2010

Statutory Report

Statoil

Statutory report 2010

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Board of directors report

Statoil delivered strong financial results and cash flows in 2010. Production volumes were below our expectations in the second part of the year. However, the company has a solid financial position and is well placed to continue to deliver long term growth and shareholder value.

The company increased its net operating income by 13% to NOK 137.2 billion in 2010, mainly because of higher oil prices, and was only partly offset by lower gas prices and reduced volumes sold.

Total equity liquids and gas production in 2010 were down 4% to 1.888 mmboe per day. Production volumes were strong in the first half of the year, but lower in the second part of the year, mainly due to maintenance, operational issues and production permit restrictions.

The company has had a strong cash flow and has a sound financial position, and expects to deliver a compound annual production growth rate of around 3% from 2010 to 2012. Due to the constraints of existing production permits and the temporary operational issues at the NCS, this growth will not be linear.

In 2010, Statoil agreed to partially sell interests in our operated assets in Brazil and Canada, final investement decisions were made for nine new projects, and we carried out a successful initial public offering (IPO) of our energy and retail business.

Statoil acquired high potential exploration acreage in 2010 and the reserve replacement ratio grew to 87%, up from 73% in 2009. We believe we have the resource base required 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 Statoil share

The board of directors proposes for approval at the annual general meeting an ordinary dividend of NOK 6.25 per share for 2010, an aggregate total of NOK 19.9 billion.

The board of directors has established a dividend policy that implies a predictable dividend level going forward. The ambition is to grow the annual cash dividend, measured in NOK per share, in line with long-term underlying earnings. When proposing the annual dividend level, the board of directors takes into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility.

In addition to the cash dividend, Statoil might buy back shares as part of its total distribution of capital to the shareholders. The dividend policy was revised in February 2010 in order to create a more predictable dividend level.

In 2009, the ordinary dividend was NOK 6.00 per share, an aggregate total of NOK 19.1 billion.

The Statoil share price is showing a downward trend during 2010, starting out 2 January 2010 at NOK 146.00, ending up at NOK 138.60 at the end of 2010.

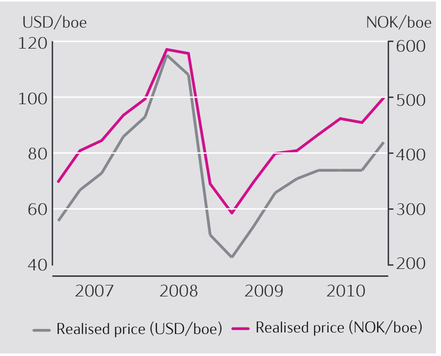
Group profit and loss analysis

Net operating income was NOK 137.2 billion in 2010, compared to NOK 121.6 billion in 2009. The 13% increase from 2009 to 2010 was primarily attributable to higher prices for liquids, partly offset by lower gas prices, reduced volumes of liquids sold, and losses on derivatives.

Consolidated statement of income (in NOK billion)	For the year ended 31 December 2010	2009	Change
Revenues and other income			
Revenues	**526.7**	462.3	14%
Net income from equity accounted investments	**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	112%
Earnings per share for income attributable to equity holders of the company, basic and diluted	**11.9**	5.7	109 %

Revenues and other income amounted to NOK 529.6 billion in 2010, which is NOK 64.1 billion higher than in 2009. Most of the revenues stems 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 Norwegian continental shelf (NCS). All purchases and sales of the Norwegian state's production of liquids are recorded as purchases net of inventory variations and sales, respectively.

Group realised oil prices



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.

Realised prices of liquids measured in NOK increased by 27% from 2009 to 2010, contributing NOK 34.6 billion to the increase in revenues, while increased volumes of gas sold contributed NOK 5.9 billion to the increase in revenues. The increase was partly offset by a 7% decrease in liftings of liquids with a total off-setting effect of NOK 10.1 billion, while gas prices were down by 10% in 2010, affecting revenues negatively by NOK 9.5 billion.

Total liquids liftings were 969 mboe per day in 2010, a decrease of 7% compared to last year. Total liquids liftings were 1.045 mmboe per day in 2009, an increase of 3% compared to 2008 when liftings were 1.019 mmboe per day. Total liftings of gas were slightly down from 740 mboe per day in 2009 to 738 mboe per day in 2010.

Net income from equity accounted investments was NOK 1.1 billion in 2010, compared to NOK 1.8 billion in 2009.

Other income was NOK 1.8 billion in 2010, compared with NOK 1.4 billion in 2009. Other income in 2010 and 2009 was mainly related to a gain from sale of assets and insurance proceeds relating to business interruptions.

Purchase, net of inventory variation includes the cost of the oil and NGL production purchased from the Norwegian state pursuant to the agreement Owners instruction. The purchase, net of inventory variation amounted to NOK 257.4 billion in 2010, compared to NOK 205.9 billion in 2009. The 25% increase from 2009 to 2010 was mainly caused by higher prices of liquids measured in NOK.

Operating expenses include field production costs, including payroll expenses and employee benefits, and costs incurred for transport systems related to the company's share of oil and natural gas production. In 2010, operating expenses amounted to NOK 57.5 billion, an increase of NOK 0.6 billion since 2009 when operating expenses were NOK 56.9 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.

Total entitlement liquids and gas production decreased from 1.806 mmboe per day in 2009 to 1.705 mmboe per day in 2010. Total equity liquids and gas production decreased from 1.962 mmboe per day in 2009 to 1.888 mmboe per day in 2010. The decrease in production was mainly caused by the relatively higher maintenance activity in 2010, limitations to the gas transportation system from the NCS because of planned maintenance, production permit restrictions on the Ormen Lange field, various operational issues and an expected natural production decline on several mature fields. The decrease in production was partly compensated by production from start-up of new fields and ramp-up on existing fields.

The production cost per boe based on equity volumes for the 12 months ended 31 December 2010 and 2009, was NOK 38.6 and NOK 35.3, respectively. Adjusted for restructuring costs, reversal of restructuring costs and other costs arising from the Hydro-merger recorded in the fourth quarter 2007 and gas injection costs, the production cost per boe of equity production for the 12 months ending 31 December 2010 and 2009, was NOK 37.9 and NOK 35.3, respectively.

Selling, general and administrative expenses include expenses related to the sale and marketing of our products, such as business development costs, payroll expenses and employee benefits. These amounted to NOK 11.1 billion in 2010, compared to NOK 10.3 billion in 2009. The NOK 0.8 billion increase from 2009 to 2010 mainly stems from a provision for an onerous contract in 2010. The increase was only partly offset by cost reductions from cost saving activities.

Depreciation, amortisation and net impairment losses include depreciation of production installations 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, compared to NOK 54.1 billion in 2009. The 6% decrease in depreciation, amortisation and net impairment losses in 2010 compared to 2009 was mainly due to lower impairment losses in 2010 and lower production.

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, a 5% decrease since 2009 when exploration expenses were NOK 16.7 billion.

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

	For the year ended 31 December		
Exploration (in NOK billion)	2010	2009	change
Exploration expenditure (activity)	**16.8**	16.9	(1 %)
Expensed, previously capitalised exploration expenditure	**2.9**	7.0	(59 %)
Capitalised share of current periods exploration activity	**(3.9)**	(7.2)	(46 %)
Exploration expense	**15.8**	16.7	(5 %)

In 2010, a total of 35 **exploration and appraisal wells** were completed, 17 on the NCS and 18 internationally. A total of 19 wells were announced as discoveries in the period, 12 on the NCS and seven internationally. In addition, four exploration extension wells were completed on the NCS in 2010, of which three were announced as discoveries. In 2009, a total of 68 exploration and appraisal wells and two exploration extension wells were completed, 41 on the NCS and 29 internationally. Thirty-eight exploration and appraisal wells and two exploration extension wells were declared as discoveries.

Net operating income was NOK 137.2 billion in 2010, compared to NOK 121.6 billion in 2009. The 13% increase from 2009 to 2010 was primarily attributable to higher prices for liquids, partly offset by lower gas prices, reduced volumes of liquids sold, and losses on derivatives.

In 2010, net operating income was negatively affected by impairment losses net of reversals (NOK 4.8 billion), lower fair value of derivatives (NOK 2.9 billion) and a provision for an onerous contract related to the Cove Point terminal in the USA (NOK 0.8 billion), while overlift (NOK 1.4 billion) and gain on sale of assets (NOK 1.3 billion) had a positive impact on net operating income.

In 2009, net operating income was negatively affected by impairment losses net of reversals (NOK 12.2 billion) and underlift (NOK 1.2 billion), while higher fair value of derivatives (NOK 2.2 billion), other accruals (NOK 1.3 billion), gain on sale of assets (NOK 0.5 billion) and reversals of restructuring costs (NOK 0.3 billion) all had a positive effect net operating income in 2009.

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 positive change of NOK 6.3 billion 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 a 17% weakening of the US dollar in relation to 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 the 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 to 2009. This income 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 to Statoil's 54% ownership of Statoil Fuel & Retail, starting in October 2010, and the 79% ownership of Mongstad crude oil refinery.

Net income was NOK 37.6 billion in 2010, compared to NOK 17.7 billion in 2009. The 112% increase from 2009 to 2010 was mainly due to increased net operating income as a result of higher revenues from liquids and a lower net financial loss, only partly offset by higher income taxes.

Considering the **proposed dividend** for 2010, the remaining net income in the parent company will be allocated to reserve for valuation variances and retained earnings with NOK 8.2 billion and NOK 9.6 billion, respectively. The company's distributable equity after allocations amounts to NOK 107.7 billion.

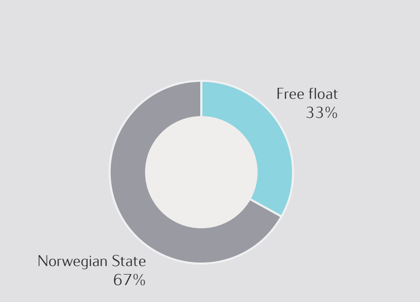
In accordance with Section 3-3 of the Norwegian Accounting Act, the board of directors confirms that the financial statements have been prepared on the basis of the **going concern** assumption.

Our business

Statoil is an integrated energy company that is primarily engaged in oil and gas exploration and production activities. Statoil's headquarter is in Norway and the company is the leading operator on the NCS. The company is present in 42 countries worldwide.

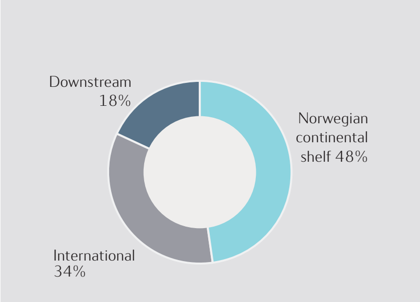
Statoil ASA is a public limited company organised under the laws of Norway. The largest offices are in Stavanger, Bergen and Oslo, and the group had approximately 30,300 permanent employees as of 31 December 2010. Of this total, 10,400 were employees of the Statoil Fuel & Retail ASA group, in which we held a 54% majority ownership interest as of 31 December 2010.

Ownership structure *

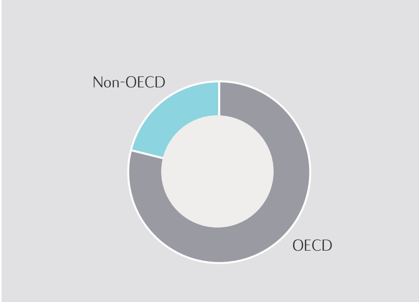


*As per 31 December 2010

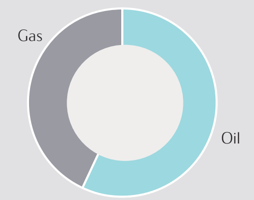
Fixed assets



Upstream assets



Oil and gas*



*Entitlement production

The combined exploration and production business had an average equity liquids and natural gas production of 1,888 mmboe per day in 2010. Proved reserves at the end of 2010 were 2,124 mmboe of oil and 3,201 mmboe of natural gas, corresponding to aggregate proved reserves of 5,325 mmboe.

Statoil ranks among the world's largest net sellers of crude oil and condensate, and is the second largest supplier of natural gas to the European market. We have also substantial processing and refining activities. We are contributing to the development of new energy resources, have ongoing activities in the fields of wind power and biofuels and are at the forefront of implementation of technologies for carbon capture and storage (CCS).

In further developing our international business, Statoil intends to utilise its core expertise in areas such as deep waters, heavy oil, harsh environments and gas value chains in order to exploit new opportunities and execute high quality projects.

Statoil business areas up until 31 December 2010 are presented below:

Exploration & Production Norway is responsible for Statoil's exploration, field development and production operations on the Norwegian Continental Shelf (NCS). Total production amounted to 1.374 mmboe per day in 2010, representing 73% of Statoil's equity production.

International Exploration & Production is responsible for exploration, development and production of oil and gas outside the NCS. Total production amounted to 514 mboe per day in 2010, representing 27% of Statoil's equity production.

Natural Gas is responsible for Statoil's transportation, processing and marketing of pipelined gas and LNG worldwide, including the development of additional processing, transportation and storage capacity.

Manufacturing & Marketing is responsible for the processing and sale of our production of crude oil and natural gas liquids (NGL), and the sale of refined products. The business area also markets and sells the Norwegian State's volumes of crude and NGL.

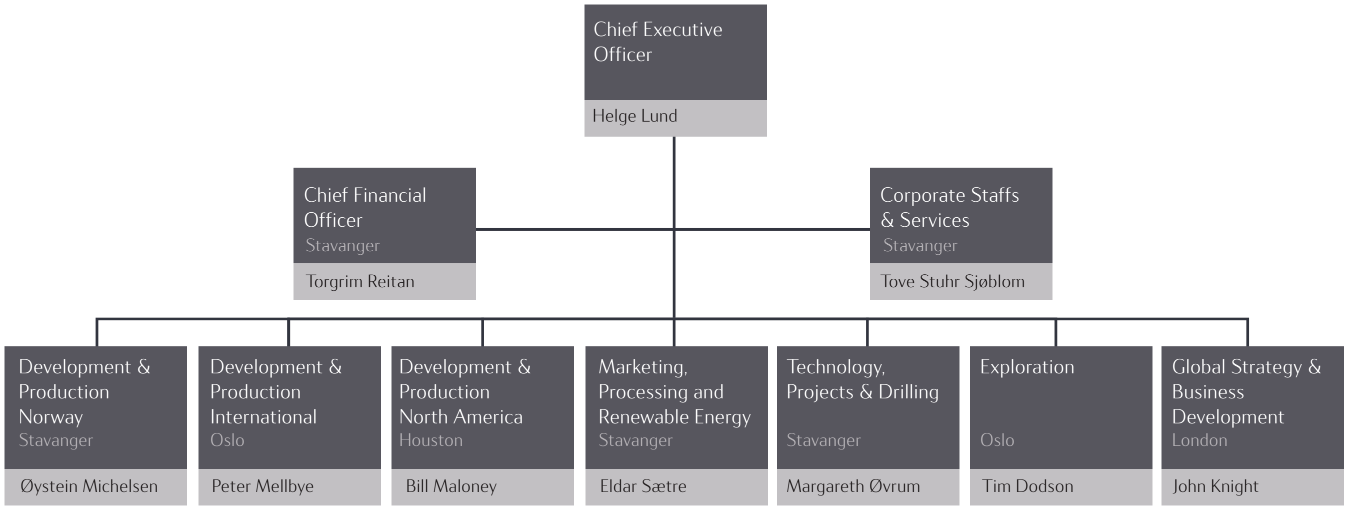
As from the fourth quarter 2010, the **Fuel & Retail** business is reported as a separate operating segment after a successful listing on the Oslo Stock Exchange on the 22 October 2010. Statoil's remaining ownership share in the listed company Statoil Fuel & Retail AS, is 54%. Statoil Fuel & Retail is a leading Scandinavian road transportation fuel retailer with 100 years of operation. The company has 2,283 service stations in eight countries. Statoil Fuel & Retail also markets refined products directly to consumer and industrial markets.

Technology & New Energy is responsible for the development of technology and renewable energy.

Projects is responsible for planning and executing all development and modification projects exceeding NOK 50.0 million.

New organisational structure as from January 2011
A new corporate structure was implemented as from 1 January 2011 and the changes were made as a response to future business opportunities and challenges, and to support a continued strong development of the company. The new organisation reflects the ongoing globalisation of Statoil and simplifies internal interfaces to support safe and efficient operations.

Statoil's Corporate Executive Committee and the respective business areas and staff functions



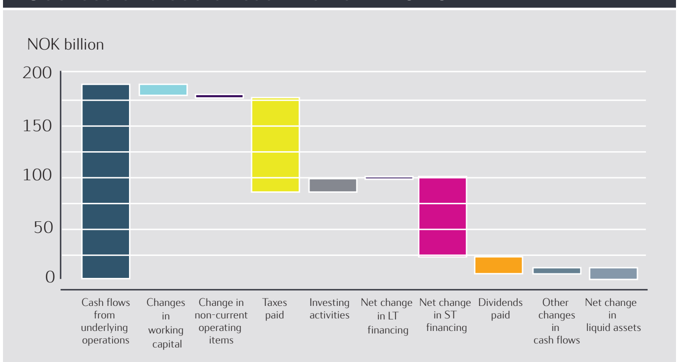
Cash flows

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

Cash flows provided by operating activities
Statoil's primary source of cash flow consists of funds generated by operations. The cash flows provided by operations amounted to NOK 80.8 billion in 2010, compared to 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. These changes were offset by negative changes in working capital contributing NOK 12.8 billion.

