Statoil

Press release

4 November 2009

CONSISTENT DELIVERIES

Third quarter Operating and Financial Review

Statoil's third quarter 2009 net operating income was NOK 28.3 billion, compared to NOK 47.0 billion in the third quarter of 2008. The quarterly result was mainly affected by a 31% drop in oil prices and a 32% decrease in the average price of natural gas.

Adjusted earnings in the third quarter 2009 were NOK 31.2 billion.

Net income in the third quarter of 2009 was NOK 6.6 billion and was mostly influenced by lower crude oil and gas prices and a gain on financial items.

Adjusted earnings after tax was NOK 9.3 billion in the third quarter of 2009. Adjusted earnings after tax excludes the effect of tax on net financial items, and represents an effective adjusted tax rate of 70% in the third quarter of 2009.

"Statoil delivers solid financial and operational results and continues to maintain a high activity level both in Norway and internationally. We have increased our equity production to 1,87 million barrels of oil equivalents per day, up eight per cent from third quarter 2008. Our operations outside of Norway contributed with more than 500,000 barrels of oil equivalents per day," says Statoil's chief executive Helge Lund.

"Since the second quarter we have started operations on several new oil and gas fields such as Tyrihans in the Norwegian Sea, Tune Sør in the North Sea and Thunder Hawk in the Gulf of Mexico, and our exploration programme continues to yield good results."

"Although we see signs of improvement in the global economy, there is no firm evidence that industry investment, employment and private consumption have recovered in a sustainable way. This calls for cautiousness. Statoil is continuing to reduce cost, and we still have the flexibility to adjust our activity in response to a volatile business environment," says Lund.

	Third quarter			First nine months		
	2009	2008	Change	2009	2008	Change
Net operating income (NOK billion)	**28.3**	47,0	(40 %)	**88.1**	161.1	(45 %)
Adjusted earnings (NOK billion)	**31.2**	52,4	(41 %)	**96.4**	160.3	(40 %)
Net income (NOK billion)	**6.6**	6,3	6 %	**10.6**	41.2	(74 %)
Earnings per share (NOK)	**2.33**	2.04	14 %	**3.50**	12.95	(73 %)
Average liquids price (NOK/bbl)	**400**	578	(31 %)	**347**	554	(37 %)
Average gas price (NOK/scm)	**1.61**	2.37	(32 %)	**2.02**	2.19	(8 %)
Equity production (mboe per day)	**1,874**	1,733	8 %	**1,930**	1,892	2 %

Highlights since second quarter 2009:

- Equity production is up 8% from third quarter 2008 to 1,874 mboe per day. For the first nine months of the year, equity production is 1,930 mboe per day
- Entitlement production is up 10% from third quarter last year to 1,712 mboe per day
- Average liquids prices measured in NOK are down 31%, gas prices down 32%, and refining margins down 59% from third quarter last year
- Successful maintenance turnarounds on the Norwegian Continental Shelf (NCS)
- New fields coming on stream were Tyrihans and Tune Sør on the NCS and Thunder Hawk in the Gulf of Mexico
- Successful debt capital markets transaction issuing USD 900 million 2.90% Notes due in October 2014
- Guiding for 2009 equity production, capital expenditure and exploration activity is unchanged

OPERATIONAL REVIEW

Third quarter

Total liquids and gas entitlement **production** in the third quarter of 2009 was 1,712 mboe per day, compared to 1,550 mboe per day in the third quarter of 2008. Total equity [9] production was 1,874 mboe per day in the third quarter of 2009 compared to 1,733 mboe per day in the third quarter of 2008.

The 8% increase in total equity production was primarily related to the start-up of new fields and ramp-up of production from existing fields, and was only partly reduced by declining production from mature fields, maintenance activities and various operational issues.

Entitlement production increased by 10% for the same reasons as stated above and also due to a less adverse effect of product sharing agreements (PSA effect). The average PSA effect was 163 mboe per day in the third quarter of 2009 compared to 184 mboe per day in the third quarter of 2008.

