

Press release

27 February 2007

High activity level in new organisation

StatoilHydro's fourth quarter result is as previously announced heavily influenced by restructuring costs and other costs arising from the merger. Net income in the fourth quarter of 2007 amounted to NOK 6.2 billion, compared to NOK 15.0 billion in the fourth quarter of 2006. For the year 2007, net income was NOK 44.6 billion compared to NOK 51.8 billion in 2006.

The decrease in net income from the fourth quarter of 2006 to the fourth quarter of 2007 was mainly due to an increase in operating and administrative expenses, primarily related to the previously announced restructuring costs and other costs arising from the merger, amounting to NOK 10.7 billion before tax. Following the closing of the merger, restructuring costs were booked in the fourth quarter. In addition, the decrease in net income is explained by negative impact from derivatives, loss on financial items and a high tax rate.

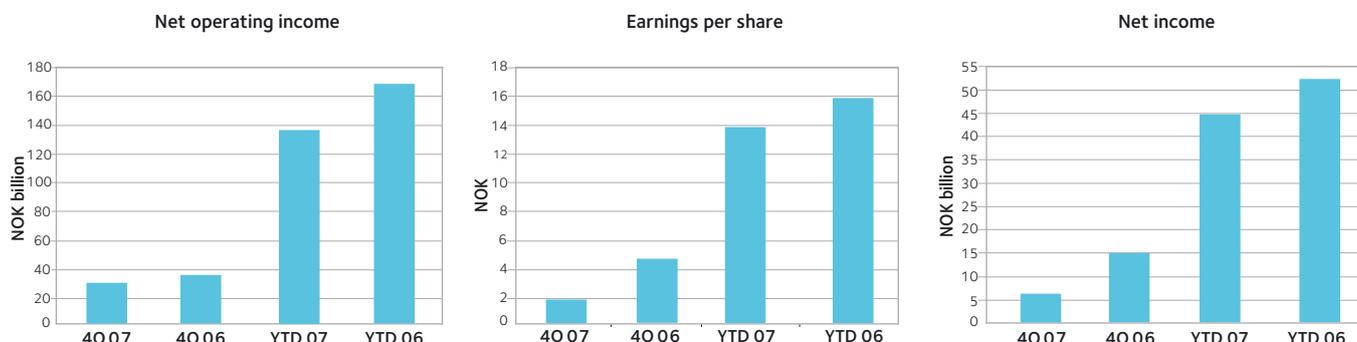
«The merger has strengthened our financial capacity, our competence and resources base and thereby our competitiveness. The restructuring costs represent an investment to achieve significant synergy gains from the merger in the coming years,» says Helge Lund, StatoilHydro's chief executive.

Total oil and gas entitlement production in the fourth quarter of 2007 was 1.818 million barrels of oil equivalents (mmbœ) per day. The annual production for 2007 was 629 mmbœ compared to 623 mmbœ in 2006.

«2007 was a historical year for StatoilHydro with a high activity level. We completed one of the biggest mergers in our industry and already have the new organisation up and running. 15 new projects came on stream, our exploration activity level was high both on the Norwegian Continental Shelf and internationally, and we have gained access to world class exploration acreage and resources underpinning our future growth», says Lund.

The chief executive points to the group's acquisition of oil sands assets in Canada and the agreement to join as a partner in the Shtokman Development Company as two important building blocks for international growth.

The fourth quarter of 2007 is the first quarter for which financial statements of the merged StatoilHydro organisation are being presented. Historical data have been restated as if the merged company had existed for all periods.



Return on average capital employed after tax (ROACE) for the 12 months ended 31 December 2007 was 17.9%, compared to 22.9% for the 12 months ended 31 December 2006. The decrease was mainly due to higher operating expenses as well as higher capital employed, and was partly offset by increased net financial income. Adjusted for the effects of the restructuring costs and other costs arising from the merger, the ROACE was 19.9% for the 12 months ended 31 December 2007. ROACE is defined as a non-GAAP financial measure.

In the fourth quarter of 2007, earnings per share were NOK 1.93 (USD 0.36) compared to NOK 4.65 (USD 0.86) in the fourth quarter of 2006. In 2007, earnings per share were NOK 13.80 (USD 2.54), compared to NOK 15.82 (USD 2.91) in 2006.

