2010/11

Statoil In Brief

Statoil

Statoil's strong strategic direction is part of a greater plan to become an internationally leading, upstream-focused and technology-based company. **I believe that Statoil has never been in better shape to meet the challenges of the future.**

- Helge Lund, CEO

This booklet is your guide to Statoil in 2011. Its purpose is two-fold: it's a summarised version of our Annual Report 2010 — as well as a handbook on our business, our strategy, and the issues affecting us as a company for the coming year.

For the full version of our Annual Report, please visit our website www.statoil.com/ar2010

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This
is who we are

Statoil is an integrated technology-based international energy company primarily focused on upstream oil and gas operations. Our mission is to accommodate the world's energy needs in a responsible manner.

Our industry is evolving, and so are we. To solve the world's energy challenges, we must continue to explore, innovate and change. Our quest for energy takes us to the harshest environments and the deepest waters around the world.

We are a company built on our Norwegian heritage and pioneering spirit. For us, the way we work is as important as the goals we achieve. Safety is paramount to us, and we believe that all accidents can be prevented.

Our history

The Norwegian State Oil company, Statoil, was formed in 1972. In October 2007, Statoil merged with Hydro's oil and gas division, and in October 2010 we carried out a successful listing of Statoil Fuel & Retail ASA (SFR).

Our shareholders

Statoil is listed on the NYSE and Oslo Stock Exchanges. The Norwegian State holds 67% of our shares through the Ministry of Petroleum and Energy, US investors hold 9.1%, private Norwegian owners hold 9.4%, UK investors hold 5.1% and other European investors 8.1%.

Our dividend policy

It is our ambition to grow the annual cash dividend, measured in NOK per share, in line with long term underlying earnings.

Our business areas

As of January 1, 2011, we have seven business areas: Development & Production Norway (DPN); Development & Production International (DPI); Development & Production North America (DPNA); Marketing, Processing and Renewable Energy (MPR); Technology, Projects & Drilling (TPD); Exploration (EXP); Global Strategy & Business Development (GSBD).

Our strategy

Our business strategy is to maximise the full value potential of the Norwegian continental shelf, to deliver international growth, and gradually build a platform in renewable energy.

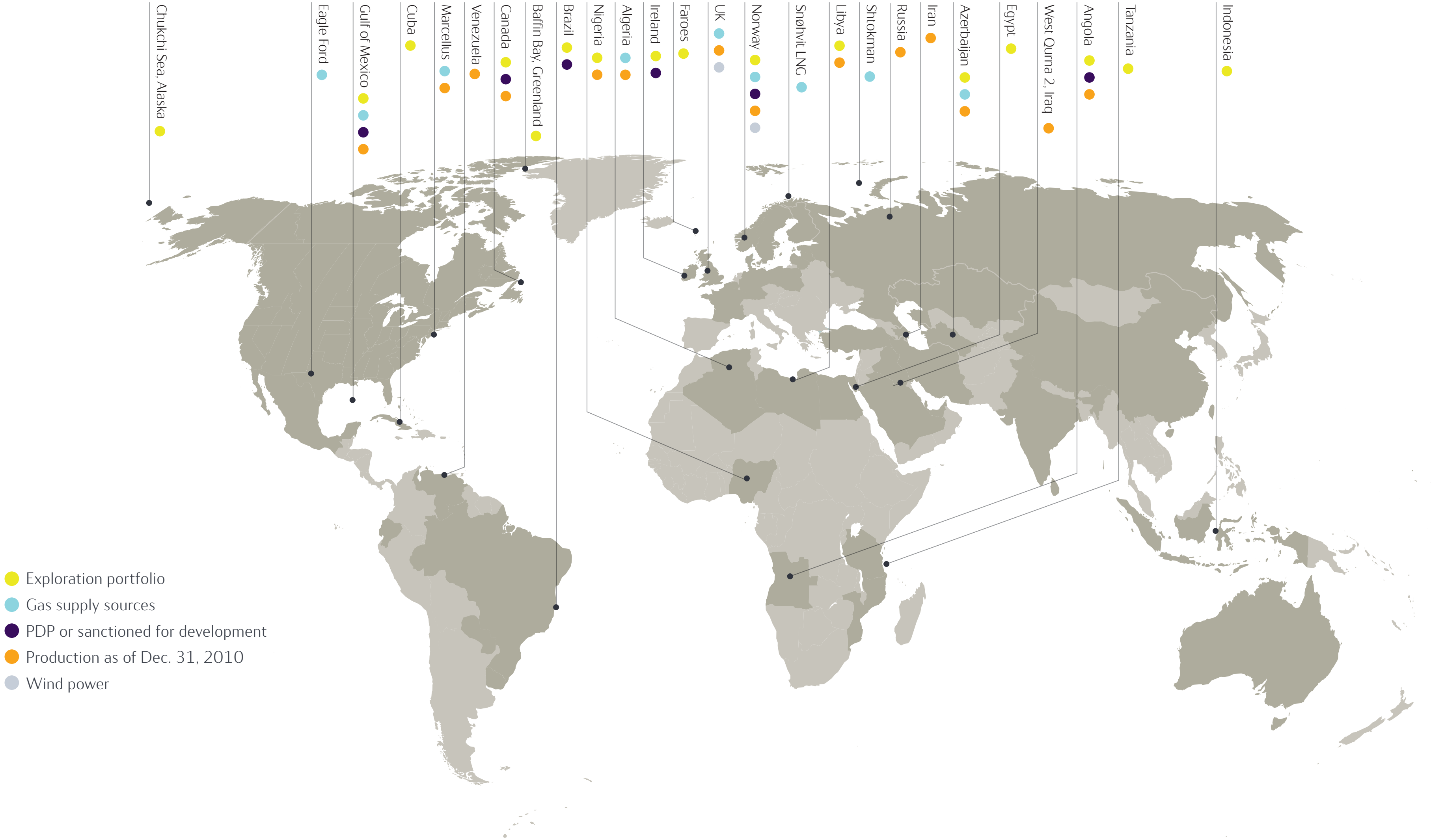
Our values are

Courageous
Open
Hands-on,
Caring.

Guidance

We aim to deliver ~ 3% compound annual growth rate (CAGR) in the period 2010 – 2012.

- Production in 2011 is expected approximately at 2010 level — or slightly below.
- NCS: ambition to maintain production at today's level towards 2020.
- Sharpening exploration strategy and plan to drill 40 wells in 2011, 9 high impact wells.
- Exploration expenditure in 2011 is expected to be around USD 3 bn.
- CAPEX in 2011 is expected to be around USD 16 bn.


Chukchi Sea, Alaska
Eagle Ford
Gulf of Mexico
Cuba
Marcellus
Venezuela
Canada
Baffin Bay, Greenland
Brazil
Nigeria
Algeria
Ireland
Faroes
UK
Norway
Snøhvit LNG
Libya
Shtokman
Russia
Iran
Azerbaijan
Egypt
West Qurna 2, Iraq
Angola
Tanzania
Indonesia
Exploration portfolio
Gas supply sources
PDP or sanctioned for development
Production as of Dec. 31, 2010
Wind power

Spotlight
on key areas

Around the world, we are focusing on strategic areas where we have particular strengths: deep waters, gas value chains, harsh environments, and heavy oil, and we're drawing on the strong technical and project execution skills we have acquired through our experience on the Norwegian continental shelf. These are some of the highlights:

Angola

An international partner

The Angolan continental shelf is the largest contributor to Statoil's production outside Norway and a key building block in our international strategy. Angola yielded 173 mboe per day in equity production in 2010, 34 % of our total international oil and gas output.

In January 2011 Sonangol announced that Statoil has been elected for operatorship of the Angolan pre-salt blocks 38 and 39 and participation in blocks 22, 25 and 40. We will have 40% interest in blocks 38 and 39 and 20% interest in the other blocks. All blocks are in the Kwanza Basin offshore Angola. Formal granting of licences for all blocks is pending decisions.