Operational data	Third quarter			First nine months			Full year
	2009	2008	Change	2009	2008	Change	2008
Average liquids price (USD/bbl)	65.5	107.6	(39 %)	53.5	105.3	(49 %)	91.0
USDNOK average daily exchange rate	6.11	5.37	14 %	6.5	5.3	23 %	5.6
Average liquids price (NOK/bbl) [3]	400	578	(31 %)	347	554	(37 %)	513
Gas prices (NOK/scm)	1.61	2.37	(32 %)	2.02	2.19	(8 %)	2.40
Refining margin, FCC (USD/boe) [4]	3.8	9.2	(59 %)	4.7	8.5	(45 %)	8.2
Total entitlement liquids production (mboe per day)[5]	1,060	989	7 %	1,065	1,042	2 %	1,055
Total entitlement gas production (mboe per day)	651	561	16 %	726	674	8 %	696
Total entitlement liquids and gas production (mboe per day) [6]	1,712	1,550	10 %	1,791	1,716	4 %	1,751
Total equity gas production (mboe per day)	665	582	14 %	744	702	6 %	725
Total equity liquids production (mboe per day)	1,209	1,151	5 %	1,187	1,190	0 %	1,200
Total equity liquids and gas production (mboe per day)	1,874	1,733	8 %	1,930	1,892	2 %	1,925
Total liquids liftings (mboe per day)	1,006	943	7 %	1,035	1,018	2 %	1,019
Total gas liftings (mboe per day)	650	561	16 %	726	674	8 %	696
Total liquids and gas liftings (mboe per day) [7]	1,656	1,504	10 %	1,760	1,691	4 %	1,714
Production cost entitlement volumes (NOK/boe, last 12 months) [8]	37.7	47.4	(20 %)	37.7	47.4	(20 %)	38.1
Equity production cost excluding restructuring and gas injection cost (NOK/boe, last 12 months) [9]	35.3	33.2	6 %	35.3	33.2	6 %	33.3

Total **liftings** of liquids and gas were 1,656 mboe per day in the third quarter of 2009, a 10% increase from 1,504 mboe per day in the third quarter of 2008. The increase in lifting is based on the increase in entitlement production. In the third quarter of 2009 there was an underlift of 42 mboe per day [5], compared to an underlift of 29 mboe per day in the third quarter of 2008.

Refining margins were USD 3.8 per barrel in the third quarter of 2009, a 59% decline since the third quarter of 2008.

Production cost per boe of entitlement volumes was NOK 37.7 for the 12 months ended 30 September 2009, compared to NOK 47.4 for the 12 months ended 30 September 2008. [8] Based on equity [9] volumes, the production cost per boe for the two periods was respectively NOK 34.9 and NOK 43.2.

The 12 month rolling average production cost per boe decreased mainly due to non-recurring restructuring cost relating to the merger of Statoil ASA and Hydro Petroleum in 2007, and partial reversal of the restructuring cost in the fourth quarter of 2008.

Adjusted for restructuring costs and other costs arising from the merger recorded in the fourth quarter of 2007, and partially reversed in the fourth quarter of 2008, and gas injection costs, the production cost per boe of equity production for the 12 months ended 30 September 2009 was NOK 35.3 The comparable figure for the 12 months ended 30 September 2008 was NOK 33.2. The increase is partly due to currency effects from the strengthening of USD versus NOK in the most recent 12 month period compared to the 12 months ended 30 September 2008, and partly due to relatively high cost per barrel when new fields come on stream.

In the third quarter of 2009, a total of nine **exploration wells** were completed before 30 September 2009, five on the NCS and four internationally. Five wells were announced as discoveries, of which one are located outside the NCS.

In the third quarter of 2009, Statoil started production from **Tyrihans** (July) and **Tune Sør** (July) on the NCS, and first oil and gas was received from the Murphy Oil operated **Thunder Hawk** field (July) in the Gulf of Mexico.