StatoilHydro's Board of Directors proposes to the annual general meeting an ordinary dividend of NOK 4.20 per share for 2007, as well as NOK 4.30 per share in special dividend. In 2006 the ordinary dividend paid by Statoil ASA was NOK 4.00 per share, while the special dividend amounted to NOK 5.12 per share.

Net operating income in the fourth quarter of 2007 was NOK 30.8 billion compared to NOK 35.2 billion in the fourth quarter of 2006. The decrease was mainly due to restructuring and other costs arising from the merger amounting to NOK 10.7 billion and losses on derivatives of NOK 3.6 billion. The decrease in net operating income was partly offset by lower impairment of property plant and equipment charges and a 37% increase in lifted volumes of oil and gas in International E&P, which contributed NOK 2.0 billion and NOK 2.7 billion, respectively.

In 2007, net operating income was NOK 137.2 billion compared to NOK 166.2 billion in 2006. The decrease was mainly due to an increase in operating, selling and administrative expenses stemming in part from restructuring and other costs arising from the merger described above, losses on derivatives of NOK 10 billion, new fields coming on stream and increased activity levels.

Consolidated statements of income - IFRS

(in millions)	Fourth quarter			Twelve months ended 31 December		
	2007 NOK	2006 NOK	Change	2007 NOK	2006 NOK	Change
Revenues and other income						
Revenues	145,878	126,485	15 %	521,665	518,960	1 %
Net income (loss) from equity accounted investments	8	189	(96 %)	609	679	(10 %)
Other income	262	650	(60 %)	523	1,843	(72 %)
Total revenues and other income	146,148	127,324	15 %	522,797	521,482	0 %
Operating expenses						
Cost of goods sold	69,378	59,621	16 %	260,396	249,593	4 %
Operating expenses	22,724	12,598	80 %	60,318	44,801	35 %
Selling, general and administrative expenses	6,830	2,805	143 %	14,174	10,824	31 %
Depreciation, amortisation and impairment	11,869	13,136	(10 %)	39,372	39,450	(0 %)
Exploration expenses	4,500	4,011	12 %	11,333	10,650	6 %
Total operating expenses	115,301	92,171	25 %	385,593	355,318	9 %
Net operating income	30,847	35,153	(12 %)	137,204	166,164	(17 %)
Financial items						
Net foreign exchange gains and losses	(987)	2,977	(133 %)	10,043	4,457	125 %
Interest income and other financial items	618	1,075	(43 %)	2,305	3,675	(37 %)
Interest and other finance expenses	(314)	(904)	65 %	(2,741)	(3,060)	10 %
Net financial items	(683)	3,148	(122 %)	9,607	5,072	89 %
Income before tax	30,164	38,301	(21 %)	146,811	171,236	(14 %)
Income tax	(23,944)	(23,272)	3 %	(102,170)	(119,389)	(14 %)
Net income	6,220	15,029	(59 %)	44,641	51,847	(14 %)
Attributable to:						
Equity holders of the company	6,146	14,936	(59 %)	44,096	51,117	(14 %)
Minority interest	74	93	(20 %)	545	730	(25 %)
	6,220	15,029	(59 %)	44,641	51,847	(14 %)
Net operating income for the segments (in millions)						
	2007 NOK	Fourth quarter 2006 NOK	Change	Twelve months ended 31 December 2007 NOK	2006 NOK	Change
E&P Norway	32,588	31,461	4 %	123,150	135,140	(9 %)
International E&P	2,235	(3,350)	167 %	12,161	3,917	210 %
Natural Gas	(1,792)	6,551	(127 %)	1,562	21,693	(93 %)
Manufacturing & Marketing	(634)	397	(260 %)	3,776	7,280	(48 %)
Other	(1,292)	(44)	(2836 %)	(2,260)	(1,427)	(58 %)
Eliminations of internal unrealised profit on inventories	(258)	138	n/a	(1,185)	(439)	(170 %)
Net operating income	30,847	35,153	(12 %)	137,204	166,164	(17 %)

