,564 | 1,564 | 0.8 % |
| Verdipapirfond Odin Norden | | 1,114 | 1,114 | 0.6 % |
| Verdipapirfond Odin Norge | | 685 | 685 | 0.4 % |
| Svenska Handelsbanken | 267 | 243 | 510 | 0.2 % |
| Hafslund ASA | | 484 | 484 | 0.2 % |
| State Street Bank and Trust Co. | 2 | 376 | 378 | 0.2 % |
| AS Herdebred | 106 | 254 | 360 | 0.2 % |
| Total, 10 largest shareholders | 110,954 | 70,773 | 181,727 | 93.1 % |
| Other shareholders | 4,474 | 8,985 | 13,459 | 6.9 % |
| Total | 115,428 | 79,758 | 195,186 | 100 % |

Hafslund had 7,518 shareholders as of 30 September 2008. The ten largest shareholders own a total of 93.1 percent of the company's share capital. Hafslund's two classes of shares are listed on the Oslo Stock Exchange. As of the close of the third quarter of 2008, Hafslund's market capitalization was NOK 18.8 billion; the figure is based on a per-share price for Class A shares of NOK 98.0 and Class B shares of NOK 94.0.

Outlook

The business strategy through year-end 2010 aims to develop Hafslund into Norway's leading integrated energy company based on profitable and innovative growth. The strategy is five-fold: (1) intensify targeting of renewable and alternative energy sources; (2) strengthen the Group's position as a key infrastructure participant; (3) continue to develop Hafslund as Norway's leading power sales company; (4) participate proactively in strategic and market changes; and (5) contribute to society at large through profitable business operations, a workplace in which people can develop and grow, and the maintenance of our good reputation. In the Board's opinion, the company and its management have the necessary experience and expertise to develop the company in line with these goals.

The profit performance of the Group's Power Generation and district heating businesses is, to a considerable extent, subject to power-market price developments.

Earnings in the Network business are vulnerable to changes in the regulatory regime governing power distribution companies in Norway. Under the new regulatory regime introduced as of 2007, Hafslund's Network business's earnings will decrease compared with previous years.

Efforts to improve the quality of our customers' interactions with Hafslund are paying off in the form of customer-base

growth and greater customer satisfaction. The Group will continue its work to improve customer services. In the Board's opinion, the Group's marketing organization is ready to take on the competition in the power market. A solid foundation has been built for further advancing Hafslund's reputation.

As a consequence of Hafslund having recorded its REC investment at market value in its balance sheet, REC share-price fluctuations have a significant impact on Hafslund's reported profit.

The ongoing financial turbulence has created a challenging credit market. Hafslund has a syndicated loan facility of 500 mill Euro until 2012. Syndicated loan facility is given by nine different banks.

The syndicated loan facility and stable and high cash flow from operating business together make it possible to refinance and accomplish our planned investments. Hafslund ASA has not any financial covenants regarding loan agreement.

In the Board's opinion, Hafslund is well prepared to meet the challenges the Group will face and to achieve its strategic objectives. Hafslund has built a solid foundation – both commercially and financially – for continued growth.

Oslo, 27 October 2008

Board of Directors

Hafslund ASA

Group profit and loss account

| Third quarter | | | YTD | | Year |
|---------------|---------|---|----------|---------|---------|
| 2007 | 2008 | NOK million | 2008 | 2007 | 2007 |
| 1 601 | 2 523 | Operating revenues | 7 843 | 6 331 | 10 124 |
| 1 314 | (1 901) | Gain/loss financial items | (11 522) | 10 491 | 12 468 |
| (755) | (1 470) | Purchased materials and energy | (4 550) | (3 378) | (5 538) |
| (281) | (283) | Salaries and other personnel expenses | (922) | (884) | (1 265) |
| (163) | (276) | Other operating expenses | (809) | (555) | (791) |
| 1 717 | (1 406) | Operating profit before depreciation | (9 960) | 12 004 | 14 998 |
| (216) | (218) | Depreciation | (636) | (583) | (911) |
| 1 501 | (1 624) | Operating profit | (10 595) | 11 421 | 14 087 |
| (116) | (212) | Net financial items | (379) | (287) | (460) |
| 1 385 | (1 836) | Profit before tax and discontinued operations | (10 974) | 11 134 | 13 627 |
| (45) | (85) | Tax | (285) | (315) | (296) |
| 6 | 171 | Profit discontinued operations | 181 | 3 | 6 |
| 1 346 | (1 750) | Profit after tax | (11 079) | 10 822 | 13 337 |
| 1 348 | (1 766) | Majority's share of profit | (11 093) | 10 818 | 13 342 |
| (2) | 16 | Minority's share of profit | 15 | 5 | (4) |
| 6,90 | (8,97) | Earnings per share (in NOK) | (56,76) | 55,45 | 68,34 |

