

Press release

17 February 2009

Strong operational performance

StatoilHydro's fourth quarter 2008 and preliminary results for 2008, operating and financial review

StatoilHydro's net income for the year 2008 amounted to NOK 43.3 billion, compared to NOK 44.6 billion in 2007. In the fourth quarter of 2008, net income was NOK 2.0 billion compared to NOK 6.2 billion in the same quarter a year ago.

The quarterly result was negatively affected by weaker oil prices. Furthermore, the significant strengthening of the US dollar compared to NOK had a material negative effect on net financial items and consequently, the result became subject to an unusually high effective tax rate.

Total equity production of liquids and gas in 2008 was 1.925 million barrels of oil equivalents per day, up 5% from 2007.

The board of directors is proposing a dividend of NOK 7.25 per share.

In the fourth quarter of 2008, the **net operating income** was NOK 37.8 billion, compared to NOK 30.8 billion in the fourth quarter of 2007. For the year 2008, net operating income amounted to NOK 198.8 billion, compared to NOK 137.2 billion in 2007.

Adjusted for certain items that management considers not to be reflective of StatoilHydro's underlying operational performance, **adjusted earnings** in the fourth quarter of 2008 were NOK 43.7 billion, compared to NOK 45.1 billion in the fourth quarter of 2007. The decrease in adjusted earnings was mainly due to an increase in overall operating expenses and a drop in prices of liquids, partly offset by an increase in both prices and volumes of natural gas.

For the year 2008, adjusted earnings increased by NOK 54.7 billion to NOK 203.9 billion as compared to adjusted earnings in 2007. The increase in adjusted earnings was mainly due to an increase in realised prices on both liquids and natural gas, measured in NOK. The increase was partly offset by increased operating expenses.

"I am pleased with what our people achieved in 2008," says Helge Lund, StatoilHydro's chief executive.

"We have delivered record production and carried out our most active exploration programme ever. In 2008 we put 12 new fields on stream. Through targeted business development we have also strengthened our positions for long-term international growth," says Mr. Lund.

"StatoilHydro is well positioned to manage through the global economic downturn. A strong balance sheet and active cost management will enable us to pursue our long term strategic direction," says Mr. Lund.

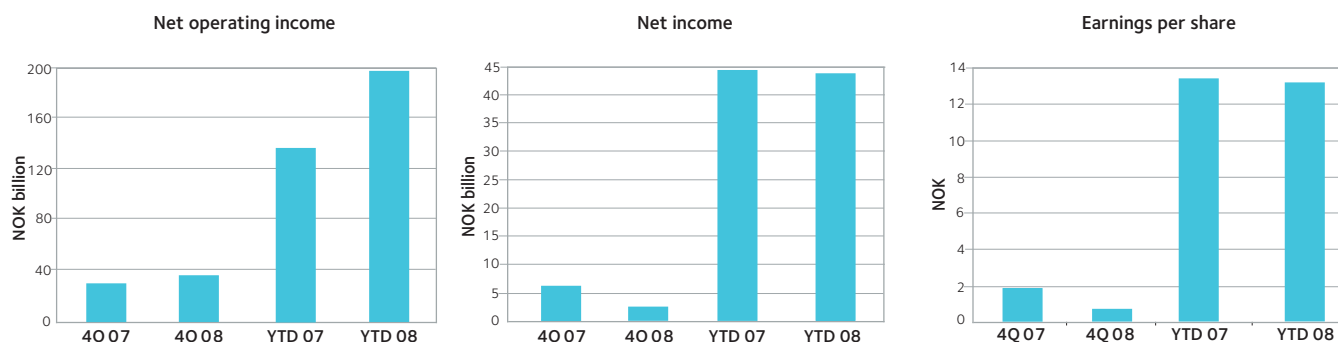
"Good operational performance is the best protection in times of uncertainty, and the merger is key to our continuous performance improvements. We have already realised significant merger synergies. The ongoing integration and standardisation of our offshore operations is aimed at further improving our health, safety and environment (HSE) results, as well as increasing flexibility and efficiency in our organisation," says Mr. Lund.

