

Press release

13 May 2008

Solid production, good results

StatoilHydro's first quarter 2008, operating and financial review

StatoilHydro's first quarter 2008 result was influenced by high oil and gas prices. Net income in the first quarter of 2008 amounted to NOK 16.0 billion, compared to NOK 9.9 billion in the first quarter of 2007.

The increase in net income from the first quarter of 2007 to the first quarter of 2008 was mainly due to a 42% increase in realised oil prices measured in NOK. In addition, the increase in net income is explained by higher natural gas prices, lower write-down of inventories, gains from sales of assets and currency gains. The increase was partly offset by increased exploration expenses.

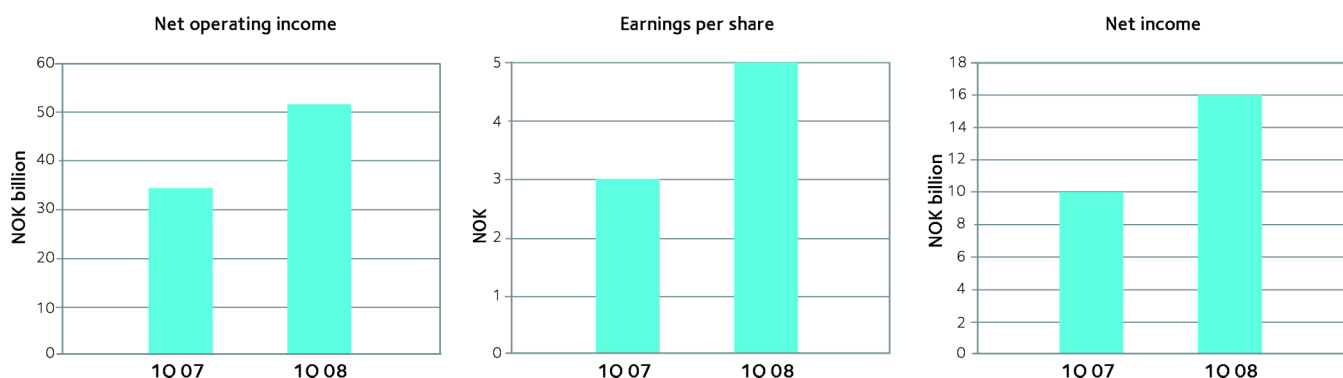
"We deliver a good first quarter result characterised by solid production in a market with high oil and gas prices", says Helge Lund, StatoilHydro's chief executive.

"Several new fields have been added to the StatoilHydro upstream production portfolio since the turn of the year, for example Volve and Gulltøpp on the Norwegian Continental Shelf (NCS) and the deepwater Gunashli field in Azerbaijan."

"We continue to build long term growth through an extensive exploration programme and active business development. We have signed an agreement to take over the Peregrino project in Brazil. This has strengthened our position in an exciting upstream region", says Lund.

"Our exploration activity has yielded encouraging results. So far in 2008 we have confirmed 15 new discoveries, 12 in Norway and three internationally", says Lund.

"I am content with our employees' ability to deliver results through a demanding period", Lund adds.



Return on average capital employed after tax (ROACE) [1] for the 12 months ended 31 March 2008 was 22.5%, compared to 23.8% for the 12 months ended 31 March 2007. The decrease was due to higher average capital employed, partly offset by higher net income. ROACE is defined as a non-GAAP financial measure. [2]

In the first quarter of 2008, earnings per share were NOK 5.01, compared to NOK 3.05 in the first quarter of 2007.

Net operating income in the first quarter of 2008 was NOK 51.4 billion, compared to NOK 34.5 billion in the first quarter of 2007. The increase was mainly due to higher oil and gas prices, lower write-downs of inventories to cost, gains from sales of assets and a slightly lower tax rate. The increase in net operating income was partly offset by higher realised cost of goods sold and higher exploration expenses.