Group balance sheet

| NOK million | 30.09.2008 | 30.09.2007 | 31.12.2007 |
|-----------------------------------|---------------|---------------|---------------|
| Intangible assets | 2 412 | 2 635 | 2 580 |
| Fixed assets | 17 926 | 17 582 | 17 440 |
| Financial assets | 8 823 | 18 229 | 20 086 |
| Accounts receivable and inventory | 2 472 | 1 619 | 2 969 |
| Cash and cash equivalents | 360 | 97 | 393 |
| Assets | 31 992 | 40 163 | 43 468 |
| Equity, majority | 16 053 | 25 292 | 27 836 |
| Equity, minority | 174 | 49 | 99 |
| Allocations for liabilities | 2 885 | 2 734 | 2 780 |
| Long-term interest liabilities | 8 027 | 7 268 | 8 026 |
| Short-term interest liabilities | 3 074 | 2 906 | 2 837 |
| Other short-term liabilities | 1 780 | 1 914 | 1 890 |
| Equity and liabilities | 31 992 | 40 163 | 43 468 |

Group cash flow statement

| | Third quarter | | YTD | | Year |
|--|---------------|--------------|--------------|--------------|--------------|
| NOK million | 2008 | 2007 | 2008 | 2007 | 2007 |
| Profit before tax | (1 836) | 1 385 | (10 974) | 11 134 | 13 627 |
| Depreciation | 218 | 216 | 636 | 583 | 911 |
| Items without cash flow effect | 1 973 | (1 327) | 11 102 | (10 908) | (13 570) |
| Change in net working capital | (649) | 8 | 681 | 511 | (746) |
| Cash flow from operations (A) | (295) | 283 | 1 444 | 1 321 | 222 |
| Investments (operation and expansion) | (448) | (311) | (1 220) | (3 084) | (3 373) |
| Sale of assets including business segments | 474 | 0 | 506 | 22 | 720 |
| Venture investments etc | (108) | (17) | (279) | 4 797 | 4 909 |
| Cash flow to investments activities (B) | (82) | (328) | (993) | 1 736 | 2 257 |
| Cash flow discontinued operations | 4 | 20 | 25 | 31 | 35 |
| Dividend and other equity changes ☉ | (19) | (18) | (635) | (3 475) | (3 236) |
| Cash flow for financial activities | (392) | (43) | (158) | (388) | (723) |
| Net interest-bearing debt at beginning of period | (9 869) | (9 724) | (10 102) | (9 379) | (9 379) |
| Net interest-bearing debt at end of period | (10 261) | (9 767) | (10 261) | (9 767) | (10 102) |

Equity reconciliation

| | YTD | | Year |
|--|---------------|---------------|---------------|
| NOK million | 2008 | 2007 | 2007 |
| Equity as of 1 January | 27 935 | 17 575 | 17 575 |
| Profit for the period, majority's share | (11 093) | 10 825 | 13 342 |
| Profit for the period, minority's share | 15 | 5 | (4) |
| Change, minority's interests | 12 | 19 | 81 |
| Adjustments booked to equity | 3 | (3) | (2) |
| Value adjustment to equity at transition to subsidiary | 0 | 354 | 354 |
| Changes in class A and B shares held (treasury shares) | (39) | (21) | (21) |
| Dividend | (592) | (3 458) | (3 458) |
| Other changes affecting equity | (14) | 45 | 68 |
| Equity at end of reporting period | 16 227 | 25 341 | 27 935 |

Notes to the accounts

1) Framework and key accounting principles

The third-quarter consolidated Group accounts for the period ending 30 September 2008 have been prepared and presented in accordance with International Financial Reporting Standards (IFRS). The consolidated accounts comprise those of Hafslund ASA and its associated companies and subsidiaries. Hafslund prepares and presents its quarterly consolidated accounts according to IAS 34, Interim Financial Reporting. The information provided by quarterly accounts is not as comprehensive as that provided in the annual accounts; thus, the quarterly accounts should be viewed in conjunction with the 2007 annual accounts. Accounting principles applied in the quarterly accounts are the same as those described in Note 1 to the 2007 annual accounts of the Hafslund Group. The accounts for the third quarter of 2008 and the period ending 30 September 2008 are unaudited.

