Press release

5 May 2010

Stronger results in volatile markets

First quarter Operating and Financial Review

Statoil's first quarter 2010 net operating income was NOK 39.6 billion, an 11% increase compared to NOK 35.5 billion in the first quarter of 2009. The quarterly result was mainly affected by a 48% increase in liquids prices measured in NOK and a 35% decrease in gas prices.

Adjusted earnings in the first quarter of 2010 were NOK 38.9 billion. The 8% increase in adjusted earnings from first quarter 2009 to first quarter 2010 was primarily caused by the increase in prices for liquids and was only partly offset by reduced gas prices, lower entitlement volumes and lower results from oil trading.

Net income in the first quarter of 2010 was NOK 11.1 billion, compared to NOK 4.0 billion in the first quarter of 2009. The 181% increase was mainly due to higher net operating income in International Exploration and Production, reduced losses on net financial items and a lower tax rate.

Adjusted earnings after tax were NOK 12.1 billion in the first quarter of 2010. Adjusted earnings after tax exclude the effect of tax on net financial items and represent an effective adjusted tax rate of 69% in the first quarter of 2010.

"I am pleased with the results in the first quarter. Our equity production has been high and oil prices have been rising. Despite weaknesses in the gas market our Natural Gas business has delivered solid results, as a consequence of high offtake from our customers and good trading performance," says Statoil's chief executive Helge Lund.

"Project activity is maintained at a high level. In the first quarter we have sanctioned six new projects. Among them are important field developments like Gudrun and Marulk on the Norwegian Continental Shelf and the Chirag Oil Project in Azerbaijan. These projects are underpinning our long term growth ambitions," says Lund.

	First quarter			Full year
	2010	2009	Change	2009
Net operating income (NOK billion)	39.6	35.5	11 %	121.6
Adjusted earnings (NOK billion)	38.9	36.0	8 %	130.7
Net income (NOK billion)	11.1	4.0	>100%	17.7
Earnings per share (NOK)	3.49	1.15	>100%	5.75
Average liquids price (NOK/bbl) [3]	434	294	48 %	364
Average gas prices (NOK/scm)	1.64	2.54	(35 %)	1.90
Total equity liquids and gas production (mboe per day)	2,102	2,074	1 %	1962

Highlights since fourth quarter 2009:

- Equity production is up 1% from first quarter 2009 to 2,102 mboe per day. Entitlement production is down 1% to 1,915 mboe per day.
- Average liquid prices measured in NOK are up 48% to NOK 434 per barrel, while average gas prices are down 35% to NOK 1.64 per standard cubic metre of gas.
- Six upstream projects were sanctioned during the quarter.
- On 3 March Statoil ASA and the Norwegian state reached a settlement in the Kårstø expansion case. Statoil agreed to pay a NOK 500 million settlement and NOK 270 million in interest, after tax.
- On 17 March Statoil's Board of Directors decided to launch a process to separate and list the company's energy and retail business on the Oslo Stock Exchange. The initial public offering will take place at the earliest in the fourth quarter of 2010 or at a time when the capital market is deemed favourable for such an offering.
- On 23 March Statoil announced that the Shell operated Vito appraisal well in deep water US Gulf of Mexico has encountered more than 600 net feet of high quality oil. Statoil holds a 25% working interest in the block.
- On 26 March Statoil signed an agreement with Chesapeake which added approximately 59 thousand net acres to Statoil's current 600 thousand net acre position in the Marcellus shale gas play.

OPERATIONAL REVIEW

First quarter

Total liquids and gas entitlement **production** in the first quarter of 2010 was 1,915 mboe per day, compared to 1,935 mboe per day in the first quarter of 2009, a decrease of 1%. Total equity [9] production was 2,102 mboe per day in the first quarter of 2010 compared to 2,074 mboe per day in the first quarter of 2009, an increase of 1%.

The 1% increase in total equity production was primarily related to the start-up of new fields and the ramp-up of production from existing fields. Production was reduced by natural decline at mature fields, maintenance activity and various operational issues.

Entitlement production decreased by 1%, impacted by the changes in equity production described above as well as the relatively higher adverse effect from Production Sharing Agreements (PSA effect) in the first quarter of 2010. The average PSA-effect was 187 mboe per day in the first quarter of 2010, compared to 139 mboe per day in the first quarter of 2009. The increase in PSA effect is due to increased equity production, higher realised prices in the first quarter 2010 leading to less cost oil, and in addition there has been a drop in profit tranches for some fields.