First nine months

Total liquids and gas entitlement **production** in the first nine months of 2009 was 1,791 mboe per day, compared to 1,716 mboe per day in the first nine months of 2008. Total equity production was 1,930 mboe per day in the first nine months of 2009 compared to 1,892 mboe per day in the first nine months of 2008.

The 2% increase in total equity production in the first nine months of 2009 compared to same period in 2008 was primarily due to increased production from start up of new fields and ramp up on existing fields, partly offset by declining production from mature fields, various operational issues and maintenance activities.

Entitlement production increased by 4% for the same reasons as stated above and also due to a less adverse effect of product sharing agreements (PSA effect). The average PSA effect was 139 mboe per day in the first nine months of 2009 compared to 177 mboe per day in the first nine months of of 2008.

Total liquids and gas **liftings** in the first nine months of 2009 were 1,760 mboe per day, compared to 1,691 mboe per day in the first nine months of 2008. The 4% increase in lifting is based on the increase in entitlement production. There was an underlift in the first nine months of 2009 of 16 mboe per day [5] compared to an underlift of 9 mboe per day in the first nine months of 2008.

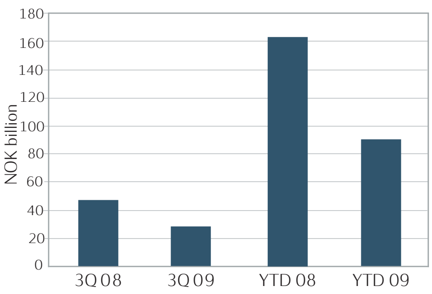
Refining margins were USD 4.7 per barrel in the first nine months of 2009, a 45% decline since the first nine months of 2008.

In the first nine months of 2009 Statoil completed 53 **exploration wells**, 32 on the NCS and 21 internationally. A total of 32 wells were announced as discoveries in the period, 27 on the NCS and five internationally.

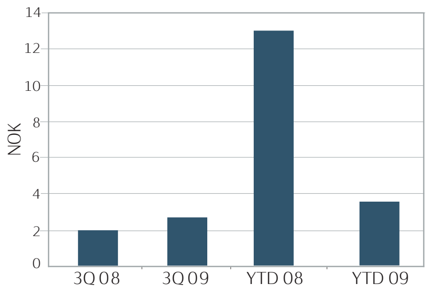
In the first nine months of 2009 Statoil **started production** from Yttergryta (January), Alve (March), Tyrihans (July) and Tune Sør (July) on the NCS and received first oil and gas from Tahiti (May) and Thunder Hawk (July) in the Gulf of Mexico.

FINANCIAL REVIEW

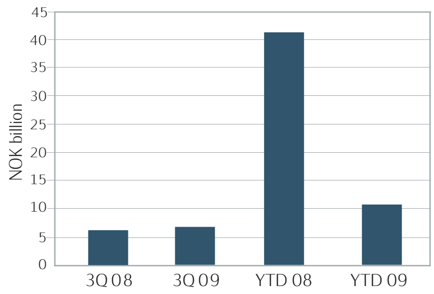
Net operating income



Earnings per share



Net income



Third quarter

In the third quarter of 2009, **net operating income** was NOK 28.3 billion, compared to NOK 47.0 billion in the third quarter of 2008. The decrease is mainly attributable to lower prices for both liquids and gas and to a lesser extent increased depreciation and impairment expense.

Net operating income includes certain items that management does not consider to be reflective of Statoil's underlying operational performance. Management adjusts for these items to arrive at adjusted earnings. **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.

In the third quarter of 2009, impairment losses net of reversals (NOK 5.3 billion), underlift (NOK 0.9 billion), lower values of products in operational storage (NOK 0.2 billion) negatively impacted net operating income, while higher fair value of derivatives (NOK 3.0 billion) and other accruals (NOK 0.1 billion) had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 0.4 billion), **adjusted earnings** were NOK 31.2 billion in the third quarter of 2009.