Performance update

In the fourth quarter of 2008, StatoilHydro delivered total liquids and gas entitlement production of 1,857 mboe per day, which increased compared to the 1,818 mboe per day delivered in the fourth quarter of 2007. Total liftings of liquids and gas were 1,783 mboe per day in the fourth quarter of 2008, compared to 1,785 mboe in the fourth quarter of 2007. Total equity production increased by 3% from the fourth quarter of 2007 to 2,023 mboe per day in the fourth quarter of 2008.

Higher volumes and prices for natural gas were only partly offset by the negative effects from lower liquids prices and lower liquids volumes. Net operating income for the fourth quarter of 2008 increased to NOK 37.8 billion, up 22% from NOK 30.8 billion in the fourth quarter of 2007.

In 2008, StatoilHydro delivered total liquids and gas entitlement production of 1,751 mboe per day, up 2% from 1,724 mboe per day in 2007. Total equity production increased by 5% from 2007 to 1,925 mboe per day in 2008. Strong production and high prices contributed to a net operating income of NOK 198.8 billion in 2008, compared to NOK 137.2 billion in 2007.



During 2008, the group gained access to 20 new exploration licences in the Gulf of Mexico, Alaska, Brazil, Canada and the Faroe Islands. On the NCS we were granted access to 12 new licences, as operator in nine and as partner in three. In addition the group acquired a 15% interest in the Goliath field and a 10% interest in the Ragnarok discovery on the NCS. In accordance with an agreement with Chesapeake Energy Corporation, StatoilHydro acquired a 32.5% interest in the Marcellus shale gas acreage in the USA. StatoilHydro also completed the purchase of the remaining 50% interest of the Peregrino development offshore Brazil.

StatoilHydro delivered an extensive exploration programme in 2008. Of a total of 79 exploration wells completed before 31 December 2008, 40 were drilled outside the NCS. Thirty-five wells were discoveries, of which eight are located outside the NCS. An additional eight wells have been completed since 31 December 2008.

StatoilHydro maintained a high activity level in progressing projects into production. In 2008, StatoilHydro delivered three PDOs (Plan for Development and Operation) on the NCS: Yttergryta (18 January), Morvin (15 February) and the Troll Field project (27 June). StatoilHydro also started production from seven fields: Volve (12 February), Gulltapp (7 April), Oseberg Gamma Main Staffjord (12 April), Vigdis East (15 April), Theta Cook (26 June), Oseberg Delta (27 June) and Vilje (1 August). Internationally, production commenced on Mondo in Angola (1 January), Deep Water Gunashli in Azerbaijan (22 April), Saxi and Batuque offshore Angola (1 July), the Agbami in Nigeria (29 July) and South Pars in Iran (1 October).

Return on average capital employed after tax (ROACE) [1] for the 12 months ended 31 December 2008 was 21.0%, compared to 17.7% for the 12 months ended 31 December 2007. The increase was due to higher income, partly offset by higher average capital employed. ROACE is defined as a non-GAAP financial measure. [2]

In the fourth quarter of 2008, earnings per share were NOK 0.63, compared to NOK 1.93 in the fourth quarter of 2007. In 2008, earnings per share were NOK 13.58, compared to NOK 13.80 in 2007.

StatoilHydro's board of directors proposes to the annual general meeting an ordinary dividend of NOK 4.40 per share for 2008, as well as NOK 2.85 per share in special dividend, for a total of NOK 7.25 per share. In 2007 Statoil ASA paid an ordinary dividend of NOK 4.20 per share and a special dividend of NOK 4.30 per share, for a total dividend of NOK 8.50 per share.

Profit and loss discussion

In the fourth quarter of 2008, the **net operating income** was NOK 37.8 billion, compared to NOK 30.8 billion in the fourth quarter of 2007.

Net operating income includes certain items that management considers not to be reflective of StatoilHydro's underlying operational performance. Management adjusts for these items to arrive at adjusted earnings. **Adjusted earnings** is a supplemental non-GAAP measure to StatoilHydro's IFRS measure of net operating income which management believes provides an indication of StatoilHydro's underlying operational performance in the period and facilitates a better evaluation of operational trends between periods.