Consolidated statements of income-IFRS (in NOK million)	First quarter			Full year
	2008	2007	Change	2007
Revenues and other income				
Revenues	157,696	118,981	33 %	521,665
Net income (loss) from equity accounted investments	(167)	290	(158 %)	609
Other income	1,647	88	1772 %	523
Total revenues and other income	159,176	119,359	33 %	522,797
Operating expenses				
Cost of goods sold	77,617	58,443	33 %	260,396
Operating expenses	13,381	13,106	2 %	60,318
Selling, general and administrative expenses	2,965	2,253	32 %	14,174
Depreciation, amortisation and impairment	9,547	9,134	5 %	39,372
Exploration expenses	4,226	1,963	115 %	11,333
Total operating expenses	107,736	84,899	27 %	385,593
Net operating income	51,440	34,460	49 %	137,204
Net financial items	3,898	1,187	228 %	9,607
Income tax	(39,298)	(25,715)	53 %	(102,170)
Net income	16,040	9,932	61 %	44,641
Net operating income for the segments (in NOK million)				
	2008	2007	Change	2007
E&P Norway	42,238	31,021	36 %	123,150
International E&P	4,251	3,112	37 %	12,161
Natural Gas	1,936	695	179 %	1,562
Manufacturing & Marketing	959	1,378	(30 %)	3,776
Other	782	(545)	243 %	(2,260)
Eliminations of internal unrealised profit on inventories	1,274	(1,201)	n/a	(1,185)
Net operating income	51,440	34,460	49 %	137,204
Financial data				
	2008	2007	Change	2007
Weighted average number of ordinary shares outstanding	3,186,561,366	3,202,092,130		3,195,866,843
Earnings per share	5.01	3.05	64 %	13.80
ROACE (last 12 months)	22.5 %	23.8 %		17.7 %
Cash flows provided by operating activities (billion)	26.9	39.0	(31 %)	93.9
Gross investments (billion)	14.6	16.9	(14 %)	75.0
Net debt to capital employed ratio	1.1 %	21.5 %		12.4 %

Operational data	First quarter			Full year
	2008	2007	Change	2007
Average oil price, incl. condensate and NGL (USD/bbl)	93.5	56.2	66 %	70.5
USDNOK average daily exchange rate	5.32	6.23	(15 %)	5.86
Average oil price, incl. condensate and NGL (NOK/bbl) [3]	497	351	42 %	413
Gas prices (NOK/scm)	2.06	1.77	16 %	1.69
Refining margin, FCC (USD/boe) [4]	5.6	5.4	4 %	7.0
Total entitlement oil production, incl. condensate and NGL (mboe per day)[5]	1,099	1,100	(0 %)	1,070
Total entitlement gas production (mboe per day)	790	710	11 %	654
Total entitlement production (mboe per day) [6]	1,889	1,811	4 %	1,724
Total equity oil, incl. condensate and NGL and gas production (mboe per day)	2,048	1,889	8 %	1,839
Total oil, incl condensate and NGL liftings (mboe per day)	1,046	1,180	(11 %)	1,081
Total gas liftings (mboe per day)	790	710	11 %	654
Total liftings (mboe per day) [7]	1,836	1,890	(3 %)	1,735
Production cost entitlement volumes (NOK/boe, last 12 months) [8]	45.1	30.6	48 %	44.1
Equity production cost excluding restructuring and gas injection cost (NOK/boe, last 12 months) [9]	31.6	26.4	20 %	31.2

Total oil and gas liftings in the first quarter of 2008 were 1,836 mboe per day, compared to 1,890 mboe per day in the first quarter of 2007. There was an underlift in the first quarter of 2008 of 40 mboe per day [5] compared to an overlift in the first quarter of 2007 of 79 mboe per day.

Total oil and gas entitlement production in the first quarter of 2008 was 1,889 mboe per day, compared to 1,811 mboe per day in the first quarter of 2007. Average equity [10] production was 2,048 mboe per day in the first quarter of 2008 compared to 1,889 mboe per day in the first quarter of 2007.

Exploration expenditure was NOK 3.9 billion in the first quarter of 2008, compared to NOK 2.7 billion in the first quarter of 2007. The increase was mainly due to higher drilling activity and increased expenditures on seismic. 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 increased from NOK 2.0 billion in the first quarter of 2007 to NOK 4.2 billion in the first quarter of 2008, mainly due to increased exploration activity and increased expense of previously capitalised exploration expenditures.

Exploration (in NOK million)	First quarter			Full year
	2008	2007	Change	2007
Exploration expenditure (activity)	3,891	2,688	45 %	14,241
Expensed, previously capitalised exploration expenditure	2,195	355	518 %	1,660
Capitalised share of current period's exploration activity	(1,860)	(1,080)	(72 %)	(4,569)
Exploration expenses	4,226	1,963	115 %	11,333

In the first quarter of 2008, a total of 21 exploration and appraisal wells and one exploration extension well were completed, six on the NCS and 15 internationally. Seven exploration and appraisal wells and the exploration extension well were confirmed discoveries.

In the first quarter of 2007, a total of 19 exploration and appraisal wells were completed, seven on the NCS and 12 internationally. Nine exploration and appraisal wells were confirmed discoveries in the first quarter of 2007.

Drilling of 19 exploration and appraisal wells and two exploration extension wells was ongoing at the end of first quarter 2008. Nine wells have been completed after 31 March 2008 with seven discoveries and two dry wells.

Production cost per boe was NOK 45.1 for the 12 months ended 31 March 2008, compared to NOK 30.6 for the 12 months ended 31 March 2007. [8] Based on equity volumes, [10] the production cost per boe was NOK 41.9 and NOK 29.3, respectively, for the two periods.