ANGOLA
Capital - Luanda
Official language - Portuguese
Area - 1,246,700 km^2
Population - 18,498,000 (2009 estimate)

Brazil

Heavy oil

Statoil is operator for the Peregrino offshore oilfield in Brazil and first oil from Peregrino is expected towards the end of the first quarter 2011. In May 2010 we agreed to sell 40% of the Peregrino Field to Sinochem Group, while retaining 60% ownership and operatorship of the field. The transaction is subject to government approval in Brazil. By 2012, we expect to become the largest foreign offshore operator in Brazil in terms of production. We have interests in nine exploration licences in four different basins in waters off the coast of Brazil, four of which we operate.

BRAZIL
Capital - São Paulo
Official language - Portuguese
Area - 8,514,877 km^2
Population - 190,732,694 (2010)

North America

Deep waters, bitumen and shale gas

We have more than 400 leases in the Gulf of Mexico and 66 in Alaska. We have a 32.5% share of the Marcellus shale gas field in an alliance with Chesapeake Energy, and in 2010 we entered into an agreement to acquire 67,000 net acres in the Eagle Ford shale formation in Southwest Texas. We brought a partner into our Canadian oil sands project by selling a 40% share to PTT Exploration & Production PCL (PTTEP), and the Leismer Demonstration bitumen plant in Northern Alberta in Canada commenced production.

NORTH AMERICA
Countries - 23
Area - 24,709,000 km^2
Planet surface area - 4.8%
Population - 528,720,588 (2008)

Norway

Our home base

The Norwegian continental shelf is the backbone of our business and our springboard to international growth. We have a substantial portfolio of new projects that will deliver strong growth on the NCS, off-setting the natural decline from maturing fields. Thanks to a well-developed infrastructure and high regularity, Norwegian gas represents a reliable source of energy for much of Western Europe, with a pipeline system totalling over 8000 km.

NORWAY
Capital - Oslo
Official language - Norwegian
Area - 385,252 km^2
Population - 4,503,436 (2010)

Introduction by the CEO

2010 was a year of important strategic progress and active portfolio management for Statoil. We carried out a successful listing of Statoil Fuel & Retail, we forcefully matured our project portfolio, we positioned ourselves for long-term growth in the US and in Angola, and we demonstrated substantial value creation from our international portfolio through the Peregrino and oil sands transactions.

Safety is — and will remain — our top priority, and we have continued to improve our over-all safety results in 2010. However this is an area in which we cannot rest. We had a serious well incident at the Gullfaks field last year.

We are committed to using the learnings from this incident in order to further improve our safety performance.

After delivering a high production level during the first half of 2010, we experienced specific operational issues during the second half of the year, taking the annual production below what we expected. We nevertheless delivered strong cash flow and financial results.

A new Statoil organisation has been in place since 1 January. It is aimed at positioning us even better to respond to the changes in our operating environment.

As is our tradition now, our sustainability reporting is fully integrated in our annual report — reflecting our commitment to delivering long-term, sustainable growth. I hope you will find our annual report for 2010 an interesting read.

Helge Lund
Chief executive officer

For the full version of the CEO letter and video, please see our website — www.statoil.com/CEOletter

Safety is our top priority and we continue to improve our overall safety results. However, this is an area in which we cannot rest.

— **Helge Lund, CEO**

What role for natural gas?

How can the world meet its energy needs, while addressing climate change? You can't do one without the other.

It seems like an insurmountable challenge, and there are no easy answers.

But if there were an effective measure that was immediately available, cost-effective, and environmentally acceptable, surely we'd want to use it?

In Statoil, we believe that natural gas has a key role to play in the future energy mix.

But don't just take our word for it. Listen to the experts.

"Natural gas has a critical role to play in reducing carbon dioxide emissions, and accelerating the shift to renewable energy.

CHRISTOPHER FLAVIN
President of the Worldwatch Institute
Washington D.C.

Christopher Flavin talks about the importance of natural gas in reducing CO_2 emissions — and the need to regulate the shale gas industry to reduce local air and water pollution problems.
See the interview at: statoil.com/interviews/flavin

> The most important advantage of gas is that it does not need subsidies in the same way that the low carbon alternatives do.

PROF. JONATHAN STERN
Director of Gas Research,
Oxford Institute for Energy Studies, Oxford

Professor Jonathan Stern believes that gas has a role to play in achieving a cost-effective transition to a low-carbon economy – but that the gas industry must point the way to how it can decarbonise in the future.
See the interview at: statoil.com/interviews/stern

Dr. Faith Birol foresees a golden age for gas and believes that gas replacing coal is good news for the climate. However, he is concerned that gas might displace renewable and other zero carbon
See the interview at: statoil.com/interviews/birol

Now is the time for gas

The world needs more energy. But at the same time, CO_2-emissions need to be curbed. It seems like an insurmountable challenge.

The answer has to come from a combination of conventional and new technologies. No single energy source can provide the solution. In Statoil, we believe that natural gas has an increasingly important role to play in the energy mix.

But how can natural gas — a fossil fuel — be good news for the climate?

Because it is the cleanest fossil fuel, contains less carbon and burns cleaner compared to other fossil sources. You can reduce CO_2 emissions by up to 70% if you replace an old coal-fired power plant with a new state-of-the-art gas fired power station. And since coal still generates some 40% of the world's electricity, replacing coal with gas in the power sector will ensure major and immediate CO_2 reductions.

Natural gas, including the volumes Statoil exports from the Norwegian Continental Shelf, can continue to play a key role in cutting Europe's CO_2 emissions.

By switching from coal to natural gas, Europe could achieve its target of a 20% reduction in CO_2 emissions by 2020 compared with 1990 levels.

And natural gas is an abundant resource. Globally, estimates point to around 250 years of recoverable natural gas resources at current consumption levels.

Gas is also cost-competitive compared with other alternative fuels including nuclear and coal.

Renewables will have an important and growing role to play in the future energy mix. To that end we're actively contributing through our offshore wind developments — Sheringham Shoal, Hywind and potentially the gigantic Dogger Bank.

Furthermore, we believe gas is an optimal fuel to enable the growth of intermittent renewables. Natural gas is flexible, it's cost effective, and it's based on technology that's here today. Overall, we believe natural gas need to play a major and long term role in the energy mix.

Of course, gas does have issues in the sense that it is a fossil fuel and emits CO_2. Statoil is committed to ensuring that we develop resources in a sustainable and responsible manner.

So what needs to happen?

For gas to fully play its role in the energy mix, it needs to be recognised by decision-makers as a long term and sustainable energy source. It is a fuel of the future, but for Europe there is window to act now. Much of Europe's power capacity is ageing and needs to be replaced in the near future. In our view, gas could play a significant role in replacing this capacity cost effectively, while reducing emissions at the same time.

Now is the time for natural gas.

Focus on Safety

We firmly believe that all accidents can be prevented, and our goal remains zero harm. We focus on preventing both personal injuries and major accidents, and the goal of zero injuries has become part of how we think and work, with a strong focus on continuous improvement.

In order to meet our goal of improving safety results, we hold a large number of training sessions in compliance, leadership and risk management. Our monitoring of technical safety conditions and our safe behaviour programme have been widely recognised.