In the third quarter of 2008, impairment losses net of reversals (NOK 3.1 billion), other accruals (NOK 1.7 billion), underlift (NOK 1.2 billion) and lower values of products in operational storage (NOK 0.9 billion) all had a negative impact on net operating income, while higher fair value of derivatives (NOK 0.6 billion) had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 0.9 billion), adjusted earnings were NOK 52.4 billion in the third quarter 2008.

The 41% decrease in adjusted earnings from third quarter 2008 to third quarter 2009 was primarily caused by the reduction in prices for both liquids and gas, and was only partly compensated by increased sales volumes of liquids and gas. Adjusted depreciation, amortisation and impairment also increased by NOK 2.8 billion mainly due to higher production volumes, while adjusted exploration expenses decreased by NOK 1.0 billion. Adjusted operating expenses decreased by NOK 0.8 billion and adjusted selling and administrative expenses decreased by NOK 0.1 billion.

IFRS income statement (in NOK billion)	Third quarter 2009	Third quarter 2008	Change	First nine months 2009	First nine months 2008	Change	Full year 2008
Revenues and other income							
Revenues	122.4	173.8	(30 %)	339.7	502.1	(32 %)	652.0
Net income (loss) from associated companies	0.6	0.4	64 %	1.2	0.6	88 %	1.3
Other income	0.0	0.3	(96 %)	0.1	2.5	(94 %)	2.8
Total revenues and other income	123.1	174.5	(29 %)	341.1	505.3	(33 %)	656.0
Operating expenses							
Purchase (net of inventory variation)	59.6	93.9	(37 %)	150.4	253.4	(41 %)	329.2
Operating expenses	13.3	15.1	(12 %)	41.2	43.2	(5 %)	59.3
Selling, general and administrative expenses	2.3	2.4	(2 %)	8.1	7.7	6 %	11.0
Depreciation, amortisation and net impairment losses	17.6	11.4	54 %	41.6	29.2	42 %	43.0
Exploration expenses	2.1	4.6	(55 %)	11.8	10.8	9 %	14.7
Total operating expenses	(94.8)	(127.5)	26 %	(253.0)	(344.2)	27 %	(457.2)
Net operating income	28.3	47.0	(40 %)	88.1	161.1	(45 %)	198.8
Net financial items	3.2	(9.7)	133 %	(5.5)	(6.3)	13 %	(18.4)
Income tax	(24.9)	(31.0)	(20 %)	(72.0)	(113.5)	(37 %)	(137.2)
Net income	6.6	6.3	6 %	10.6	41.2	(74 %)	43.3

Adjusted earnings (in NOK billion)	Third quarter 2009	Third quarter 2008	Change	First nine months 2009	First nine months 2008	Change	Full year 2008
Total revenues and other income adjusted	121.0	174.9	(31 %)	341.4	500.5	(32 %)	653.1
Purchase, net of inventory variation adjusted	59.4	93.0	(36 %)	151.9	254.2	(40 %)	326.3
Operating expenses adjusted	13.6	14.4	(6 %)	43.0	42.2	2 %	59.7
Selling, general and administrative expenses adjusted	2.5	2.4	4 %	8.1	7.5	8 %	10.5
Depreciation, amortisation and impairment adjusted	12.3	9.5	29 %	34.4	28.0	23 %	40.5
Exploration expenses adjusted	2.1	3.1	(32 %)	7.7	8.4	(9 %)	12.2
Adjusted earnings [11]	31.2	52.4	(41 %)	96.4	160.3	(40 %)	203.9

Financial data	Third quarter			First nine months			Full year
	2009	2008	Change	2009	2008	Change	2008
Weighted average number of ordinary shares outstanding	**3,183,568,449**	3,185,821,248		**3,184,196,695**	3,186,199,738		3,185,220,293
Earnings per share (NOK)	**2.33**	2.04	14 %	**3.50**	12.95	(73 %)	13.58
Non-controlling interests (NOK billion)	**0.8**	0.2	238 %	**0.5**	0.0	2616 %	(0.0)
Cash flows provided by operating activities (NOK billion)	**22.5**	30.8	(27 %)	**61.2**	83.2	(26 %)	102.5
Gross investments (NOK billion)	**25.0**	17.1	46 %	**64.2**	47.8	34 %	95.4
Net debt to capital employed ratio	**27.1 %**	-0.3 %		**27.1 %**	-0.3 %		17.5 %