2) Operating profit – significant items

Hafslund's ownership interest in Renewable Energy Corporation (REC) represents a significant investment for the Group; Hafslund holds 70.4 million REC shares. The REC investment is carried at market value, represented by its stock-exchange price, in the consolidated Hafslund Group accounts. Value change in the REC shareholding is reported in the profit and loss account as Profit, financial assets and associated companies. As of 30 September 2008, the per-share price of REC shares was NOK 105.50, which represents a NOK 26.50 decline in the third quarter and a NOK 170.70 decline in the first nine months of 2008. Accordingly, the value of the Group's REC shareholding decreased by NOK 1,866 million in the third quarter of 2008 (increased by NOK 1,302 million) and NOK 12,005 million (increased by NOK 10,262 million) in the first nine months of the year; the value declines were charged to the profit and loss account. As of 30 September 2008, the REC investment is recorded in the Group's balance sheet at NOK 7.4 billion. Going forward, Hafslund's profit performance will continue to be significantly affected by REC share price developments.

3) Segment reporting

| Third quarter | | | YTD | | Year |
|---------------|--------|--------------------------------|----------|--------|--------|
| 2007 | 2008 | NOK million | 2008 | 2007 | 2007 |
| 97 | 326 | Power generation | 691 | 440 | 635 |
| 45 | 58 | District Heating | 412 | 346 | 562 |
| 656 | 760 | Network | 2 353 | 2 310 | 3 194 |
| 65 | 76 | Telecom | 216 | 240 | 314 |
| 423 | 946 | Power sales | 3 153 | 2 204 | 3 629 |
| 70 | 122 | Venture | 424 | 155 | 282 |
| 246 | 235 | Other activities/eliminations | 593 | 636 | 1 507 |
| 1 601 | 2 523 | Total operating revenue | 7 843 | 6 331 | 10 124 |
| 55 | 297 | Power generation | 442 | 288 | 407 |
| (59) | (40) | District Heating | 36 | (6) | 15 |
| 70 | 70 | Network | 227 | 345 | 356 |
| 7 | 8 | Telecom | 16 | 14 | 12 |
| 37 | (50) | Power sales | 108 | 223 | 268 |
| 1 292 | -1 897 | Venture | (11 539) | 10 333 | 12 239 |
| 101 | -14 | Other activities/eliminations | 115 | 225 | 790 |
| 1 501 | -1 624 | Total operating profit | (10 595) | 11 421 | 14 087 |

4) Network activities – income ceiling and excess/under income

IFRS-imposed accounting treatment of grid rental charges disallows balance sheet recording of certain revenue receivables and liabilities. Grid rental revenues are recognized at the time of invoicing. The amount recognized each year corresponds to the period's delivered volume settled at the current determined tariff. The difference between invoiced amounts and the regulated income ceiling established by the regulatory authority NVE (the Norwegian Water Resources and Energy Directorate) is called excess/under income. IFRS defines such excess/under income as regulatory liabilities/assets that do not generally qualify for balance sheet recognition. The reasoning behind this is that no contract has been entered into with any specific customer and thus, in theory, the receivable is contingent on a future delivery. However, revenues in individual years may deviate from the revenue level permitted by NVE. Tariffs are managed based on the premise that annual revenues will, over time, accord with the allowed revenue level. The term excess income is used if profit is favorably affected relative to the regulatory-authority-determined income ceiling for the year in question. Similarly, the term under income is used if profit is adversely affected.

NVE has notified the company that Network's 2008 regulated income ceiling framework will be approximately NOK 2,016 million. That amount (1) does not include transfer payment invoicing of Statnett transmission costs, and (2) is adjusted for general consumer price index and interest rate changes. The income ceiling framework for 2008 is NOK 72 million below that of 2007. Network's third-quarter 2008 profit includes excess income of NOK 59 million (NOK 0 million). Profit for the first nine months of the year was positively affected by excess income of NOK 109 million (NOK 78 million). At year-end 2007, Hafslund Nett had NOK 57 million in under income. Excess income recognized during the first nine months of 2008 amounted to NOK 109 million; as of 30 September 2008, excess income amounted to NOK 53 million.