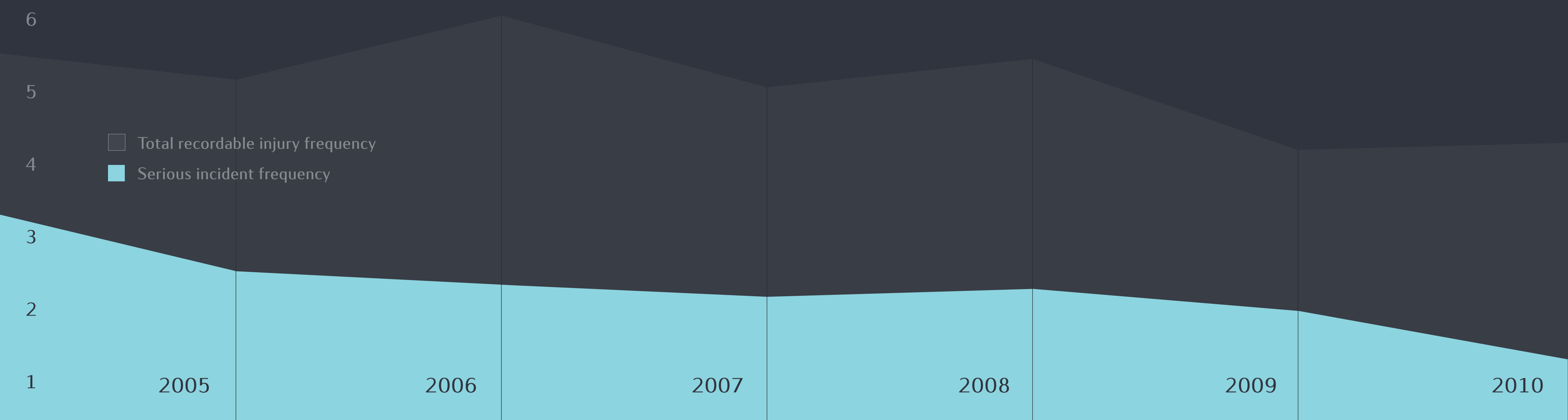
We reached our our key performance indicator for serious incident frequency in 2010, but we will continue to work harder in order to be among the best in relation to safe work in our industry.

Responsibility
for safety and security

Risk
understanding & management

Respect
trust & cooperation

Stop unsafe
acts & operations



Environment

We will ensure safe operations which protect people, the environment, communities and material assets. We will use natural resources efficiently, and will provide energy that supports sustainable development.

Our ambition is to operate with zero harm to people, society and the environment in accordance with the principles for sustainable development. Our policies and requirements apply to all operations we control and to all staff and contractors involved in those operations. We expect our partners and suppliers to have standards consistent with our own.

- We aim to assess relevant environmental and social issues and minimise the negative impact on the environment.
- We seek to maintain biodiversity and key ecosystem functions and values, and, where possible, to make a positive contribution to preserving biodiversity.
- We endeavour to practise sustainable water resource management.

We know that greenhouse gas emissions must be dramatically reduced in order to limit changes in global average temperatures. But we also know that greenhouse gas emissions, energy consumption and economic growth are highly interrelated.

to people — society — and environment

ZERO HARM

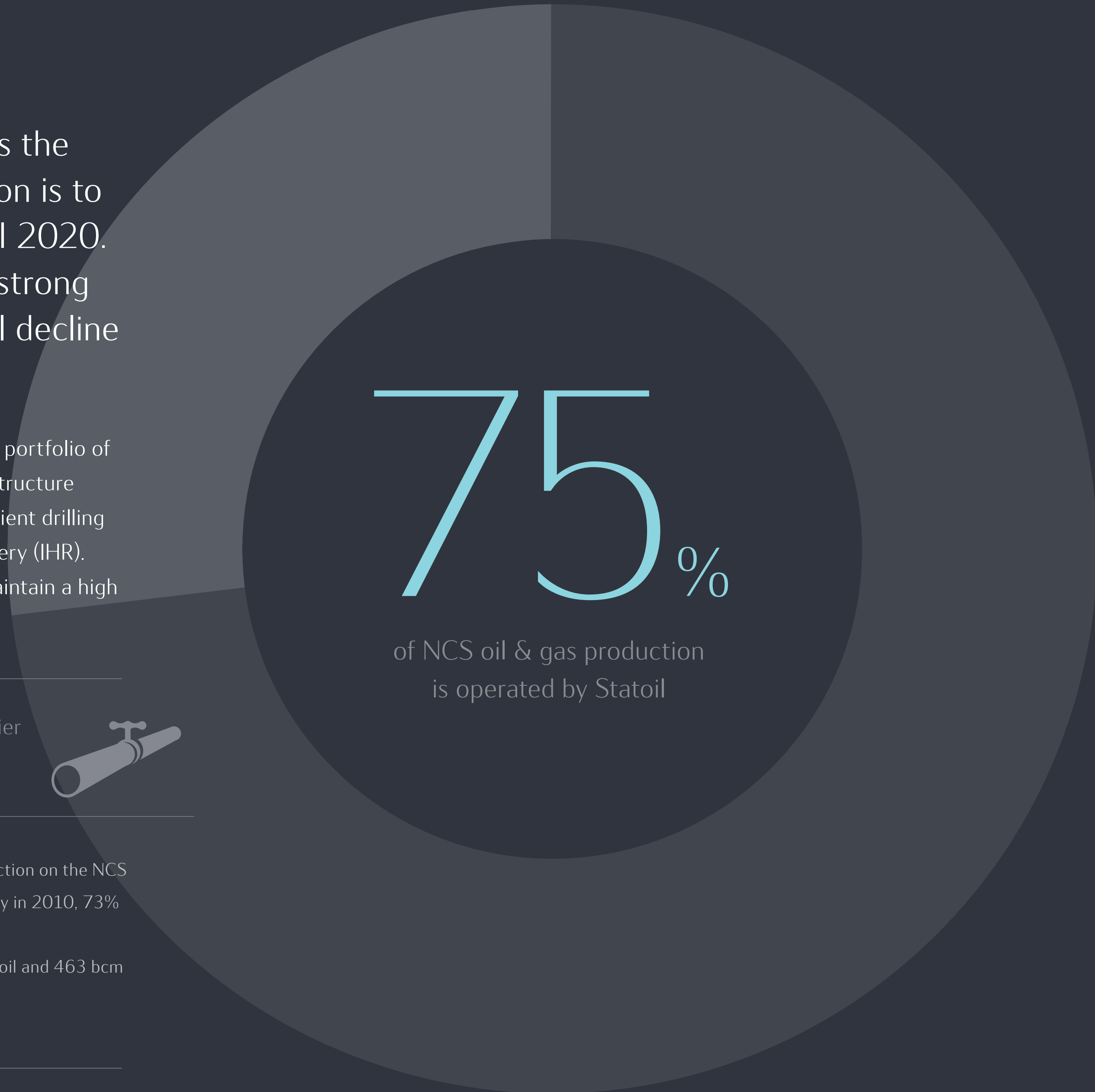
MAINTAINING BIODIVERSITY

SUSTAINABLE water resource management

Activity in Norway

The Norwegian Continental Shelf (NCS) is the backbone of our company and our ambition is to maintain production at present levels until 2020. Our portfolio of new projects will deliver strong growth on the NCS, offsetting the natural decline from maturing fields.

The NCS is an attractive petroleum province and we have a large portfolio of long term low-cost producing assets and a well established infrastructure that contributes to profitable production. We are prioritising efficient drilling operations, improved regularity and increased hydrocarbon recovery (IHR). Access to new, high-quality exploration acreage is essential to maintain a high production level in the longer term.



44 developed fields on the NCS

Major gas supplier to Europe

- We are the operator of 44 developed fields and 75% of all oil and gas production on the NCS
- Our equity and entitlement production on the NCS was 1,374 mmboe per day in 2010, 73% of our total production.
- As of 31 December 2010, we had proved reserves of 1,241 mmbbl of crude oil and 463 bcm (16.3 tcf) of natural gas, an aggregate total of 4,153 mmboe.
- Around 50% of Statoil's resource base is on the NCS.

International activity

We are putting major effort into transitioning from a mainly Norwegian offshore player to a world-class international operator. We are present in several of the most important oil and gas provinces in the world.