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 sands development and prepayments from the agreed sale of a share of our Peregrino asset.

Sources and use of cash flows in 2010



Cash flows related to financing activities
Net cash flows provided by financing activities in 2010 amounted to a positive NOK 0.6 billion, compared to a positive NOK 11.3 billion in 2009. The NOK 10.7 billion decrease is mainly related to a net change in non-current loans of NOK 29.1 billion due to fewer new bonds being issued in 2010 compared to 2009. The decrease was partly offset by a change in the net cash flow from non-controlling interests of NOK 5.1 billion. This was mainly related to cash received from the Statoil Fuel & Retail ASA shareholders for 46% of Statoil Fuel & Retail's shares, a change of NOK 4.0 billion in dividends paid and a change of NOK 9.3 billion in net current loans, bank overdrafts and other (other includes collateral liabilities that are used as the security for trading activities).

Liquidity and capital resources

Statoil has maintained a strong financial position throughout the year and the net debt ratio was 23.5% at the end of 2010.

Liquidity

Our annual cash flow from operations is highly dependent on oil and gas prices and our levels of production. It is only influenced to a small degree by seasonality and maintenance turnarounds. Fluctuations in oil and gas prices, which are outside our control, will cause changes in our cash flows. We will use available liquidity to finance Norwegian petroleum tax payments, any dividend payment and investments.

As of 31 December 2010, cash and cash equivalents and current financial investment in total amounted to NOK 41.8 billion, including NOK 30.3 billion in cash and cash equivalents and NOK 11.5 billion of current financial investments. Compared to year end 2009, cash and cash equivalents increased by NOK 5.6 billion and current financial investments increased by NOK 4.5 billion. The increase in liquid assets in 2010 was mainly due to high cash flows from operations in combination with high investment activity

On 20 December 2010 the agreement for a USD 3 billion multicurrency revolving credit facility (including a USD 1 billion Swingline option) for Statoil ASA was signed with a group of 20 international banks. The facility replaced the company's USD 2 billion revolving credit facility which Statoil terminated as of 23 December 2010. The facility has a term of five years until December 2015, but includes two one year extension options which may extend the facility to December 2017.

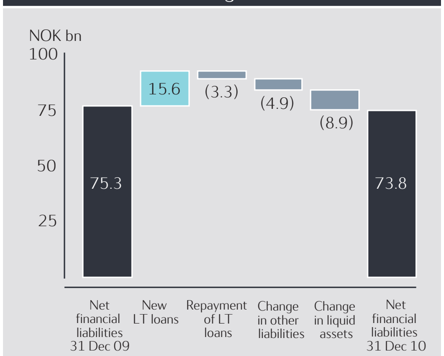
Statoil's general policy is to maintain a liquidity reserve in the form of cash and cash equivalents in its balance sheet, and committed, unused credit facilities and credit lines in order to ensure that it has sufficient financial resources to meet its short-term requirements. Long-term funding is raised when the group identifies a need for such financing based on its business activities and cash flows, as well as when market conditions are considered favourable.

We aim to keep ratios relating to net debt at levels consistent with our objective of maintaining our long-term credit rating at least within the single A category. In this context, Statoil carries out different risk assessments, some of them in line with financial matrices used by S&P and Moody's, such as free cash flow from operations over net debt and net debt to capital employed.

Our long-term and short-term ratings from Moody's are Aa2 and P-1, respectively. Our long-term rating from Standard & Poor's was raised to AA- in August 2007, reflecting the majority ownership by the Norwegian State. Standard & Poor's short-term rating of Statoil is A-1+. The current rating outlook is stable from both agencies.

In 2011, Statoil will continue to secure necessary financial flexibility and, depending upon on oil and gas price developments amongst other, it may issue bonds if market conditions are viewed as attractive.

Net interest bearing financial liabilities



Net interest-bearing financial liabilities amounted to NOK 73.8 billion at 31 December 2010, compared to NOK 75.3 billion at 31 December 2009. The decrease of NOK 1.5 billion was mainly related to an increase in gross financial liabilities of NOK 7.4 billion and a change in adjustments to net interest-bearing debt of NOK 1.2 billion, offset by an increase in cash and cash equivalents and current financial investments of NOK 10.1 billion.

The net debt to capital employed ratio, before adjustments, defined as net interest-bearing debt in relation to capital employed, was 23.5% in 2010, compared to 26.6% in 2009. The adjusted net debt to capital employed ratio was 24.6% at 31 December 2010, compared to 27.3% at 31 December 2009. The 2.7% decrease was mainly related to a decrease in net financial liabilities of NOK 1.5 billion, in combination with an increase in capital employed of NOK 24.8 billion. In the calculation of net interest-bearing debt, we make certain adjustments, which make net interest bearing debt and the net debt to capital employed ratio non-GAAP financial measures.

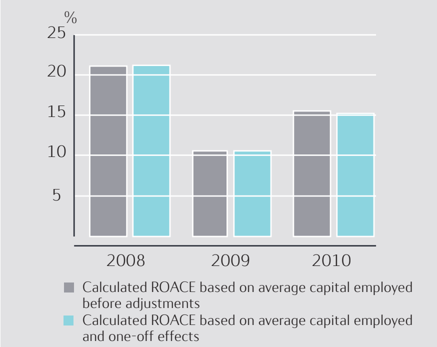
The group's borrowing needs are mainly covered through the issuing of short-term and long-term securities, including utilisation of a US Commercial Paper Programme and a Euro Medium Term Note (EMTN) Programme (the limits of the programme being USD 4 billion and USD 6 billion, respectively), and through draw-downs under committed credit facilities and credit lines. After the effect of currency swaps, 100% of our borrowings are in USD.

Our **financial policies** take into consideration funding sources, the maturity profile of long-term debt, interest rate risk management, currency risk and the management of liquid assets. Our borrowings are denominated in various currencies and swapped into USD, since the largest proportion of our net cash flow is denominated in USD. In addition, we use interest rate derivatives, primarily consisting of interest rate swaps, to manage the interest rate risk of our long term debt portfolio.

Return on Average Capital Employed

Statoil achieved a competitive rate of return on the capital employed in 2010.

Roace calculation



We use ROACE to measure the return on capital employed, regardless of whether the financing is through equity or debt.

ROACE was 15.4% in 2010, compared to 10.5% in 2009 and 21.0% in 2008. The increase from last year was due to a 55% increase in net income adjusted for financial items after tax and a 6% increase in capital employed. Adjusted for the effects of restructuring costs and other costs arising from the merger, ROACE was 15.2% in 2010 compared to 10.5% in 2009 and 21.1% in 2008. The increase from 2009 to 2010 was caused by an increase in income and relatively lower increase in capital employed. ROACE is defined as a non-GAAP financial measure.

Research and Development

Statoil is a technology intensive company. Research and development is an integral part of our strategy.

In addition to technological development in field development projects, a significant part of Statoil's research is carried out at centres for research and technology development in Trondheim, Bergen, Porsgrunn in Norway and Calgary in Canada. The research and development is carried out in close co-operation with universities, research institutions, other operators and the supplier industry. Research and development expenditures were NOK 2.0 billion in 2010.

The technology strategy is driven by our key business challenges, aiming to build even stronger industry positions. Technology is a key enabler to achieving this and will make significant contributions to field development in frontier deep waters and Arctic areas, heavy oil production, subsalt exploration, and environmental and climate issues. The ambition is to achieve distinctiveness and industry leadership in selected technologies and to stay competitive in a broad range of core and emerging technologies along the energy provision value chain.

Furthermore, improved oil and gas recovery and improved drilling and well solutions are important to successfully fight declining production from mature fields. Statoil has achieved some of the petroleum industry's highest recovery factors on the NCS by combining scientific and engineering capabilities and boldly introducing new technology. We intend to further advance the most important technologies to meet our improved oil recovery ambitions.

Financial risks

The financial results are very dependent upon the prices of crude oil and natural gas, the USDNOK exchange rate and realised refining margins.

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

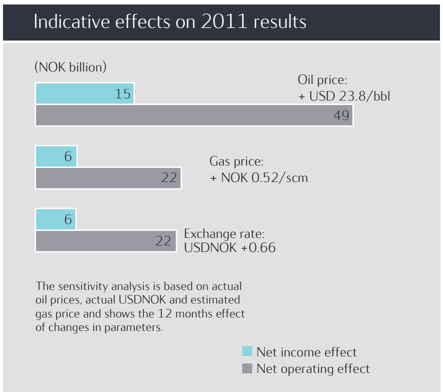
The results will also be affected by trends in the international oil industry, including possible actions by governments and other regulatory authorities in the jurisdictions in which the group operates. Also possible or continued actions by members of the Organization of Petroleum Exporting Countries (Opec) that affect price levels and volumes, refining margins, increasing cost of oilfield services, supplies and equipment, increasing competition for exploration opportunities and operatorships, and deregulation of the natural gas markets may cause substantial changes to the existing market structures and to the overall level and volatility of prices.

The following table shows the yearly averages for quoted Brent Blend crude oil prices, natural gas contract prices, Statoil's benchmark refining margins (FCC margin) and the USDNOK exchange rates for 2010, 2009 and 2008.

Yearly average	2010	2009	2008
Crude oil (USD/bbl brent blend)	**76.5**	58.0	91.0
Natural gas (NOK per scm)[1]	**1.7**	1.9	2.4
FCC margins (USD/bbl)[2]	**5.4**	4.3	8.2
USDNOK average daily exchange rate	**6.1**	6.3	5.6

[1] From the Norwegian Continental Shelf.

[2] Refining margin.



The illustration shows how certain changes in the crude oil price, natural gas contract prices and the USDNOK exchange rate, if sustained for a full year, could impact the financial results in 2011.

The estimated sensitivity of our financial results to each of the factors has been estimated based on the assumption that all other factors would remain unchanged. The estimated effects on the financial results would differ from those that would actually appear in our consolidated financial statements because our consolidated financial statements would also reflect the effect on depreciation, trading margins, exploration expenses, inflation, potential tax system changes and the effect of any hedging programmes in place.

Our oil and gas price hedging policy is designed to assist our long-term strategic development and our attainment of targets by protecting financial flexibility and cash inflows.

Fluctuating foreign exchange rates can have a significant impact on our operating results. Our revenues and cash flows are mainly denominated in, or driven by US dollars, while our operating expenses and income taxes payable largely accrue in NOK. The group seeks to manage this currency mismatch by issuing or swapping long-term debt in USD. This debt policy is an integrated part of our total risk management programme. The group also engage in foreign currency hedging in order to cover our non-USD needs, which are primarily in NOK. We manage the risk arising from our interest rate exposure through the use of interest rate derivatives, primarily interest rate swaps, based on a benchmark for the interest reset profile of our long-term debt portfolio. In general, an increase in the value of USD in relation to NOK can be expected to increase our reported earnings.

Group and market outlook

Statoil expects **equity production** in 2011 to be around the 2010 level, or slightly below. Equity production for 2012 is expected to grow with 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.

Planned turnarounds are expected to have a negative impact on the equity production of around 40 mboe per day for the full year 2011. The main impact is expected to be in the third quarter of 2011. These effects are only related to production of liquids.

Organic capital expenditures for 2011 i.e. excluding acquisitions and capital leases, are estimated at around USD 16 billion.

The company will continue to mature its large portfolio of exploration assets. In 2011, we expect to drill approximately 20 exploration wells on the NCS and around 20 exploration and appraisal wells internationally. We expect a total exploration activity level in 2011 of around USD 3 billion.

We expect prices for crude oil, products and natural gas to continue to be volatile in the short to medium term. Refining margins have increased compared to 2009; however, they are still low in a historical perspective. We anticipate that the refining margins will remain low, at least in the near term. The refining industry is expected to still face major challenges in 2011. Even though global oil demand has recovered from 2009 levels, refinery overcapacity persists.

We believe that global oil demand will continue to increase in 2011. In line with the economic recovery, global oil demand is expected to normalize in the years to come. The shift of higher oil consumption in emerging markets, and lower oil consumption in mature regions, is expected to continue. Emerging markets, led by China, are expected to increase usage of oil within industrial production, construction and transportation. Western Europe and the US are expected to see a fall in oil demand primarily due to efficiency gains in the transportation sector and less intake from stationary facilities.

In the long term, we continue to take a positive view of gas as an energy source. Domestic production of gas in the EU continues to decline, while demand for gas is expected to increase in the long term, particularly due to the lower carbon footprint of natural gas compared to oil and coal. In the USA, we believe that our position in the Marcellus and Eagle Ford shale gas acreage, in combination with Gulf of Mexico production, will provide a foundation for growth in our US market position in the years ahead.

Statoil's income could vary significantly with changes in commodity prices, while volumes are fairly stable through the year. There is a small seasonal effect on volumes in the winter and summer seasons due to normally higher off-takes of natural gas during cold periods. There is normally an additional small seasonal effect on volumes as a result of the higher maintenance activity level on offshore production facilities during the second and third quarters each year, since generally better weather conditions allow for more maintenance work.

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 the section "Forward looking statements".

Health, safety and the environment

Statoil's ambition is to operate with zero harm to people and the environment and in accordance with principles for sustainable development. Safe and efficient operations are our first priority.

Statoil has committed itself to ensuring safe operations that protect people, the environment, communities and material assets, and to using natural resources efficiently and providing energy that supports sustainable development.

The board of directors emphasises the importance of understanding factors that create risks in order to avoid major accidents. We work systematically to mitigate risks that are critical to operating safely and reliably, and continuous improvement for better safety results has high attention in all our business areas. In 2010 the board established the health, safety, environment and ethics sub-committee to strengthen the board's focus on HSE and ethics.

In order to meet our goal of improving safety results in all our businesses, we hold a large number of training sessions in compliance and risk management. Our compliance programme focuses on the integration of our values in all activities, and on compliance with internal and external requirements. Where requirements can not be met, the risk will be identified and controlled as part of the systematic handling of non-conformities.

We have identified the following four priority areas as drivers of improvements. They were carried forward from 2009 and will be further carried forward into 2011. We consider them to be fundamental to our ability to deliver on our policy commitments and our ambition to be industry leader in HSE:

- Committed leadership and compliance
- Understanding and managing our risks
- Simplification and harmonisation of our procedures and work processes
- Increased focus on technical integrity and barriers

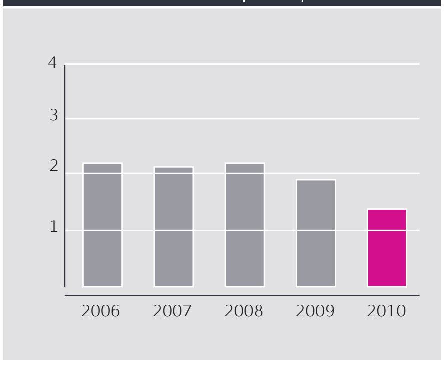
Following the Macondo blowout in the Gulf of Mexico (Statoil has no interest in Macondo), the industry in general, including Statoil, are facing a higher level of scrutiny with respect to all their activities. This accident has raised public concern about the overall integrity and HSE performance of the industry as a whole.

On May 19, we experienced an unexpected change in pressure and loss of drilling fluid on Gullfaks C on the Norwegian continental shelf, leading to the shutdown of the platform. No personnel were harmed, and no spillages or emissions occurred. 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 carried out with serious deficiencies.

Statoil has already taken action to secure understanding for and implementation of an appropriate response to these incidents.

Statoil's safety results with respect to serious incidents have been improved in recent years. The overall Serious Incident Frequency (SIF) improved from 1.9 in 2009 to 1.4 in 2010.

Serious incident frequency



We strive to ensure a working environment that promotes job satisfaction and good health. This work involves monitoring of physical, chemical and organisational factors in the working environment, and a system for following up on groups or individuals that are exposed to risks in their working environment. Special attention is devoted to chemical health hazard.

The sick leave rate in Statoil decreased from 4.0% in 2009 to 3.6% in 2010, and is followed closely by managers at all levels.

Statoil was fined NOK 0.8 million in 2010, for an oil leakage to the ground. The Petroleum Safety Authority Norway issued six orders relating to our Norwegian operations.

People and the organisation

Statoil will create value for the owners based on a clear performance framework defined by our corporate values and principles for HSE, ethics and leadership.

Statoil's ambition is to be a globally competitive company. It is a key priority to create a stimulating working environment and provide employees with good opportunities for professional and personal development.

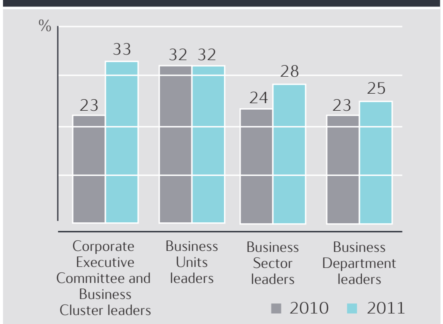
The group seeks to achieve this through developing a strong, value-based performance culture, clear principles for leadership and an effective management and control system. In Statoil, the way in which the results are achieved is as important as the results themselves. Corporate governance, our values, leadership model, operating model and corporate policies are described in the Statoil Book, which has been made available for all employees.

The group has global people policies to ensure consistent common standards across the group. Through our global people development and deployment process, we seek to ensure a good match between professional interests and goals, while at the same time offering challenging and meaningful job opportunities. Statoil remains committed to providing financial and non-financial rewards that attract and motivate the right people, and we continue to focus on equal opportunities for all talents.