Operational data	First quarter			Full year
	2010	2009	Change	2009
Average liquids price (USD/bbl)	74.0	42.7	73 %	58.0
USDNOK average daily exchange rate	5.86	6.87	(15 %)	6.3
Average liquids price (NOK/bbl) [3]	434	294	48 %	364
Average gas prices (NOK/scm)	1.64	2.54	(35 %)	1.90
Refining margin, FCC (USD/boe) [4]	5.7	5.4	6 %	4.3
Total entitlement liquids production (mboe per day)[5]	1,065	1,104	(4 %)	1,066
Total entitlement gas production (mboe per day)	851	831	2 %	740
Total entitlement liquids and gas production (mboe per day) [6]	1,915	1,935	(1 %)	1,806
Total equity gas production (mboe per day)	885	860	3 %	760
Total equity liquids production (mboe per day)	1,217	1,214	0 %	1,202
Total equity liquids and gas production (mboe per day)	2,102	2,074	1 %	1,962
Total liquids liftings (mboe per day)	1,078	1,132	(5 %)	1,045
Total gas liftings (mboe per day)	850	832	2 %	740
Total liquids and gas liftings (mboe per day) [7]	1,929	1,964	(2 %)	1,785
Production cost entitlement volumes (NOK/boe, last 12 months) [8]	40.0	37.5	7 %	38.4
Production cost equity volumes (NOK/boe, last 12 months)	36.6	34.2	7 %	35.3
Equity production cost excluding restructuring and gas injection cost (NOK/boe, last 12 months) [9]	35.8	34.1	5 %	35.3

Total **liftings** of liquids and gas were 1,929 mboe per day in the first quarter of 2010, a 2% decrease from 1,964 mboe per day in the first quarter of 2009. The decrease in liftings is based on the decrease in entitlement production. In addition, in the first quarter of 2010 there was an overlift of 25 mboe per day [5], compared to an overlift of 45 mboe per day in the first quarter of 2009.

FCC refining margins were USD 5.7 per barrel in the first quarter of 2010, a 6% increase since the first quarter of 2009.

Production cost per boe of entitlement volumes was NOK 40.0 for the 12 months ended 31 March 2010, compared to NOK 37.5 for the 12 months ended 31 March 2009. [8] Based on equity [9] volumes, the production cost per boe for the two periods was NOK 36.6 and NOK 34.2, respectively.

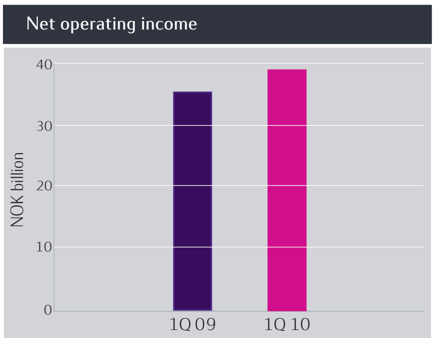
Adjusted for a reversal of restructuring costs arising from the merger recorded in the fourth quarter of 2007, and gas injection costs, the production cost per boe of equity production for the 12 months ended 31 March 2010 was NOK 35.8. The comparable figure for the 12 months ended 31 March 2009 was NOK 34.1.

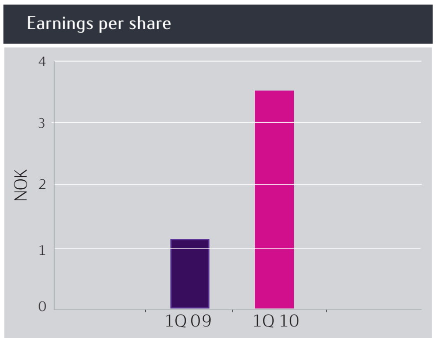
The increase in unit of production cost is mainly related to value driven deferral of gas volumes in 2009, negative currency effects, declining production from mature fields as well as increased pre-operational costs in the most recent 12 month period compared to the 12 months ended 31 March 2009.

In the first quarter of 2010, a total of ten **exploration wells** were completed before 31 March 2010, four on the NCS and six internationally. Four wells were announced as discoveries, of which one is located outside the NCS, while a number of wells are still being evaluated.