OUR INTERNATIONAL GROWTH STRATEGY revolves around our four focus areas:

Deep water · Harsh environment · Heavy oil · Gas value chain

WE HAVE EXPLORATION LICENCES IN:

- Brazil
- Cuba
- Venezuela
- Algeria
- Angola
- Egypt
- Libya
- Mozambique
- Nigeria
- Tanzania
- The Faroes
- Ireland
- UK
- Azerbaijan
- Iran
- Indonesia
- Canada
- USA
- Greenland

WE ARE ENGAGED IN PRODUCTION IN 11 COUNTRIES OUTSIDE NORWAY:

- Canada
- USA
- Venezuela
- Algeria
- Angola
- Libya
- Nigeria
- UK
- Azerbaijan
- Russia
- Iran

OUTSIDE NORWAY AS OF 31.12.2010

Proved oil reserves:
883 MMBBL

Proved gas reserves:
45.9 MMBBL

Entitlement production:
332 MMBBL

Equity production:
514 MMBBL

- We operate a significant part of our international projects ourselves, Peregrino in Brazil, Leismer and Corner in Canada and Mariner/Bressay in UK.
- Around 50% of Statoil's resource base is outside the NCS.

Why invest?

Statoil is listed on the Oslo Stock Exchange and New York Stock Exchange under the tickers STL and STO respectively.

To achieve long term sustainable growth, we will continue to mature our strong project portfolio and resource base. We believe that the NCS will provide long term value creation, we are well positioned to create value in a growing gas market, and we will continue to grow our international operations. Our high exploration activity and dynamic portfolio management has enabled us to deliver an improved reserves replacement ratio (RRR).

We deliver strong cash flow and have a solid financial position which provides for an attractive and growing dividend. For 2010, the Board of directors has proposed a dividend of NOK 6.25 per share.

PRODUCTION IN 2012:

Growth in the period 2010- 2012

~3% CAGR

EXPLORATION EXPENDITURE 2011:

3 Billion USD

EXPECTED CAPEX IN 2011:

16 Billion USD

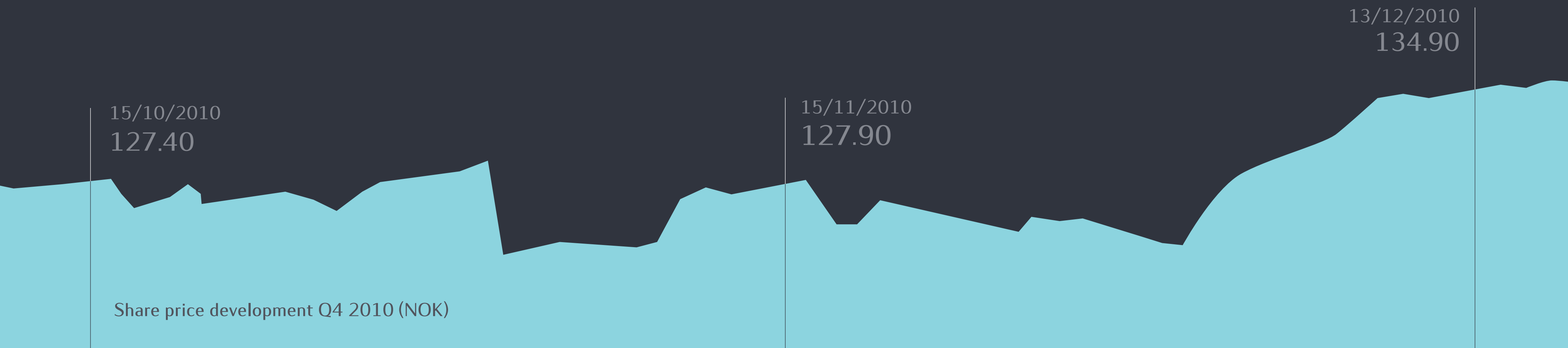
PRODUCTION IN 2011:
Around 2010 level - or slightly below

CAPEX IN 2011:
Around USD 16 bn

EXPLORATION EXPENDITURE IN 2011:
Around USD 3 bn

EXPLORATION ACTIVITY 2011:
Around 40 exploration wells

ALL NUMBERS FOR 2011/2012 ARE GUIDING



Share price development Q4 2010 (NOK)

Project portfolio

Statoil's strategy is to continuously access new exploration acreage with high resource potential and to maximise the number of high impact wells.

We are maintaining a high level of activity and have over 100 projects in our project pipeline. We expect to sanction a large number of projects in the coming years. Around 40 projects are to be sanctioned during 2011 and 2012, and unconventional oil and gas provide a stable and growing reserve booking. We expect to derive significant contributions from existing fields and areas using improved recovery (IOR). Start-ups in 2011 and 2012 will add 400 mboe/d in new capacity, contributing to 200 mboe/d production in 2012.

13 projects
underway to deliver growth within 2012 with average breakeven of ~40 USD/bbl

40 projects
are to be sanctioned in 2011-2012 with average breakeven of <50 USD/bbl

400 mboe/d
installed capacity by start-ups in 2011-2012

~16 BN USD
expected CAPEX for 2011

ALL NUMBERS FOR 2011/2012 ARE GUIDING

PLANNED PDO'S IN 2011:

Natural gas

Natural gas is a fuel with many benefits. It is the greenest, most versatile and flexible of fossil fuels; resources are plentiful and available today; and it is used in conjunction with reliable and proven technology for electricity generation which requires comparatively low investment, and no subsidies.

Norway has exported gas to Europe since 1977, and today Statoil is the second largest gas exporter of gas to Europe. Currently there are around 40 gas fields in production on the NCS. Gas is delivered to the UK and the Continent through a pipeline network totalling over 8000 km.

Statoil has a strong gas asset portfolio, and we are highly competitive on cost, flexibility, transport, storage. We are geographically close to consumers, have a firm foothold in European gas markets, and the liberalisation of markets is opening up new opportunities for us. We also participate in other gas supplies to Europe, from Azerbaijan and North Africa.

PIPELINE NETWORK TO EUROPE:

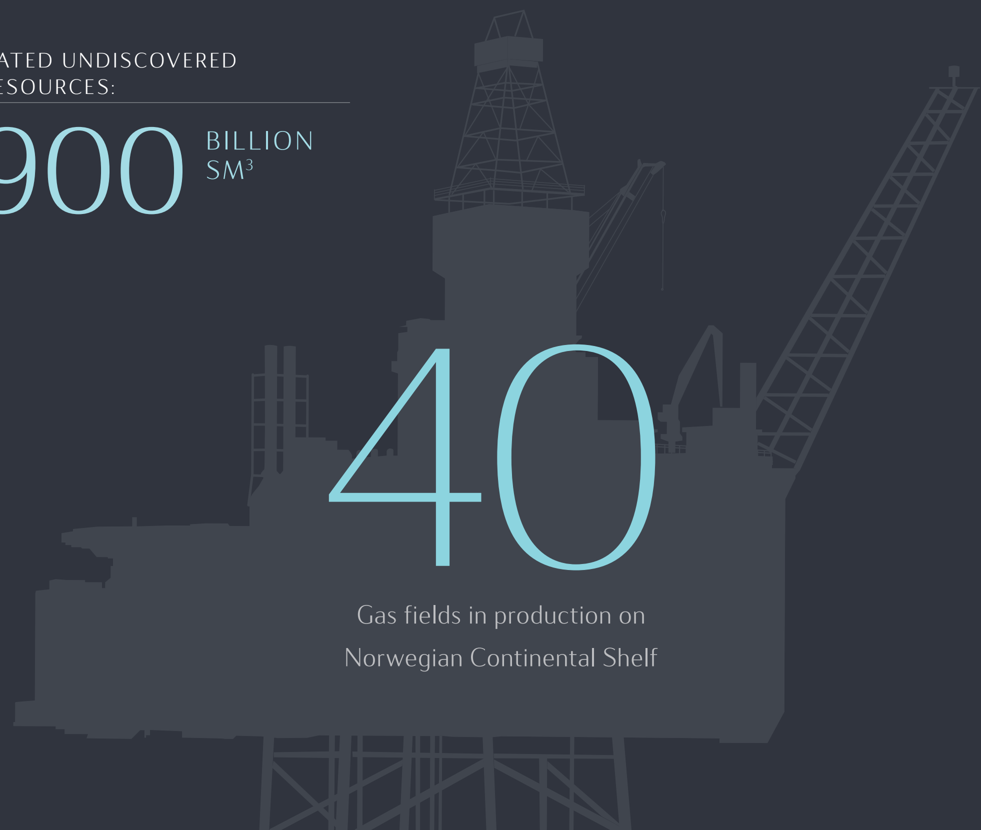
8000 KM

PROVED GAS RESERVES ON THE NCS:

2500 BILLION SM^3

ESTIMATED UNDISCOVERED GAS RESOURCES:

1900 BILLION SM^3



40

Gas fields in production on Norwegian Continental Shelf

Renewable energy

We are building on our extensive experience from the oil and gas industry that gives us a competitive edge in offshore wind projects.

