Press release

26 July 2012

2012 SECOND QUARTER RESULTS

Statoil's second quarter 2012 net operating income was NOK 62.0 billion, a 2% increase compared to NOK 61.0 billion in the second quarter of 2011.

"Statoil continues to deliver good financial results and strong cash generation. We increased oil and gas production by 17% in the second quarter compared to the same period last year. Production in the second quarter was as expected and we maintain our production guidance for 2012," says Helge Lund, Statoil's president and CEO.

Statoil's adjusted earnings [8] of NOK 45.8 billion in the second quarter are 5% higher than the same period in 2011, mainly a result of higher gas prices and increased volumes of oil and gas sold.

"We increased our gas production by 33% and we also grew liquids production by 8% consistent with our growth ambitions through start-ups, ramping up production and lower maintenance effects," says Lund.

On the Norwegian continental shelf (NCS), Statoil delivered positive production performance primarily through higher gas sales, achieving an 11% total production increase. There was limited maintenance on the NCS in the second quarter and a higher maintenance level is expected in the third quarter. Statoil increased international production by 32%, including more than doubling the production in North America compared to the second quarter last year.

Statoil has announced two high-impact discoveries offshore Tanzania and Norway since the previous quarter, continuing the exploration success from 2011 and the first quarter of 2012. Over the past 15 months a total of eight high-impact discoveries have significantly added to Statoil's resource base.

"Since the previous quarter, Statoil has made additional strategic progress, including further implementing the co-operation agreement with Rosneft, successfully completing the divestments of Statoil Fuel & Retail ASA to Alimentation Couche-Tard and NCS assets to Centrica, and sanctioning two projects on the NCS. We continue to leverage our competitive strengths towards delivering on the production ambition of above 2.5 mmboe per day for 2020," says Lund.

Due to higher activity level and higher share of capitalised exploration, Statoil expects to invest around USD 18 billion in capital expenditures in 2012. Statoil now expects to complete around 45 wells with a total activity level at around USD 3.5 billion, excluding signature bonuses.

	Second quarter			First half			Full year
	2012	2011	Change	2012	2011	Change	2011
Net operating income (NOK billion)	**62.0**	61.0	2%	**119.9**	111.8	7%	211.8
Adjusted earnings (NOK billion) [8]	**45.8**	43.7	5%	**104.9**	90.9	15%	179.9
Adjusted earnings after tax (NOK billion) [8]	**11.5**	12.9	(11%)	**28.2**	24.8	14%	50.7
Net income (NOK billion)	**26.6**	27.1	(2%)	**41.9**	43.1	(3%)	78.4
Earnings per share (NOK)	**8.30**	8.46	(2%)	**13.05**	13.48	(3%)	24.76
Average liquids price (NOK/bbl) [1]	**586**	610	(4%)	**616**	593	4%	592
Average invoiced gas prices (NOK/scm)	**2.23**	2.06	8%	**2.24**	2.00	12%	2.08
Equity production (mboe per day)	**1,980**	1,692	17%	**2,087**	1,831	14%	1,850
Serious incident frequency (SIF)	**0.8**	1.0		**1.0**	1.1		1.1

The serious incident frequency (SIF) improved to 0.8 in the second quarter of 2012, coming down from 1.0 in the second quarter of 2011.

Equity production was 1,980 mboe per day in the second quarter, up 17% from 1,692 mboe per day in the same period in 2011.

Adjusted earnings [8] were NOK 45.8 billion in the second quarter, up 5% from NOK 43.7 billion in the second quarter last year.

Adjusted earnings after tax [8] were NOK 11.5 billion, compared to NOK 12.9 billion in the second quarter of 2011.

Net income was NOK 26.6 billion in the second quarter, down 2% from NOK 27.1 billion in the same period in 2011.