Major business developments in the period include the submission of the PDO for the Gudrun development on the NCS on 23 February, securing transport capacity for 2 bcm per year of natural gas from the Marcellus field to Manhattan on 2 March, the partnership decision to invest USD 6 billion in the Chirag Oil project, the successful bidding for 21 new leases in the US Gulf of Mexico announced on 17 March, and the 26 March agreement to add approximately 10% to our existing acres in the Marcellus shale gas play.

FINANCIAL REVIEW





First quarter

In the first quarter of 2010, **net operating income** was NOK 39.6 billion, compared to NOK 35.5 billion in the first quarter of 2009. The increase is mainly attributable to higher prices of liquids and higher volumes of gas sold, only partly offset by lower gas prices. Purchases (net of inventory variation) represent Statoils purchases of SDFI volumes and increased by 30% mainly due to higher prices of liquids measured in NOK.

IFRS income statement	First quarter			Full year
(in NOK billion)	2010	2009	Change	2009
Revenues and other income				
Revenues	128.7	112.6	14 %	462.3
Net income (loss) from associated companies	0.6	0.0	>100 %	1.8
Other income	0.5	0.1	>100 %	1.4
Total revenues and other income	129.7	112.8	15 %	465.4
Operating expenses				
Purchase (net of inventory variation)	57.4	44.1	30 %	205.9
Operating expenses	15.7	13.9	13 %	56.9
Selling, general and administrative expenses	2.6	2.7	(5 %)	10.3
Depreciation, amortisation and net impairment losses	11.1	11.2	0 %	54.1
Exploration expenses	3.2	5.3	(39 %)	16.7
Total operating expenses	(90.1)	(77.2)	(17 %)	(343.8)
Net operating income	39.6	35.5	11 %	121.6
Net financial items	(1.7)	(3.9)	57 %	(6.7)
Income tax	(26.8)	(27.6)	3 %	(97.2)
Net income	11.1	4.0	>100 %	17.7

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 first quarter of 2010, impairment losses net of reversals (NOK 0.1 billion) and other accruals (NOK 0.5 billion) negatively impacted net operating income, while higher fair value of derivatives (NOK 0.3 billion), overlift (NOK 0.4 billion), lower values of products in operational storage (NOK 0.5 billion), gain on sale of assets (NOK 0.3 billion) all had a positive impact on net operating income. Adjusted for these items and the effects of eliminations (NOK 0.2 billion), **adjusted earnings** were NOK 38.9 billion in the first quarter of 2010.

In the first quarter of 2009, lower fair value of derivatives (NOK 0.1 billion) and impairment charges net of reversals (NOK 2.4 billion) had a negative impact on net operating income, while overlift (NOK 0.6 billion), higher values of products in operational storage (NOK 0.5 billion), gain on sale of assets (NOK 0.3 billion) and reversal of other accruals (NOK 1.5 billion) had a positive impact on net operating income in the first quarter of 2009. Adjusted for these items and the effects of eliminations (NOK 0.9 billion), adjusted earnings were NOK 36.0 billion in the first quarter 2009.

The 8% increase in adjusted earnings from first quarter 2009 to first quarter 2010 was primarily caused by the increase in prices for liquids and was only partly offset by reduced gas prices, lower entitlement volumes and lower results from oil trading.

Adjusted depreciation, amortisation and impairment increased by 2% mainly due to higher equity production volumes. Adjusted exploration expenses decreased by 8%, mainly because of lower drilling activity. Adjusted operating expenses were 3% lower in the first quarter of 2010 compared to last year due to strict capital management and a weaker dollar. Adjusted selling and administrative expenses were down by 1% in the same period.