The following items negatively impacted the net operating income in the fourth quarter of 2008: lower fair value of derivatives (NOK 2.1 billion), impairment charges net of reversals (NOK 1.3 billion), underlift (NOK 1.3 billion), lower values of products in operational storage (NOK 3.6 billion), loss on sale of assets (NOK 0.8 billion) and other accruals (NOK 0.3 billion), while reversal of restructuring cost accrual (NOK 1.6 billion) had a positive impact on net operating income for the fourth quarter of 2008.

Adjusted for these items and effects of eliminations (NOK 1.9 billion), **adjusted earnings** were NOK 43.7 billion in the fourth quarter of 2008, compared to NOK 45.1 billion in the fourth quarter of 2007. The decrease was mainly due to a drop in the prices of liquids, an increase in depreciation because of higher equity production and new, more expensive fields coming on stream. The decrease was partly offset by increased revenues from both higher volumes and prices for natural gas.

In 2008 the **net operating income** was NOK 198.8 billion, compared to NOK 137.2 billion in 2007. The following items impacted the net operating income in 2008: impairment charges net of reversals (NOK 4.8 billion), lower values of products in operational storage (NOK 2.8 billion), underlift (NOK 2.4 billion) and other accruals (NOK 2.3 billion) impacted net operating income in 2008 negatively, while increased fair value of derivatives (NOK 1.8 billion), gains on derivatives to hedge the value of inventories (NOK 0.8 billion), gain on sales of assets (NOK 1.4 billion) and reversal of restructuring cost accrual (NOK 1.6 billion) positively impacted net operating income in 2008.

Adjusted for these items and effects of eliminations (NOK 2.8 billion), **adjusted earnings** were NOK 203.9 billion in 2008, compared to NOK 149.2 billion in 2007. The increase was mainly due to an increase in realised prices on both liquids and natural gas, measured in NOK, and was only partly offset by increased operating expenses caused by a higher activity level and new, more expensive fields coming on stream.

Consolidated statements of income IFRS (in NOK billion)	Fourth quarter			Twelve months ended 31 December		
	2008	2007	Change	2008	2007	Change
Revenues and other income						
Revenues	149.8	145.9	3 %	652.0	521.7	25 %
Net income (loss) from equity accounted investments	0.6	0.0	-	1.3	0.6	111 %
Other income	0.3	0.3	(2 %)	2.8	0.5	428 %
Total revenues and other income	150.7	146.1	3 %	656.0	522.8	25 %
Operating expenses						
Purchase, net of inventory variation	75.8	69.4	9 %	329.2	260.4	26 %
Operating expenses	16.2	22.7	(29 %)	59.3	60.3	(2 %)
Selling, general and administrative expenses	3.3	6.8	(52 %)	11.0	14.2	(23 %)
Depreciation, amortisation and impairment	13.8	11.9	16 %	43.0	39.4	9 %
Exploration expenses	3.9	4.5	(14 %)	14.7	11.3	30 %
Total operating expenses	113.0	115.3	(2 %)	457.2	385.6	19 %
Net operating income	37.8	30.8	22 %	198.8	137.2	45 %
Net financial items	(12.1)	(0.7)	(1664 %)	(18.4)	9.6	(291 %)
Income tax	(23.7)	(23.9)	(1 %)	(137.2)	(102.2)	34 %
Net income	2.0	6.2	(67 %)	43.3	44.6	(3 %)
Adjusted earnings (in NOK billion)						
Total revenues and other income adjusted	152.6	149.4	2 %	653.1	524.0	25 %
Purchase, net of inventory variation adjusted	72.1	70.1	3 %	326.3	261.9	25 %
Operating expenses adjusted	17.6	16.3	8 %	59.7	53.7	11 %
Selling, general and administrative expenses adjusted	3.0	4.6	(35 %)	10.5	12.0	(13 %)
Depreciation, amortisation and impairment adjusted	12.5	10.1	24 %	40.5	37.2	9 %
Exploration expenses adjusted	3.8	3.2	18 %	12.2	10.0	22 %
Adjusted earnings	43.7	45.1	(3 %)	203.9	149.2	37 %