5) Interest-bearing loans and credit facilities

As of 30 September 2008, the accounting value of Hafslund's loan portfolio was NOK 11,197 million, of which NOK 7,442 million is long-term debt, NOK 1,198 million matures within twelve months and is classified as current liabilities, and NOK 2,557 million is short-term debt. Changes in the fair value of loans and derivatives in the third quarter of 2008 resulted in a negative profit effect of NOK 40 million in the third quarter and a positive profit effect of NOK 121 million for the first nine months of 2008.

In the third quarter of 2008, Hafslund's credit spread increased for all terms to maturity, and interest rose for maturities up to two years and decreased for longer terms to maturity. The net effect of these changes was that market interest (including Hafslund's credit spread) increased up to 160 basis points on short terms to maturity and decreased up to 40 basis points on maturities longer than two years. Regarding changes in the fair value of loans: the NOK -30 million change in the third quarter and the NOK 115 million recorded for the first nine months of the year are presented in the profit and loss account under Financial expenses. Regarding value changes in interest derivatives: the third quarter's NOK -10 million value change and first nine months' NOK 7 million value change are reported under Profit, financial assets and associated companies. Of the total loan and derivatives portfolio, fixed-interest loans amounted to 32 percent, and floating-interest-rate loans made up the remaining 68 percent, as of the close of the third quarter of 2008. There are no financial covenants associated with the Group's loan portfolio.

The Group's foreign currency exposure is largely associated with euro-denominated revenues from power production sold via Nord Pool. Some of this currency risk is hedged on an ongoing basis. Regarding loans in foreign currencies, interest and foreign currency swaps are entered into so that payments of interest and principal are in Norwegian kroner. The Group's finance department centrally manages currency risk. The Hafslund Group's risk associated with foreign currency fluctuations has not changed materially since year-end 2007.

The Group has significant interest-bearing debt. As of 30 September 2008, 32 percent of debt is fixed-interest; the rest is floating-interest debt.

The increase in credit spread and interest rates on shorter-term debt is expected to result in somewhat higher financial expenses for the Group in 2008. Network revenues will be somewhat weaker because regulated revenues are adjusted according to changes in 5-year Norwegian government bonds; the latter bond rate declined in the third quarter of 2008.

6) Operating assets

Investments in operating assets amounted to NOK 1,218 million in the first nine months of 2008. Of this amount, NOK 1,213 million was invested in ordinary operating investments and expansion investments, and NOK 5 million represents operating assets acquired through corporate acquisitions.

7) Transactions with closely related parties

As of 30 September 2008, the City of Oslo owns 53.7 percent of Hafslund ASA shares, and thus is regarded as a closely related party. Hafslund sells and purchases goods and services to/from the City of Oslo. Examples of significant sales to the City of Oslo are power sales, street lighting operation, and associated maintenance and investments. Hafslund also leases fiber optic network services to the City of Oslo. Significant payments include payments for energy from waste incineration purchased from the City's energy recovery department, and right-of-way fees paid to the transportation department associated with fiber optic network development. All transactions are at market terms.

As of 30 September 2008, receivables from closely related parties amounted to NOK 35 million, largely attributable to sales of goods and services. Accounts payable to closely related parties amounted to NOK 7 million as of 30 September 2008, largely for purchases of goods and services. Total sales of goods and services to closely related parties in the first nine months of 2008 amounted to NOK 85 million; total purchases of goods and services amounted to NOK 43 million.

Hafslund ASA has issued a new 10-year bond loan at a fixed-interest rate of 6.11 percent interest. The first loan tranche amounts to NOK 740 million; the total loan framework is NOK 1,000 million. Hafslund's largest shareholder, the City of Oslo, is the sole investor in the first tranche. The loan is listed on the Oslo Stock Exchange, with Norsk Tillitsmann acting as trustee.