Financial data

	2007	Fourth quarter		Twelve months ended 31 December		
	NOK	2006	Change	2007	2006	Change
	NOK	NOK		NOK	NOK	
Weighted average number of ordinary shares outstanding	3,186,607,338	3,211,191,445		3,195,866,843	3,230,849,707	
Earnings per share	1.93	4.65	(59 %)	13.80	15.82	(13 %)
ROACE (last 12 months)	17.9 %	22.9 %		17.9 %	22.9 %	
Cash flows provided by operating activities (billion)	na	na		93.9	89.3	5 %
Gross investments (billion)	19.2	15.2	26 %	75.0	64.3	17 %
Net debt to capital employed ratio	12.4 %	20.5 %		12.4 %	20.5 %	

Operational data

	2007	Fourth quarter		Twelve months ended 31 December		
		2006	Change	2007	2006	Change
Average oil price (USD/bbl)	86.1	58.2	48 %	70.5	63.2	12 %
USD/NOK average daily exchange rate	5.44	6.42	(15 %)	5.86	6.42	(9 %)
Average oil price (NOK/bbl)	468	374	25 %	413	406	2 %
Gas prices (NOK/scm)	1.83	2.05	(11 %)	1.69	1.94	(13 %)
Refining margin, FCC (USD/boe)	7.7	4.7	64 %	8.4	7.1	18 %
Total entitlement oil production (1,000 boe/day)	1,106	1,065	4 %	1,070	1,057	1 %
Total entitlement gas production (1,000 boe/day)	712	683	4 %	654	651	0 %
Total entitlement oil and gas production (1,000 boe/day)	1,818	1,748	4 %	1,724	1,708	1 %
Total oil liftings (1,000 boe/day)	1,073	1,021	5 %	1,081	1,048	3 %
Total gas liftings (1,000 boe/day)	712	684	4 %	654	651	0 %
Total oil and gas liftings (1,000 boe/day)	1,786	1,705	5 %	1,735	1,698	2 %
Production cost (NOK/boe, last 12 months)	72.2	31.3	131 %	44.1	28.4	56 %
Production cost normalised (NOK/boe, last 12 months)	72.9	31.0	135 %	44.3	28.1	58 %

Total oil and gas entitlement production in the fourth quarter of 2007 was 1.818 mmboe per day, compared to 1.748 mmboe per day in the fourth quarter of 2006. Annual equity production was 1.839 mmboe in 2007.

Total oil and gas liftings in the fourth quarter of 2007 were 1.786 mmboe per day, compared to 1.705 mmboe per day in the same period of 2006. This is equivalent to an underlift of 32 mboe per day in the fourth quarter of 2007. In 2007, total oil and gas liftings were 1.735 mmboe per day compared to 1.698 mmboe per day 2006.

Exploration expenditure in the fourth quarter of 2007 was NOK 5.2 billion, compared to NOK 5.0 billion in the fourth quarter of 2006. In 2007 the exploration expenditure was NOK 14.2 billion, compared to NOK 13.4 billion in 2006. The increase in exploration expenditure was mainly due to higher drilling activity and increased expenditures on seismics internationally. Exploration expenditure reflects the period's exploration activities.

Exploration expenses for the period consist of exploration expenditure adjusted for the period's change in capitalised exploration expenditure. Exploration expenses in the fourth quarter of 2007 amounted to NOK 4.5 billion compared to NOK 4.0 billion in the fourth quarter of 2006. Annual exploration expenses amounted to NOK 11.3 billion and NOK 10.7 billion in 2007 and 2006, respectively.

Exploration (in millions)	Fourth quarter			Twelve months ended 31 December		
	2007 NOK	2006 NOK	Change	2007 NOK	2006 NOK	Change
Exploration expenditure (activity)	5,173	5,018	3 %	14,241	13,391	6 %
Expensed, previously capitalised exploration expenditure	674	941	(28 %)	1,660	1,447	15 %
Capitalised share of current period's exploration activity	(1,348)	(1,948)	31 %	(4,569)	(4,188)	(9 %)
Exploration expenses	4,500	4,011	12 %	11,333	10,650	6 %

A total of 18 exploration and appraisal wells were completed in the fourth quarter of 2007, four on the NCS and 14 internationally. Five wells were confirmed discoveries. The number of exploration wells completed in the fourth quarter of 2006 was 17. In addition, one exploration extension well was completed. Drilling in 16 appraisal and exploration wells and two exploration extension wells was ongoing at the end of 2007.