We promote diversity among our employees. The importance of diversity is stated explicitly in Statoil's values and ethical codes of conduct. We try to create the same opportunities for everyone and do not tolerate discrimination or harassment of any kind in our workplace.

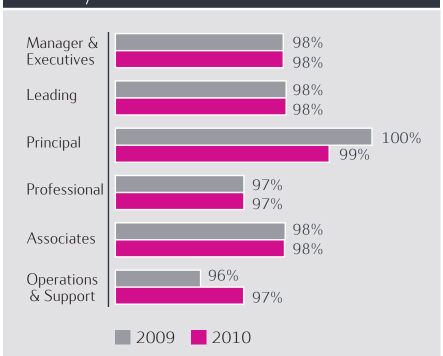
Statoil works systematically with recruitment and development programmes in order to increase the number of women in male-dominated positions and discipline areas. The reward system in Statoil is non-discriminatory and supports equal opportunities, which means that, given the same position, experience and performance, men and women will be at the same salary level. However, due to differences between women and men in types of positions and number of years' experience, there are some differences in compensation when comparing the general pay levels of men and women.

Share of female leaders with personnel responsibility



At year end 2010, the overall percentage of women in the company was 37%, 40% of the board of directors were women, and 20% of the corporate executive team were women. Through our development programmes, we aim to increase the number of female managers, and we endeavour to give equal representation to men and women in leadership development programmes. The total proportion of female managers in Statoil at year end 2010 was 25%, and among managers under the age of 45, the proportion was 34%. We also devote close attention to male-dominated positions and discipline areas. At year end 2010, 26% of staff engineers were women, and among staff engineers with up to 20 years of experience, the proportion of women was 31%. The proportion of female skilled workers was 16%.

Salary ratio women to men



Statoil believes that being a global and sustainable company requires people with a global mindset. At year end 2010, 40% of our non-managerial staff in the Statoil group was non-Norwegian, whereas the proportion in Statoil ASA was 6%. Outside Norway, Statoil aims to increase the number of people and managers that are locally recruited, and to reduce long-term, extensive use of expats in our business operations.

Building a culture characterised by global mindset includes deploying new role models with international experience into leading positions. The new organisational structure prevailing as from 2011 intends to ensure renewal and globalisation of the Statoil group through a comprehensive leadership deployment process. One of the main priorities of this process has been to accelerate the percentage of female and international leaders, and to deploy identified talents into new leading positions. The leadership composition, effective 1 January 2011, represents a significant improvement of the leadership diversity, and is summarised in the following figures.

Numbers of permanent employees* and percentage of women in the Statoil group from 2008 to 2010

	Number of employees			Women		
Geographical Region	2010	2009	2008	2010	2009	2008
Norway	**18,838**	18,100	17,891	**31%**	31%	30%
Rest of Europe	**10,335**	9,593	10,475	**49%**	50%	47%
Africa	**140**	165	144	**30%**	28%	32%
Asia	**145**	150	169	**58%**	55%	54%
North America	**713**	584	448	**33%**	34%	39%
South America	**173**	147	102	**46%**	48%	53%
TOTAL	**30,344**	28,739	29,229	**37%**	37%	35%
Non - OECD	**2,732**	2,703	3,009	**63%**	64%	65%

* Service station personnel are included

The Statoil group employs approximately 30,300 permanent employees, around 19,000 of them are employed in Norway, whereas approximately 11,300 were employed outside Norway. Of these, 10,400 were employed in the Statoil Fuel & Retail Group.

Environment and climate

Statoil works actively to limit the negative environmental impacts related to our operations.

Statoil is committed through its climate policy to contribute to sustainable developments. We recognise that there is a link between the use of fossil fuels and man-made climate change, and the climate policy takes into account the need for proactively combating global climate change in our operations, as well as evaluating the company's efforts on renewables and clean technology. Statoil's environmental management system seeks to identify the most important environmental aspects of all facilities, set targets for improvement, and is an integrated part of the overall management system.

Our climate policy sets out the principles for addressing the challenge of global warming and our ambition of maintaining the position as an industry leader in relation to sustainable development. The climate policy has been implemented in all our business planning and strategy development.

Statoil is continuously focusing on energy efficiency at our installations. Requirements for energy efficiency are incorporated in relevant governing documents.

We continuously monitor our emissions. Several modification projects for further reductions are being implemented, and Statoil has established corporate wide principles for oil spill response in relation to our operations. The group also continued an extensive research and development program aimed at adapting its oil spill response to arctic areas.

The most important group-wide indicators to measure environmental performance are oil spills, emissions of carbon dioxide and nitrogen oxides, energy consumption and the recovery rate for non-hazardous waste.

The current emissions of CO_2 per tonne of oil and gas produced from Statoil-operated fields at the Norwegian Continental Shelf in 2010 correspond to 44% of the oil and gas industry 2009 average.

The volume of accidental oil spills decreased from 219 cubic metres in 2009 to 44 cubic metres in 2010. Two oil spills contributed to 66% of total volume spilled in 2009. The volume of other unintentional spills was 5,709 cubic metres in 2010, compared to 4,814 cubic metres in 2009. Carbon dioxide emissions have increased slightly from 13.1 million tonnes in 2009 to 13.4 million tonnes in 2010. Nitrogen oxides emissions were 42.3 thousand tonnes in 2010, same as in 2009. Energy consumption has decreased slightly from 63.6 TWh in 2009 to 62.3 TWh in 2010. The recovery rate for non-hazardous waste has decreased from 68.7% in 2009 to 51.9% in 2010.

Society

Statoil has continued to strengthen compliance with our policies and standards for social responsibility, ethics and anti-corruption across our operations throughout 2010.

Growing and sustaining our business depends on our ability to establish 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. Stakeholders include governments, communities, partners, contractors and suppliers, employees, customers and investors.

It is Statoil's responsibility to create value for our stakeholders. This is not only an ethical imperative. Living up to these responsibilities is required to support long-term profitability and consistency in complex environments. In line with our corporate policy on social responsibility, we are committed to:

- Making decisions based on how they affect our interests and the interests of the societies around us
- Ensuring transparency, anti-corruption and respect for human rights and labour standards, and
- Contributing to local content in our projects by developing skills and opportunities in the societies in which we operate.

Throughout 2010, we have continued to strengthen compliance with our policies and standards for social responsibility and ethics and anti-corruption across our operations. We make every effort to operate our business in a way that respects human rights and labour standards. We promote respect for fundamental labour rights and standards, such as decent wages, the regulation of working hours, the prohibition on child or forced labour, and freedom of association and collective bargaining. Furthermore, we actively support the Voluntary Principles of Security and Human Rights (VPSHR) and the United Nations Global Compact Principles.

Our commitment to the VPSHR is enshrined in our policy on corporate social responsibility, and the Principles are further integrated into our security procedures and management system. These procedures outline how security resources are managed and deployed, and underscore how important it is that all security personnel working on Statoil's behalf display universal respect for human rights, act within the law and comply with the company's rules on the use of force and firearms - in line with the UN Principles on the Use of Force and Firearms by Law Enforcement Officials and the UN Code of conduct for Law Enforcement Officials.

In 2010, we have continued securing ethics and anti-corruption as an integrated part in business operations. The focus has been on the continued mainstreaming of our Ethics Code of Conduct throughout the organisation and on strengthening our ability to manage and mitigate integrity risks in our operations. We screen new investments, partners, contractors and suppliers for integrity and human rights risks, and implement strict requirements for integrity due diligence (IDD) to improve our processes for managing integrity risks in our business relationships.

Through our core activities and the benefits that result from these, we aim to contribute to sustainable development in the countries and communities in which we operate.

Our business also generates significant revenues for governments. In 2010, we made total payments and contributions to governments estimated at NOK 154 billion, of which an estimate of 63% went to the Norwegian government. Direct and indirect taxes paid in Norway amounted to NOK 96.7 billion, and direct and indirect taxes paid outside Norway totalled NOK 27.0 billion in 2010. Based on Production Sharing Agreements, depending on the value of petroleum and the requirements stipulated in the agreements, we also made in-kind contributions (profit oil) estimated at NOK 30 billion and paid a total of NOK 0.5 billion in bonuses for licenses.

We are also making efforts to increase local procurement in our operations in non-OECD countries. In 2010, we spent an estimated NOK 4 billion on goods and services from companies based in non-OECD countries, up from NOK 2.5 billion in 2009.

To achieve our aim of increasing local procurement, we invest in local enterprises and also support capacity building initiatives and skills development for local employees and communities - including in Brazil, Nigeria and North-West Russia - to provide them with the right skills and expertise, standards and certifications required to compete successfully and work in the oil and gas industry.

Board developments

Lady Barbara Judge and Bjørn Tore Godal are new members of the board of Statoil ASA since August 2010. Judge is also member of the board's audit committee and Godal is also member of the board's compensation committee and the health, safety, environment & ethics committee. Judge and Godal replaced Elisabeth Grieg and Kjell Bjørndalen in the board.

The board held 16 meetings in 2010. Attendance at board meetings was 95%.

The board's audit committee held six meetings in 2010. The attendance at the committee's meetings was 87.5%.

The board's compensation committee held 10 meetings in 2010. The attendance at the committee's meetings was 100%.

The board's HSE and ethics committee, which was established in 2010, held one meeting in 2010 and the meeting attendance was 75%.

London, 14 March 2011

THE BOARD OF DIRECTORS OF STATOIL ASA

SVEIN RENNEMO
CHAIR

MARIT ARNSTAD
DEPUTY CHAIR

LILL-HEIDI BAKKERUD

BJØRN TORE GODAL

ROY FRANKLIN

LADY BARBARA JUDGE

EINAR ARNE IVERSEN

GRACE REKSTEN SKAUGEN

JAKOB STAUSHOLM

MORTEN SVAAN

HELGE LUND
PRESIDENT AND CEO

Statement on compliance

Board and management confirmation
Today, the board of directors, the chief executive officer and the chief financial officer reviewed and approved the board of directors' report and the Statoil ASA consolidated and separate annual financial statements as of 31 December 2010.

To the best of our knowledge, we confirm that:

- the Statoil ASA consolidated annual financial statements for 2010 have been prepared in accordance with IFRSs and IFRICs as adopted by the European Union (EU), IFRSs as issued by the International Accounting Standards Board (IASB) and additional Norwegian disclosure requirements in the Norwegian Accounting Act, and that
- the separate financial statements for Statoil ASA for 2010 have been prepared in accordance with the Norwegian Accounting Act and Norwegian Accounting Standards, and that
- the board of directors' report for the group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian Accounting Standard no 16, and that
- the information presented in the financial statements gives a true and fair view of the company's and the group's assets, liabilities, financial position and results for the period viewed in their entirety, and that
- the board of directors' report gives a true and fair view of the development, performance, financial position, principle risks and uncertainties of the company and the group.

London, 14 March 2011

THE BOARD OF DIRECTORS OF STATOIL ASA

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CHAIR

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DEPUTY CHAIR

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EINAR ARNE IVERSEN

GRACE REKSTEN SKAUGEN

JAKOB STAUSHOLM

MORTEN SVAAN

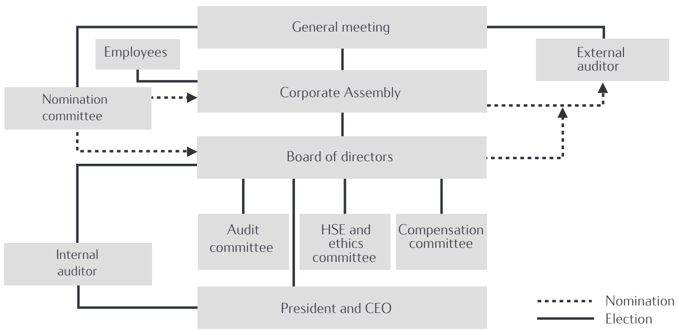
TORGRIM REITAN
CHIEF FINANCIAL OFFICER

HELGE LUND
PRESIDENT AND CEO

Board statement on corporate governance

To ensure sound corporate practice, Statoil's organisation is structured and managed in accordance with the Norwegian Code of Practice for Corporate Governance.

Nominations and elections - Statoil ASA



Since it is listed on the Oslo stock exchange, Statoil must report annually on compliance with the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (the "Code"). Any deviations from the Code must be explained. The Code covers 15 topics, and the statement shall cover each of these topics.

Statoil's board of directors has endorsed the Code and states that Statoil has complied with the Code throughout 2010.

Implementation of the code of practice

The board of directors focuses on maintaining a high standard of corporate governance in line with Norwegian and international standards of best practice.

The foundation for the Statoil group's governance structure is Norwegian law, and Statoil ASA is a Norwegian-registered public limited liability company with its primary listing on the Oslo stock exchange. Our share is also listed on the New York Stock Exchange (NYSE) and we are subject to the listing requirements of NYSE and the requirements of the US Securities and Exchange Commission.

Good corporate governance is a prerequisite for a sound and sustainable company, and our corporate governance is based on openness and equal treatment of our shareholders. Our governing structures and controls help to ensure that we run our business in a justifiable and profitable manner to the benefit of our employees, shareholders, partners, customers and society. We continuously consider prevailing international standards of best practice when defining and implementing company policies, as we believe that there is a clear link between high quality governance and the creation of shareholder value.

At Statoil, the way we deliver is as important as what we deliver. The Statoil Book, which addresses all Statoil employees, sets the standards for our behaviour, our delivery and our leadership.

Our values guide the behaviour of all Statoil employees. Our corporate values are "courageous", "open", "hands-on" and "caring". Both our values and ethics are treated as an integral part of our business activities. Our Ethics Code of Conduct is further described under the heading "Risk management and internal control".

We also take care to manage the impacts of our activities on people, society and the environment, in line with our corporate policies for corporate social responsibility (CSR) and health, safety and the environment (HSE). Areas covered by these policies include human rights and labour standards, transparency and anti-corruption, local hiring and procurement, health and safety, the working environment, security, and broader environmental issues.

Our governance and management system is further elaborated on our website at http://www.statoil.com/en/About/CorporateGovernance/Pages/default.aspx, where shareholders and other stakeholders can explore any topic of particular interest in more detail and easily navigate to related documentation.

Business

Our objectives are set out in our articles of association and specified in our corporate strategy.

Statoil's object is defined in its articles of association. Statoil shall, either on its own or through participation in or together with other companies, engage in exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, and other forms of energy, as well as other businesses.

Targets and strategies are adopted, both for Statoil as a group and for each business area, to support the company's object. Our corporate strategy has the following three main pillars:

- Exploiting the full potential of the Norwegian continental shelf (NCS)
- Establishing and developing growth positions outside the NCS, capitalising on our NCS and value chain expertise, and
- Gradually developing a business in renewables based on synergies with our legacy business.

All of this will take place within a framework of strict capital, cost and financial discipline.

We set absolute requirements for health, safety and the environment. Safe and efficient operations are our first priority. We aim to meet the world's growing demand for energy, while showing consideration for the environment and making an active effort to combat global climate change.

We are contributing to sustainable development in relation to our core activities in the countries in which we operate. We are committed to openness and anti-corruption, as well as to respect for human rights and employee rights. This applies both to our own activities and to those parts of the value chain over which we have significant influence.

The full text of the articles of association can be found on our website at www.statoil.com/articlesofassociation.

Equity and dividends

The board of directors emphasises the importance of maintaining a predictable and attractive dividend level, with equity capital at a level appropriate to Statoil's goals, strategy and risk profile.

Shareholders' equity
The group shareholders' equity at 31 December 2010 amounted to NOK 219.5 billion, equivalent to 34% of the group's total assets. The board considers this to be satisfactory given the group's requirement for financial soundness in relation to its expressed goals, strategy and risk profile.

Dividend policy
Our ambition to grow the annual cash dividend, measured in NOK per share in line with long-term underlying earnings. When proposing the annual dividend level, the board will take into consideration the expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility.

In addition to a cash dividend, Statoil might buy back shares as part of the total distribution of capital to the shareholders.

Purchase of own shares for use in the share savings programme
Since 2004, Statoil has had a share savings plan for its employees. The purpose of this plan is to strengthen the business culture and encourage loyalty through employees becoming part-owners of the company.

The annual general meeting of shareholders annually authorises the board to acquire Statoil shares in the market in order to continue implementation of the employees' share savings plan. The authorisation is valid until the next annual general meeting (AGM), but no longer than until 30 June the following year.

Equal treatment and close associates

Equal treatment of all shareholders is a core governance principle in Statoil.

Statoil has one class of shares, and each share confers one vote at the general meeting. The articles of association contain no restrictions on voting rights. The repurchase of own shares for use in the share savings programme for employees (or, if applicable, for subsequent cancellation) is carried out through the Oslo stock exchange.

The Norwegian State as majority owner

The Norwegian state is the largest shareholder in Statoil with a 67% ownership interest. For more information, see our website at www.statoil.com/shareholders. The State's ownership interest in Statoil is managed by the Ministry of Petroleum and Energy.

The Norwegian State's ownership policy is that the principles in the Norwegian Code of Practice for Corporate Governance will apply to state ownership. The Norwegian Government has stated that it expects companies in which the state has ownership interests to adhere to the Code. The principles are presented in the state's annual ownership report, and the report for 2009 can be found on the website: http://www.regjeringen.no/upload/NHD/Vedlegg/Eierskap/statens_eierberetning_2009.pdf

Contact between the State as owner and ourselves takes place in the same manner as for other institutional investors. In all matters in which the State acts in its capacity as shareholder, exchanges with the company are based on information that is available to all shareholders. We ensure that, in any interaction between the Norwegian State and Statoil, a distinction is drawn between the State's different roles.