8) Contingent liabilities – Pension liabilities for former Network employees and retirees

The pension fund manager Kommunal Landspensjonskasse (KLP) has notified Hafslund Nett AS of its claim that Hafslund is responsible for pension liabilities associated with 597 individuals who are former employees and/or current retirees of grid companies that are now part of Hafslund Nett. A preliminary actuarial determination indicates that the claim amounts to a NOK 95 million net pension liability, as follows: a gross pension liability of NOK 254 million and a premium reserve of NOK 159 million. As part of the above claim, KLP has demanded that Hafslund cover a regulating premium totaling NOK 15 million for the years 2005-2007.

The demand for payment of the abovementioned regulating premium is associated with the collective pension agreements that were terminated vis-à-vis KLP as of 2003 and earlier. Subsequent to termination of the agreements, KLP failed to clearly delineate issues as to who bears the financial responsibility and whether a customer relationship exists between Hafslund Nett and the business activities Hafslund has acquired. Further, it is unclear whether Hafslund has actually assumed responsibility for the historic pension requirements as part of its acquisition of a total of eight grid companies. Hafslund has initiated a process to clarify any factual basis for the aforementioned pension liabilities and KLP's claim.

Due to great uncertainty as to both the claim's legal basis and whether Hafslund Nett AS has actually acquired employer responsibilities covering all or any of the affected former employees, no provisions have been recognized as to the potential liability as of the close of the third quarter of 2008.

9) Divested business activities - Hafslund Sikkerhet Privat

Effective 15 September 2008, Hafslund sold its residential alarm business to Securitas Direct AS. The sales amount for the residential alarm business, which comprised Hafslund Sikkerhet Privat AS and Hafslund Boligteknikk AS, totaled NOK 542 million. Under the agreement with Securitas Direct AS, Hafslund has extended a SEK 310 million seller's credit. Profit from the divested business is entered on a separate line in the profit and loss account under Profit from discontinued operations. Profit from discontinued operations in the first nine months of September 2008, amounting to NOK 181 million, includes the NOK 169 million gain on the sale of Hafslund's residential alarm business. Operating revenues of the divested business amounted to NOK 167 million in 2008.

Group key figures – quarterly reporting

Group profit and loss account

| NOK million | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 | 1Q07 | 4Q06 | 3Q06 |
|--|----------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Operating revenues | 2 523 | 2 126 | 3 194 | 3 793 | 1 601 | 1 976 | 2 754 | 3 039 | 2 246 |
| Gain/loss financial items | (1 901) | (341) | (9 280) | 1 978 | 1 314 | 6 600 | 2 576 | 1 631 | 1 199 |
| Purchased materials and energy | (1 470) | (1 127) | (1 953) | (2 160) | (755) | (984) | (1 639) | (1 805) | (1 146) |
| Salaries and other personnel expenses | (283) | (301) | (338) | (381) | (281) | (301) | (302) | (362) | (244) |
| Other operating expenses | (276) | (264) | (268) | (235) | (163) | (203) | (190) | (286) | (177) |
| Operating profit before depreciation | (1 406) | 92 | (8 645) | 2 994 | 1 717 | 7 089 | 3 199 | 2 217 | 1 878 |
| Depreciation | (218) | (210) | (208) | (328) | (216) | (183) | (184) | (174) | (191) |
| Operating profit | (1 624) | (118) | (8 853) | 2 665 | 1 501 | 6 906 | 3 015 | 2 043 | 1 687 |
| Financial expenses | (212) | (33) | (134) | (173) | (116) | (54) | (118) | (99) | (83) |
| Profit before tax and discontinued operations | (1 836) | (151) | (8 987) | 2 492 | 1 385 | 6 852 | 2 897 | 1 944 | 1 604 |
| Tax | (85) | (90) | (110) | 19 | (45) | (127) | (142) | (246) | (158) |
| Profit discontinued operations | 171 | 6 | 4 | 3 | 6 | 2 | (6) | (12) | 8 |
| Profit after tax | (1 750) | (235) | (9 093) | 2 515 | 1 346 | 6 727 | 2 750 | 1 686 | 1 454 |
| Majority's share of profit | (1 766) | (239) | (9 088) | 2 524 | 1 348 | 6 722 | 2 748 | 1 691 | 1 454 |
| Minority's share of profit | 16 | 4 | (5) | (9) | (2) | 5 | 2 | (5) | 0 |
| Earnings per share (in NOK) | (8,96) | (1,20) | (46,59) | 12,89 | 6,90 | 34,46 | 14,09 | 8,64 | 7,45 |