In 2007, a total of 71 exploration and appraisal wells were completed, 24 on the NCS and 47 internationally. Two exploration extension wells were completed in the same period. Thirty-four of the exploration and appraisal wells were confirmed discoveries, 16 on the NCS and 18 internationally. Both exploration extension wells were discoveries. The number of exploration and appraisal wells completed in 2006 were 73. Five exploration extension wells were completed in 2006.

Proved reserves at the end of 2007 were 6,010 mmbœ, compared to 6,101 mmbœ at the end of 2006, a decrease of 91 mmbœ. In 2007, 542 mmbœ were added through revisions, extensions and discoveries, compared to additions of 383 mmbœ in 2006, also through revisions, extensions and discoveries.

The reserve replacement ratio was 86% in 2007, compared to 61% in 2006, while the average three-year replacement ratio, including the effects of sales and purchases, was 81% at the end of 2007, compared to 76% at the end of 2006.

Production cost per boe was NOK 44.1 for the 12 months ended 31 December 2007, compared to NOK 28.4 for the 12 months ended 31 December 2006.

Normalised at a USDNOK exchange rate of 6.00, the production cost for the 12 months ended 31 December 2007 was NOK 44.3 per boe, compared to NOK 28.1 per boe for the 12 months ended 31 December 2006. Normalised production cost is defined as a non-GAAP financial measure.

The production cost per boe, both actual and normalised, has increased significantly, mainly due to restructuring costs, start-up of new fields, increased maintenance cost and general industry cost pressure.

Adjusted for restructuring costs and other costs arising from the merger, the production cost per boe for the 12 months ended 31 December 2007 was NOK 35.7. This amount includes NOK 2.5 related to purchase of gas for reinjection.

Net financial items amounted to a loss of NOK 0.7 billion in the fourth quarter of 2007, compared to an income of NOK 3.1 billion in the fourth quarter of 2006. Net financial items in 2007 amounted to an income of NOK 9.6 billion, compared to an income of NOK 5.1 billion in 2006.

The loss in the fourth quarter of 2007 was mainly related to unrealised currency losses on internal USD loans given from a Euro functional currency subsidiary company of NOK 1.3 billion, due to a weakening US dollar versus Euro. Offsetting translation effects have been recorded directly against equity.

The net financial income for 2007 was mainly due to currency gains related to our NOK hedging transactions (for tax and dividend payments) NOK 8.5 billion and unrealised currency gains related to long term funding, including financial lease of NOK 5.9 billion, as a result of a weakening US dollar versus Norwegian kroner. These effects were partly offset by a currency loss NOK 6.4 billion related to internal loans, due to weakening of the US dollar versus Euro. Offsetting translation effects have been recorded directly against equity.

Exchange rates	31.12.2007	30.09.2007	31.12.2006	30.09.2006	31.12.2005
USDNOK	5.41	5.44	6.26	6.50	6.77

Income taxes in the fourth quarter of 2007 were NOK 23.9 billion, equivalent to a tax rate of 79.4%. Income taxes in the fourth quarter of 2006 were NOK 23.3 billion equivalent to a tax rate of 60.8%. Adjusted for the non-recurring NOK 2.0 billion reduction of deferred tax liabilities relating to new tax rules for allocation of financial items with respect to the Norwegian Continental Shelf (NCS) and temporary differences in intercompany transactions, the tax rate for the fourth quarter of 2006 was 66.0%, compared to 79.4% in the fourth quarter of 2007. The tax rate increased in the fourth quarter of 2007 compared to the adjusted tax rate for the fourth quarter of 2006, mainly due to relatively higher operating income from the NCS, which is subject to higher taxation than the average tax rate and negative operating income outside the NCS and negative net financial items which are subject to lower taxation than the average tax rate.

Income taxes in 2007 amounted to NOK 102.2 billion, with a corresponding tax rate of 69.6%, compared to income taxes in 2006 of NOK 119.4 billion, with a corresponding tax rate of 69.7%. Adjusted for the one-time tax benefits described above, the tax rate in 2006 was 70.9%. The tax rate in 2007 was lower than the adjusted tax rate in 2006, mainly due to higher net financial income and increased effect of uplift deduction on the NCS. The lower tax rate in 2007 was partly offset by relatively lower income outside the NCS, which is subject to lower taxation than the average tax rate.