Net financial items amounted to a gain of NOK 3.2 billion in the third quarter of 2009, compared to a loss of NOK 9.7 billion in the third quarter of 2008. The NOK 3.2 billion gain in the third quarter of 2009 was primarily due to fair value gains on interest rate swap positions of NOK 1.8 billion and net foreign exchange gains of NOK 2.0 billion.

The fair value gains on interest rate swaps relate to decreasing USD interest rates on the payable leg of the swaps during the three month period ended 30 September 2009. The net foreign exchange gains include fair value gains on currency swap positions related to liquidity and currency risk management and are due to a 9% weakening of the USD versus the NOK in the third quarter of 2009.

Adjusted for these factors and foreign exchange effects on the financial income, net financial items would amount to approximately zero for the period.

Third quarter 2009 (in NOK billion)	Interest income	Net foreign exchange	Interest expense	Net before tax	Estimated tax effect	Net after tax
Financial items according to IFRS	0.6	2.0	0.7	3.2	(4.5)	(1.3)
Foreign exchange (FX) impacts (incl. derivatives)	0.3	(2.0)		(1.7)		
Interest rate (IR) derivatives			(1.8)	(1.8)		
Subtotal	0.3	(2.0)	(1.8)	(3.5)	4.6	1.1
Financial items excluding FX and IR derivatives	0.9	0.0	(1.1)	(0.3)	0.1	(0.2)

Exchange rates	30 September 2009	31 December 2008	30 September 2008
USDNOK	5.78	7.00	5.83
EURNOK	8.46	9.87	8.33

Income taxes were NOK 24.9 billion in the third quarter of 2009, equivalent to a tax rate of 79%, compared to NOK 31.0 billion in the third quarter of 2008, equivalent to a tax rate of 83%. The decrease in the tax rate was mainly due to deferred tax income caused by currency effects in companies that are taxable in other currencies than the functional currency. This was partly offset by relatively higher income from the NCS and impairment losses with lower than average tax rate.

In the third quarter of 2009, income before tax amounted to NOK 31.5 billion, while taxable income was estimated to be NOK 10.9 billion higher. The estimated difference of NOK 10.9 billion arose in companies that changed their functional currency as from January 1, 2009.

Introducing the USD as functional currency in the parent company as from 2009 has led to reduced currency effects on net financial income. While taxes payable are unaffected by this change, taxable income exceeded consolidated accounting income before tax by approximately NOK 10.9 billion in the third quarter of 2009, thus contributing to a tax rate of 79%. Management does not consider this tax rate to be reflective of the underlying tax exposure. Adjusted earnings after tax excludes net financial items and tax on net financial items and is an alternative measure which provides an indication of Statoil's tax exposure to its underlying operational performance in the period, and therefore better facilitates a comparison between periods.

Composition of tax expense and effective tax rate in the third quarter of 2009	Before tax	Tax	Tax rate	After tax
Adjusted earnings	31.2	(21.8)	70 %	9.3
Adjustments	2.9	(1.6)	54 %	1.3
Net operating income	28.3	(20.3)	72 %	8.0
Net financial items:				
Tax on NOK 10.9 billion taxable currency gains		(2.9)		(2.9)
Foreign exchange (FX) and interest rate (IR) derivatives	3.5	(1.7)	49 %	1.8
Financial items excluding FX and IR derivatives	(0.3)	0.1	32 %	(0.2)
Total	31.5	(24.9)	79 %	6.6

Adjusted earnings after tax in the third quarter of 2009 was NOK 9.3 billion, down from NOK 15.4 billion in the third quarter of 2008. The tax rate on adjusted earnings was 70% and 71% in the third quarter of 2009 and 2008, respectively.