Group balance sheet

| NOK million | 30.09.08 | 30.06.08 | 31.03.08 | 31.12.07 | 30.09.07 | 30.06.07 | 31.03.07 | 31.12.06 | 30.09.06 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Intangible assets | 2 412 | 2 598 | 2 575 | 2 580 | 2 635 | 2 662 | 2 660 | 2 098 | 2 064 |
| Fixed assets | 17 926 | 17 750 | 17 411 | 17 440 | 17 582 | 17 436 | 17 264 | 14 362 | 14 298 |
| Financial assets | 8 823 | 10 620 | 10 936 | 20 086 | 18 229 | 16 913 | 10 405 | 12 966 | 11 518 |
| Accounts receivable and inventory | 2 472 | 1 898 | 3 060 | 2 969 | 1 619 | 1 580 | 2 243 | 2 423 | 1 855 |
| Cash and cash equivalents | 360 | 586 | 610 | 393 | 97 | 288 | 4 684 | 1 119 | 366 |
| Assets | 31 992 | 33 451 | 34 592 | 43 468 | 40 163 | 38 880 | 37 259 | 32 969 | 30 101 |
| Equity, majority | 16 053 | 17 805 | 18 717 | 27 836 | 25 292 | 23 967 | 20 652 | 17 553 | 15 881 |
| Equity, minority | 174 | 182 | 102 | 99 | 49 | 30 | 23 | 21 | 20 |
| Allocations for liabilities | 2 885 | 2 893 | 2 849 | 2 780 | 2 734 | 2 730 | 2 672 | 2 082 | 1 968 |
| Long-term interest liabilities | 8 027 | 7 455 | 8 795 | 8 026 | 7 268 | 7 625 | 6 715 | 7 023 | 6 193 |
| Short-term interest liabilities | 3 074 | 3 268 | 1 586 | 2 837 | 2 906 | 2 707 | 4 555 | 4 247 | 4 308 |
| Other short-term liabilities | 1 780 | 1 848 | 2 544 | 1 890 | 1 914 | 1 820 | 2 642 | 2 042 | 1 730 |
| Equity and liabilities | 31 992 | 33 451 | 34 592 | 43 468 | 40 163 | 38 880 | 37 259 | 32 969 | 30 101 |

Business segment reporting

| NOK million | 3Q08 | 2Q08 | 1Q08 | 4Q07 | 3Q07 | 2Q07 | 1Q07 | 4Q06 | 3Q06 |
|---|----------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Power generation | 326 | 157 | 208 | 196 | 97 | 160 | 183 | 355 | 327 |
| District heating | 58 | 81 | 273 | 216 | 45 | 65 | 236 | 8 | 2 |
| Network | 760 | 750 | 843 | 885 | 656 | 831 | 823 | 887 | 679 |
| Telecom | 76 | 76 | 64 | 74 | 65 | 87 | 87 | 89 | 78 |
| Power sales | 946 | 694 | 1 513 | 1 424 | 423 | 602 | 1 180 | 1 476 | 901 |
| Venture, ass. comp., financial items | 122 | 180 | 122 | 127 | 70 | 55 | 30 | 37 | 4 |
| Other activities/eliminations | 235 | 188 | 170 | 871 | 246 | 176 | 214 | 187 | 255 |
| Total sales income | 2 523 | 2 126 | 3 194 | 3 793 | 1 601 | 1 976 | 2 754 | 3 039 | 2 246 |
| Power generation | 306 | 19 | 146 | 130 | 65 | 103 | 152 | 320 | 215 |
| District heating | (7) | 12 | 129 | 60 | (5) | 0 | 97 | 3 | (1) |
| Network | 208 | 210 | 218 | 166 | 189 | 281 | 249 | 211 | 250 |
| Telecom | 22 | 21 | 9 | 9 | 17 | 15 | 14 | 11 | 26 |
| Power sales | (48) | 43 | 119 | 47 | 39 | 68 | 122 | 76 | 21 |
| Venture, ass. comp., financial items | (1 892) | (371) | (9 260) | 1 914 | 1 295 | 6 517 | 2 525 | 1 306 | 1 262 |
| Other activities/eliminations | 5 | 157 | (6) | 669 | 117 | 104 | 41 | 290 | 106 |
| Total operating profit before depreciation | (1 406) | 92 | (8 645) | 2 994 | 1 717 | 7 089 | 3 199 | 2 217 | 1 878 |
| Power generation | 297 | 9 | 135 | 119 | 55 | 92 | 141 | 306 | 203 |
| District heating | (40) | (22) | 97 | 21 | (59) | (22) | 75 | 2 | (2) |
| Network | 70 | 73 | 84 | 11 | 70 | 155 | 120 | 83 | 122 |
| Telecom | 8 | 11 | (4) | (2) | 7 | 4 | 4 | 3 | 16 |
| Power sales | (50) | 41 | 117 | 45 | 37 | 66 | 120 | 73 | 18 |
| Venture, ass. comp., financial items | (1 897) | (377) | (9 265) | 1 906 | 1 292 | 6 517 | 2 524 | 1 305 | 1 262 |
| Other activities/eliminations | (14) | 147 | (18) | 565 | 101 | 93 | 31 | 271 | 68 |
| Total operating profit | (1 624) | (118) | (8 853) | 2 665 | 1 501 | 6 906 | 3 015 | 2 043 | 1 687 |