Sheringham Shoal could power **220,000** British homes

CO_2 savings: 500 000 tonnes/year

88 wind turbines

80 meters high

In partnership with Statkraft, we are building one of the largest offshore wind farms in the UK, Sheringham Shoal. This wind farm covers more than 35 square kilometres and will generate an estimated 1.1 TWh annually when it comes on stream in 2011.

Our pioneering floating offshore wind turbine, Hywind, started full-scale trials off the west coast of Norway in autumn 2009. This next-generation design uses a unique floating cylinder derived from offshore technology.

In January 2010, as part of the Forewind consortium, we were awarded development rights for an offshore wind farm at Dogger Bank in the UK sector of the North Sea. Dogger Bank could be the world's largest wind power development, covering nearly 9000 square kilometres, with a targeted capacity of 9GW, nearly 10% of the total electricity needs in the UK.

Oil sands

One of our projects that has received the most attention is oil sands in Canada. Oil production from bitumen is controversial on environmental grounds — but we are committed to responsible development.

Canadian oil sands are attractive because they are one of the world's largest remaining untapped oil resources. With the increasing difficulties in meeting the world's energy demand it is inevitable that they will be produced. Our goal is to become an industry leader in responsible oil sands development.

- We will work to achieve significant reductions in intensity from recovery
- We will not emit any poisonous waste to the air, rivers, fresh water or soil
- We will reclaim any disturbed areas before leaving
- Any forest cleared will be replanted.

Our demonstration facility at Leismer will trial over 20 experimental technologies to achieve improved recovery and lower CO_2 intensity. Steam was first injected in September 2010 with first oil in Q1, 2011. Within two years, we plan to produce 18,800 barrels per day and will continue to increase production to create a profitable and sustainable business from this attractive resource base.

92% of the surface area will remain undisturbed

25% less CO_2
Our ambition is to reduce CO2 emissions intensity by over 25% by the year 2020

90%
of water will come from underground aquifers, and 90% will be recycled

Unconventional gas

Thanks to recent technology breakthroughs, unconventional or shale gas reserves have been unlocked from rocks with low permeability and porosity. Abundant quantities of shale gas are now playing a significant role in the US energy supply.

In 2008, we were an early entrant to the unconventional market when we formed a strategic alliance with Chesapeake Energy Corporation to jointly explore unconventional gas opportunities worldwide. The deal gave us a 32.5% interest in Marcellus shale gas acreage covering 7,300 square kilometres. In 2010 we entered the Eagle Ford shale, strengthening where we will acquire 67,000 net acres in the shale formation in Southwest Texas.

Shale gas is transforming the world's biggest energy market, providing energy independence for the US, a more viable energy mix and jobs for thousands of Americans. Statoil's aim is to build infra-structure and competence with the goal of becoming a professional shale gas operator. Unconventional resources give us a position in a significant long term resource base with a large Yet To Find (YTF) potential.

ESTIMATED GLOBAL UNCONVENTIONAL GAS RESOURCES:

5700 BILLION BOE

ESTIMATED US SHALE GAS RESOURCES:

700 BILLION BOE

2010 at a glance

In January, we signed an agreement with ConocoPhillips to take over a 25% share in 50 licences in the Chukchi Sea near Alaska.

We were awarded shares in eight production licences on the Norwegian Continental Shelf (NCS).

In the third licence round for offshore wind parks in the UK, the Forewind consortium was awarded the rights to develop Dogger Bank, the largest zone in the round.

Lukoil and Statoil signed a contract relating to the West Qurna 2 field in Iraq. First oil is scheduled for the end of 2012.

In February, the Tyrihans field was awarded the prestigious Five Star Award at the Deep Offshore Technology conference in Houston.

In March, we signed a contract with Chesapeake that extended our net share of the Marcellus formation in the US.

Our two Peregrino oil platforms were towed into position off the coast of Brazil. First oil is expected in Q1 2011.

We extended our portfolio in the US sector of the Gulf of Mexico with winning bids on 21 licences.

We signed an investment contract worth USD 6 billion with ACG partners for the development of the Chirag oil project.

We increased our share in the St. Malo development in the Gulf of Mexico to 21.5% by exercising our first option in connection with the sale of Devon's share of the development.

In April, we launched a new technology plan designed to reduce CO_2 emissions from oil sand production, aimed at achieving reductions of more than 40% by 2025.

We announced that we had found oil and gas at the Fossekall prospect north of the Norne field in the Norwegian Sea.

The Macondo accident in the Gulf of Mexico caused the loss of 11 lives and an extensive oil spill. US authorities imposed restrictions following the accident.

In May, we signed an agreement to sell a 40% stake in the Peregrino field in Brazil to the Sinochem Group.

Statoil and EGL announced the transfer of a combined share of 15% in the Trans Adriatic Pipeline Project to E.ON Ruhrgas.

We signed an agreement for the transport of gas through a pipeline from the northern part of the Marcellus shale gas region in Pennsylvania to Niagara.

On 19 May a situation arose involving a change in pressure and the loss of drilling fluid in well C-06 on the Gullfaks C platform in the North Sea. We demobilised 89 employees to the Gullfaks A platform by helicopter. Our investigation and the report of the Petroleum Safety Authority Norway concluded that the planning of the drilling and completion operations in the well had been deficient. Following this incident, we implemented a number of measures.

In June, we signed a letter of intent with Sinochem Group of China to promote collaboration and the long-term share of experience between the two companies.

The first floating platform to be supplied with electricity from the mainland, Gjøa, was towed to its location on the west coast of Norway.

The plan for the development and operation of the Gudrun field in the North Sea was approved by the Norwegian parliament in June.

Work commenced offshore on the Sheringham Shoal wind farm in the UK, jointly owned by Statoil and Statkraft.

Statoil and Poweo of France signed a 20-year agreement for the supply of natural gas to Poweo's planned 400 MW combined cycle gas turbine (CCGT) power station in Toul, France.

In July, we signed frame agreements worth NOK 12 billion for insulation, scaffolding and surface treatment on platforms, production ships and land facilities in Norway and Denmark.

January February March April May June July

In August, we published details of our fast-track developments that will make small fields profitable and help maximise the potential of the NCS.

We announced a new organisational structure effective from January 1, 2011.

Oil production commenced from the subsea field Morvin, tied back to Åsgard, in the North Sea.

In September, we signed an agreement with Nautical Petroleum, enhancing our offshore heavy oil portfolio in the UK.

In October, our fuel and retail business was partially spun off to form Statoil Fuel & Retail ASA (SFR), listed on the Oslo Stock Exchange.

Statoil and state-run Mexican oil company Petróleos Mexicanos (Pemex) are collaborating to reduce flaring on the Tres Hermanos oil field in Mexico, and is registered under the UN's Clean Development Mechanism.