Adjusted earnings by segment (in NOK billion)	Fourth quarter			Twelve months ended 31 December		
	2008	2007	Change	2008	2007	Change
E&P Norway	35.2	37.3	(6 %)	168.0	122.1	38 %
International E&P	0.3	5.6	(95 %)	16.1	16.5	(2 %)
Natural Gas	4.8	1.4	247 %	11.9	6.5	84 %
Manufacturing & Marketing	4.2	0.9	372 %	8.3	5.2	59 %
Other	(0.7)	(0.1)	(703 %)	(0.4)	(1.1)	67 %
Eliminations of internal unrealised profit on inventories	(0.0)	0.0	(164 %)	(0.0)	0.0	(213 %)
Adjusted earnings	43.7	45.1	(3 %)	203.9	149.2	37 %

Financial data	Fourth quarter			Twelve months ended 31 December		
	2008	2007	Change	2008	2007	Change
Weighted average number of ordinary shares outstanding	3,185,220,293	3,186,607,338		3,185,953,538	3,195,866,843	
Earnings per share	0.63	1.93	(67 %)	13.58	13.80	(2 %)
ROACE (last 12 months)	21.0 %	17.7 %		21.0 %	17.7 %	
Cash flows provided by operating activities (billion)	19.3	2.2	768 %	102.5	93.9	9 %
Gross investments (billion)	47.6	16.7	185 %	95.4	75.0	27 %
Net debt to capital employed ratio	17.5 %	12.4 %		17.5 %	12.4 %	

Operational data	Fourth quarter			Twelve months ended 31 December		
	2008	2007	Change	2008	2007	Change
Average liquids price (USD/bbl)	51.0	86.1	(41 %)	91.0	70.5	29 %
USD/NOK average daily exchange rate	6.78	5.44	25 %	5.63	5.86	(4 %)
Average liquids price (NOK/bbl) [3]	346	468	(26 %)	513	413	24 %
Gas prices (NOK/scm)	2.99	1.80	66 %	2.40	1.66	45 %
Refining margin, FCC (USD/boe) [4]	7.6	7.3	4 %	8.2	7.5	9 %
Total entitlement liquids production (mboe per day)[5]	1,095	1,106	(1 %)	1,055	1,070	(1 %)
Total entitlement gas production (mboe per day)	762	712	7 %	696	654	6 %
Total entitlement liquids and gas production (mboe per day) [6]	1,857	1,818	2 %	1,751	1,724	2 %
Total equity gas production (mboe per day)	793	746	6 %	725	674	8 %
Total equity liquids production (mboe per day)	1,230	1,212	1 %	1,200	1,165	3 %
Total equity liquids and gas production (mboe per day)	2,023	1,958	3 %	1,925	1,839	5 %
Total liquids liftings (mboe per day)	1,021	1,073	(5 %)	1,019	1,081	(6 %)
Total gas liftings (mboe per day)	762	712	7 %	696	654	6 %
Total liquids and gas liftings (mboe per day) [7]	1,783	1,785	(0 %)	1,714	1,735	(1 %)
Production cost entitlement volumes (NOK/boe, last 12 months) [8]	38.1	44.1	(14 %)	38.1	44.1	(14 %)
Equity production cost excluding restructuring and gas injection cost (NOK/boe, last 12 months) [10]	33.3	31.2	7 %	33.3	31.2	7 %

Total liquids and gas liftings in the fourth quarter of 2008 were 1,783 mboe per day, compared to 1,785 mboe per day in the fourth quarter of 2007. In the fourth quarter of 2008 there was an underlift of 57 mboe per day [5] compared to an underlift in the fourth quarter of 2007 of 33 mboe per day.

Total liquids and gas liftings in 2008 were 1,714 mboe per day, compared to 1,735 mboe per day in 2007. There was an underlift in 2008 of 20 mboe per day [5] compared to an overlift in 2007 of 11 mboe per day.

Total liquids and gas entitlement production in the fourth quarter of 2008 was 1,857 mboe per day, compared to 1,818 mboe per day in the fourth quarter of 2007. Average equity [10] production was 2,023 mboe per day in the fourth quarter of 2008 compared to 1,958 mboe per day in the fourth quarter of 2007. The increase in entitlement production mainly stems from ramp-up in production from new fields coming on stream, and was only partly offset by maintenance activity, shut downs and declining production from maturing fields.