The State has no appointed board members or members of the corporate assembly in Statoil. As majority shareholder, the State has appointed a member of Statoil's nomination committee.

Sale of the State's oil and gas
In accordance with Statoil's articles of association, we have a duty to sell the State's oil and natural gas together with our own production.

The Norwegian state has a common ownership strategy aimed at maximising the total value of its ownership interests in Statoil and its own oil and gas interests. This is incorporated in the Marketing instruction, which oblige Statoil, in its activities on the Norwegian continental shelf, to emphasise these overall interests in decisions that may be of significance to the implementation of the sales arrangements.

The state-owned oil company Petoro AS handles commercial matters relating to the Norwegian State's direct involvement in petroleum activities on the Norwegian continental shelf and pertaining activities.

Freely negotiable shares

Statoil's articles of association contain no form of restriction on the negotiability of its shares.

Statoil's primary listing is on the Oslo stock exchange. Our American Depository Rights (ADRs) are traded on the New York Stock Exchange. Each Statoil ADR represents one underlying ordinary share.

The shares and ADRs are freely negotiable.

General meetings

The general meeting of shareholders is Statoil's supreme corporate body. It serves as a democratic and effective forum for interaction between the company's shareholders, board of directors and management.

The main framework for convening and holding an annual general meeting (AGM) in Statoil is as follows:

Pursuant to the company's articles of association, the AGM must be held by the end of June each year. Notice of the meeting and documentation relating to the AGM are published on Statoil's website and sent to all shareholders with known address at least 21 days prior to the meeting. All shareholders who are registered in the Norwegian Central Securities Depository (VPS) receive an invitation to the AGM. Other documents relating to Statoil's AGMs will be made available on Statoil's website. A shareholder can nevertheless request that documents relating to matters to be considered by the AGM be sent to him/her.

Shareholders are entitled to have a proposal considered at the general meeting if the proposal has been submitted in writing to the board of directors in sufficient time to enable it to be included in the notice of meeting. Shareholders who are prevented from attending may vote by proxy.

The deadline for registration for the AGM is the day before the AGM is due to take place.

The AGM is normally opened and chaired by the chair of the corporate assembly. If there is a dispute concerning individual matters and the chair of the corporate assembly belongs to one of the disputing parties, or is for some other reason not perceived as being impartial, another person will be appointed to chair the AGM in order to ensure impartiality in relation to the matters to be considered. The AGM is conducted in Norwegian and translated simultaneously into English. Because Statoil has a large number of shareholders with a wide geographical distribution, the company offers its shareholders an opportunity to follow the AGM by webcast, with simultaneous translation into English.

The following matters are decided at the AGM:

- Election of the shareholders' representatives to the corporate assembly and stipulation of the corporate assembly's fees
- Election of the nomination committee and stipulation of the nomination committee's fees
- Election of the external auditor and stipulation of the auditor's fee
- Approval of the board of directors' report, the financial statements and any dividend, as proposed by the board of directors and recommended by the corporate assembly
- Any other matters listed in the notice convening the AGM.

All shares carry an equal right to vote at general meetings. Resolutions at AGMs are normally passed by simple majority. However, Norwegian company law requires a qualified majority for certain resolutions, including resolutions to waive preferential rights in connection with any share issue, approval of a merger or demerger, amendment of the articles of association or authorisation to increase or reduce the share capital. These matters require the approval of at least two-thirds of the aggregate number of votes cast as well as two-thirds of the share capital represented at the AGM.

Minutes of the AGM are made available on Statoil's website at http://www.statoil.com/en/About/CorporateGovernance/GoverningBodies/AnnualGeneralMeeting/Pages/default.aspx immediately after the meeting.

Nomination committee

Pursuant to Statoil's articles of association, the nomination committee consists of four members who are shareholders or representatives of shareholders.

The nomination committee is independent of both the board of directors and the company's management.

The duties of the nomination committee are to submit recommendations to

- The annual general meeting concerning the election of shareholder-elected members and deputy members of the corporate assembly and remuneration of members of the corporate assembly;
- The annual general meeting concerning the election and remuneration of members of the nomination committee;
- The corporate assembly concerning the election of shareholder-elected members of the board of directors and remuneration of the members of the board of directors, and
- The corporate assembly concerning the election of the chair and the deputy chair of the corporate assembly.

The members and the chair of the nomination committee are elected by the general meeting of shareholders. The general meeting decides the remuneration of the nomination committee. Two of the members are elected from among the shareholder-elected members of the corporate assembly. Members of the nomination committee are normally elected for a term of two years.

More information about the members of Statoil ASA's nomination committee and the committee's rules of procedure are available on our website at: www.statoil.com/electioncommittee.

An electronic mailbox for shareholders' proposals to the committee, with deadlines for submitting proposals where such apply, is accessible on our website at www.statoil.com/proposecandidate.

The rules of procedure for the nomination committee have been decided by the shareholder-elected members of the corporate assembly at the proposal of the board of directors. From 2011, the rules of procedure are decided by the general meeting of shareholders. The rules of procedure state that the nomination committee should focus, among other things, on the following criteria when preparing nominations: experience, qualifications, capacity, appropriate rotation, gender and independence.

The company covers the costs of the nomination committee.

The nomination committee held 19 meetings in 2010.

Corporate assembly, board of directors

The main duties of the corporate assembly and the board of directors are defined in Norwegian company law.

Statoil's corporate assembly
Pursuant to Statoil's articles of association, the corporate assembly consists of 18 members 12 of whom and four deputy members are elected by the annual general meeting. Six members, with deputy members, and three observers are elected by and from among our employees. The corporate assembly elects its own chair and deputy chair from among its members.

Members of the corporate assembly are normally elected for a term of two years. Members of the board of directors and management cannot be members of the corporate assembly, but they are entitled to attend and to speak at meetings of the corporate assembly unless the corporate assembly decides otherwise in individual cases.

The duties of the corporate assembly are defined in section 6-37 of the Norwegian Public Limited Liability Companies Act.

Our corporate assembly held four meetings in 2010. A list of members of the corporate assembly is available on our website at www.statoil.com/corporateassembly.

Composition of the board of directors
In accordance with Norwegian law, the corporate assembly elects Statoil's board of directors. Pursuant to Statoil's articles of association, the board of directors consists of 10 members. Pursuant to Norwegian company law, the company's employees are entitled to elect three board members with deputy members, while seven members of the board are elected by the shareholders. There are no deputy members for shareholder-elected members of the board. The management is not represented on the board of directors. Members of the board are normally elected for a term of two years.

A majority of the members of the board are deemed to be "independent" board members. One board member qualifies as "audit committee financial expert", as defined in the US Securities and Exchange Commission requirements. There are no board member service contracts that provide for benefits upon termination of office.

Each board member is presented on our website, including information about other directorships and offices held (current and recent), age, skills and experience, possible family connections within the company's governing bodies, information about loans from the company and share ownership in Statoil, see www.statoil.com/board.

The work of the board of directors

The board of directors of Statoil ASA is responsible for the overall management of the Statoil group and for supervising the group's activities in general.

The board of directors handles matters of major importance or of an extraordinary nature. However, it may require the management to refer any matter to it. The board of directors appoints and stipulates the job instructions, powers of attorney and terms and conditions of employment for the president and chief executive officer (CEO).

The work of the board is based on rules of procedure that describe the board's responsibility, duties and administrative procedures. The rules of procedure also describe the duties of the CEO and his/her duties vis-à-vis the board of directors. The board's rules of procedure are available on our website at www.statoil.com/board. In addition to the board of directors, members of the executive committee and other members of senior management attend board meetings by invitation.

Recurrent items on the board's agenda are: health, safety and the environment (HSE), corporate strategy issues, approval of business plans, approval of quarterly and annual results, management's monthly performance reporting, handling of the annual report, management compensation issues, CEO and top management leadership assessment and succession planning, project status review, people and organisation strategy and priorities, enterprise risk evaluation and an annual review of the board's governing documentation. In addition, the board carries out an annual board evaluation, with input from various sources and with external facilitation.

The board emphasises gaining insight into Statoil's activities by visiting our production facilities. In 2010, the whole or part of the board visited our activities in Brazil, the Snøhvit LNG plant in Hammerfest, Norway and our research centre in Trondheim, Norway.

The board of directors held 15 meetings in 2010. Meeting attendance was 95%.

Statoil's board of directors has three sub-committees:

The board's audit committee
The role of the audit committee is to assist the board in the performance of its management and control responsibilities and to ensure that the group has an independent and effective external and internal auditing system. The duties of the audit committee include maintaining continuous contact with Statoil's elected auditor concerning the auditing of the company's accounts. The committee also supervises the implementation of and compliance with the group's ethical guidelines concerning financial reporting.

The audit committee assesses and makes a recommendation concerning the choice of external auditor, and it is responsible for ensuring that the external auditor meets the requirements set by the authorities in Norway and in other countries in which Statoil is listed on the stock exchange.

The board's audit committee held seven meetings in 2010. Meeting attendance was 88%.

The instructions for the board's audit committee are available on our website at www.statoil.com/auditcommittee.

The board's compensation committee
The role of the compensation committee is to assist the board in its work on terms and conditions of employment for the chief executive, the philosophy, principles and strategy for the compensation of leading executives in Statoil and issues relating to leadership development and succession planning.

The board's compensation committee held 10 meetings in 2010. Meeting attendance was 100%.

The instructions for the board's compensation committee are available on our website at www.statoil.com/compensationcommittee.

The board's HSE and ethics committee
The HSE and ethics committee was established in 2010. Its role is to assist the board in matters relating to health, safety and the environment (HSE), ethics and corporate social responsibility (CSR). The committee acts as a preparatory body for the board. Among other things, it monitors and assesses the practising, development and implementation of policies, systems and principles within the areas of HSE, ethics and CSR.

The board's HSE and ethics committee held one meeting in 2010. Meeting attendance was 75%.

The instructions for the board's HSE and ethics committee are available on our website at
http://www.statoil.com/en/about/corporategovernance/governingbodies/hseethicscommittee/pages/default.aspx

Risk management and internal control

The board of directors and management attach great importance to the quality of Statoil's risk management and control functions. This is reflected in our management and control systems.

Risk management
We manage risk to make sure that our operations are safe and in compliance with our requirements. Our overall risk management approach includes continuously assessing and managing risks related to our value chain in order to support the achievement of our corporate objectives.

The company has a separate corporate risk committee chaired by the chief financial officer. The committee meets eight to ten times a year to give advice and make recommendations on Statoil's enterprise-wide risk management. A thorough report on the company's risk management is presented in chapter 5 of the annual report on Form 20-F.

In Statoil, risk management is divided into three main categories:
- Strategic risks consist of both the risk dimension in the corporate strategy and shorter-term risks within the business plan horizon. The corporate risk committee monitors and manages strategic risks.
- Tactical risks, which are short-term trading risks based on underlying exposures, are managed by the principal business segment line managers.
- Operational risks cover all main operational activities and underlying risk factors. They are managed as an integral part of the line managers' responsibilities at all levels.

Social risks, including those relating to human rights, labour standards and transparency, will be included in the corporate risk map if flagged as significant by the business areas. Moreover, we are working to establish a dedicated structure to assess these broader social risks as part of our enterprise-wide risk management process.

Insurable risks are handled by our captive insurance company operating in the Norwegian and international insurance markets. We have also started implementation of business continuity management as a new risk-handling strategy.

The management's report on internal control of financial reporting
The management of Statoil ASA is responsible for establishing and maintaining adequate internal control of financial reporting. Our internal control of financial reporting is a process designed under the supervision of the chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Statoil's financial statements for external reporting purposes in accordance with International Financial Reporting Standards as adopted by the European Union (EU). The accounting policies applied by the group also comply with IFRS as issued by the International Accounting Standards Board (IASB).

The management has assessed the effectiveness of internal control of financial reporting based on the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the management has determined that Statoil's internal control of financial reporting as of 31 December 2010 was effective.

Statoil's Ethics Code of Conduct and anti-corruption compliance programme
Our ability to create value is dependent on applying high ethical standards, and we are determined that Statoil shall be known for this. Ethics is treated as an integral part of our business activities. We require high ethical standards of everyone who acts on our behalf and will maintain an open dialogue on ethical issues, internally and externally.

Our Ethics Code of Conduct describes Statoil's commitment and requirements in connection with issues of an ethical nature that relate to business practice and personal conduct.

In our business activities, we will comply with applicable laws and regulations and act in an ethical, sustainable and socially responsible manner. Respect for human rights is an integral part of Statoil's values base.

The Ethics Code of Conduct applies to everyone working for the Statoil group, including the members of the board of directors of Statoil and its subsidiaries. The Ethics Code of Conduct is available at www.statoil.com/ethics. Statoil's Anti-corruption Compliance Programme can also be found on the same webpage. Business partners are also expected to have ethical standards that are consistent with Statoil's ethical requirements.

Statoil has a dedicated ethics helpline that can be used by employees who wish to express concerns or seek advice regarding the legal and ethical conduct of our business.

Remuneration of the board of directors

Members of the board of directors receive remuneration in accordance with their individual roles.

The remuneration of the board is not dependent on results, and none of the shareholder-elected board members has a pension scheme or agreement concerning pay after termination of their office with the company.

Information about all remuneration paid to each member of the board of directors is presented in the parent company financial statements, note 6.

Remuneration of executive management

Statoil's remuneration policy is rooted in the company's personnel policy.

Statoil's remuneration policy
Statoil's remuneration policy is strongly linked to the company's people policy and core values. Certain key principles have been adopted for our remuneration concept.

Our remuneration concept is an integral part of our values-based performance framework. It shall:

- Reflect our global competitive market strategy and local market conditions
- Strengthen the common interests of people in the Statoil group and its shareholders
- Be in accordance with statutory regulations and good corporate governance
- Be fair, transparent and non-discriminatory
- Reward and recognise delivery and behaviour equally
- Differentiate on the basis of responsibilities and performance and
- Reward both short and long-term contributions and results.

Rewards and recognition are designed to attract and retain the right people - people who perform, change and learn. The overall remuneration level and composition of the total rewards reflect the national and international framework and business environment within which we operate.

The decision-making process
The decision-making process for implementing or changing remuneration policies and concepts, and the determination of salaries and other remuneration for the corporate executive committee are in accordance with the provisions of the Public Limited Liability Companies Act sections 5-6, 6-14, 6-16 a) and the board's rules of procedure as last amended on 10 February 2010.

The remuneration concept for the corporate executive committee
Statoil's remuneration concept for the corporate executive committee consists of the following main elements:

- Fixed remuneration
- Variable pay
- Pensions and insurance schemes
- Severance pay arrangements
- Other benefits.

Certain deviations were made from the general principles outlined below for two members of the corporate executive committee in 2010. These deviations are described in the statement regarding remuneration in note 6 to our parent company financial statements.

Fixed remuneration
Fixed remuneration consists of base salary and a long-term incentive system.

Base salary
The base salary will be competitive in the markets in which we company operate and will reflect the individual's responsibility and performance. The evaluation of performance is based on fulfilment of certain pre-defined goals; see "Variable pay" below. The base salary is normally reviewed once a year.

Long-term incentive (LTI)
Statoil will continue its established long-term incentive system for members of the corporate executive committee and a limited number of other senior executives.

The long-term incentive system is a fixed, monetary compensation paid subject to acquiring Statoil shares. It is calculated as a percentage of the participant's base salary and ranges from 20 to 30 per cent depending on the participant's position. The participant is obliged to use the LTI amount (after the deduction of tax) to buy Statoil shares in the market every year and to hold the shares for a lock-in period of three years.

The long-term incentive system aims to ensure that Statoil's management holds Statoil shares. Its objective is to contribute to strengthening the common interests between the top management and the shareholders of Statoil. The long-term incentive system and the annual variable pay system constitute a remuneration concept that focuses on both short and long-term goals and results.

Variable pay
The company's variable pay concept will also be continued in 2011. Based on performance, the chief executive officer is entitled to an annual variable pay of 25 per cent if agreed targets are reached and, if agreed targets are exceeded, the chief executive officer may receive between 25 % and 50 % of his fixed remuneration. The maximum potential is 50 per cent of the fixed remuneration. The executive vice presidents have an annual variable pay scheme with a maximum potential of 40 per cent.

The effect of remuneration policies on risk
The remuneration concept is an integral part of Statoil's performance management system. An overarching principle is that there should be a close link between performance and remuneration.

The annual review of individual salary and variable pay will be based on the performance evaluation in the performance management system. Participation in the long-term incentive (LTI) scheme and the size of the annual LTI element are related to the position level and aims at ensuring that our top management holds Statoil shares.

The goals that form the basis for the performance assessment are established between the manager and the employee as part of our performance management process. The performance goals have two dimensions: delivery and behaviour, which are equally weighted. Delivery goals are established for each of the five perspectives: HSE, operations, market, finance and people and organisation. In each perspective, longer-term strategic objectives and shorter-term targets and key performance indicators (KPI) are set, as well as an agreed set of actions to be taken. Behaviour goals are based on Statoil's core values and leadership principles. They address the behaviour that is required and expected in order to achieve our delivery goals.