Key events since first quarter:

- **Continuing international growth** - production increase from ramp-ups of several fields internationally.
- **Important industrial developments continued on the NCS** - sanctioning the Svalin fast-track and Gullfaks subsea compression projects, installing the Valemon steel jacket in the North Sea and taking the first construction steps for the Aasta Hansteen field in Northern Norway.
- **Portfolio management to enhance value creation** - closed the divestments of Statoil Fuel & Retail ASA to Couche-Tard and NCS assets to Centrica.
- **Strong exploration performance** - two high-impact discoveries: The gas and condensate discovery King Lear in the North Sea is an important contribution to revitalising the NCS with high-value barrels, while the Lavani gas discovery offshore Tanzania supports Statoil's ambition for international growth. High exploration activity with drilling in 22 wells, six discoveries and six awaiting final evaluation. Nine wells ongoing at the end of the second quarter 2012.
- **Early access at scale in new and promising basins** - awarded 26 leases in the first lease sale in the Central Gulf of Mexico since March of 2010. Signed agreements with Rosneft on joint bidding for exploration licenses in the Norwegian Barents Sea and on joint technical evaluation covering two Russian onshore assets. Farmed into shale opportunities in Australia.

OPERATIONAL REVIEW

Operational data	Second quarter 2012	Second quarter 2011	Change	First half 2012	First half 2011	Change	Full year 2011
Average liquids price (USD/bbl)	99.4	112.1	(11%)	105.5	106.2	(1%)	105.6
USDNOK average daily exchange rate	5.90	5.44	8%	5.84	5.59	5%	5.61
Average liquids price (NOK/bbl) [1]	586	610	(4%)	616	593	4%	592
Average invoiced gas prices (NOK/scm)	2.23	2.06	8%	2.24	2.00	12%	2.08
Refining reference margin (USD/bbl) [2]	6.1	2.2	>100%	4.5	2.4	90%	2.3
Production							
Total entitlement liquids production (mboe per day)	995	893	11%	1,008	921	9%	945
Total entitlement gas production (mboe per day)	792	593	34%	870	704	24%	706
Total entitlement liquids and gas production (mboe per day) [3] [4]	1,786	1,486	20%	1,878	1,625	16%	1,650
Total equity liquids production (mboe per day)	1,158	1,075	8%	1,184	1,099	8%	1,118
Total equity gas production (mboe per day)	822	616	33%	903	731	23%	732
Total equity liquids and gas production (mboe per day)	1,980	1,692	17%	2,087	1,831	14%	1,850
Liftings							
Total liquids liftings (mboe per day)	986	823	20%	996	853	17%	910
Total gas liftings (mboe per day)	792	593	34%	870	704	24%	706
Total liquids and gas liftings (mboe per day) [5]	1,778	1,416	26%	1,867	1,557	20%	1,616
Production cost							
Production cost entitlement volumes (NOK/boe, last 12 months) [6]	47	46	3%	47	46	3%	47
Production cost equity volumes (NOK/boe, last 12 months) [7]	43	41	3%	43	41	3%	42

The statements below are related to developments in the second quarter of 2012 compared to the second quarter of 2011, and developments in the first half of 2012 compared to the first half of 2011, respectively.

Second quarter 2012

Total equity liquids and gas production [7] was up 17%, to 1,980 mboe per day in the second quarter, primarily due to increased gas deliveries from the NCS, start-up of production from Pazflor in Angola and Gullfaks South Brent on the NCS. Ramp-up of production on various fields, production from the newly acquired Bakken field in the USA and lower reductions from maintenance activities, added to the increase. The Heidrun redetermination settlement with a relatively high equity production in the second quarter of 2011 and expected natural decline on mature fields, counteracted the increase in equity production.

Total entitlement liquids and gas production was up 20%, to 1,786 mboe per day, impacted by the increase in equity production as described above. The average Production Sharing Agreement (PSA) effect was 194 mboe per day compared to 206 mboe per day in the second quarter of 2011. The lower PSA effect was mainly a result of different factors (e.g. tax barrels, capex uplift, cost recovery) at individual fields that resulted in increased entitlement volumes. The decrease in PSA effects was partly offset by the increase in equity production and lower profit tranches for a number of fields.