Health, safety and the environment (HSE)

The total recordable injury frequency and the serious incident frequency improved in the fourth quarter of 2007 compared to the fourth quarter of 2006.

On 12 December 2007 we experienced an accidental oil spill when approximately 4,400 standard cubic metres of oil was pumped out into the sea after a parting of the loading hose connecting the shuttle tanker to the offshore loading system at the Statfjord A installation.

There were no fatalities in the fourth quarter of 2007.

The serious incident frequency is improved from 2.2 in 2006 to 2.1 in 2007. Although the trend is positive, the company needs to have a continued high focus on risk management and activity planning in order to achieve improved HSE results.

The total recordable injury frequency is improved from 6.0 in 2006 to 5.0 in 2007.

HSE	Fourth quarter		Twelve months ended 31 December	
	2007	2006	2007	2006
Total recordable injury frequency	4.7	5.1	5.0	6.0
Serious incident frequency	2.3	2.4	2.1	2.2
Accidental oil spills (number)	88	94	387	365
Accidental oil spills (volume, scm)	4,458	31	4,989	181

Important events

- On 14 November we announced a major gas discovery in Azerbaijan's Shah Deniz field that confirms the resource potential for the second stage development of the field.
- During oil offloading from the Statfjord A platform in the North Sea, approximately 4,400 standard cubic metres of crude oil were spilled into the sea on 12 December. An internal investigation team established after the oil spill has submitted a report to the Petroleum Safety Authority Norway on 8 February.
- On 13 December the Board of Directors sanctioned the Leismer demonstration project, the first phase of a long term development plan for our Canadian oil sands unit with an expected capacity of 20 mboe per day.
- On 18 December we announced that we will take over the operatorship for the newly acquired UK heavy oil fields Mariner, Mariner East and Bressay from Chevron as of 14 December.
- On 27 December the operator Total announced that Pazflor in Angola Block 17 is ready for development.
- On 29 December StatoilHydro entered into an agreement to sell all of the former Spinnaker assets in the shelf of the US Gulf of Mexico to Mariner Energy, Inc. for a cash consideration of USD 243 million.
- Production started from the Tordis sub sea separator in December 2007. This is the world's first subsea solution for separating and injecting water and sand from the wellstream.
- The Njord field in the Norwegian Sea started gas export in December 2007, thereby entering a new phase where it is producing both natural gas and crude oil.
- The Kizomba C development in block 15 off the Angolan coast started production from the Mondo field on 1 January 2008.
- On 9 January 2008 we entered into an agreement on the sale of the wholly-owned subsidiary IS Partner A/S, and information systems services provider to EDB Business Partner ASA. The agreed selling price is NOK 1,192 million at a net debt-free basis.
- On 18 January, the plan for development and operation (PDO) of Yttergryta was submitted to the Norwegian Ministry of Petroleum and Energy, only six months after the discovery was made. The gas field is located 33 kilometres east of Åsgard B in the Norwegian Sea.
- Kvitebjørn came back on stream on 18 January, after the pipeline from Kvitebjørn to Kollsnes was shifted out of position and damaged by a ship's anchor in the autumn of 2007, and is now producing at capacity.
- The corporate assembly of StatoilHydro elected Svein Rennemo as new chair of the Board of Directors on 30 January. Mr. Rennemo is currently CEO of PGS and will leave that position on 1 April. To avoid any conflict of interest he will join the Board of Directors of StatoilHydro after that date. Marit Arnstad will continue to act as Chair of the Board until Mr Rennemo takes office.
- StatoilHydro was the high bidder on 16 leases, of which 14 were joint bids with ENI Petroleum, in the Chukchi Sea Lease Sale 193 in Alaska announced on 6 February. StatoilHydro will be the operator of all 16 leases.
- On 11 February StatoilHydro was offered interests in 12 production licences in the Awards of Predefined Areas 2007 (APA 2007) on the NCS. The company will be the operator of nine of the licences.
- The StatoilHydro operated Volve field in the North Sea came on stream on 12 February. StatoilHydro has a 59.6% interest in the field.
- StatoilHydro submitted a PDO for Morvin to the Ministry of Petroleum and Energy on 15 February.
- We announced a discovery at the M-prospect nearby the Grane field on 20 February.

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