Total liquids and gas entitlement production in 2008 was 1,751 mboe per day, compared to 1,724 mboe per day in 2007. Average equity [10] production was up 5% to 1,925 mboe per day in 2008 compared to 1,839 mboe per day in 2007. Increased production mainly stems from new fields coming on stream and a higher gas off-take, partly offset by declining production from maturing fields.

Exploration expenditure was NOK 5.9 billion in the fourth quarter of 2008, compared to NOK 5.2 billion in the fourth quarter of 2007. Exploration expenditure was NOK 17.8 billion in 2008, compared to NOK 14.2 billion in 2007. The increase in both periods was mainly due to higher exploration activity and increased drilling costs. Exploration expenditure reflects exploration activities in the period.

Adjusted exploration expenses for the period consist of exploration expenditure adjusted for the period's change in capitalised exploration expenditure and for certain items impacting the net operating income as described above. The adjusted exploration expenses increased to NOK 3.8 billion in the fourth quarter of 2008 from NOK 3.2 billion in the fourth quarter of 2007.

Adjusted exploration expenses increased from NOK 10.0 billion in 2007 to NOK 12.2 billion in 2008, mainly due to higher exploration activity, increased drilling costs and an increase in expenses of previously capitalised exploration expenditures.

Exploration (in NOK billion)	Fourth quarter			Twelve months ended 31 December		
	2008	2007	Change	2008	2007	Change
Exploration expenditure (activity)	5.9	5.2	14 %	17.8	14.2	25 %
Expensed, previously capitalised exploration expenditure	0.2	0.7	(73 %)	4.8	1.7	193 %
Capitalised share of current period's exploration activity	(2.2)	(1.4)	58 %	(6.8)	(4.6)	50 %
Reversal of impairment	0.0	0.0	(100 %)	(1.1)	0.0	n/a
Items impacting exploration expenses	(0.1)	(1.3)	(92 %)	(2.5)	(1.3)	92 %
Adjusted exploration expenses	3.8	3.2	18 %	12.2	10.0	22 %

In the fourth quarter of 2008, a total of 19 exploration and appraisal wells and three exploration extension wells were completed, 15 on the NCS and seven internationally. Nine exploration and appraisal wells and two exploration extension wells have been declared as discoveries. In the fourth quarter of 2007, a total of 18 exploration and appraisal wells were completed, four on the NCS and 14 internationally. Five exploration and appraisal wells were declared as discoveries.

In 2008, a total of 79 exploration and appraisal wells and nine exploration extension wells were completed, 48 on the NCS and 40 internationally. Thirty-five exploration and appraisal wells and six exploration extension wells have been declared as discoveries. In 2007, a total of 71 exploration and appraisal wells and two exploration extension wells were completed, 26 on the NCS and 47 internationally. Thirty-four exploration and appraisal wells and two exploration extension wells were declared as discoveries.

A number of completed wells internationally have encountered hydrocarbons but we need to carry out a more extensive evaluation before making a public announcement.

Drilling of 16 exploration and appraisal wells was ongoing at the end of fourth quarter 2008. Eleven wells have been completed after 31 December 2008, of which six wells were declared as discoveries.

Proved reserves at the end of 2008 were 5,584 mmboe, compared to 6,010 mmboe at the end of 2007, a decrease of 426 mmboe. In 2008, 230 mmboe were added through revisions, extensions and discoveries, compared to additions of 542 mmboe in 2007, also through revisions, extensions and discoveries.

The reserve replacement ratio was 34% in 2008, compared to 86% in 2007, while the average three-year replacement ratio, including the effects of sales and purchases, was 60% at the end of 2008, compared to 81% at the end of 2007. The reserve replacement rate is a function of the high production level and the time it takes to mature the significant number of recent discoveries and the latest acquisitions of large unproved reserves to proved reserves.

Production cost per boe was NOK 36.9 for the 12 months ended 31 December 2008, compared to NOK 44.1 for the 12 months ended 31 December 2007. [8] Based on equity volumes, [10] the production cost per boe for the two periods was NOK 33.5 and NOK 41.4, respectively.