Total liquids and gas liftings were 1,778 mboe per day, a 26% increase from 1,416 mboe per day in the second quarter of 2011. In the second quarter of 2012, there was an overlift of 5 mboe per day [3], compared to an underlift of 56 mboe per day in the second quarter of 2011.

Refining reference margin [2] was USD 6.1 per barrel in the second quarter, a significant increase compared to the second quarter of 2011 when the refining reference margin was USD 2.2 per barrel.

The 3% increase in **production cost per boe** [6] was mainly related to higher costs from fields in the production ramp-up phase during the last twelve months resulting in relatively higher cost per boe from new fields coming on stream and increased activity related to well maintenance.

Exploration expenditure (including capitalised exploration expenditure) was NOK 5.1 billion in the second quarter, compared to NOK 3.9 billion in the second quarter of 2011. The NOK 1.2 billion increase was mainly caused by higher drilling activity; 22 wells with drilling activity in the second quarter of 2012 compared to 17 wells in the same period last year. Also, more expensive wells being drilled and increased seismic and field evaluation expenditures added to the increase.

In the second quarter of 2012, a total of 13 **exploration wells** were completed before 30 June 2012, two on the NCS and 11 internationally. Excluding the King Lear discovery announced in July, five wells were announced as discoveries in the second quarter, one on the NCS and four internationally.

First half 2012

Total equity liquids and gas production [7] was up 14% to 2,087 mboe per day in the first half of 2012, primarily because of increased gas deliveries from the NCS, start-up of production from new fields, ramp-up of production on various fields, production from the newly acquired Bakken field in the USA and higher maintenance activities in the first half of 2011. The Heidrun redetermination, operational challenges and expected natural decline in production on mature fields, counteracted the increase in equity production.

Total entitlement liquids and gas production was up 16% to 1,878 mboe per day in the first half of 2012, impacted by the increase in equity production as described above, and by higher PSA effects. The average PSA effect on entitlement production was 208 mboe per day in the first half of 2012 compared to 206 mboe per day in the first half of 2011.

Total liquids and gas liftings were 1,867 mboe per day, compared to 1,557 mboe per day in the first half of 2011. The 20% increase in lifting is based on the increase in entitlement production. In the first half of 2012, there was an overlift position of 2 mboe per day [3], compared to an underlift position of 54 mboe per day in the same period last year.

Refining reference margin [2] was USD 4.5 per barrel in the first half of 2012, compared to USD 2.4 per barrel in the first half of 2011.

Exploration expenditure (including capitalised exploration expenditure) was NOK 11.1 billion in the first half of 2012, compared to NOK 8.3 billion in the same period of 2011. The NOK 2.8 billion increase was mainly due to more expensive wells and an increased number of wells being drilled. Also increased seismic and field evaluation costs added to this increase.

In the first half of 2012 Statoil completed 25 exploration wells, nine on the NCS and 16 internationally. A total of 13 wells were announced as discoveries in the period, six on the NCS and seven internationally.

FINANCIAL REVIEW

IFRS income statement (in NOK billion)	Second quarter 2012	Second quarter 2011	Change	First half 2012	First half 2011	Change	Full year 2011
REVENUES AND OTHER INCOME							
Revenues	**186.5**	159.5	17%	**381.3**	305.3	25%	645.6
Net income from associated companies	**0.3**	0.4	(29%)	**0.8**	0.9	(7%)	1.3
Other income	**13.9**	8.8	59%	**14.0**	14.5	(3%)	23.3
Total revenues and other income	**200.7**	168.8	19%	**396.1**	320.7	24%	670.2
OPERATING EXPENSES							
Purchases [net of inventory variation]	**100.6**	78.6	28%	**199.3**	148.7	34%	319.6
Operating expenses and selling, general and administrative expenses	**17.4**	17.7	(1%)	**38.6**	34.0	13%	73.6
Depreciation, amortisation and net impairment losses	**15.5**	9.3	67%	**30.1**	20.3	48%	51.4
Exploration expenses	**5.2**	2.2	>100%	**8.3**	5.8	43%	13.8
Total operating expenses	**(138.7)**	(107.7)	29%	**(276.2)**	(208.9)	32%	(458.4)
Net operating income	**62.0**	61.0	2%	**119.9**	111.8	7%	211.8
Net financial items	**(2.5)**	0.2	>(100%)	**(3.0)**	(0.3)	>100%	2.1
Income tax	**(32.9)**	(34.2)	(4%)	**(75.0)**	(68.4)	10%	(135.4)
Net income	**26.6**	27.1	(2%)	**41.9**	43.1	(3%)	78.4
Non-controlling interests	**0.2**	0.1	18%	**0.4**	0.2	87%	(0.3)