We carried out an extensive oil spill protection exercise on Sørøya in West Finnmark in northern Norway.

We submitted our development plan for the Valemon field to the Ministry of Petroleum and Energy.

We approved development of the major Jack/St. Malo fields in the deepwater Gulf of Mexico together with operator Chevron and partners.

The seventh oil discovery in block 15/06 off the coast of Angola was announced, completing our minimum commitment to this area 18 months ahead of time.

We announced a boost to our land-based projects in the USA by acquiring a 67,000 net acre share of the Eagle Ford shale gas formation.

In November, we announced that we agreed to sell a 40% stake in the company's oil sands project in Alberta, Canada, to PTTEP.

We submitted our application for new exploration licences in the Barents Sea and the Norwegian Sea in the 21st licensing round on the NCS.

Production on the Gjøa oil and gas field came on stream on 7 November, opening up for more activity in the far north of the North Sea.

We announced that we would further concentrate our efforts to develop offshore wind turbines in the light of the rapid international developments within the offshore wind sector.

In December, we signed a technology development agreement with Siemens with whom we will collaborate on wind power, subsea technology, electro technology and energy efficiency.

The European Gas Advocacy Forum, a group of major gas players in Europe of which Statoil is a member, submitted a report to the EU Commission showing how Europe can achieve its target of 80% reductions in carbon emissions by 2050 if natural gas is allowed to play a substantial role in the energy mix.

Production started up on the Vega gas and condensate field south west of the Sogne coast in Norway.

August September October November December

Our business in perspective

"Our new organisation has been in place since January. Its strong business areas, greater geographical span, and well defined responsibilities give us a good platform for further growth."

Helge Lund, CEO

Financial performance

Statoil delivered strong financial results and cash flows in 2010. Production volumes were below our expectations in the second part of the year, mainly due to maintenance, operational issues and production permit restrictions.

Total equity liquids and gas production was 1,888 mboe per day in 2010, and came in somewhat below the previously guided range of 1,925 — 1,975 mboe per day. However, we have had strong cash flow and have a sound financial position.

Net operating income was up by 13% compared to 2009, mainly because of higher prices for oil, and was partly offset by lower gas prices and reduced volumes sold.
Net operating income amounted to NOK 137.2 billion in 2010.

Around 90% of the expected Hydro merger synergies have been achieved, and monitoring of the merger value capture is now closed.

In 2010, we demonstrated value creation through the partial sale of our operated assets in Brazil and Canada, final investment decisions were made for nine new projects (operated by Statoil), and we executed an IPO of the energy and retail business.

We acquired high potential exploration acreage in 2010 and the reserve replacement ratio grew to 87%, up from 73% in 2009.

Statoil believes it has a resource base to improve this ratio going forward, and the high quality portfolio of yet-to-be-sanctioned projects, is expected to add value to our business in the future.

The board of directors is proposing a dividend of NOK 6.25 per share for 2010.

Risk

Statoil is exposed to a number of risks that may affect our operational and financial performance. Significant operational risks are related to our ability to discover, develop, produce and transport oil and natural gas, while changes in currency exchange rates, interest rates and not the least the prices of oil and natural gas impact our financial results.

Here are some of the risks that we face:
- Access to resources at commercially acceptable terms.

- About 80% of the world's remaining resources are held by countries with limited access for international oil companies, and the record high oil prices in 2008 encouraged many countries to tighten the fiscal terms.

We are approaching more complex projects
- Deeper waters, heavier oils, more difficult reservoirs, and harsher environments naturally entail exposure to risk.

Climate regulations remain uncertain
- We take the view that pressure on our industry to comply with stricter regulations will increase.

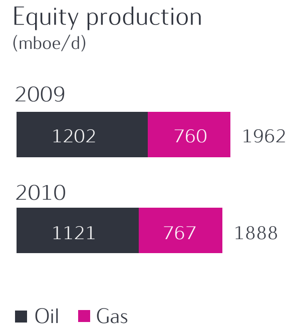
Outlook and guiding

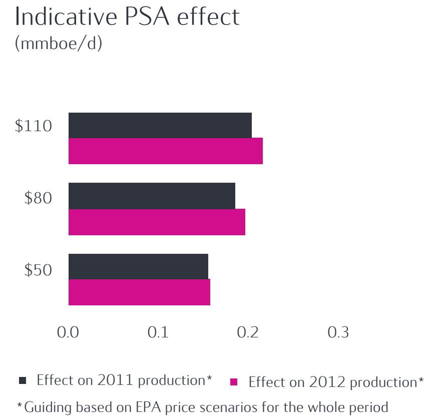
Statoil expects equity production in 2011 to be around the 2010 level, or slightly below. Equity production for 2012 is expected to grow by around 3% Compound Average Growth Rate (CAGR) based on the actual 2010 equity production. Commercial considerations related to gas sales activities, operational regularity, the timing of new capacity coming on stream and gas off take represent the most significant risks related to the production guidance.

We expect a natural decline in our total oil and gas portfolio of around 5% in the period 2010 — 2012. However, we are steadily improving our reserves replacement ratio (RRR) and we have resources and projects to sustain a continued positive RRR development.

We have sharpened our exploration strategy and plan to drill around 40 exploration wells in 2011. Exploration expenditure in 2011 is estimated to around USD 3 bn, while CAPEX in 2011 is expected to be around USD 16 bn.

We have more than 100 projects in our pipeline, and in 2011 — 2012 new installed capacity will be ~ 400 mill boe/d, while in 2013 — 2020 we intend to add more than 1.800 mboe/d of new capacity.





Sustainability Performance

We recognise that our continuing business success depends on our ability to effectively manage the varied environmental and social challenges, risks and opportunities which our operations face.

Our ambition is to operate with zero harm to people, society and the environment in accordance with the principles for sustainable development. Our policies and requirements apply to all operations we control and to all staff and contractors involved in those operations.

We expect our partners and suppliers to have standards consistent with our own.

Safety

Safe and efficient operations are our first priority. We aim to understand factors that create risks in order to avoid major accidents that could harm our people, the environment or our facilities. We believe that all accidents can be prevented, and our goal remains zero harm. We have strong focus on continuous improvement. We hold a large number of training sessions in compliance and risk management.

In 2010, we had a serious well incident at Gullfaks, which should not have happened. However, it was handled well by our organisation, preventing it from causing any harm to our people or the environment. We are committed to using all the experience from this incident to further improve our safety performance.

Corporate social responsibility

Growing and sustaining our business depends on our ability to forge enduring and mutually beneficial relationships with the societies in which we operate. Wherever we operate, we make decisions based on how they affect our interests and those of the societies around us.

Our presence in the societies in which we operate and seek to grow is usually a long-term one, with the time frame of our projects typically spanning several decades. Our business therefore depends on our ability to understand and respond to the needs and interests of surrounding stakeholders, to demonstrate that the benefits of our presence on the whole outweigh the potential downsides, and to generate and sustain support from people and communities around us.

Climate

As hydrocarbon resources become harder to find, we are entering new energy-intensive and environmentally challenging areas of production. Heavy oil production from Venezuela, oil sands in Canada and the production of LNG all lead to higher greenhouse gas emissions per unit of output. We have entered into these activities with the aim of providing leadership in finding solutions to the challenges involved.

One climate measure currently being underestimated is the use of natural gas. Gas has many benefits: it is abundant, cheap and the cleanest of fossil fuels, and it can play a major role in the transition to a low-carbon economy. Renewable energy production will play an mportant role in the longer term, but this is still a young industry that will need investment and technology development to become efficient and competitive. Renewable energy production is one of our main strategy areas.

We are calling for a global climate quota regime that provides the necessary long-term framework, encouraging cost-efficient renewable and low-carbon energy solutions.