Normalised at a USDNOK exchange rate of 6.00, the production cost for the 12 months ended 31 December 2008 was NOK 37.4 per boe, compared to NOK 44.3 per boe for the 12 months ended 31 December 2007. [9] Normalised production cost is defined as a non-GAAP financial measure. [2]

The production cost per boe, both actual and normalised, has decreased significantly, mainly due to non-recurring restructuring costs relating to the merger of Statoil ASA and Hydro Petroleum in 2007, but partly offset by 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 December 2008 was NOK 33.3. The comparable figure for the 12 months ended 31 December 2007 was NOK 31.2. These figures have not been normalised for the currency effects described above.

Net financial items amounted to a loss of NOK 12.1 billion in the fourth quarter of 2008, compared to a loss of NOK 0.7 billion in the fourth quarter of 2007.

The NOK 11.4 billion negative change was mostly attributable to unrealised currency losses with no immediate effects on cash flows, caused by a 20% weakening of NOK against the US dollar. Currency losses in the fourth quarter of 2008 amounted to NOK 22.9 billion of which NOK 17.9 billion was related to currency swaps for liquidity and currency risk management and NOK 8.5 billion was related to non-current financial liabilities. This compares to a NOK 1.0 billion currency loss in the fourth quarter of 2007. The NOK 22.0 billion increase in currency losses was partly offset by a NOK 4.2 billion improvement in financial expenses, a NOK 4.0 billion increase in income from securities and a NOK 2.3 billion increase in financial income.

In 2008, net financial items amounted to a loss of NOK 18.4 billion, compared to a gain of NOK 9.6 billion in 2007.

The NOK 28.0 billion negative change was mainly attributable to NOK 32.6 billion in currency losses caused by a 29% weakening of NOK against USD in 2008 compared to a NOK 10.0 billion gain from a 14% strengthening of the NOK against the USD in 2007. The negative impact of currency exchange losses was partly offset by a NOK 5.5 billion increase in income from securities primarily due to currency gains on USD denominated investments, a NOK 4.7 billion positive change in interest expenses mostly due to gains on derivatives and a NOK 4.4 billion increase in interest income.

Exchange rates	31 December 2008	30 September 2008	31 December 2007
USDNOK	7.00	5.83	5.41
EURNOK	9.87	8.33	7.96

Income taxes were NOK 23.7 billion in the fourth quarter of 2008, equivalent to a tax rate of 92.1%, compared to NOK 23.9 billion in the fourth quarter of 2007, equivalent to a tax rate of 79.4%. The increase in the tax rate was mainly related to the net loss on financial items which is tax deductible at a lower rate than the average tax rate. In addition, the tax rate was increased by the deferred tax expense caused by currency effects in certain group companies which are taxable in a different currency than the functional currency, also increased the tax rate. This was partly offset by the tax effect of a proportionally higher operating income being subject to a lower than average tax rate.

In 2008 income taxes were NOK 137.2 billion, equivalent to a tax rate of 76.0%, compared to NOK 102.2 billion in 2007, equivalent to a tax rate of 69.6%. The increase in the tax rate was mainly related to a net loss on financial items which is subject to lower taxation than the average rate.

Outlook

At the Strategy Update in January 2009, StatoilHydro's presented a forecast for **equity production** of 1,950 mboe per day in 2009 and 2,200 mboe per day in 2012. The estimate for 2009 excludes any adverse effects of potential OPEC quotas. The guidance for 2012 reflects expected effects of our recent acquisitions of US shale gas and 50% of the Peregrino development.

Maintenance activity is expected to have little impact on the equity production in the first quarter of 2009.

Capital expenditures for 2009, excluding acquisitions, are estimated at around USD 13.5 billion. Approximately 50% of the forecasted investments for 2009 are in assets expected to contribute to growth in oil and gas production, about one third are related to investments in currently producing assets, with the remainder in other activities.

Unit production cost for equity volumes is estimated in the range of NOK 33 to 36 per barrel in the period from 2009 to 2012, excluding purchases of fuel and gas for injection. For 2009, the unit production cost is expected to be in the upper end of this range.

StatoilHydro's ambition is to deliver a competitive **ROACE** compared with its peer group.