The statements below are related to developments in the second quarter of 2012 compared to the second quarter of 2011, and developments in the first half of 2012 compared to the first half of 2011, respectively.

Second quarter 2012

Net operating income was NOK 62.0 billion in the second quarter, an increase of 2% compared to the second quarter last year. Revenues were positively impacted by higher gas prices and increased volumes of liquids and gas sold. The increase was partly offset by lower prices for liquids. Other income increased by 59% to NOK 13.9 billion mainly because of increased gains from the sale of assets. Purchases [net of inventory variation], which represent Statoil's purchases of SDFI [9] and 3rd party volumes, increased by 28%, mainly due to the higher volumes of oil and gas purchased, partly offset by reduced prices of liquids measured in NOK.

Operating expenses and selling, general and administrative expenses were NOK 17.4 billion, slightly down compared to the second quarter of 2011, after being influenced by a reversal of a provision related to the discontinued part of the early retirement pension of NOK 3.8 billion. The increase in depreciation, amortisation and net impairment losses was mainly a result of new fields coming on stream, ramp-up on various fields and a reversal of impairment losses in the second quarter of 2011. The increase in exploration expenses was mainly attributable to higher drilling costs of which a lower portion has been capitalised because of non-commercial wells, lower reversals of previously impaired prospects and signature bonuses and higher exploration expenditures capitalised in previous periods being expensed this quarter.

Adjusted earnings is a supplemental non-GAAP measure to Statoil's IFRS measure of net operating income which management believes provides an indication of Statoil's underlying operational performance in the period and facilitates a better evaluation of operational developments between periods. See section Use and reconciliation of non-gaap financial measures for more information on Adjusted earnings and a reconciliation to Net operating income.

Adjusted earnings [8] (in NOK billion)	Second quarter 2012	Second quarter 2011	Change	First half 2012	First half 2011	Change	Full year 2011
Adjusted total revenues and other income	**186.6**	154.0	21%	**384.0**	305.6	26%	639.3
Adjusted purchases	**99.7**	78.6	27%	**198.8**	149.5	33%	320.3
Adjusted operating expenses and selling, general and administrative expenses	**21.1**	18.1	16%	**42.5**	36.1	18%	74.8
Adjusted depreciation, amortisation and net impairment losses	**14.8**	11.3	31%	**29.3**	23.2	26%	50.2
Adjusted exploration expenses	**5.3**	2.3	>100%	**8.4**	5.9	43%	14.2
Adjusted earnings [8]	**45.8**	43.7	5%	**104.9**	90.9	15%	179.9

In the second quarter of 2012, lower value of products in operational storage (NOK 0.9 billion), impairment losses (NOK 0.7 billion) and lower fair values of derivatives (NOK 0.2 billion) and other provisions/adjustments (NOK 0.1 billion) had a negative impact on net operating income, while gain on sale of assets (NOK 13.5 billion) mainly related to the sale of Statoil Fuel and Retail ASA and the divestment of assets on the NCS to Centrica, reversal of a provision related to the discontinued part of the early retirement pension (NOK 3.8 billion), and change in over/underlift position (NOK 0.1 billion) had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 0.8 billion), **adjusted earnings** were NOK 45.8 billion in the second quarter of 2012.

In the second quarter of 2011, underlift (NOK 2.2 billion) had a negative impact on net operating income while net gain on sale of 40% of the Peregrino asset (NOK 8.8 billion), higher fair values of derivatives (NOK 6.3 billion), reversal of impairment losses (NOK 2.2 billion) and other adjustments (NOK 0.8 billion) had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 1.5 billion), **adjusted earnings** were NOK 43.7 billion in the second quarter of 2011.