Adjusted earnings after tax by segment	Third quarter					
	2009			2008		
(in NOK billion)	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after-tax	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after-tax
E&P Norway	25.3	18.7	6.6	43.7	32.7	11.0
International E&P	2.8	1.4	1.4	3.9	1.2	2.7
Natural Gas	3.3	1.8	1.5	2.2	2.7	(0.5)
Manufacturing & Marketing	0.1	0.0	0.1	2.7	0.7	2.0
Other	(0.3)	0.0	(0.3)	(0.1)	(0.4)	0.3
Group	31.2	21.8	9.3	52.4	37.0	15.4

In the third quarter of 2009, **net income** was NOK 6.6 billion compared to NOK 6.3 billion in the third quarter of 2008. The 6% increase is mainly due to the net gain on net financial items and a lower effective tax rate, only partly offset by the reduction in net operating income caused mainly by reduced prices.

In the third quarter of 2009, **earnings per share** based on net income were NOK 2.33 compared to NOK 2.04 in the third quarter of 2008.

First nine months

In the first nine months of 2009, the **net operating income** was NOK 88.1 billion, compared to NOK 161.1 billion in the first nine months of 2008. The decrease is mainly attributable to lower prices of oil and gas and increased depreciation, amortisation and impairment losses, partly offset by income from higher volumes.

In the first nine months of 2009, both impairment losses net of reversals (NOK 11.0 billion) and underlift (NOK 1.4 billion) negatively impacted net operating income, while higher fair value of derivatives (NOK 2.4 billion), higher values of products in operational storage (NOK 1.5 billion), other accruals (NOK 1.5 billion) and gain on sale of assets (NOK 0.5 billion) all had a positive impact on net operating income. Adjusted for these items and effects of inter-company eliminations (NOK 1.8 billion), **adjusted earnings** were NOK 96.4 billion in the first nine months of 2009.

In the first nine months of 2008 impairment losses net of reversals (NOK 3.5 billion), underlift (NOK 1.1 billion), other accruals (NOK 2.0 billion) and reversal of restructuring cost accrual (NOK 0.2 billion) negatively impacted net operating income, while the higher value of derivatives (NOK 4.7 billion), gain on sale of assets (NOK 1.2 billion) and higher values of products in operational storage (NOK 0.8 billion) all had a positive impact on net operating income. Adjusted for these items and effects of inter-company eliminations (NOK 0.9 billion), adjusted earnings were NOK 160.3 billion in the first nine months of 2008.

The 40% decrease in adjusted earnings from the first nine months of 2008 to the first nine months of 2009 was primarily due to the drop in both liquids and gas prices, and was only partly offset by higher income from sales of liquids and natural gas. Other contributing factors include a NOK 6.7 billion increase in adjusted depreciation, amortisation and impairment expense caused by higher production volumes, a NOK 0.8 billion increase in adjusted operating expenses and a NOK 0.5 billion increase in adjusted selling, general and administrative expense. Lower adjusted exploration expenses made a positive contribution of NOK 0.7 billion.

Net financial items amounted to a loss of NOK 5.5 billion in the first nine months of 2009, compared to a loss of NOK 6.3 billion in first nine months of 2008. The NOK 5.5 billion loss in the first nine months of 2009 was primarily due to fair value losses on interest rate swap positions of NOK 4.2 billion, net foreign exchange gains of NOK 0.3 billion and an impairment loss of NOK 1.1 billion related to an investment in the Pernis refinery company.

The fair value losses on interest rate swaps relate to increasing USD interest rates on the payable leg of the swaps during the nine month period ended 30 September 2009. The net foreign exchange gains include fair value gains on currency swap positions related to liquidity and currency risk management and are due to a 17% weakening of the USD versus the NOK in the first nine months of 2009.