The performance evaluation is an overall evaluation combining the measurement and assessment of performance against both the delivery and behaviour goals. The KPIs are used as *indicators* only. Hence, sound judgement and hindsight information are applied before final conclusions are drawn. For example, KPI results are reviewed, against their strategic contribution, sustainability and significant changes in assumptions.

This balanced scorecard approach, which involves a broad set of goals defined in both the delivery and behaviour dimensions and an overall performance evaluation, should significantly reduce the risk that remuneration policies stimulate excessive risk-taking or have other material adverse effects.

Statement regarding remuneration
The board's statement regarding all remuneration of the corporate executive committee, as well as information about all remuneration paid to each member of the executive committee, is presented in our parent company financial statements, note 6.

Information and communications

Statoil has established guidelines for the company's reporting of financial and other information. The reporting is based on openness and takes into account the requirement for equal treatment of all participants in the securities market.

The purpose of these guidelines is to ensure the dissemination of timely and correct information about the company to our shareholders and society in general.

A financial calendar and shareholder information is published at www.statoil.com/calendar.

The investor relations corporate staff function is responsible for coordinating the group's communication with capital markets and for relations between Statoil and existing and potential investors in the company. Investor relations is responsible for distributing and registering information in accordance with the legislation and regulations that apply where Statoil securities are listed. Investor relations reports directly to the chief financial officer.

The group's management holds regular presentations for investors and analysts. The company's quarterly presentations are broadcast live on the internet. The pertaining reports are made available together with other relevant information at www.statoil.com/investor.

Take-overs

Statoil's articles of association do not set limits on share acquisitions.

Statoil's board of directors endorses the principles concerning equal treatment of all shareholders. It is obliged to act professionally and in accordance with the applicable principles for good corporate governance if a situation were to arise in which this principle in the Code of Practice for Corporate Governance were put to the test.

Auditor

Pursuant to its instructions, the board's audit committee (audit committee) is responsible for ensuring that the group is subject to an independent and effective audit.

Our independent registered public accounting firm (independent auditor) is independent in relation to Statoil. It is appointed by the general meeting of shareholders. The independent auditor's fee must be approved by the general meeting of shareholders.

Pursuant to the instructions for the audit committee approved by the board of directors, the audit committee is responsible for ensuring that the company is subject to an independent and effective external and internal audit.

Every year, the independent auditor presents a plan for the audit committee for the execution of the independent auditor's work.

The independent auditor is present at the board meeting that deals with the preparation of the annual accounts.

The independent auditor participates in meetings with the audit committee.

When evaluating the independent auditor, emphasis is placed on the firm's competence, capacity, local and international availability, and the size of the fee.

The audit committee evaluates and makes a recommendation to the booard of directors and the general meeting of shareholders regarding the choice of independent auditor, and it is responsible for ensuring that the independent auditor meets the requirements in Norway and in the countries where Statoil is listed. The independent auditor is subject to the provisions of US securities legislation, which stipulate that a responsible partner may not lead the engagement for more than five consecutive years.

The audit committee considers all reports from the independent auditor before they are considered by the board of directors. The audit committee holds regular meetings with the independent auditor without the company's management being present.

The audit committee's pre-approval policies and procedures

In the instructions for the audit committee, the board of directors has delegated authority to the audit committee to pre-approve assignments to be performed by the independent auditor. The audit committee has issued guidelines for pre-approval by the management of assignments to be performed by the independent auditor.

All audit-related and other services provided by the independent auditor must be pre-approved by the audit committee. Provided that the suggested types of services are permissible under SEC guidelines, pre-approval is usually granted at a regular audit committee meeting. The chair of the audit committee has been authorised to pre-approve services in accordance with policies established by the audit committee, specifying in detail the types of services that qualify, and provided that any services pre-approved in this manner are presented to the full audit committee at its next meeting. Some pre-approvals may therefore be granted by the chair of the audit committee if an urgent reply is deemed necessary.

In the annual consolidated financial statements and in the parent company's financial statements, the independent auditor's remuneration is split between the audit fee and fees for audit-related and other services. In the presentation to the annual general meeting of shareholders, the chair presents the breakdown between the audit fee and fees for audit-related and other services.

Consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME

(in NOK million)	Note	2010	For the year ended 31 December 2009	2008
REVENUES AND OTHER INCOME				
Revenues		526,718	462,292	651,977
Net income from equity accounted investments	16	1,133	1,778	1,283
Other income		1,797	1,363	2,760
Total revenues and other income	3	529,648	465,433	656,020
OPERATING EXPENSES				
Purchases [net of inventory variation]		(257,427)	(205,870)	(329,182)
Operating expenses		(57,531)	(56,860)	(59,349)
Selling, general and administrative expenses		(11,081)	(10,321)	(10,964)
Depreciation, amortisation and net impairment losses	14,15	(50,608)	(54,056)	(42,996)
Exploration expenses		(15,773)	(16,686)	(14,697)
Total operating expenses		(392,420)	(343,793)	(457,188)
Net operating income	3	137,228	121,640	198,832
FINANCIAL ITEMS				
Net foreign exchange gains (losses)		(1,836)	1,993	(32,563)
Interest income and other financial items		3,175	3,708	12,207
Interest and other finance expenses		(1,751)	(12,451)	1,991
Net financial items	11	(412)	(6,750)	(18,365)
Income before tax		136,816	114,890	180,467
Income tax	12	(99,169)	(97,175)	(137,197)
Net income		37,647	17,715	43,270
Attributable to:				
Equity holders of the company		38,082	18,313	43,265
Non-controlling interest (Minority interest)		(435)	(598)	5
		37,647	17,715	43,270
Earnings per share for income attributable to equity holders of the company - basic and diluted	13	11.94	5.75	13.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in NOK million)	Note	2010	For the year ended 31 December 2009	2008
Net income		37,647	17,715	43,270
Foreign currency translation differences		2,039	(13,637)	30,880
Actuarial gains (losses) on employee retirement benefit plans	24	(33)	3,191	(7,945)
Change in fair value of available for sale financial assets	17	209	(66)	(1,362)
Income tax on income and expense recognised directly in OCI		16	(742)	(802)
Other comprehensive income		2,231	(11,254)	20,771
Total comprehensive income		39,878	6,461	64,041
Attributable to:				
Equity holders of the parent company		40,313	7,059	64,036
Non-controlling interest (Minority interest)		(435)	(598)	5
		39,878	6,461	64,041

CONSOLIDATED BALANCE SHEET

(in NOK million)	Note	At 31 December 2010	At 31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	14	348,204	340,835
Intangible assets	15	39,695	54,253
Equity accounted investments	16	13,884	10,056
Deferred tax assets	12	1,878	1,960
Pension assets	24	5,265	2,694
Financial investments	17	15,357	13,267
Derivative financial instruments	31	20,563	17,644
Financial receivables	17	4,510	5,747
Total non-current assets		449,356	446,456
Current assets			
Inventories	18	23,627	20,196
Trade and other receivables	19	76,139	58,895
Current tax receivable		1,076	179
Derivative financial instruments	31	6,074	5,369
Financial investments	20	11,509	7,022
Cash and cash equivalents	21	30,337	24,723
Total current assets		148,762	116,384
Assets classified as held for sale	4	44,890	0
TOTAL ASSETS		643,008	562,840

CONSOLIDATED BALANCE SHEET

(in NOK million)	Note	At 31 December 2010	At 31 December 2009
EQUITY AND LIABILITIES			
Equity			
Share capital		7,972	7,972
Treasury shares		(18)	(15)
Additional paid-in capital		41,789	41,732
Additional paid-in capital related to treasury shares		(952)	(847)
Retained earnings		164,935	145,909
Other reserves		5,816	3,568
Statoil shareholders' equity		219,542	198,319
Non-controlling interest (Minority interest)		6,853	1,799
Total equity	22	226,395	200,118
Non-current liabilities			
Financial liabilities	23	99,797	95,962
Derivative financial instruments	31	3,386	1,657
Deferred tax liabilities	12	78,052	76,322
Pension liabilities	24	22,110	21,142
Asset retirement obligations, other provisions and other liabilities	25	67,910	55,834
Total non-current liabilities		271,255	250,917
Current liabilities			
Trade and other payables	26	73,551	59,801
Current tax payable		46,693	40,994
Financial liabilities	27	11,730	8,150
Derivative financial instruments	31	4,161	2,860
Total current liabilities		136,135	111,805
Liabilities directly associated with the assets classified as held for sale	4	9,223	0
Total liabilities		416,613	362,722
TOTAL EQUITY AND LIABILITIES		643,008	562,840

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in NOK million, except share data)	Number of shares issued	Share capital	Treasury shares	Additional paid-in capital	Additional paid-in capital related to treasury shares	Retained earnings	Other reserves: Available for sale financial assets	Other reserves: Currency translation adjustments	Statoil shareholders' equity	Non-controlling interest (Minority interest)	Total
At 31 December 2009	3,188,647,103	7,972	(15)	41,732	(847)	145,909	0	3,568	198,319	1,799	200,118
Net income for the period						38,082			38,082	(435)	37,647
Income and expense recognised directly in OCI						(17)	209	2,039	2,231		2,231
Total comprehensive income for the period*											39,878
Dividend paid						(19,095)			(19,095)		(19,095)
Cash distributions (to) from non-controlling interest										5,489	5,489
Equity settled share based payments (net of allocated shares)				57		56			113		113
Treasury shares purchased (net of allocated shares)			(3)		(105)				(108)		(108)
At 31 December 2010	3,188,647,103	7,972	(18)	41,789	(952)	164,935	209	5,607	219,542	6,853	226,395

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

							Other reserves				
(in NOK million, except share data)	Number of shares issued	Share capital	Treasury shares	Additional paid-in capital	Additional paid-in capital related to treasury shares	Retained earnings	Available for sale financial assets	Currency translation adjustments	Statoil shareholders' equity	Non-controlling interest (Minority interest)	Total
At 31 December 2008	3,188,647,103	7,972	(9)	41,450	(586)	147,998	49	17,205	214,079	1,976	216,055
Net income for the period						18,313			18,313	(598)	17,715
Income and expense recognised directly in OCI						2,432	(49)	(13,637)	(11,254)		(11,254)
Total comprehensive income for the period*											6,461
Dividend paid						(23,085)			(23,085)		(23,085)
Cash distributions (to) from non-controlling interest										421	421
Merger related adjustments						251			251		251
Equity settled share based payments (net of allocated shares)				282					282		282
Treasury shares purchased (net of allocated shares)			(6)		(261)				(267)		(267)
At 31 December 2009	3,188,647,103	7,972	(15)	41,732	(847)	145,909	0	3,568	198,319	1,799	200,118

*For detailed information, see *Consolidated statement of comprehensive income*.

Refer to note 22 for *Transactions impacting shareholders equity*.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in NOK million)	Note	2010	2009	2008
			For the year ended 31 December	
OPERATING ACTIVITIES				
Income before tax		136,816	114,890	180,467
Adjustments to reconcile net income to net cash flows provided by operating activities:				
Depreciation, amortisation and impairment losses	14, 15	50,608	54,056	42,996
Exploration expenditures written off		2,916	6,998	3,872
(Gains) losses on foreign currency transactions and balances		1,481	6,512	15,243
(Gains) losses on sales of assets and other items		(1,104)	(526)	(2,704)
Changes in working capital (other than cash and cash equivalents):				
· (Increase) decrease in inventories		(3,431)	(5,045)	2,470
· (Increase) decrease in trade and other receivables		(16,584)	11,036	(1,129)
· Increase (decrease) in trade and other payables		9,667	(1,365)	(5,466)
(Increase) decrease in current financial investments		(4,487)	2,725	(6,388)
(Increase) decrease in net financial derivative instruments	31	(594)	(9,360) *	4,934 *
Taxes paid		(92,266)	(100,473)	(139,604)
(Increase) decrease in non-current items related to operating activities		(2,207)	(6,447) *	7,842 *
Cash flows provided by operating activities		80,815	73,001	102,533
INVESTING ACTIVITIES				
Additions through business combinations		0	0	(13,120)
Additions to property, plant and equipment		(66,710)	(67,152)	(58,529)
Exploration expenditures capitalised		(3,941)	(7,203)	(6,821)
Additions to other intangibles		(7,628)	(795)	(10,828)
Change in non-current loans granted and other non-current items		(3,972)	(1,636)	(1,910)
Proceeds from sale of assets		1,909	1,430	5,371
Prepayment received related to the held for sale transactions		4,124	0	0
Cash flows used in investing activities		(76,218)	(75,356)	(85,837)

CONSOLIDATED STATEMENT OF CASH FLOWS

(in NOK million)	Note	2010	2009	2008
			For the year ended 31 December	
FINANCING ACTIVITIES				
New non-current loans		15,562	46,318	2,596
Repayment of non-current loans		(3,249)	(4,905)	(2,864)
Payment (to)/from non-controlling interests		5,489 **	421	179
Dividend paid	22	(19,095)	(23,085)	(27,082)
Treasury shares purchased	22	(294)	(343)	(308)
Net current loans, bank overdrafts and other		2,154	(7,115)	10,450
Cash flows provided by (used in) financing activities		567	11,291	(17,029)
Net increase (decrease) in cash and cash equivalents		5,164	8,936	(333)
Effect of exchange rate changes on cash and cash equivalents		450	(2,851)	707
Cash and cash equivalents at the beginning of the period		24,723	18,638	18,264
Cash and cash equivalents at the end of the period	21	30,337	24,723	18,638
Interest paid		2,591	2,912	2,771
Interest received		2,080	3,962	4,544

*Reclassifications between the indicated line items of NOK 3,678 million and NOK (6,924) for the year ended 31 December 2009 and for the year ended 31 December 2008, respectively have been made in order to be consistent with the classification for the year ended 31 December 2010. The reclassifications did not impact the Cash flow provided by operations and was deemed immaterial to the previously issued financial statements.

**Including net cash of NOK 5,195 million received from non-controlling interests related to the listing of Statoil's subsidiary Statoil Fuel and Retail ASA as a separate company on the Oslo Stock Exchange on 22 October 2010. For more information see note 22 *Transactions impacting shareholders equity*.

Notes to the Consolidated financial statements

1 Organisation

Statoil ASA, originally Den Norske Stats Oljeselskap AS, was founded in 1972 and is incorporated and domiciled in Norway.

The address of its registered office is Forusbeen 50, N-4035 Stavanger, Norway.

Statoil's business consists principally of the exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, and other forms of energy.

Statoil ASA is listed on the Oslo Stock Exchange (Norway) and the New York Stock Exchange (USA).

Statoil's oil and gas activities and net assets on the Norwegian Continental Shelf (NCS) were until 31 December 2008 owned by Statoil ASA and by Statoil Petroleum AS. With effect from 1 January 2009, Statoil ASA transferred the ownership of its NCS net assets to Statoil Petroleum AS, a 100% owned operating subsidiary. Following the transfer, all NCS net assets are owned by Statoil Petroleum AS. As a result of this group internal reorganisation, the nature of the parent company Statoil ASA's operations and transactions were changed so that its functional currency also changed from NOK to USD effective as of the same date and with prospective effect. The functional currency of Statoil Petroleum AS was not changed and remains NOK. The presentation currency for the Statoil group remains NOK.

The consolidated financial statements of Statoil for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the board of directors on 14 March 2011.

2 Significant accounting policies

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

Basis of preparation
The financial statements are prepared on the historical cost basis with some exceptions, as detailed in the accounting policies set out below. These policies have been applied consistently to all periods presented in these consolidated financial statements.

Operating expenses in the consolidated statement of income are presented as a combination of function and nature in conformity with industry practice. Purchases [net of inventory variation] and Depreciation, amortisation and net impairment losses are presented in separate lines by their nature, while Operating expenses and Selling, general and administrative expenses as well as Exploration expenses are presented on a functional basis. Significant expenses such as salaries, pensions, etc. are presented by their nature in the notes to the financial statements.

Standards and interpretations in issue, not yet adopted
At the date of these financial statements the following standards and interpretations were in issue but not yet effective:

IFRS 9 *Financial Instruments,* issued for the first part in November 2009 and for the second in October 2010, covers the classification and measurement of financial assets and financial liabilities, respectively. IFRS 9 will be effective from 1 January 2013, and also entails amendments to various other IFRSs effective from the same date. Statoil has not yet determined its adoption date for this standard, and is still evaluating the potential impact of this standard.

The revised IAS 24 *Related Party Disclosures* issued in November 2009 defines the term related party and establishes disclosure requirements to be applied, and will be effective from 1 January 2011. Statoil does not expect that the revised standard will lead to significant changes in the level of related party disclosure provided, and will comply with the revised standard and provide relevant disclosure upon adoption as applicable.

The amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement* issued in November 2009 and effective as of 1 January 2011 is not expected to have any material effect on Statoil's reported net income or equity on adoption.

The *Improvements to IFRS 2010* issued in May 2010 include amendments effective for annual periods beginning on or after 1 July 2010 or 1 January 2011 respectively, depending on the standard involved, and include amendments to a number of accounting standards. None of the amendments are expected to significantly impact Statoil's net income, equity or classifications in the balance sheet or statement of income. Where the improvements impact the content of note disclosure Statoil will comply with the requirements upon adoption as applicable.

The amendments to IFRS 7 Financial *Instruments: Disclosures,* issued in October 2010, cover risk exposure related to transfer of assets and will be effective for annual periods beginning after 1 July 2011. Statoil does not expect that the amendments to the standard will lead to significant changes in the level of disclosure currently provided, and will comply with the revised standard and provide relevant disclosure upon adoption as applicable.