The 5% increase in adjusted earnings was mainly attributable to increased volumes of liquids and gas sold and higher prices for gas. The increase was partly offset by lower prices for liquids and higher costs mainly reflecting the overall increased activity level.

Adjusted purchases increased by 27%, mainly due to the higher volumes of oil and gas purchased, partly offset by reduced prices of liquids measured in NOK.

Adjusted operating expenses and selling, general and administrative expenses increased by 16%, mainly due to increased operating plant costs related to higher activity level, increased transportation costs related to higher produced and traded gas volumes, increased well maintenance at several fields and increased royalty costs.

Adjusted depreciation, amortisation and net impairment losses were up 31%, mainly due to increased production and because new fields with higher depreciation came on stream in the latter part of 2011. Higher proved reserves partly offset the increase.

Adjusted exploration expenses increased by NOK 3.0 billion which was mainly attributable to higher drilling costs of which a lower portion has been capitalised because of non-commercial wells. Lower reversals of previous impaired prospects and signature bonuses and higher exploration expenditures capitalised in previous periods being expensed in this quarter added to the increase.

Net financial items amounted to a loss of NOK 2.5 billion in the second quarter of 2012, compared to a gain of NOK 0.2 billion in the second quarter of 2011. The change was mainly due to an impairment loss related to a financial investment in the second quarter of 2012, and strengthening of the USD against NOK and EUR in the second quarter of 2012 and weakening of the USD against NOK and EUR in 2011, which creates different currency effects between the quarters.

Exchange rates	30 June 2012	31 December 2011	30 June 2011
USDNOK	5.98	5.99	5.39
EURNOK	7.53	7.75	7.79

Adjusted for foreign exchange effects, interest rate derivatives and the impairment of a financial investment, **net adjusted financial items** before tax amounted to a loss of NOK 0.9 billion in the second quarter of 2012. See table below. The main reason for the loss was the negative development in the stock markets, resulting in a loss on equities held by Statoil's insurance company (Statoil Forsikring a.s.)

Net financial items in the second quarter of 2012 (in NOK billion)	Interest income	Net foreign exchange	Interest expense	Net before tax	Estimated tax effect	Net after tax
Financial items according to IFRS	(3.4)	0.3	0.6	(2.5)	2.7	0.2
Foreign exchange (FX) impacts (incl. derivatives)	1.9	0.3		1.6		
Interest rate (IR) derivatives			(2.1)	(2.1)		
Impairment of financial investment	2.1			2.1		
Subtotal	4.0	0.3	(2.1)	1.6	(1.6)	0.0
Financial items excluding FX and IR derivatives	0.6	0.0	(1.5)	(0.9)	1.1	0.2

Income taxes were NOK 32.9 billion in the second quarter, equivalent to an **effective tax rate** of 55.3%, compared to an effective tax rate of 55.8% in the second quarter of 2011. The tax rate decreased mainly due to higher capital gains with lower than average tax rates in the second quarter of 2012 compared to the second quarter of 2011. The decreased tax rate was also caused by NOK 6.0 billion lower taxable income than income before tax in the second quarter of 2012 related to currency effects in companies that are taxable in currencies other than the functional currency. The decreased tax rate was partially offset by relatively higher income from the NCS in the second quarter of 2012 compared to 2011. Income from the NCS is subject to a higher than average tax rate.

Management provides an alternative tax measure that excludes items not directly related to underlying operational performance. **Adjusted earnings after tax**, which excludes net financial items and tax on net financial items, is an alternative measure which provides an indication of Statoil's tax exposure to its underlying operational performance in the period, and management believes that this measure better facilitates a comparison between periods. See Use and reconciliation of non-gaap financial measures - reconciliation of adjusted earnings after tax to net income.

Adjusted earnings after tax and the effective tax rate on adjusted earnings, are stated in the table below.