Adjusted for these factors, the impairment of the investment in Pernis and for foreign exchange effects on financial income, net financial items would amount to approximately zero for the period.

First nine months of 2009 (in NOK billion)	Interest income	Net foreign exchange	Interest expense	Net before tax	Estimated tax effect	Net after tax
Financial items according to IFRS	2.9	0.3	(8.7)	(5.5)	(5.1)	(10.6)
Foreign exchange (FX) impacts (incl. derivatives)	0.4	(0.3)		0.1		
Interest rate (IR) derivatives			4.2	4.2		
Impairment of investment in Pernis			1.1	1.1		
Subtotal	0.4	(0.3)	5.3	5.4	5.3	10.7
Financial items excluding Pernis, FX and IR derivatives	3.3	0.0	(3.4)	(0.1)	0.2	0.1

Income taxes were NOK 72.0 billion in the first nine months of 2009, equivalent to a tax rate of 87%, compared to NOK 113.5 billion in the first nine months of 2008, equivalent to a tax rate of 73%. The increase in the tax rate was mainly due to currency effects related to the change of functional currency for certain companies. In the first nine months of 2009 the taxable income is higher than income before tax, which increases the tax rate in the first nine months. In addition, the tax rate was increased by relatively higher income from the NCS and impairments with lower than average tax rates.

In the first nine months of 2009, income before tax amounted to NOK 82.6 billion, while taxable income was estimated to be NOK 24.6 billion higher than income before tax. The estimated difference of NOK 24.6 billion arose in companies that changed their functional currency as from January 1, 2009.

Adjusted earnings after tax excludes the effects of tax on financial items, and in the first nine months of 2009, adjusted earnings after tax were NOK 28.5 billion, down from NOK 46.0 billion in the same period last year. The decrease is mainly due to lower liquid prices, partly offset by higher income from natural gas sales and a lower effective tax rate on adjusted earnings. The tax rate on adjusted earnings was 70% and 71% in the first nine months of 2009 and 2008, respectively.

Adjusted earnings after tax by segment	First nine months					
	2009			2008		
(in NOK billion)	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after-tax	Adjusted earnings	Tax on adjusted earnings	Adjusted earnings after-tax
E&P Norway	75.7	55.7	19.9	132.9	99.8	33.1
International E&P	5.8	2.5	3.3	15.8	7.8	8.0
Natural Gas	12.5	9.1	3.4	7.1	5.3	1.9
Manufacturing & Marketing	3.1	1.4	1.7	4.1	1.3	2.8
Other	(0.7)	(0.8)	0.1	0.3	0.1	0.2
Group	96.4	67.9	28.5	160.3	114.2	46.0

In the first nine months of 2009, **net income** was NOK 10.6 billion compared to NOK 41.2 billion. The 74% decrease is mainly due to reduced operating income caused by lower revenues from liquids and gas sales and a higher effective tax rate, only partly offset by reduced loss on net financial items.

In the first nine months of 2009 **earnings per share** based on net income amounted to NOK 3.50, compared to NOK 12.95 in the first nine months of 2008.

In the first nine months of 2009, **cash flows** were adversely affected by a 37% decrease in liquids prices and an 8% decrease in natural gas prices, both measured in NOK, but cash flows provided by operations still exceeded cash flows to investments with NOK 5.7 billion.

Cash flows provided by operations amounted to NOK 61.2 billion, while cash flows to investments amounted to NOK 56.4 billion. Cash flows provided by operations decreased by NOK 22.0 billion from the same period last year, mainly due to lower operating income, but partly compensated by changes in working capital and lower income tax payments. Cash flows to investments increased by NOK 15.2 billion compared to the same period last year, mainly due to increased investments in property, plant and equipment and less proceeds from sales of assets.

OUTLOOK

Statoil's guiding for **equity production** is 1,950 mboe per day in 2009 and 2,200 mboe per day in 2012. [13] The estimate for 2009 excludes any adverse effects of potential Opec quotas. Going forward, operational regularity, gas offtake and commercial considerations related to gas sales activities represent the most significant risks to the production guidance.