The amendment to IAS 32 *Classification of Rights Issues* issued in November 2009 and effective for annual periods beginning 1 February 2010 or later, IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* issued in November 2009 and effective for annual periods beginning on or after 1 July 2010, and the amendment to IAS 12 *Income Taxes* issued in December 2010 and effective for annual periods beginning 1 January 2012 are currently not relevant for Statoil.

Significant changes in accounting policies

As of 31 December 2009 Statoil adopted revisions to the oil and gas estimation and disclosure requirements. For additional information see "Critical accounting judgements and key sources of estimation uncertainty; Proved oil and gas reserves".

The revised version of IFRS 3 *Business Combinations,* issued in January 2008 and implemented on 1 January 2010, covers definition, identification, accounting for and disclosure of business combinations, inclusive of business combinations achieved in stages. There has not been any material effect on Statoil's reported net income, assets, liabilities or equity following adoption of the revised standard on 1 January 2010.

The amended version of IAS 27 *Consolidated and Separate Financial Statements,* issued in January 2008, primarily covers amendments related to accounting for non-controlling interests and the loss of control of a subsidiary. There has not been any material effect on Statoil's reported net income, assets, liabilities or equity following adoption of the amendment on 1 January 2010.

Basis of consolidation

Subsidiaries

The consolidated financial statements include the accounts of Statoil ASA and its subsidiaries. Subsidiaries are entities controlled by Statoil. Control exists when Statoil has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date of their acquisition, being the date on which Statoil obtains control, and continue to be consolidated until the date that such control ceases.

All intercompany balances and transactions, including unrealised profits and losses arising from group internal transactions, have been eliminated in full. Non-controlling interests (minority interests) represent the portion of profit or loss and net assets in subsidiaries that are not directly or indirectly held by the parent company and are presented separately within equity in the balance sheet.

Jointly controlled assets, associates and joint venture entities

Interests in jointly controlled assets are recognised by including Statoil's share of assets, liabilities, income and expenses on a line-by-line basis. Interests in jointly controlled entities are accounted for using the equity method. Investments in companies in which Statoil does not have control or joint control, but has the ability to exercise significant influence over operating and financial policies, are classified as associates and are accounted for using the equity method.

Statoil as operator of jointly controlled assets

Indirect operating expenses such as personnel expenses are accumulated in cost pools. These costs are allocated to business areas and Statoil operated jointly controlled assets (licences) on an hours incurred basis. Costs allocated to the other partners' share of operated jointly controlled assets reduce the costs in the consolidated statements of income. Only Statoil's share of the statement of income and balance sheet items related to Statoil operated jointly controlled assets are reflected in the consolidated statement of income and balance sheet.

Reportable Segments

Statoil identifies its operating segments on the basis of those components of the Statoil group that are regularly reviewed by the chief operating decision maker, Statoil's Corporate Executive Committee (CEC). Statoil considers combining operating segments when these satisfy relevant aggregation criteria. Quantitative thresholds related to reported revenue, net operating income and assets are also applied. Segments as reported align with internal management reporting to Statoil's CEC. The accounting policies of reportable segments correspond to Statoil's accounting policies as described in this note.

Foreign currency

Functional currency

A group entity's functional currency is the currency of the primary economic environment in which the entity operates.

Foreign currency translation

In preparing the financial statements of the individual entities, transactions in foreign currencies (those other than functional currency) are translated at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the consolidated statement of income as net foreign exchange gains or losses.

Foreign exchange differences arising from the translation of estimate-based provisions however generally are accounted for as part of the change in the underlying estimate, and as such may be included within the operating expenses or income tax sections of the consolidated statement of income depending on the nature of the provision. Non-monetary assets that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Presentation currency
For the purpose of the consolidated financial statements, the statements of income and balance sheets in functional currency of each entity are translated into Norwegian kroner (NOK), which is the presentation currency of the consolidated financial statements. The assets and liabilities of entities whose functional currencies are other than NOK are translated into NOK at the foreign exchange rate at the balance sheet date. The revenues and expenses of such entities are translated using average monthly foreign exchange rates, which approximates the foreign exchange rates on the dates of the transactions. Foreign exchange differences arising on translation from functional currency to presentation currency are recognised separately in Other comprehensive income.

Business combinations and goodwill
An acquisition of a business, (an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors), is a business combination. Determining whether the acquisition meets the definition of a business combination requires judgment to be applied on a case by case basis. Acquisitions are assessed under the relevant criteria to establish whether the transaction represents a business combination or an asset purchase. Depending on the specific facts, acquisitions of exploration and evaluation licences for which a development decision has not yet been made, have largely been concluded to represent asset purchases.

Business combinations, except for transactions between entities under common control, have been accounted for using the acquisition method of accounting. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the date of the acquisition. Any excess of the acquisition cost over the net fair value of the identifiable assets acquired and liabilities assumed is recognised as goodwill.

Goodwill on acquisition is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill may also arise upon investments in jointly controlled entities and associates, being the surplus of the cost of investment over the group's share of the net fair value of the identifiable assets. Such goodwill is reflected as part of the applicable investment in jointly controlled entities and associates. Any impairment of such goodwill will result from an impairment assessment of the investment as a whole, and will be reflected in income from equity accounted investments.

Revenue recognition
Revenues associated with sale and transportation of crude oil, natural gas, petroleum and chemical products and other merchandise are recognised when title and risk pass to the customer, which is normally at the point of delivery of the goods based on the contractual terms of the agreements.

Revenues from the production of oil and gas properties in which Statoil has an interest with other companies are recognised on the basis of volumes lifted and sold to customers during the period (the sales method). Where Statoil has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where Statoil has lifted and sold less than the ownership interest, costs are deferred for the underlift.

Revenue is presented net of customs, excise taxes and royalties paid in-kind on petroleum products.

Sales and purchases of physical commodities, which are not settled net, are presented on a gross basis as revenue and cost of goods sold in the statement of income. Activities related to trading and commodity-based derivative instruments are reported on a net basis, with the margin included in revenue.

Transactions with the Norwegian State
Statoil markets and sells the Norwegian State's share of oil and gas production from the Norwegian Continental Shelf (NCS). The Norwegian State's participation in petroleum activities is organised through the State's direct financial interest (SDFI). All purchases and sales of the SDFI's oil production are classified as purchases [net of inventory variation] and revenue, respectively. Statoil ASA sells, in its own name, but for the Norwegian State's account and risk, the State's production of natural gas. This sale, and related expenditures refunded by the State, are presented net in Statoil's financial statements. Sales made by Statoil subsidiaries in their own name, and related expenditure, are however presented gross in Statoil's financial statements where the applicable subsidiary is considered the principal when selling natural gas on behalf of the Norwegian State. In accounting for these sales activities, the State's share of profit or loss is reflected in Statoil's Selling, general and administrative expenses as expenses or reduction of expenses, respectively.

Employee benefits
Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the group. The accounting policy for share-based payments and pension obligations is described below.

Share-based payments
Statoil operates an employee bonus share program. The cost of equity-settled transactions (bonus share awards) with employees is measured by reference to the estimated fair value at the date at which they are granted and is recognised as an expense over the average vesting period of 2.5 years. The awarded shares are accounted for as personnel expenses, and recognised as an equity transaction (included in additional paid-in capital).

Research and development
Statoil undertakes research and development both on a funded basis for licence holders, and unfunded projects at its own risk. Statoil's share of the licence holders' funding and the total costs of the unfunded projects are development costs that are considered for capitalisation.

Development costs which are expected to generate probable future economic benefits are capitalised as intangible assets if, and only if, all of the following have been demonstrated: The technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and the ability to reliably measure the expenditure attributable to the intangible asset during its development. All other research and development expenditure is expensed as incurred.

Subsequent to initial recognition, capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.

Income tax

Income tax in the consolidated statement of income for the year comprises current and deferred tax expense. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly in Other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually certain amount for assets to be received (disputed tax positions for which payment has already been made) in each case is recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recognised in the period in which they are earned or incurred, and are presented as financial items in the consolidated statement of income.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable income, convincing evidence is required taking into account the existence of contracts, production of oil or gas in the near future based on volumes of proved reserves, observable prices in active markets, expected volatility of trading profits and similar facts and circumstances.

A special petroleum tax is levied on profits derived from petroleum production and pipeline transportation on the NCS. The special petroleum tax is currently levied at a rate of 50%. The special tax is applied to relevant income in addition to the standard 28% income tax, resulting in a 78% marginal tax rate on income subject to Norwegian petroleum tax. The basis for computing the special petroleum tax is the same as for income subject to ordinary corporate income tax, except that onshore losses are not deductible against the special petroleum tax, and a tax-free allowance, or uplift, is granted at a rate of 7.5% per year. The uplift is computed on the basis of the original capitalised cost of offshore production installations. The uplift may be deducted from taxable income for a period of four years, starting in the year in which the capital expenditures are incurred. Uplift benefit is recognised when the deduction is included in the current year tax return and impacts taxes payable. Unused uplift may be carried forward indefinitely.

Oil and gas exploration and development expenditure

Statoil uses the "successful efforts" method of accounting for oil and gas exploration costs. Expenditures to acquire mineral interests in oil and gas properties and to drill and equip exploratory wells are capitalised as exploration and evaluation expenditure within intangible assets until the well is complete and the results have been evaluated. If, following evaluation, the exploratory well has not found proved reserves, the previously capitalised costs are evaluated for de-recognition or tested for impairment. Geological and geophysical costs and other exploration expenditures are expensed as incurred.

For exploration and evaluation asset acquisitions (farm-in arrangements) in which Statoil has made arrangements to fund a portion of the selling partners' (farmor's) exploration and/or future development expenditures, these expenditures are reflected in the financial statements as and when the exploration and development work progresses. Exploration and evaluation asset dispositions (farm-out arrangements) are accounted for on a historical cost basis with no gain or loss recognition.

Exchanges (swaps) of exploration and evaluation assets are accounted for at the carrying amounts of the assets given up with no gain or loss recognition.

Unproved oil and gas properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, and at least once a year. Exploratory wells that have found reserves, but where classification of those reserves as proved depends on whether major capital expenditure can be justified or where the economic viability of that major capital expenditure depends on the successful completion of further exploration work, will remain capitalised during the evaluation phase for the exploratory finds. Thereafter it will be considered a trigger for impairment evaluation of the well if no development decision is planned for the near future, and there moreover are no concrete plans for future drilling in the licence. Impairment of unsuccessful wells is reversed, as applicable, to the extent that conditions for impairment are no longer present. Impairment and reversals of impairment of exploration and evaluation assets are charged to Exploration expenses in the consolidated statement of income.

Capitalised exploration and evaluation expenditure, including expenditures to acquire mineral interests in oil and gas properties, related to wells that find proved reserves are transferred from Exploration expenditure (Intangible assets) to Assets under development (Property, plant and equipment) at the time of sanctioning of the development project.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation, if any, and, for qualifying assets, borrowing costs. Property, plant and equipment also include assets acquired under the terms of profit sharing agreements (PSAs) in certain countries, and which qualify for recognition as assets of the group. State-owned entities in the respective countries however normally hold the legal title to such PSA-based Property, plant and equipment.

Exchanges of assets are measured at the fair value of the asset given up unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to the group, the expenditure is capitalised. Inspection and overhaul costs associated with major maintenance programs are capitalised and amortised over the period to the next inspection. All other maintenance costs are expensed as incurred.

Capitalised exploration and evaluation expenditure, development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, and field-dedicated transport systems for oil and gas are capitalised as producing oil and gas properties within Property, plant and equipment. Such capitalised cost is depreciated using the unit of production method based on proved developed reserves expected to be recovered from the area during the concession or contract period. Capitalised acquisition costs of proved properties are depreciated using the unit of production method based on total proved reserves. Depreciation of other assets and transport systems used by several fields is calculated on the basis of their estimated useful lives, normally using the straight-line method. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. For exploration and production (E&P) assets Statoil has established separate depreciation categories which as a minimum distinguish between platforms, pipelines, and wells.

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in other income or operating expenses, respectively, in the period the item is derecognised.

Non-current assets held for sale

Non-current assets are classified separately as held for sale in the balance sheet when their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable, the asset is available for immediate sale in its present condition, and management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Liabilities directly associated with the assets classified as held for sale and expected to be included as part of the sale transaction are correspondingly also classified separately. Property, plant and equipment and intangible assets once classified as held for sale are not subject to depreciation or amortisation. The net assets and liabilities of a disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Leases

Leases in terms of which Statoil assumes substantially all the risks and rewards of the ownership are reflected as finance leases within Property, plant and equipment and Financial liabilities. Assets under development for finance lease purposes, and for which Statoil carries substantially all the risk in the construction period, are reflected as finance leases under development within Property, plant and equipment based on the stage of completion at period end, unless another amount better reflects the realities of the arrangement. All other leases are classified as operating leases and the costs are charged to operating expenses on a straight line basis over the lease term, unless another basis is more representative of the benefits of the lease to the group.

Finance lease assets are reflected at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, and subsequently reduced by accumulated depreciation and impairment losses, if any. When an asset leased by a jointly controlled asset in which Statoil participates qualifies as a finance lease, Statoil reflects its proportionate share of the leased asset and related obligations in the balance sheet as Property, plant and equipment and Financial liabilities, respectively. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term using the depreciation methods described under Property, plant and equipment above, depending on the nature of the leased asset.

Statoil distinguishes between lease and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time, while capacity contracts confer on Statoil the right to and the obligation to pay for certain capacity volume availability related to transport, terminalling, storage etc. Such capacity contracts that do not involve specified assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered by Statoil to qualify as leases for accounting purposes. Capacity payments are reflected as Operating expenses in the consolidated statements of income in the period for which the capacity contractually is available to Statoil.

Intangible assets

Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses. Intangible assets include expenditure on the exploration for and evaluation of oil and natural gas resources, goodwill and other intangible assets. Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised separately from goodwill at its fair value if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Expenses related to the drilling of exploration wells are initially capitalised as intangible assets pending determination of whether potentially economic oil and gas reserves have been discovered by the drilling effort. This evaluation is normally finalised within one year after well completion. Exploration wells that discover potentially economic quantities of oil and natural gas remain capitalised as intangible assets during the evaluation phase of the find, see further on this under "Oil and gas exploration and development expenditure".

Intangible assets relating to expenditure on the exploration for and evaluation of oil and natural gas resources are not amortised. Such assets are subject to impairment testing when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount (or at least on an annual basis), and are reclassified to property, plant and equipment when the decision to develop a particular area is made.

Other intangible assets are amortised on a straight-line basis over their expected useful lives. The expected useful lives of the assets are reviewed on an annual basis and changes in useful lives are accounted for prospectively.

Financial assets

Financial assets are initially recognised at fair value when Statoil becomes a party to the contractual provisions of the asset. For additional information on fair value methods, refer to the "Measurement of fair values" section below. The subsequent measurement of the financial assets depends on which category they have been classified into at inception.

At initial recognition the group classifies its financial assets into the following three main categories; financial instruments at fair value through profit or loss; loans and receivables; and available-for-sale (AFS) financial assets. The first main category, financial instruments at fair value through profit or loss, further consists of two sub-categories; financial assets held for trading and financial assets that on initial recognition are designated as fair value through profit and loss. The latter approach may also be referred to as the "fair value option".

Financial assets classified in the loans and receivables category are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Trade and other receivables are carried at the original invoice amount, less a provision for doubtful receivables, which is made when there is objective evidence that Statoil will be unable to recover the balances in full.

Financial assets classified as AFS mainly include non-listed equity instruments. AFS equity instruments are carried on the balance sheet at fair value, with the change in fair value recognised directly in Other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative change in fair value previously reported in Other comprehensive income is recognised in the consolidated statement of income.

A significant part of Statoil's investments in commercial papers, bonds and listed equity securities are managed together as an investment portfolio of the group's captive insurance company and are held in order to comply with specific regulations for capital retention. The investment portfolio is managed and evaluated on a fair value basis in accordance with an investment strategy and is accounted for using the fair value option with changes in fair value recognised through profit or loss.

Current financial investments are initially recognised in the category financial instruments at fair value through profit or loss, either as held for trading or through the group's application of the fair value option. Following from that classification the current financial investments are carried in the balance sheet at fair value with changes in their fair values recognised in the statement of income.

Financial assets are presented as current if they contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if they are derivative financial instruments held for the purpose of being traded. Other financial assets expected to be recovered more than 12 months after the balance sheet date and for which there is no plan of realisation are classified as non-current.

Financial assets are derecognised when the contractual rights to the cash flows expire or substantially all risks and rewards related to the ownership of the financial asset are transferred to a third party.

Financial assets and financial liabilities are shown separately in the balance sheet unless Statoil has both a legal right and a demonstrable intention to net settle certain balances payable to and receivable from the same counterparty, in which case they are shown net in the balance sheet. Such offsetting of balances takes place and is reflected within Trade and other receivables and Trade and other payables, and Derivative financial instrument assets and liabilities, respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses.

Impairment

Impairment of intangible assets and property, plant and equipment

Statoil assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped based on levels with separately identifiable and largely independent cash inflows. Normally, separate cash-generating units are individual oil and gas fields or plants. For capitalised exploration expenditure, the cash-generating units are individual wells.

In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently the recoverable amount of an asset proves to be Statoil's estimated value in use, which is determined using a discounted cash flow model.