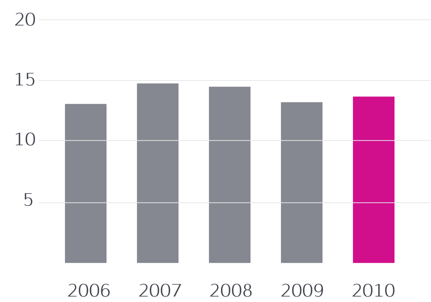
Environment

All our activities, whether exploration for oil and gas, the construction and operation of facilities, or the end use of our products, have the potential to affect the environment.

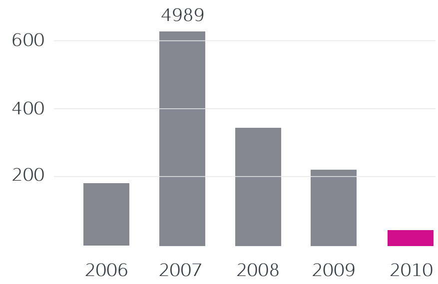
We have therefore established a set of environmental principles based on our HSE policy:

- We aim to assess relevant environmental and social issues and minimise the negative impact on the environment
- We seek to maintain biodiversity and key ecosystem functions and values, and, where possible, make a positive contribution to preserving biodiversity
- We endeavour to practise sustainable water resource management by continually looking for ways to ensure responsible and efficient use of limited water resources, and to preserve quality through the design and operations of our facilities.

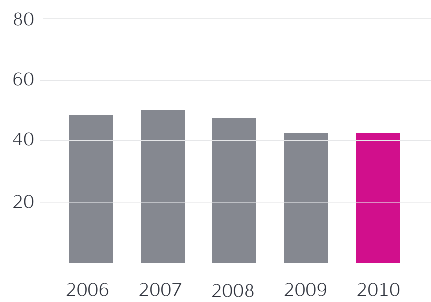
CO_2 emissions



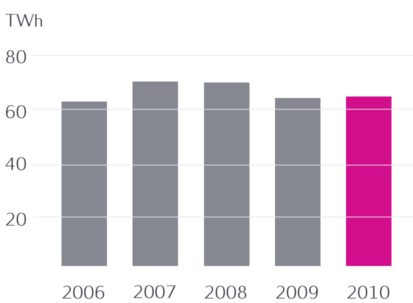
Oil spills



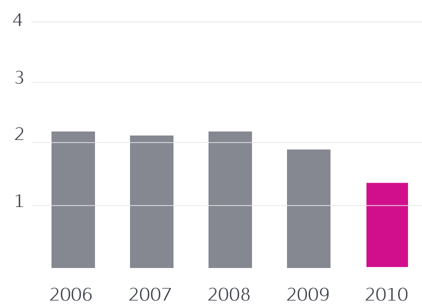
NO_X emissions



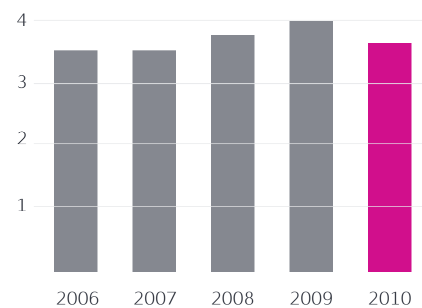
Energy consumption



Serious incident frequency



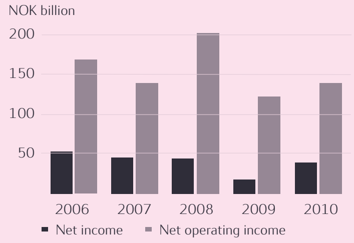
Sickness absence



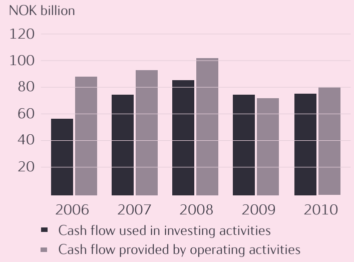
Statoil continued to deliver

strong financial results and cash flows in 2010.

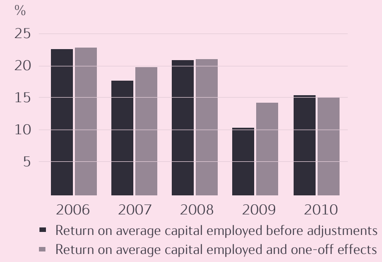
Income



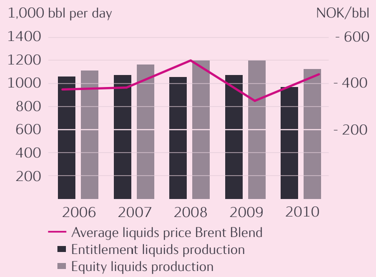
Cash flow



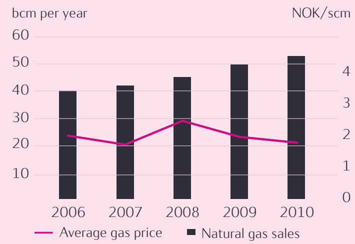
Return



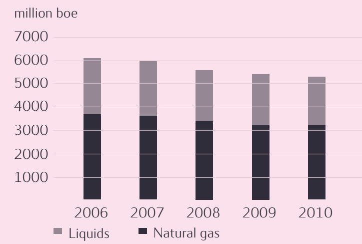
Oil production/price



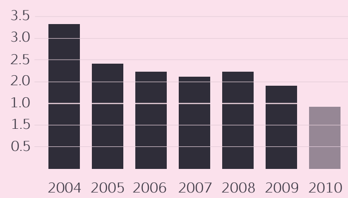
Gas production/price



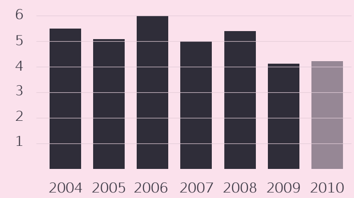
Proved oil and gas reserves



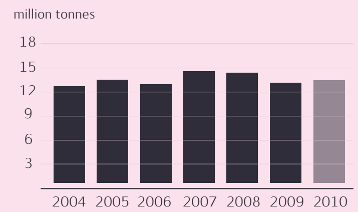
Serious incident frequency



Total recordable injury frequency



Carbon dioxide emissions



We demonstrated

value creation

through agreements for the partial sale of our assets in Brazil and Canada, sanctioned nine projects and executed a successful IPO of our retail activities.

IFRS INCOME STATEMENT

(in NOK billion)

Year	2010	2009	Change
Revenues and other income			
Revenues	526.7	462.3	14 %
Net income (loss) from associated companies	1.1	1.8	(36 %)
Other income	1.8	1.4	32 %
Total revenues and other income	529.6	465.4	14 %
Operating expenses			
Purchase [net of inventory variation]	257.4	205.9	25 %
Operating expenses	57.5	56.9	1 %
Selling, general and administrative expenses	11.1	10.3	7 %
Depreciation, amortisation and net impairment losses	50.6	54.1	(6 %)
Exploration expenses	15.8	16.7	(5 %)
Total operating expenses	392.4	343.8	14 %
Net operating income	137.2	121.6	13 %
Net financial items	(0.4)	(6.7)	(94 %)
Income tax	(99.2)	(97.2)	2 %
Net income	37.6	17.7	>100%

We have a **strong project portfolio** with over 100 projects in our pipeline, and we have sanctioned all the projects needed to deliver on growth towards 2012.