Description of profit centers

> Group

The Hafslund Group is Norway's leading integrated energy corporation, and one of the largest listed energy groups in the Nordic countries. The Group operates almost entirely in the Norwegian market. The Hafslund Group reports its activities according to the following business segments.

> Power Generation

Hafslund owns and operates nine riverine power works located on the lower Glomma and Lågen waterways. Total median annual generation is 2,949 GWh (million kilowatt-hours). Hafslund's power generation is dependent on the waterways' influx of water; however, capacity in reservoirs along the waterway amounts to only some 16 percent of annual influx.

> District Heating

Hafslund's District Heating business, Norway's largest supplier of district heating, comprises Hafslund Fjernvarme AS, a wholly owned company that, in 2007, distributed district heating corresponding to 1,064 GWh to some 3,400 customers in the Oslo region.

> Other renewable energy

Other renewable energy's major asset is the new, approximately 160 GWh biofuel facility in Fredrikstad. The construction of a new power plant that burns waste-derived fuel for Borregaard's industrial site in Sarpsborg, with an annual production capacity of some 230 GWh, is scheduled for completion in the first six months of 2010. Construction of Europe's largest wood pellet factory, with an annual production capacity of 450,000 metric tons, began in late September 2008 at Averøya. Full production is scheduled for the fall of 2010.

> Network

Hafslund's Network business owns and operates local and regional distribution systems located in the greater Oslo area and nearby counties and municipalities: Asker, Bærum, Oslo, Romerike, and parts of Follo and Østfold. Hafslund Network constitutes Norway's largest grid company, with some 533,000 grid customers. Telekom Hafslund Telekom builds and leases fiber optic network capacity (dark fiber) in the south-central region of Norway.

The company's fiber optic network spans the population centers along the Oslo Fjord, from Larvik on the western shore to Halden on the eastern shore. Hafslund Telekom also delivers Internet, corporate network, and telephony services. Customers are private and public sector organizations, telecom operators, and housing co-ops. Hafslund Telekom owns and/or leases just over 2,000 kilometers of fiber optic network.

> Power Sales

Hafslund's Power Sales business, which sells electric power to residential-market and corporate customers, comprises the companies Hafslund Strøm, NorgesEnergi, Fredrikstad Energisalg, Hallingkraft, and Røyken Kraft (51 percent ownership). At year-end 2007, Power Sales had 618,000 power customers, of whom 564,000 were retail power customers. The total volume of power sold in 2007 was 12,762 GWh, of which 8,207 GWh was sold to residential customers.

> Venture

Hafslund Venture develops investments and projects for the Group in areas closely related to Hafslund's activities, first and foremost in renewable energy and energy-related services and technologies. Hafslund Venture owns 14.25 percent of the listed solar power company Renewable Energy Corporation ASA.

> Financial calendar

First-quarter 2008 report - 6. May 2008

General Meeting - 6 May 2008

Second-quarter 2008 report - 17 July 2008

Third-quarter 2008 report - 28 October 2008

> Addresses

Hafslund ASA

Drammensveien 144, Skøyen

N-0247 Oslo, Norway

Tel: + 47 22 43 50 00, Faks + 47 22 43 51 69

www.hafslund.no

email: firmapost@hafslund.no