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets, set down in Statoil's most recently approved long term plans. Statoil's long term plans are approved by corporate management and updated at least annually. The plans cover a 10-year period and reflect expected production volumes for oil and natural gas in that period. For assets and cash generating units with an expected useful life or timeline for production of expected reserves extending beyond 10 years, the related cash flows also include project or asset specific estimates established in line with group consistent assumptions and principles.

In performing a value in used-based impairment test, the estimated future cash flows are adjusted for risks specific to the asset and discounted using a real post-tax discount rate based on Statoil's post-tax weighted average cost of capital (WACC). The use of post-tax discount rates in determining value in use does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

If assets are determined to be impaired, the carrying amounts of those assets are written down to the recoverable amount which is the higher of fair value less costs to sell and value in use.

Impairments are reversed as applicable to the extent that conditions for impairment are no longer present.

Impairment losses and reversals of impairment losses are presented as Exploration expenses or Depreciation, amortisation and net impairment losses respectively, on the basis of their nature as either exploration assets (intangible exploration assets) or development and producing assets (property, plant and equipment, and other intangible assets).

Impairment of goodwill
Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the business combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised, firstly on goodwill and then pro-rata on the other assets of that unit. Impairments of goodwill once recognised are not reversed in future periods.

Impairment of financial assets
Statoil assesses at each balance sheet date whether a financial asset or group of financial assets is impaired, except for the financial assets classified in the fair value through profit and loss category.

If there is objective evidence that an impairment loss has been incurred for assets carried at amortised cost, the carrying amount of the asset is reduced, with the amount of the loss recognised in the statement of income. Any subsequent reversal of an impairment loss correspondingly also is recognised in the statement of income.

If an AFS financial asset is impaired, i.e. a decline in the fair value of an equity instrument has been assessed to be significant or prolonged, the difference between cost and fair value is transferred from Other comprehensive income to the consolidated statement of income. When impairments of equity instruments classified as AFS are reversed this is recognised directly in Other comprehensive income.

Financial liabilities
Financial liabilities are initially recognised at fair value when Statoil becomes a party to the contractual provisions of the liability. For additional information on fair value methods, refer to the "Measurement of fair values" section below. The subsequent measurement of financial liabilities depends on which category they have been classified into. The categories applicable for Statoil is either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost using the effective interest method. The latter applies to Statoil's non-current bank loans and bonds.

Trade and other payables are carried at payment or settlement amounts.

Financial liabilities are presented as current if the liability is due to be settled within 12 months after the balance sheet date, or if they are derivative financial instruments held for the purpose of being traded. Other financial liabilities which contractually will be settled more than 12 months after the balance sheet date are classified as non-current.

Financial liabilities are derecognised when the contractual obligation expires, is discharged or cancelled. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised either in Interest income and other financial items or in Interest and other finance expenses.

Derivative financial instruments

Statoil uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through profit and loss. The impact of commodity based derivative financial instruments is recognised in the consolidated statement of income under Revenues, as such derivative instruments for all significant purposes are related to sales contracts or revenue related risk management. The impact of other financial instruments is reflected under Net Financial Items.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets or liabilities expected to be recovered, or with the legal right to be settled more than 12 months after the balance sheet date are classified as non-current, with the exception of derivative financial instruments held for the purpose of being traded.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments. However contracts that are entered into and continued to be held for the purpose of the receipt or delivery of a non-financial item in accordance with Statoil's expected purchase, sale or usage requirements, also referred to as "own use", are not accounted for as financial instruments. This is applicable to a significant number of contracts for the purchase or sale of crude oil and natural gas, which are recognised upon delivery.

Derivatives embedded in other financial instruments or in non-financial host contracts are recognised as separate derivatives when their risks and economic characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value. Where there is an active market for a commodity or other non-financial item subject of a purchase or sale contract, a pricing formula will, for instance, be considered to be closely related to the host purchase or sales contract if the price formula is based on the active market in question. A price formula with indexation to other markets or products will however result in the recognition of a separate derivative. Where there is no active market for the commodity or other non-financial item in question, Statoil assesses the characteristics of such a price related embedded derivative to be closely related to the host contract if the price formula is based on relevant indexations commonly used by other market participants. This applies to a number of Statoil's long term natural gas sales agreements. Contracts are assessed for embedded derivatives when Statoil becomes a party to them, including at the date of a business combination. Such embedded derivatives are measured at fair value at each period end, and the changes in fair value are recognised in profit or loss for the period.

Pension liabilities

Statoil has pension plans for employees that either provide a defined pension benefit upon retirement, or a pension dependent on defined contributions. For defined benefit schemes, the benefit to be received by employees generally depends on many factors including length of service, retirement date and future salary levels.

Statoil's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date reflecting the maturity dates approximating the terms of the group's obligations. The calculation is performed by an external actuary. Current service cost is an element of net periodic pension cost and recognised in the statement of income.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the statement of income as a part of the net periodic pension cost.

Net periodic pension cost is accumulated in cost pools and allocated to business areas and Statoil operated jointly controlled assets (licences) on an hours incurred basis and recognised in the statement of income based on the function of the cost.

Past service cost is recognised immediately when the benefits become vested or on a straight-line basis until the benefits become vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the gain or loss is recognised in the statement of income during the period in which the settlement or curtailment occurs.

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur. Due to the parent company Statoil ASA's functional currency being USD, the significant part of the group's pension obligations will be payable in a foreign currency (i.e. NOK). Actuarial gains and losses related to the parent company's pension obligation as a consequence include the impact of exchange rate fluctuations.

Contributions to defined contribution schemes are recognised in the statement of income in the period in which the contribution amounts are earned by the employees.

Provisions and contingent assets and liabilities

Provisions are recognised when Statoil has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as Other finance expenses.

Contingent liabilities arising from past events and for which it is not probable that an outflow of resources will be required to settle the obligation, if any, are not recognised but disclosed with indication of uncertainties relating to amounts and timing involved, unless the possibility of an outflow in settlement is remote.

Possible assets arising from past events that will only be confirmed by future uncertain events and are not wholly within Statoil's control (contingent assets), are not recognised, but are disclosed when an inflow of economic benefits is probable. The asset and related income are subsequently recognised in the consolidated financial statements in the period in which the inflow of economic benefits becomes virtually certain.

Onerous contracts
Statoil recognises as provisions the net obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received in relation to the contract. A contract which forms an integral part of the operations of a cash generating unit whose assets are dedicated to that contract, and for which the economic benefits cannot be reliably separated from those of the cash generating unit, is included in impairment considerations for the applicable cash generating unit.

Asset retirement obligations (ARO)
Provisions for ARO costs are recognised when Statoil has an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Cost is estimated upon current regulation and technology, considering relevant risks and uncertainties, to arrive at best estimates. Normally an obligation arises for a new facility, such as an oil and natural gas production or transportation facility, upon construction or installation. An obligation for ARO may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The provision is classified under Asset retirement obligations, other provisions and other liabilities in the balance sheet. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. Refining and processing plants that are not limited by licence periods are deemed to have indefinite lives and in consequence no asset retirement obligation has been recognised. For retail outlets, ARO provisions are estimated on a portfolio basis.

When a provision for ARO cost is recognised, a corresponding amount is recognised to increase the related property, plant and equipment. This is subsequently depreciated as part of the costs of the facility or item of property, plant and equipment.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding property, plant and equipment.

Measurement of fair values
Quoted prices in active markets represent the best evidence of fair value, and are used by Statoil in determining the fair values of assets and liabilities to the extent possible.

A financial instrument is regarded as quoted in an active market if the prices quoted are readily and regularly available, normally through an exchange, and the prices quoted by the exchange represent actual and regularly occurring market transactions that in all significant aspects are identical to the instrument being valued. Statoil considers both the actual volume and the timing of recent market transactions in determining whether prices are quoted in a sufficiently active market. Financial instruments quoted in active markets will typically include commodity based futures, exchange traded option contracts, commercial papers, bonds and equity instruments with quoted market prices obtained from the relevant exchanges or clearing houses. The fair values of quoted financial assets, financial liabilities and derivative instruments are determined by reference to bid and ask prices, at the close of business on the balance sheet date.

Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's-length market transactions; reference to other instruments that are substantially the same; discounted cash flow analysis; and pricing models. In the valuation techniques Statoil also takes into consideration the counterparty and its own credit risk. This is either reflected in the discount rate used, or through direct adjustments to the calculated cash flows. Consequently, where Statoil reflects elements of long-term physical delivery commodity contracts at fair value, such fair value estimates to the extent possible are based on quoted forward prices in the market and underlying indexes in the contracts, as well as assumptions of forward prices and margins where market prices are not available. Similarly, the fair values of interest and currency swaps are estimated based on relevant quotations from active markets, quotes of comparable instruments, and other appropriate valuation techniques.

Critical accounting judgements and key sources of estimation uncertainty
Critical judgements in applying accounting policies
The following are the critical judgements, apart from those involving estimations (see below), that Statoil has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition - gross versus net presentation of traded SDFI volumes of oil and gas production
As described under Transactions with the Norwegian State above, Statoil markets and sells the Norwegian State's share of oil and gas production from the NCS. Statoil includes the costs of purchase and proceeds from the sale of the SDFI oil production in Purchases [net of inventory variation] and Revenues, respectively. In making the judgement Statoil considered the detailed criteria for the recognition of revenue from the sale of goods, and in particular concluded that the risk and reward of the ownership of the goods had been transferred from the SDFI to Statoil.

As also described above, Statoil sells, in its own name, but for the Norwegian State's account and risk, the State's production of natural gas. This sale, and related expenditures refunded by the State, are shown net in Statoil's financial statements. In making the judgment Statoil considered the same criteria as for the oil production and concluded that the risk and reward of the ownership of the gas had not been transferred from the SDFI to Statoil.

Key sources of estimation uncertainty

The preparation of consolidated financial statements requires that management make estimates and assumptions that affect reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis considering the current and expected future market conditions.

Statoil is exposed to a number of underlying economic factors, such as liquids prices, natural gas prices, refining margins, foreign exchange rates, interest rates as well as financial instruments with fair values derived from changes in these factors, which affect the overall results. In addition, Statoil's results are influenced by the level of production, which in the short term may be influenced by for instance maintenance programmes. In the long term, the results are impacted by the success of exploration and field development activities.

The matters described below are considered to be the most important in understanding the key sources of estimation uncertainty that are involved in preparing these financial statements and the uncertainties that could most significantly impact the amounts reported on the results of operations, financial position and cash flows.

Proved oil and gas reserves. Proved oil and gas reserves have been estimated by internal experts on the basis of industry standards and governed by criteria established by regulations of the SEC. The SEC revised Rule 4-10 of Regulation S-X and changed a number of oil and gas reserve estimation requirements effective for the year ending 31 December 2009. The revised Rule requires, on a prospective basis, the use of a price based on a 12-month average for reserve estimation instead of a single end-of-year price and allows for non-traditional sources such as bitumen extracted from oil sands to be included as reserves. The Financial Accounting Standards Board (FASB) aligned the requirements for supplemental oil and gas disclosures contemporaneously with the changes made by the SEC. Statoil estimates that implementation of the revisions have had an immaterial impact on proved reserves and unit of production depreciation. The comparability of disclosures between years has however been impacted by the new requirements which were applied on a prospective basis.

Reserves estimates are based on subjective judgments involving geological and engineering assessments of in-place hydrocarbons volumes, the production, historical extraction recovery and processing yield factors and installed plant operating capacity. For future development projects, proved reserves estimates are included only where there is a significant commitment to project funding and execution and when relevant governmental and regulatory approvals have been secured or are reasonably certain to be secured. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons. An independent third party has evaluated Statoil's proved reserves estimates, and the results of such evaluation do not differ materially from management estimates. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations. Unless evidence indicates that renewal is reasonably certain, estimates of economically producible reserves only reflect the period before the contracts providing the right to operate expire. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence within a reasonable time. Future changes in proved oil and gas reserves, for instance as a result of changes in prices, could have a material impact on unit of production rates used for depreciation and amortisation.

Expected oil and gas reserves. Expected oil and gas reserves, which differ from proved reserves, have been estimated by internal experts on the basis of industry standards and are used for impairment testing purposes and for calculation of asset retirement obligations. Reserves estimates are based on subjective judgments involving geological and engineering assessments of in-place hydrocarbons volumes, the production, historical extraction recovery and processing yield factors, installed plant operating capacity and operating approval limits. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons. Future changes in expected oil and gas reserves, for instance as a result of changes in prices, could have a material impact on asset retirement obligations, as well as for the impairment testing of upstream assets, which could have a material effect on operating income as a result of changed impairment charges.

Exploration and leasehold acquisition costs. Statoil capitalises the costs of drilling exploratory wells pending determination of whether the wells have found proved oil and gas reserves. Statoil also capitalises leasehold acquisition costs and signature bonuses paid to obtain access to undeveloped oil and gas acreage. Judgments as to whether these expenditures should remain capitalised or written down due to impairment losses in the period may materially affect the operating income for the period.

Impairment/reversal of impairment. Statoil has significant investments in property, plant and equipment and intangible assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired requiring the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgement and may to a large extent depend upon the selection of key assumptions about the future.

Unproved oil and gas properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount and at least annually. If, following evaluation, an exploratory well has not found proved reserves, the previously capitalised costs are tested for impairment. Subsequent to the initial evaluation phase for a well it will be considered a trigger for impairment testing of a well if no development decision is planned for the near future, and there moreover is no concrete plan for future drilling in the licence. Impairment of unsuccessful wells is reversed, as applicable, to the extent that conditions for impairment are no longer present.

Estimating recoverable amounts involves complexity in estimating relevant future cash flows, based on assumptions about the future, and discounted to their present value. Impairment testing requires long-term assumptions to be made concerning a number of often volatile economic factors such as future market prices, refinery margins, currency exchange rates and future output, discount rates and political and country risk among others, in order to establish relevant future cash flows. Impairment testing frequently also requires judgement regarding probabilities and probability distributions as well as levels of sensitivity inherent in the establishment of recoverable amount estimates, and consequently in ensuring that the recoverable amount estimates' robustness where relevant is factored sufficiently into the impairment evaluations and reflected in the impairment or reversal of impairment recognised in the financial statements. Long-term assumptions for major economic factors are made at group level, and there is a high degree of reasoned judgement involved in establishing these assumptions, in determining other relevant factors such as forward price curves, in estimating production outputs, and in determining the ultimate termination value of an asset.

Employee retirement plans. When estimating the present value of defined pension benefit obligations that represent a gross long-term liability in the balance sheet, and indirectly, the period's net pension expense in the statement of income, management make a number of critical assumptions affecting these estimates. Most notably, assumptions made about the discount rate to be applied to future benefit payments, the expected return on plan assets and the annual rate of compensation increase have a direct and potentially material impact on the amounts presented. Significant changes in these assumptions between periods can have a material effect on the financial statements.

Asset retirement obligations. Statoil has significant obligations to decommission and remove offshore installations at the end of the production period. Legal and constructive obligations associated with the retirement of non-current assets are recognised at their fair value at the time the obligations are incurred. Upon initial recognition of a liability, that cost is capitalised as part of the related non-current asset and allocated to expense over the useful life of the asset.

It is difficult to estimate the costs of these decommissioning and removal activities, which are based on current regulations and technology, considering relevant risks and uncertainties. Most of the removal activities are many years into the future and the removal technology and costs are constantly changing. The estimates include assumptions of both the time required and the day rates for rigs, marine operations and heavy lift vessels that can vary considerably depending on the assumed removal complexity. As a result, the initial recognition of the liability and the capitalised cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement.

Derivative financial instruments. When not directly observable in active markets, the fair value of derivative contracts must be computed internally based on internal assumptions as well as directly observable market information, including forward and yield curves for commodities, currencies and interest. Changes in internal assumptions and forward curves could materially impact the internally computed fair value of derivative contracts, particularly long-term contracts, resulting in corresponding impact on income or loss in the consolidated statement of income.

Income tax. Statoil annually incurs significant amounts of income taxes payable to various jurisdictions around the world, and also recognises significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws, regulations and relevant court decisions. The quality of these estimates is highly dependent upon management's ability to properly apply at times very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

3 Segments

Operating segments

For the years covered by these financial statements, Statoil managed its operations in the following operating segments; Exploration and Production Norway, International Exploration and Production, Natural Gas, Manufacturing and Marketing, and Fuel and Retail. The Exploration and Production Norway and International Exploration and Production segments explore for, develop and produce crude oil and natural gas, and extract natural gas liquids. The Natural Gas segment transports and markets natural gas and natural gas products. Manufacturing and Marketing is responsible for petroleum refining operations and the marketing of crude oil and refined petroleum products except for natural gas and natural gas products. Fuel and Retail markets fuel and related products principally to retail consumers.

The "Other" section consists of the activities of Corporate services, Corporate center, Group Finance, Technology & New energy and Projects. The "Eliminations" section encompasses elimination of inter-segment sales and related unrealised profits, mainly from the sale of crude oil and products. Inter-segment revenues are based upon estimated market prices.

Operating segments align with internal management reporting to the company's chief operating decision maker, Statoil's Corporate Executive Committee (CEC). The operating segments are determined based on differences in the nature of their operations, products, services and geographical location of the activity. The measure of segment profit is Net operating income. Financial items, tax expense and tax assets are not allocated to the operating segments. The measurement basis for the net operating income for each operating segment follows the accounting principles used in the financial statements as described in note 2 *Significant accounting policies*.