Adjusted earnings after tax by segment [8]	Second quarter					
	2012			2011		
(in NOK billion)	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after tax	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after tax
Development and Production Norway	39.0	29.3	9.7	37.0	27.7	9.3
Development and Production International	3.3	2.1	1.2	5.9	2.8	3.1
Marketing, Processing & Renewable energy	3.9	3.0	0.9	0.5	0.5	0.0
Fuel & Retail	0.3	0.0	0.3	0.5	0.1	0.4
Other	(0.8)	(0.1)	(0.6)	(0.2)	(0.3)	0.1
Group	45.8	34.3	11.5	43.7	30.8	12.9
Effective tax rates on adjusted earnings			75.1%			70.7%

Adjusted earnings after tax were NOK 11.5 billion, equivalent to an effective tax rate on adjusted earnings of 75.1%, compared to 70.7% in the second quarter last year. The increase in tax rates is mainly explained by relatively higher adjusted earnings from the NCS. Income from the NCS is subject to a marginal tax rate of 78%. The increased tax rate on adjusted earnings in the second quarter of 2012 was also caused by a high tax rate on adjusted earnings from Development and Production International. This was due to relatively higher adjusted earnings from high tax regimes and exploration costs with lower than average tax rate.

Net income amounted to NOK 26.6 billion in the second quarter. In addition to the impact of net operating income as described above, the 2% decrease was mainly attributable to increased net financial losses, partly offset by slightly lower effective tax rates.

First half 2012

In the first half of 2012, **net operating income** was NOK 119.9 billion, an increase of 7% compared to the same period last year. Revenues were positively impacted by increased volumes of liquids and gas sold and higher prices measured in NOK for both liquids and gas. Lower unrealised gains on derivatives and lower gains from sale of assets partly offset the increase in revenues. Purchases (net of inventory variation) increased by 34%, mainly due to increased volumes and higher prices of liquids measured in NOK.

Operating expenses and selling, general and administrative expenses totalled NOK 38.6 billion in the first half of 2012, up 13% compared to first half of 2011, after being influenced by a reversal of a provision related to the discontinued part of the early retirement pension of NOK 4.3 billion. Depreciation, amortisation and net impairment losses were up 48% mainly because of new fields coming on stream and ramp-up of production on various fields in the second half of 2011. Also net reversals of impairment losses in the first half of 2011 added to the increased depreciation costs. Increased exploration expenses of NOK 2.5 billion, mainly due to higher drilling costs and a higher number of wells being drilled, partly offset the increase in net operating income.

In the first half of 2012, lower fair values of derivatives (NOK 2.0 billion), lower values of products in operational storage (NOK 0.5 billion) and impairment losses (NOK 0.7 billion) negatively impacted net operating income, while gain on sale of assets (NOK 13.5 billion), reversal of a provision related to the discontinued part of the early retirement pension (NOK 4.3 billion) and change in over/underlift position (NOK 0.2 billion) had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 0.3 billion), adjusted earnings were NOK 104.9 billion in the first half of 2012.

In the first half of 2011, change in over/underlift position (NOK 3.7 billion) negatively impacted net operating income, while gain on sale of assets (NOK 14.3 billion), higher fair value of derivatives (NOK 3.6 billion), reversals net of impairment losses (NOK 3.1 billion), higher values of products in operational storage (NOK 0.8 billion) and other provisions/adjustments (NOK 1.5 billion) had a positive impact on net operating income. Adjusted for these items and effects of eliminations (NOK 1.4 billion) adjusted earnings were NOK 90.9 billion in the first half of 2011.

The 15% increase in **adjusted earnings** was primarily caused by the increase in liquids and gas prices measured in NOK and increased volumes being sold because of the increase in production and liftings.

Adjusted purchases increased by 33%, mainly due to the higher volumes of oil and gas purchased, and higher prices of liquids measured in NOK.

Adjusted operating expenses, and selling, general and administrative expenses increased by 18%, mainly due to increased operating plant costs related to start-up and ramp-up of production on various fields. Also, increased royalties, higher transportation activity due to higher oil volumes and longer distances and increased transportation costs due to lower Gassled ownership share, added to the increase.