Normalised at a USDNOK exchange rate of 6.00, the production cost for the 12 months ended 31 March 2008 was NOK 45.5 per boe, compared to NOK 30.3 per boe for the 12 months ended 31 March 2007. [9] Normalised production cost is defined as a non-GAAP financial measure. [2]

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 recorded in the fourth quarter of 2007 and gas injection costs, the production cost per boe of equity production for the 12 months ended 31 March 2008 was NOK 31.6. The comparable figure for 2007 is NOK 26.4.

Net financial items amounted to an income of NOK 3.9 billion in the first quarter of 2008, compared to an income of NOK 1.2 billion in the first quarter of 2007.

The increase was mainly due to currency gains related to external funding and liquidity and currency risk management. The gains were caused by weakening US dollar versus NOK and amounted to NOK 3.7 billion.

Exchange rates	31.03.2008	31.12.2007	31.03.2007	31.12.2006
USDNOK	5.09	5.41	6.10	6.26

Income taxes were NOK 39.3 billion in the first quarter of 2008, equivalent to a tax rate of 71.0%, compared to NOK 25.7 billion in the first quarter of 2007, equivalent to a tax rate of 72.1%. The decrease in tax rate was mainly related to relatively higher income from 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 increased from 5.1 in the first quarter of 2007 to 5.7 in the first quarter of 2008. In the same period the serious incident frequency increased from 2.1 to 2.5.

The increase in serious incidents was mainly caused by increase in falling objects on our operating plants and robberies at petrol gas stations. There were no fatalities in the first quarter of 2008.

Accidental oil spills in the first quarter of 2008 decreased compared to first quarter of 2007. The 12 month average number of oil spills is stable.

HSE	2008	First quarter 2007	Year 2007
Total recordable injury frequency	5.7	5.1	5.0
Serious incident frequency	2.5	2.1	2.1
Accidental oil spills (number)	71	84	387
Accidental oil spills (volume, scm)	10.07	35.28	4,989.44

Important events in the quarter:

- The **Kizomba C development** in block 15 off the Angolan coast started production from the Mondo field on 1 January.
- On 9 January, we entered into an agreement for the **sale of the wholly-owned subsidiary IS Partner A/S**, an information systems services provider, to EDB Business Partner ASA.
- On 18 January, the **plan for development and operation (PDO) of Yttergryta** was submitted, only six months after the discovery was made.
- 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.
- On 21 February, Gazprom, Total and StatoilHydro signed a **Shareholder Agreement for the creation of Shtokman Development AG** for phase one of the Shtokman field.
- **The first cargo of gas from the NCS** arrived in the strategically important markets in the USA on 21 February and in Japan on 22 March.
- StatoilHydro and Anadarko signed an agreement whereby **StatoilHydro will take over the remaining 50% in the Brazilian Peregrino project**. Subject to regulatory approval, this will give StatoilHydro a 100% working interest and operatorship of the development.
- StatoilHydro was the **high bidder on 16 leases in the central area lease sale in the US Gulf of Mexico (GoM)** announced on 19 March.
- The Snøhvit plant was shut down in the period from 19 March to 12 April and was shut down again on 8 May for scheduled maintenance.

Subsequent important events:

- **Mr. Svein Rennemo assumed his position as Chairman of the Board** of Directors on 1 April.
- **Gulltopp, the most complex well in StatoilHydro's history was successfully completed** on 8 April. The well is a record 9.910 metres long.
- **Production from Gamma Main Statfjord on the Oseberg field in the North Sea commenced** on 12 April, only 18 months after the oil deposit was proved.
- The Azerbaijan International Operating Company (AIOC) announced on 23 April the **start-up of oil production from the Deep Water Gunashli (DWG) platform complex**.
- StatoilHydro's **PDO of the Morvin field was approved** on 25 April.
- The **oil is now flowing from template number three on the Vigdis East structure** in the North Sea, adding 16 million barrels of oil to the Vigdis production.
- On 29 April, the Norwegian State instituted **legal proceedings against StatoilHydro** claiming compensation related to the construction of new facilities at the Kårstø terminal in connection with the Åsgard development in the period 1997-2000. StatoilHydro rejects the State's claims.

To see end notes referenced in main table and text please download our complete report from our WEB site - <http://www.statoilhydro.com/en/investorcentre/results/quarterlyresults/pages/default.aspx>

Further information from:

Investor relations

Lars Troen Sørensen, senior vice president investor relations, + 47 90 64 91 44 (mobile)

Geir Bjørnstad, vice president, US investor relations, + 1 203 978 6950

Press

Ola Morten Aanestad, vice president media relations, +47 48 08 02 12 (mobile)