Adjusted earnings [11]	First quarter			Full year
(in NOK billion)	2010	2009	Change	2009
Total revenues and other income adjusted	**128.0**	112.3	14 %	465.7
Purchase, net of inventory variation adjusted	**57.9**	44.6	30 %	208.1
Operating expenses adjusted	**14.6**	14.9	(3 %)	58.5
Selling, general and administrative expenses adjusted	**2.6**	2.6	(1 %)	10.1
Depreciation, amortisation and impairment adjusted	**11.1**	10.9	2 %	47.0
Exploration expenses adjusted	**2.9**	3.2	(8 %)	11.3
Adjusted earnings (sum check)	**38.9**	36.0	8 %	130.7

Financial data	First quarter			Full year
	2010	2009	Change	2009
Weighted average number of ordinary shares outstanding	**3,183,185,317**	3,184,829,044		3,183,185,643
Earnings per share (NOK)	**3.49**	1.15	>100 %	5.75
Non-controlling interests (NOK billion)	**0.0**	(0.3)	91 %	0.6
Cash flows provided by operating activities (NOK billion)	**24.5**	8.2	>100 %	73.0
Gross investments (NOK billion)	**21.2**	19.5	9 %	85.0
Net debt to capital employed ratio	**25.7 %**	19.5 %		27.3 %

Net financial items amounted to a loss of NOK 1.7 billion in the first quarter of 2010, compared to a loss of NOK 3.9 billion in the first quarter of 2009. The loss in the first quarter of 2010 was primarily due to foreign exchange losses of NOK 2.5 billion, partly offset by fair value gains on interest rate swap positions related to the interest rate management of external loans of NOK 1.0 billion.

The fair value gains on interest rate swap positions are caused by decreasing USD interest rates during the first quarter of 2010. The net foreign exchange losses mainly relate to currency swap positions used for liquidity management, due to an increase in USDNOK currency rates during the first quarter of 2010.

Adjusted for these factors, foreign exchange effects on the financial income and impairment of assets, net financial items before tax would amount to approximately a loss of NOK 0.2 billion for the period.

First quarter 2010 (in NOK billion)	Interest income	Net foreign exchange	Interest expense	Net before tax	Estimated tax effect	Net after tax
Financial items according to IFRS	0.9	(2.5)	(0.1)	(1,7)	0.8	(0.9)
Foreign exchange (FX) impacts (incl. derivatives)	0.1	2.5		2.6		
Interest rate (IR) derivatives			(1.1)	(1.1)		
Subtotal	0.1	2.5	(1.1)	1.5	(0.7)	0.8
Financial items excluding FX and IR derivatives	1.0	0	(1.2)	(0.2)	0.1	(0.1)

Exchange rates	31 March 2010	31 December 2009	31 March 2009
USDNOK	5.98	5.78	6.68
EURNOK	8.03	8.32	8.89

Income taxes were NOK 26.8 billion in the first quarter of 2010, equivalent to a tax rate of 70.6 %, compared to NOK 27.6 billion in the first quarter of 2009, equivalent to a tax rate of 87.4 %. Income taxes increased both in the first quarter of 2010 and in the first quarter of 2009, due to higher taxable income than consolidated accounting income in companies that are taxable in other currencies than the functional currency. This effect was significantly smaller in the first quarter of 2010 than in the first quarter of 2009. In addition, the tax rate decreased from the first quarter of 2009 to the first quarter of 2010, due to the relatively smaller share of operating income from the Norwegian Continental Shelf, which is subject to a higher than average tax rate. This was partly offset by high deferred tax in the first quarter of 2010, caused by currency effects in companies that are taxable in other currencies than the functional currency, compared to a deferred tax income in the first quarter of 2009.

In the first quarter of 2010, income before tax amounted to NOK 37.9 billion, while taxable income was estimated to be NOK 0.2 billion higher. The estimated difference of NOK 0.2 billion arose in companies that are taxable in other currencies than the functional currency. The tax effect of this estimated difference contributed to a tax rate of 70.6%. Management does not consider this tax rate to be reflective of the underlying tax exposure. Adjusted earnings after tax, which exclude 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.

Composition of tax expense and effective tax rate in the first quarter of 2010	Before tax	Tax	Tax rate	After tax
Adjusted earnings	38.9	(26.8)	69 %	12.1
Adjustments	(0.7)	0.8	111 %	0.1
Net operating income	39.6	(27.6)	70 %	12.0
Financial items	(1.7)	0.8	48 %	(0.9)
Total	37.9	(26.8)	71 %	11.1

Adjusted earnings after tax in the first quarter of 2010 were NOK 12.1 billion, up from NOK 10.6 billion in the first quarter of 2009. The effective tax rate on adjusted earnings was 68.9% and 70.6 % in the first quarter of 2010 and 2009, respectively.