Adjusted depreciation, amortisation and net impairment losses increased by 26% mainly because of start-up of new fields in the second half of 2011. In addition, higher investments, ramp-up and higher entitlement production from other fields increased depreciation costs, partly offset by increased reserve estimates.

Adjusted exploration expenses increased by 43%, mainly due to higher drilling costs and a higher number of wells being drilled, lower reversals of previous impaired prospects and signature bonuses, and higher exploration expenditures capitalised in previous periods being expensed in this period.

Net financial items amounted to a loss of NOK 3.0 billion in the first half of 2012, compared to a loss of NOK 0.3 billion in the first half of 2011. The change was mainly due to an impairment loss related to a financial investment in the first half of 2012, and a stable USD against NOK and a strengthening of the USD against EUR in the first half of 2012 and a major weakening of the USD against NOK and EUR in 2011, which creates different currency effects between the first half of 2012 and 2011.

Adjusted for foreign exchange effects, interest rate derivatives and the impairment of a financial investment, **net adjusted financial items** before tax amounted to negative NOK 1.0 billion for the period. See table below. The main reason for the loss is the development in the stock markets, creating only a small gain on equities held by Statoil's insurance company (Statoil Forsikring a.s.) in the first half of 2012.

Net financial items in the first half of 2012 (in NOK billion)	Interest income	Net foreign exchange	Interest expense	Net before tax	Estimated tax effect	Net after tax
Financial items according to IFRS	(1.4)	0.0	(1.6)	(3.0)	1.7	(1.3)
Foreign exchange (FX) impacts (incl. derivatives)	1.2			1.2		
Interest rate (IR) derivatives			(1.3)	(1.3)		
Impairment of financial investment	2.1			2.1		
Subtotal	3.3	0.0	(1.3)	2.0	0.2	2.2
Financial items excluding FX and IR derivatives	1.9	0.0	(2.9)	(1.0)	1.9	0.9

Income taxes were NOK 75.0 billion in the first half of 2012, equivalent to an **effective tax rate** of 64.1%, compared to 61.3% in the first half of 2011.The increase is mainly explained by relatively higher income from the NCS, which is subject to higher than average tax rate.

Adjusted earnings after tax and the effective tax rate on adjusted earnings, are stated in the table below.

Adjusted earnings after tax by segment [8]	First half					
	2012			2011		
(in NOK billion)	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after tax	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after tax
Development and Production Norway	86.1	65.0	21.2	76.4	57.4	19.0
Development and Production International	10.2	4.7	5.5	11.0	6.6	4.5
Marketing, Processing and Renewable energy	8.5	6.6	1.9	3.3	2.6	0.7
Fuel & Retail	0.6	0.2	0.5	0.9	0.2	0.6
Other	(0.6)	0.3	(0.9)	(0.6)	(0.6)	(0.0)
Group	104.9	76.7	28.2	90.9	66.2	24.8
Effective tax rates on adjusted earnings			73.1%			72.8%

Adjusted earnings after tax were NOK 28.2 billion, equivalent to an effective tax rate on adjusted earnings of 73.1%, compared to 72.8% in the first half last year.

In the first half of 2012, **net income** amounted to NOK 41.9 billion. In addition to the impact of net operating income as described above, the 3% decrease was mainly attributable to a higher effective tax rate and increased loss on net financial items.

OUTLOOK

Organic capital expenditures for 2012 (i.e. excluding acquisitions and capital leases), are estimated at around USD 18 billion.

The Company will continue to mature its large portfolio of exploration assets and expects to complete around 45 wells in 2012 with a total **exploration activity** level at around USD 3.5 billion, excluding signature bonuses.

Statoil has an ambition to continue to be in the top quartile, of its peer group, for **unit of production cost**.