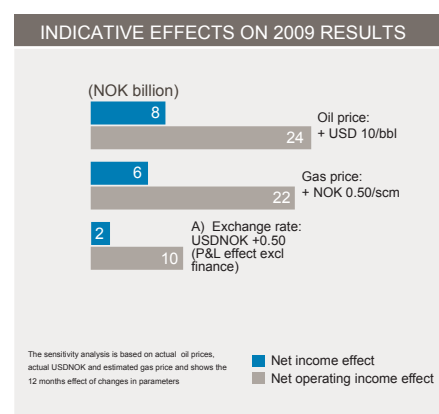
Exploration drilling is the primary tool for growing our business. The company will continue to high-grade the large portfolio of exploration assets and expects to maintain a high level of **exploration activity** in 2009, although slightly lower than in 2008. StatoilHydro expects to complete between 65 and 70 exploration and appraisal wells in 2009. Rigs have already been secured for most of the exploration drilling in 2009 and to some extent also for subsequent years. The exploration activity is estimated at USD 2.7 billion for 2009.

The year 2008 was one of the most **volatile periods in the product, gas liquid and crude oil markets**. While natural gas prices have been strong in Europe, crude oil and gas liquids prices decreased dramatically during the third and fourth quarters of 2008. We anticipate that crude oil and gas liquids prices will remain at relatively low levels and that prices will continue to be volatile at least in the near term.

The price development for natural gas is very uncertain due to the financial turmoil. The natural gas market is also influenced by developments in the overall power market and the industrial segment where gas is competing with coal and fuel oil products, both having experienced significant fall in prices. Going forward, the value of natural gas will increasingly be determined in the power segment in competition with coal, renewable- and nuclear energy. The actual climate policy and regulations will be important factors in determining the gas pricing.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. See "Forward-Looking Statements" below.

Risk update



Risk factors

The results of operations largely depend on a number of factors, most significantly those that affect the price received in NOK for products sold. Specifically, such factors include the level of liquids and natural gas prices; trends in the exchange rate between the USD and the NOK, liquids and natural gas production volumes, which in turn depend on entitlement volumes under profit sharing agreements and available petroleum reserves, and StatoilHydro's, as well as our partners' expertise and co-operation in recovering oil and natural gas from those reserves; and changes in StatoilHydro's portfolio of assets due to acquisitions and disposals.

The illustration shows how certain changes in the crude oil prices (a substitute for liquids prices), natural gas contract prices and the USD/NOK exchange rate, if sustained for a full year, could impact our net operating income in 2009. Changes in commodity prices, currency and interest rates may result in income or expense for the period as well as changes in the fair value of derivatives in the balance sheet.

The illustration is not intended to be exhaustive with respect to risks that have or may have a material impact on the cash flows and results of operation. See the annual report for 2007 for a more detailed discussion of risks to which StatoilHydro is exposed.

Financial risk management

StatoilHydro has policies in place to manage acceptable risk for commercial and financial counterparties and the use of derivatives and market activities in general. StatoilHydro has so far had only limited exposure towards those more distressed parties and instruments during the current financial crisis. The turmoil in the financial markets has not caused us to make any changes in our risk management policies, but we have tightened our practices with respect to credit risk and liquidity management. There have been only insignificant counterparty losses incurred so far. The group's exposure towards financial counterparties is still considered to have an acceptable risk profile, but it is anticipated that the risk may increase if the financial crisis worsens. This may be somewhat reduced by the effects of national and international actions by nations and national banks.

The markets for short- and long-term financing are currently considered to function comfortably for borrowers with StatoilHydro's credit standing and general characteristics. However, under current circumstances uncertainty still exists. Funding costs for short maturities are generally at historically low levels. Long-term funding costs are at attractive absolute levels although the credit spread element for corporate issuers is significantly higher compared to levels existing before the financial crisis. With regard to liquidity management, focus is on finding the right balance between risk and reward and most funds are currently placed in short term AA- and AAA-rated non-Norwegian government certificates or with banks with AA-rating.

Health, safety and the environment (HSE)

The total recordable injury frequency was 4.6 in the fourth quarter of 2008 compared to 4.7 in the fourth quarter of 2007. The serious incident frequency decreased from 2.3 in the fourth quarter of 2007 to 1.9 in the fourth quarter of 2008. There were no fatal accidents in the fourth quarter of 2008.

The total recordable injury frequency increased from 5.0 for the 12 months ended 31 December 2007 to 5.4 for 12 months ended 31 December 2008. The serious incident frequency increased from 2.1 for the 12 months ended 31 December 2007 to 2.2 for the 12 months ended 31 December 2008. There were two fatalities in the 12 months ended 31 December 2008.