Adjusted earnings after tax by segment	First quarter					
	2010			2009		
(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	29.1	21.6	7.5	29.7	22.0	7.7
International E&P	4.5	1.9	2.5	0.3	0.3	0.0
Natural Gas	4.6	3.2	1.4	5.0	3.6	1.4
Manufacturing & Marketing	0.9	0.3	0.6	1.6	0.6	1.0
Other	(0.2)	(0.3)	0.1	(0.6)	(1.0)	0.5
Group	38.9	26.8	12.1	36.0	25.4	10.6

In the first quarter of 2010, **net income** was NOK 11.1 billion compared to NOK 4.0 billion in the first quarter of 2009. The 181% increase was mainly caused by higher net operating income from International Exploration and Production, reduced losses on net financial items and a lower effective tax rate.

In the first quarter of 2010, **earnings per share** was NOK 3.49 compared to NOK 1.15 in the first quarter of 2009.

Cash flows from operations amounted to NOK 24.5 billion in the first quarter of 2010, compared to NOK 8.2 billion in the first quarter of 2009. The increase was mostly due to cash flows from changes in working capital and financial investments and derivatives positions, as well as NOK 5.1 billion less in taxes paid.

Cash flows from underlying operations were largely unchanged at NOK 49.6 billion since the NOK 6.3 billion increase in income before tax was offset by larger non-cash effects (e.g. currency losses and write-off of exploration assets) recorded in the first quarter of 2009 than in the first quarter of 2010.

Cash flows used in investing activities amounted to NOK 19.1 billion in the period, slightly lower than the same period last year due to NOK 0.6 billion higher proceeds from sales of assets in the first quarter of 2010.

OUTLOOK

Statoil's guidance for **equity production** is in the range of 1,925 to 1,975 mboe per day in 2010 and between 2.1 and 2.2 mmboe per day in 2012 [13]. The expected volumes are exclusive of any Opec cuts. Commercial considerations related to gas sales activities, operational regularity, the timing of new capacity coming on stream and gas offtake represent the most significant risks related to the production guidance.

Planned turnarounds in 2010 are estimated to have a negative impact on the equity production of around 50 mboe per day for the full year and around 30 mboe per day, quarterly effect, in the second quarter of 2010.

Capital expenditures for 2010, excluding acquisitions and capital leases, are estimated to be around USD 13 billion.

Unit production cost for equity volumes is estimated to be NOK 35-36 per boe, which is on par with 2009.

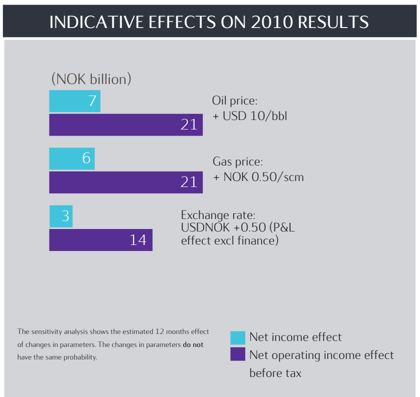
The company will continue to mature the large portfolio of exploration assets and expects an **exploration activity** level in 2010 of around USD 2.3 billion.

We anticipate that commodity prices will continue to be volatile and that gas market will be challenging in the near term.

Refining margins have improved slightly recently, but we anticipate that they will remain at a low level, 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 2010. The estimated effects of a change in one factor assume that all other factors remain unchanged. 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 2009 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)

First quarter

The total recordable injury frequency was 4.4 in the first quarter of 2010 compared to 4.6 in the first quarter of 2009. The serious incident frequency decreased from 2.4 in the first quarter of 2009 to 1.3 in the first quarter of 2010.

The number of accidental oil spills in the first quarter of 2010 decreased compared to the first quarter of 2009, and the volume decreased from 28 cubic metres in the first quarter of 2009 to 14 cubic metres in the first quarter of 2010.

	First quarter		Year
HSE indicators [14]	2010	2009	2009
Total recordable injury frequency	4.4	4.6	4.1
Serious incident frequency	1.3	2.4	1.9
Accidental oil spills (number)	76	102	435
Accidental oil spills (cubic metres)	14	28	170

References

To see end notes referenced in tables and text please download our complete report from our website - http://www.statoil.com/en/InvestorCentre/QuarterlyResults/Pages/default.aspx

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