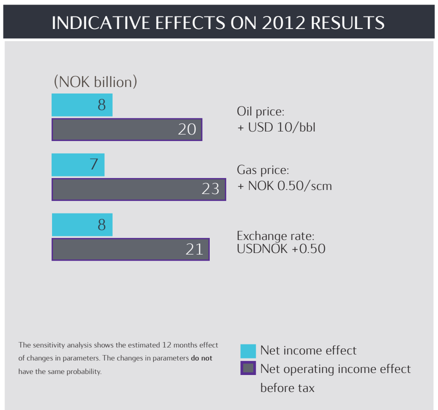
Planned maintenance is expected to have a negative impact on the quarterly production of approximately 110 mboe per day in the third quarter of 2012, of which two thirds are planned on the NCS. In total, the maintenance is estimated to have an impact on equity production of around 50 mboe per day for the full year 2012, of which most are liquids.

Equity production for 2012 is estimated to grow by around 3% Compound Annual Growth Rate (CAGR) based on the actual 2010 equity production [10]. Deferral of gas production to create value, gas off-take, timing of new capacity coming on stream and operational regularity represent the most significant risks related to the production guidance.

For the period beyond 2012, Statoil has an ambition to reach an equity production above 2.5 million barrels per day of oil equivalent in 2020 [10]. The growth is expected to come from new projects in the period from 2014 to 2016 resulting in a growth rate of 2 to 3% (CAGR) for the period from 2012 to 2016. A second wave of projects is expected to come on stream from 2016 to 2020 resulting in an accelerated growth rate (CAGR) of 3 to 4%. The 2013 production is expected to be around the 2012 level.

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 for volumes sold. Specifically, such factors include liquids and natural gas prices, exchange rates, liquids and natural gas production volumes, which in turn depend on entitlement volumes under profit sharing agreements and available petroleum reserves, Statoil's, as well as our partners' expertise and co-operation in recovering oil and natural gas from those reserves, and changes in Statoil's portfolio of assets due to acquisitions and disposals.

The illustration shows how certain changes in 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. Changes in commodity prices and 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 2011 and the 2011 Annual Report on Form 20-F for a more detailed discussion of the risks to which Statoil is exposed.

Financial risk management

Statoil has policies in place to manage risk for commercial and financial counterparties by the use of derivatives and market activities in general. The group's exposure towards financial counterparties is considered to have an acceptable risk profile.

The markets for short- and long-term financing are currently considered to function well for corporate borrowers with Statoil's credit standing and general characteristics. With regard to liquidity management, the focus is on finding the right balance between risk and reward and most funds are currently placed in short-term money market instruments with minimum single A-rating.

In accordance with our internal credit rating policy, we continuously assess counterparty credit risk with a focus on counterparties identified as high risk. We assess our overall credit risk as satisfactory.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Second quarter 2012

The total recordable injury frequency was 3.2 in the second quarter of 2012 compared to 4.0 in the second quarter of 2011. The serious incident frequency improved from 1.0 in the second quarter of 2011 to 0.8 in the second quarter of 2012. There were no fatal accidents in the second quarter of 2012.

The volume of accidental oil spills increased from 5 cubic meters in the second quarter of 2011 to 15 cubic meters in the second quarter of 2012. The number of accidental oil spills increased from 101 in the second quarter of 2011 to 103 in the second quarter of 2012.

First half 2012

The total recordable injury frequency was 3.6 in the first half of 2012 compared to 4.6 in the same period last year. The serious incident frequency improved from 1.1 in the first half of 2011 to 1.0 in the first half of 2012. There were no fatal accidents in the first half of 2012.

The volume of accidental oil spills decreased from 23 cubic meters in the first half of 2011 to 21 cubic meters in the first half of 2012. The number of accidental oil spills increased from 180 in the first half of 2011 to 189 in the first half of 2012.

	Second quarter		First half		Year
HSE	2012	2011	2012	2011	2011
Total recordable injury frequency	3.2	4.0	3.6	4.6	4.4
Serious incident frequency	0.8	1.0	1.0	1.1	1.1
Accidental oil spills (number)	103	101	189	180	376
Accidental oil spills (cubic metres)	15	5	21	23	44

References

To see end notes referenced in main table and text please download our complete report from our website -

http://www.statoil.com/en/InvestorCentre/QuarterlyResults/Pages/default.aspx

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