The number of accidental oil spills in the fourth quarter of 2008 increased compared to the fourth quarter of 2007, but the volume decreased from 4,458 cubic metres in the fourth quarter of 2007 to 24 cubic metres in the fourth quarter of 2008. The number of accidental oil spills for the 12 months ended 31 December 2008 increased compared for the 12 months ended 31 December 2007, but the volume decreased from 4,989 cubic metres in 2007 to 342 cubic metres in 2008.

HSE	Fourth quarter		Year	
	2008	2007	2008	2007
Total recordable injury frequency	4.6	4.7	5.4	5.0
Serious incident frequency	1.9	2.3	2.2	2.1
Accidental oil spills (number)	100	88	401	387
Accidental oil spills (volume, scm)	24	4,458	342	4,989

Important events

- StatoilHydro submitted an **external investigation report on the Libya matter** to Norwegian and US authorities on 7 October. Consultancy agreements related to Norsk Hydro's earlier activities in Libya contain issues which could be problematic in relation to Norwegian and US anti-corruption legislation. The external investigation into Hydro Oil & Energy's international operations has been submitted to the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim), to the US Department of Justice (DoJ), the US Securities and Exchange Commission (SEC) and to the relevant Libyan authorities.
- On 10 October StatoilHydro **announced higher volumes in the Dagny discovery** in the North Sea, upgraded to contain between 130 and 170 million barrels of oil equivalents.
- StatoilHydro ASA and Det norske oljeselskap ASA signed a **sales and purchase agreement** on 12 October for the transfer of Det norske oljeselskap's 15% interest in the **Goliat** field to StatoilHydro ASA. The transaction has effect from 1 January 2008. Also on 12 October, StatoilHydro Petroleum AS and Det norske oljeselskap ASA **agreed on a swap** of minor interests in three other licences.
- StatoilHydro announced a number of discoveries on the NCS; gas in production **licence 218** (16 October), oil and gas in **Pan/Pandora** (22 October), gas and condensate in **Noatun** (27 October), hydrocarbons in **Caurus** (31 October), oil and gas in **Pandora** (1 December), oil in **Nucula** (1 December), and oil in **Dompap/Måke** (27 December).
- On 16 October StatoilHydro's partner Sonangol announced **two new oil discoveries in block 31** offshore Angola.
- On 21 October, the European Commission announced that **StatoilHydro has been granted permission to take over the bulk of the Jet retail chain** in Scandinavia currently owned and operated by ConocoPhillips.
- On 10 November **changes in the corporate executive committee were announced**. Øystein Michelsen (52), Helga Nes (52) and Gunnar Myrebøe (59) were appointed members of StatoilHydro's corporate executive committee.
- On 12 November StatoilHydro **formed a strategic alliance with Chesapeake** Energy Corporation to jointly explore unconventional gas opportunities worldwide. Under this agreement we will initially acquire a 32.5% interest in Chesapeake's Marcellus shale gas acreage.
- On 11 December StatoilHydro **completed the full acquisition of the Peregrino** heavy-oil field offshore Brazil, after closing the deal to acquire the additional 50% stake from Anadarko and making StatoilHydro the operator.

Subsequent Important Events:

- On 6 January StatoilHydro **started gas production at Yttergryta subsea field** for the Åsgard field in the Norwegian Sea.
- On 13 January StatoilHydro **found oil north of the Norne field** in the Norwegian Sea and will consider development with the Norne production and storage ship.
- On 27 January **gas exports from the Kvitebjørn field in the North Sea resumed** after successful repairs to the rich gas pipeline between the platform and the Kollsnes processing plant near Bergen.
- On 30 January a **small oil discovery** was made in the **Curran** prospect, south of the Tune field.
- On 2 February, there was a **discovery in the Heidelberg prospect in the deepwater Gulf of Mexico** operated by Anadarko. StatoilHydro has a 12% working interest in Heidelberg.
- On 5 February **gas and condensate were found** when StatoilHydro completed the drilling of an exploration well in the **Fulla prospect**, north-east of the Frigg field in the North Sea.

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>

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