Maintenance activity is not expected to materially influence our equity production in the fourth quarter of 2009, and is expected to be approximately 30 mboe per day for the full year.

Capital expenditures for 2009, excluding acquisitions and capital leases, are estimated at around USD 13.5 billion.

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.

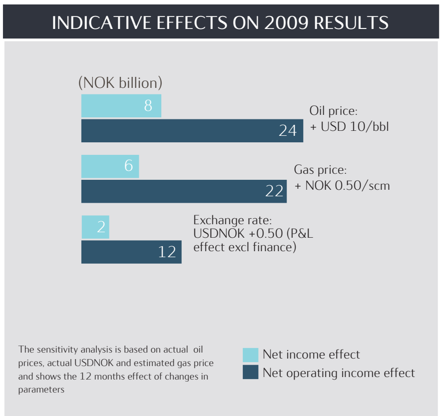
Exploration drilling is the primary tool for growing our business. The company will continue to high-grade the large portfolio of exploration assets and expects to maintain a high level of **exploration activity** for the remainder of 2009, although slightly lower than in 2008. Statoil expects to complete around 70 exploration and appraisal wells in 2009 and exploration expenditures is estimated at approximately USD 2.7 billion.

We anticipate that commodity prices will continue to be volatile, at least in the near term.

Refining margins have been declining for more than a year, and we anticipate that they will remain low, at least in the near term.

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 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 USDNOK 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 2008 for a more detailed discussion of the risks to which Statoil is exposed.

Financial risk management

Statoil has policies in place to manage acceptable risk for commercial and financial counterparties and the use of derivatives and market activities in general. Statoil has so far had only limited exposure towards distressed parties and instruments. 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. Only insignificant counterparty losses have been 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 Statoil's credit standing and general characteristics. However, under the 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 still higher compared to levels existing before the financial crisis. 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 AA- and AAA-rated non-Norwegian government certificates, or with banks with AA-rating.

In accordance with our internal credit rating policy, we reassess counterparty credit risk at least annually and assess counterparties that we identify as high risk more frequently. The internal credit ratings reflect our assessment of the counterparties' credit risk and are similar to the rating categories used by well known credit rating agencies, such as Standard & Poor's and Moody's.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Third quarter

The total recordable injury frequency was 4.0 in the third quarter of 2009 compared to 5.9 in the third quarter of 2008. The serious incident frequency decreased from 2.1 in the third quarter of 2008 to 1.6 in the third quarter of 2009. There was one fatality in the third quarter of 2009 when a merchant seaman drowned in the river Seine in Normandy, France, and one fatality in October at the Leismer development south of Alberta, Canada.

The number of accidental oil spills in the third quarter of 2009 decreased compared to the third quarter of 2008, and the volume decreased from 42 to 3 cubic metres in the third quarter of 2009.

First nine months

The total recordable injury frequency was 4.2 in first nine months of 2009 compared to 5.7 in first nine months of 2008. The serious incident frequency rate decreased from 2.3 in first nine months of 2008 to 2.0 in first nine months of 2009. There were five fatalities in the first nine months of 2009 (six year to date). One fatality occurred when a contractor fell down while dismantling scaffolding, three Statoil employees were on board the Air France flight 447 that disappeared over the Atlantic, and one fatality occurred on the vessel Lady Shana when the shore gangway collapsed and fell into the river Seine while a crew member was crossing it.

The number of accidental oil spills in the first nine months of 2009 decreased compared to the first nine months of 2008, and the volume decreased from 318 to 49 cubic metres in the first nine months of 2009.

HSE	Third quarter 2009	2008	First nine months 2009	2008	Full year 2008
Total recordable injury frequency	4.0	5.9	4.2	5.7	5.4
Serious incident frequency	1.6	2.1	2.0	2.3	2.2
Accidental oil spills (number)	90	115	291	301	401
Accidental oil spills (volume, cubic metres)	3	42	49	318	342

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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