CONDENSED CASH FLOW STATEMENT

(in NOK billion)

Year	2010	2009	Change
Cash flows from underlying operations	190.1	181.9	8.2
Cash flows from (to) changes in working capital	(14.8)	(2.0)	(12.8)
Taxes paid	(92.3)	(100.5)	8.2
Other changes	(2.2)	(6.4)	4.2
Cash flows provided by operations	**80.8**	**73.0**	**7.8**
Additions to PP&E and intangible assets	(78.3)	(75.2)	(3.1)
Proceeds from sales	6.0	1.4	4.6
Other changes	(4.0)	(1.6)	(2.3
Cash flows used in investing activities	**(76.2)**	**(75.4)**	**(0.9)**
Net change in long-term borrowing	12.3	41.4	(29.1)
Net change in short-term borrowing	2.2	(7.1)	9.3
Dividends paid	(19.1)	(23.1)	4.0
Other changes	5.2	0.1	5.1
Cash flows (used in) provided by financing activities	**0.6**	**11.3**	**(10.7)**
Net increase (decrease) in cash flows	**5.2**	**8.9**	**(3.8)**

CONSOLIDATED BALANCE SHEET

(in NOK million)

Year	2010	2009
Property, plant and equipment	348.2	340.8
Intangible assets	39.7	54.3
Investments in associated companies	13.9	10.1
Financial investments and derivatives	35.9	30.9
Other non-current assets	11.7	10.4
Total non-current assets	**449.4**	**446.5**
Inventories	23.6	20.2
Trade and other receivables	77.2	59.1
Cash and cash equivalents	30.3	24.7
Financial investments and derivatives	17.6	12.4
Total current assets	**148.8**	**116.4**
Assets classified as held for sale	44.9	0.0
TOTAL ASSETS	643.0	562.8

Year	2010	2009
Share capital	8.0	8.0
Retained earnings and other equity	211.6	190.3
Statoil shareholders' equity	219.5	198.3
Non-controlling interest (Minority interest)	6.9	1.8
Total equity	**226.4**	**200.1**
Financial liabilities and derivatives	103.2	97.6
Deferred tax liabilities	78.1	76.3
Pension liabilities	22.1	21.1
Assets retirement obligations, other provisions and other liabilities	67.9	55.8
Total non-current liabilities	**271.3**	**250.9**
Current liabilities		
Trade, other and current tax payables	120.2	100.8
Financial liabilities and derivatives	15.9	11.0
Total current liabilities	136.1	111.8
Liabilities directly associated with the assets classified as held for sale	9.2	0.0
Total liabilities	**416.6**	**362.7**
TOTAL EQUITY AND LIABILITIES	643.0	562.8

Profit and loss analysis

The Consolidated financial statements of Statoil ASA and its subsidiaries ("Statoil") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting policies applied by Statoil also comply with IFRS as issued by the International Accounting Standards Board (IASB).

This section gives a summary of the Consolidated Financial Statements 2010. For full version of our Consolidated financial statements are available at www.statoil.com.

Profit and loss analysis

Revenues and other income were NOK 529.6 billion in 2010. Most of the revenues stem from the sale of lifted crude oil, natural gas and refined products produced and marketed by Statoil. In addition, we also market and sell the Norwegian state's share of liquids from the NCS. All purchases and sales of the Norwegian state's production of liquids are recorded as purchases net of inventory variations and sales, respectively.

The NOK 64.1 billion increase in revenues from 2009 to 2010 was mainly attributable to higher prices for liquids and increased volumes of gas sold, partly offset by lower gas prices, reduced volumes of liquids sold, and losses on derivatives.

Purchase, net of inventory variation, includes the cost of the oil and NGL production purchased from the Norwegian state pursuant to the Marketing instruction. The purchase, net of inventory variation, amounted to NOK 257.4 billion in 2010. The 25% increase from 2009 to 2010 was mainly caused by higher prices of liquids measured in NOK.

Operating expenses include field production and transport systems costs related to the company's share of oil and natural gas production. In 2010, operating expenses amounted to NOK 57.5 billion. The increase was mainly attributable to higher operating costs related to preparation for start up on new fields, partly offset by lower transportation costs because of reduced production, and cost saving activities-Selling, general and administrative expenses include expenses related to the sale and marketing of our products, such as business development costs, payroll and employee benefits. These amounted to NOK 11.1 billion in 2010. The NOK 0.8 billion increase from 2009 to 2010 stems mainly from a provision for an onerous contract in 2010 and was only partly offset by cost reductions from cost saving activities.

Depreciation, amortisation and net impairment losses include depreciation of production insta-llations and transport systems, depletion of fields in production, amortisation of intangible assets and depreciation of capitalised exploration expenditure. It also includes impairment of long-lived assets and reversals of impairments. These expenses amounted to NOK 50.6 billion in 2010. The 6% decrease in 2010 compared to 2009 was mainly due to lower impairment losses in 2010, and lower depreciation due to reduced production in 2010 compared to 2009.

Exploration expenditures are capitalised to the extent that exploration efforts are considered successful, or pending such assessment. Otherwise, such expenditures are expensed. The exploration expense consists of the expensed portion of our exploration expenditure in 2010 and impairment of exploration expenditure capitalised in previous years. In 2010, the exploration expenses were NOK 15.8 billion.

The 5% decrease in **exploration expenses** from 2009 to 2010 was mainly due to lower drilling activity and a smaller portion of exploration expenditure capitalised in previous years being impaired. The decrease was partly offset by higher oil sand delineation drilling expenses, higher seismic expenditures and higher pre-sanctioning costs.

Net financial items amounted to a loss of NOK 0.4 billion in 2010, compared to a loss of NOK 6.7 billion in 2009. The NOK 6.3 billion positive change from 2009 to 2010 was mostly attributable to fair value changes on interest rate swap positions, due to decreasing US dollar interest rates in 2010, compared to increasing US dollar interest rates in combination with 17% weakening of US dollar versus the NOK in 2009.

Income taxes were NOK 99.2 billion in 2010, equivalent to an effective tax rate of 72.5%, compared to NOK 97.2 billion in 2009, equivalent to an effective tax rate of 84.6%.

The decrease in effective tax rate from 2009 to 2010 was mainly due to high taxes in 2009 caused by higher taxable income than accounting income in companies that are taxable in other currencies than the functional currency. The decrease in the effective tax rate was also caused by relatively lower income from the NCS in 2010 compared with 2009 which is subject to a higher than average tax rate.

In 2010, the non-controlling interest (minority interest) in net profit was NOK 0.4 billion, compared to NOK 0.6 billion in 2009. The non-controlling interest in 2010 is primarily related the 79% owned Mongstad crude oil refinery and the 54% owned Statoil Fuel & Retail (from October 2010).

Cash flow statement

Cash flows from underlying operations, less tax payments, contributed NOK 97.8 billion. Cash flows used in investing activities amounted to NOK 76.2 billion.

Cash flows from operating activities Statoil's primary source of cash flow consists of funds generated from operations. The cash flows provided by operations amounted to NOK 80.8 billion in 2010, compared with NOK 73.0 billion in 2009. The increase in cash flows from operating activities of NOK 7.8 billion was primarily due to NOK 8.2 billion higher cash flows from underlying activities and NOK 8.2 billion lower tax payments.

Cash flows used in investing activities amounted to NOK 76.2 billion in 2010, an increase of NOK 0.8 billion from 2009. Proceeds from sales increased by 4.6 billion mainly related to prepayments from the sale of interests in the Kai Kos Dehseh oil sand development and prepayments from the sale of a share of our Peregrino asset.

Net cash flows from financing activities in 2010 amounted to positive NOK 0.6 billion, compared to positive NOK 11.3 billion in 2009. The NOK 10.7 billion decrease is mainly related to a change in long-term borrowings of NOK 29.1 billion due to fewer new bonds issued in 2010 compared to 2009.

Statoil is an international energy company with operations in 42 countries. Building on more than 35 years of experience from oil and gas production on the Norwegian continental shelf, Statoil is committed to accommodating the world's energy needs in a responsible manner, applying technology and creating inno-vative business solutions.

Statoil is headquartered in Norway with 30,300 employees worldwide, and is listed on the New York and Oslo Stock Exchanges.

For more information, please visit www.statoil.com

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