Statoil's internal management reporting changed and led to changes in Statoil's operating segments effective from the fourth quarter 2010. The activity included in Statoil Fuel and Retail (SFR) was previously reported as part of the Manufacturing and Marketing segment. Following the listing SFR is now being reported separately to the Corporate Executive Committee and has been assessed to constitute a separate operating segment. In the tables below, the activities of SFR and Manufacturing and Marketing have been presented in accordance with the new segment structure. Comparable periods have been restated accordingly.

Segment data for the years ended 31 December 2010, 2009 and 2008 is presented below:

(in NOK million)	Exploration and Production Norway	International Exploration and Production	Natural Gas	Manufacturing and Marketing	Fuel and Retail	Other	Eliminations	Total
Year ended 31 December 2010								
Revenues and Other income third party	4,101	8,358	84,480	367,782	62,283	1,511	0	528,515
Revenues and Other income, inter-segment	166,571	41,930	2,765	39,224	3,571	2,207	(256,268)	0
Net income from equity accounted investments	56	707	276	226	4	(136)	0	1,133
Total revenues and other income	170,728	50,995	87,521	407,232	65,858	3,582	(256,268)	529,648
Net operating income	115,615	12,623	8,511	(1,973)	2,354	170	(72)	137,228
Significant non-cash items recognised in segment profit or loss								
- Depreciation and amortisation	26,019	15,183	1,916	1,055	1,215	693	0	46,081
- Impairment losses	0	1,469	0	2,913	97	48	0	4,527
- Commodity derivatives	(1,866)	0	4,542	(226)	0	0	0	2,450
- Exploration expenditure written off	1,441	1,470	0	0	0	0	0	2,911
Equity accounted investments	133	8,842	2,629	712	43	1,525	0	13,884
Other segment non-current assets*	188,194	133,482	36,078	15,895	11,115	3,135	0	387,899
Assets classified as held for sale	0	44,890	0	0	0	0	0	44,890
Non-current assets, not allocated to segments*								47,573
Total non-current assets and assets classified as held for sale								494,246
Additions to PP&E and intangible assets**	31,902	40,385	2,995	3,348	829	969	0	80,428

* Deferred tax assets, post employment benefit assets and financial instruments are not allocated to segments.

** Excluding movements due to changes in asset retirement obligations.

(in NOK million)	Exploration and Production Norway	International Exploration and Production	Natural Gas	Manufacturing and Marketing	Fuel and Retail	Other	Eliminations	Total
Year ended 31 December 2009								
Revenues and Other income third party	4,153	12,301	96,973	292,990	55,951	1,287	0	463,655
Revenues and Other income inter-segment	154,431	28,459	1,241	30,583	1,404	2,295	(218,413)	0
Net income from equity accounted investments	79	1,075	399	253	27	(55)	0	1,778
Total revenues and other income	158,663	41,835	98,613	323,826	57,382	3,527	(218,413)	465,433
Net operating income	104,318	2,599	18,488	(1,809)	1,268	(1,146)	(2,078)	121,640
Significant non-cash items recognised in segment profit or loss								
- Depreciation and amortisation	25,653	16,231	1,778	1,178	1,212	687	0	46,739
- Impairment losses	0	873	1,001	5,369	0	74	0	7,317
- Commodity based derivatives	(1,781)	0	(2,814)	1,072	0	(122)	0	(3,645)
- Exploration expenditure written off	1,177	5,821	0	0	0	0	0	6,998
Equity accounted investments	214	4,962	2,829	682	235	1,134	0	10,056
Other segment non-current assets	175,998	152,678	34,797	16,813	11,774	3,028	0	395,088
Non-current assets, not allocated to segments*								41,312
Total non-current assets								446,456
Additions to PP&E and intangible assets**	34,875	39,354	2,528	5,010	2,608	1,340	0	85,715

* Deferred tax assets, post employment benefit assets and non-current financial instruments are not allocated to segments.

** Excluding movements due to changes in asset retirement obligations.

(in NOK million)	Exploration and Production Norway	International Exploration and Production	Natural Gas	Manufacturing and Marketing	Fuel and Retail	Other	Eliminations	Total
Year ended 31 December 2008								
Revenues third party and Other income	2,879	10,289	108,704	456,940	73,225	2,700	0	654,737
Revenues and Other income inter-segment	216,882	35,031	1,882	38,583	(13)	2,212	(294,577)	0
Net income from equity accounted investments	82	809	225	222	(6)	(49)	0	1,283
Total revenues and other income	219,843	46,129	110,811	495,745	73,206	4,863	(294,577)	656,020
Net operating income	166,907	12,784	12,541	4,693	(145)	(731)	2,783	198,832
Significant non-cash items recognised in segment profit or loss:								
- Depreciation and amortisation	24,043	11,619	2,310	1,083	1,034	596	0	40,685
- Impairment losses	0	2,063	0	0	0	248	0	2,311
- Inventory valuation	0	0	24	5,203	0	0	(1,377)	3,850
- Commodity based derivatives	(109)	0	(1,341)	(1,306)	0	(37)	0	(2,793)
- Exploration expenditure written off	749	2,957	0	0	0	0	0	3,706
Equity accounted investments	149	6,114	4,898	786	277	416	0	12,640
Other segment non-current assets	165,493	160,580	35,735	22,398	12,022	3,854	0	400,082
Non-current assets, not allocated to segments*								20,889
Total non-current assets								433,611
Additions to PP&E and intangible assets**	34,941	48,694	2,041	6,611	1,877	1,256	0	95,420

* Deferred tax assets, post employment benefit assets and non-current financial instruments are not allocated to segments.

** Excluding movements due to changes in asset retirement obligation.

See note 14 *Property, plant and equipment* and note 15 *Intangible assets* for information on impairments recognised in the International Exploration and Production segment and in the Manufacturing and Marketing segment.

Geographical areas

Statoil is present in 42 countries, and manages its business segments on a worldwide basis. In presenting information on the basis of geographical areas, revenues from external customers are attributed to the country of the legal entity executing the external sale.

Assets are based on the geographical location of the assets.

Geographical data for the year ended 31 December 2010, 2009 and 2008 is presented below:

(in NOK million)	Crude oil	Gas	NGL	Refined products	Other	Total sale
Year ended 31 December 2010						
Norway	227,122	72,643	47,551	47,332	16,725	411,373
USA	22,397	7,817	1,815	14,918	5,771	52,718
Sweden	0	0	0	18,810	4,612	23,422
Denmark	0	0	0	14,275	3,027	17,302
Other	4,508	4,380	205	12,150	2,457	23,700
Total revenues (excluding net income from equity accounted investments)	254,027	84,840	49,571	107,485	32,592	528,515

(in NOK million)	Crude oil	Gas	NGL	Refined products	Other	Total sale
Year ended 31 December 2009						
Norway	182,353	80,018	34,655	45,927	18,137	361,090
USA	19,836	5,555	117	14,017	672	40,197
Sweden	0	0	0	16,556	3,795	20,351
Denmark	0	0	0	15,105	1,957	17,062
Other	9,978	2,959	154	10,762	1,102	24,955
Total revenues (excluding net income from equity accounted investments)	212,167	88,532	34,926	102,367	25,663	463,655

(in NOK million)	Crude oil	Gas	NGL	Refined products	Other	Total sale
Year ended 31 December 2008						
Norway	260,171	79,813	44,536	79,659	31,105	495,284
USA	24,712	8,795	1,660	20,182	2,545	57,894
Sweden	0	0	0	23,428	2,618	26,046
Denmark	0	0	0	16,858	2,558	19,416
Singapore	11,203	1,906	0	0	0	13,109
UK	1,982	10,878	2	0	2,800	15,662
Other	7,305	930	198	16,885	2,008	27,326
Total revenues (excluding net income from equity accounted investments)	305,373	102,322	46,396	157,012	43,634	654,737

Assets by geographic areas

(in NOK million)	2010	2009	2008
Norway	239,363	228,153	220,794
USA	53,635	38,993	50,587
Brazil	37,008	29,549	15,743
Angola	29,050	23,345	23,807
Canada	24,495	20,533	17,151
Azerbaijan	17,296	17,331	21,396
Algeria	9,308	9,265	11,270
Other areas	36,518	37,975	47,769
Total non-current assets (excluding deferred tax assets, pension assets and financial non-current items) and assets classified as held for sale at 31 December	446,673	405,144	408,517

Major customers
Statoil does not have transactions with single external customers where revenues amount to more than 10% of the group's total revenues.

4 Assets classified as held for sale

On 21 May 2010 Statoil entered into an agreement with Sinochem Group to sell 40% of the Peregrino offshore heavy-oil field in Brazil. Following the transaction Statoil will hold a 60% ownership share and together with Sinochem jointly control the Peregrino assets. Statoil will remain operator of the field which is set to start production in first half of 2011.

Sinochem Group will pay a total of USD 3.1 billion in cash for the 40% share of the net assets, through acquisition of shares in various Statoil entities. The transaction is subject to governmental approvals in Brazil. The consideration is based on an economic date of 1 January 2010 and is subject to adjustments for working capital and for a proportional share of operational and capital expenditures incurred in the period between the economic date and the date for final closing of the transaction. As at 1 January 2010 the net carrying amount of the Peregrino assets was NOK 21.4 billion (100%). The transaction will be recognised in the International Exploration and Production segment when the transaction closes, which is expected to occur in the first half of 2011.

On the basis of the agreement, the carrying amount of assets and liabilities relating to the divestment has been classified as held for sale in the *Consolidated balance sheet*. Assets and liabilities have been classified as held for sale on a 100% basis for entities subject to the transaction (disposal group), including entities for which Statoil will retain a jointly controlled 60% interest after the transaction. Assets and liabilities related to the Peregrino licence owned through entities not subject to the transaction with Sinochem have not been classified as held for sale. The current and non-current financial liabilities classified as held for sale as listed in the table below, relate to a financial lease liability directly associated with the disposal group. A corresponding financial lease asset has been included in the Property, plant and equipment amount classified as held for sale.

On 21 November 2010 Statoil entered into an agreement with PTT Exploration and Production (PTTEP) to sell a 40% interest in Statoil's Kai Kos Dehseh oil sands project in Alberta, Canada, legally organised as a partnership. Following the transaction Statoil will hold a 60% ownership share and together with PTTEP jointly control the project assets of the partnership. Statoil will remain managing partner and operator of the project.

The total cash consideration, USD 2.3 billion, is subject to adjustments for working capital and for a proportional share of operational and capital expenditures incurred in the period between the economic date, set to 1 January 2011, and the date of final closing of the transaction. As at 31 December 2010 the net carrying amount of the Kai Kos Dehseh assets was NOK 21.2 billion (100%).

As at 31 December 2010 the transaction was subject to governmental approvals in Canada. These approvals were received in January 2011 and the transaction was closed on 21 January 2011. The transaction will be recognised in the International Exploration and Production segment in 2011.

On the basis of the agreement, the carrying amount of assets and liabilities relating to the divestment has been classified as held for sale in the Consolidated balance sheet on a 100% basis.

The table below shows a specification of assets and liabilities classified as held for sale:

(in NOK million)	31 December 2010
Property plant and equipment	32,515
Intangible assets	12,375
Total assets classified as held for sale	44,890
Non-current financial liabilities	7,796
Asset retirement obligation, other provisions and other liabilities	549
Current financial liabilities	878
Total liabilities directly associated with the assets held for sale	9,223

5 Business combinations

In 2008 Statoil increased the interest in the Peregrino offshore heavy-oil field in Brazil from 50% to 100%, after closing the deal to acquire Anadarko's 50% interest on 10 December 2008. Statoil paid a cash consideration of USD 1.8 billion, including expenditures incurred in the period 1 January to 10 December 2008, for 100% of the shares in Anadarko's wholly owned company Anadarko Petroleo Ltda and Anadarko's 50% share of the company South Atlantic Holding BV. Conditional on future oil prices above pre-defined threshold levels, Statoil will pay an additional maximum pre-tax amount of USD 0.3 billion to be earned by 2020, related to the Peregrino field. The value of the contingent consideration element at the time of closing the deal, estimated to USD 0.2 billion, was recognised as part of the acquisition price. The Peregrino acquisition has been assessed to constitute a business combination under IFRS 3 (2004) and changes in the fair value of the contingent consideration element are being recorded as adjustments to the book value of the assets acquired. The contingent element was estimated to USD 0.3 billion as of 31 December 2010. The transaction was recognised in the segment International Exploration and Production.

In May 2010 Statoil agreed with Sinochem to sell a 40% stake in the Peregrino project. See note 4 *Assets classified as held for sale* for further information on the divestment.

6 Asset acquisitions and disposals

On 8 October 2010 Statoil signed a Purchase and Sale agreement with Talisman Energy Inc. and Enduring Resources LLC under which Statoil, through a 50/50 joint venture with Talisman Energy Inc., acquired 67,000 net acres in the Eagle Ford shale formation in Southwest Texas. The transaction was accounted for as an asset acquisition. Total consideration for Statoil's share is USD 0.9 billion. The transaction was completed on 8 December 2010 and has been recognised in the International Exploration and Production segment. Parts of the assets acquired are organised in a jointly controlled entity and accounted for under the equity method.

In November 2008 Statoil acquired a 32.5% interest in the Marcellus shale gas acreage from Chesapeake Appalachia, L.L.C. The Marcellus shale gas acreage covers 1.8 million net acres (7,300 square kilometres) in the Appalachia region of the Northeastern USA. Statoil paid a cash consideration of USD 1.3 billion and are paying an additional USD 2.1 billion in the form of funding of 75% of Chesapeake's expenditures for drilling and completion of wells during the period 2009 to 2012. The funding of Chesapeake's expenditures is recorded as drilling and completion expenditures in the financial statements at the time the expenditures for the wells are incurred. The transaction was recognised in the segment International Exploration and Production.

In February 2008 Statoil's participation in the Petrocedeño project (former Sincor project) was reduced from 15% to 9.677% as a result of the transformation of the Sincor project into the incorporated joint venture Petrocedeño, S.A., which has 60% participation by the Venezuelan state through its wholly owned company Petroleos de Venezuela, S.A. The Petrocedeño project involves the exploitation of extra heavy crude oil from the reservoirs in the Orinoco Belt offshore Venezuela. An accounting gain from the reduction of the participation interest was recognised in the Consolidated statements of income in 2008 by NOK 1.1 billion net of tax. The transaction was recognised in the segment International Exploration and Production. The remaining interest in Petrocedeño is reflected in the Consolidated financial statements under the equity method, while the previous interest in the Sincor project was accounted for as a jointly controlled asset consolidated on a line-by-line basis.

7 Capital management

Capital management
The objective of Statoil's capital management policy is to maximise value creation over time, while maintaining a strong financial position and long-term credit ratings at least within the single A category.

Management makes regular use of Free funds from operations over Net adjusted debt (FFO/ND) and Net adjusted debt over Capital employed (ND/CE) ratios in its assessment of Statoil's financial flexibility and ability to incur additional debt.

FFO is net operating cash flows provided by operating activities with the addition of certain adjustments employed by major rating agencies. These adjustments include cash effects from operating leases, post retirement benefit obligations, capitalised interest, asset retirement obligations and reclassifications of working capital cash flow changes.

ND in this respect is defined as Statoil's current and non-current financial liabilities adjusted for Statoil's liquidity positions and adjusted for the adjustments defined above. In addition certain adjustments are made through the addition of project financing, balances related to the Marketing instruction, and balances held by the group's captive insurance company.

CE is Statoil's total equity (including non-controlling interest) plus net interest bearing debt, including debt adjustments defined above.

Credit rating
Credit rating is important for Statoil in order to provide necessary financial flexibility to support a dynamic strategy and through economic and market cycles. Statoil has credit ratings from Moody's and Standard & Poor's and our stated objective is to have credit ratings at least within the single A category. This rating ensures necessary predictability when it comes to funding access to relevant capital markets at favourable terms and conditions. We have the intention to maintain financial ratios that we consider adequate for maintaining credit ratings at levels consistent with our rating target.

Funding of subsidiaries, associates and jointly controlled entities
Normally the parent company, Statoil ASA, incurs debt and then extends loans or equity to wholly owned subsidiaries to fund capital requirements within the group. With effect from 1 January 2009, Statoil ASA transferred the ownership of its Norwegian Continental Shelf (NCS) net assets to Statoil Petroleum AS. Following the transfer, the majority of Norwegian assets are owned by Statoil Petroleum AS. Effective from the same date, Statoil Petroleum AS became co-obligor or guarantor of existing debt securities and other loan arrangements of Statoil ASA. As co-obligor, Statoil Petroleum AS assumes and agrees to perform, jointly and severally with Statoil ASA, all payment and covenant obligations for this debt.

When partially owned subsidiaries or investments in associates and jointly controlled entities are financed, it is Statoil's policy to finance according to ownership share and on equal terms with the other owners. Statoil ASA does not extend loans to the Statoil Fuel & Retail subgroup (SFR). The SFR subgroup raises debt in the external market to fund its capital requirements within the SFR group. All terms for financing of subsidiaries, associates and jointly controlled entities is based on arm's-length principles. Project specific financing may also be used with the primary objective to mitigate risk.

Capital distribution
Capital distribution consists of dividend payments and share buy-backs. Present dividend policy states:

"It is Statoil's ambition to grow the annual cash dividend, measured in NOK per share in line with long-term underlying earnings. When deciding the annual dividend level, Statoil will take into consideration expected cash flows, capital expenditure plans, financing requirements and appropriate financial flexibility. In addition to cash dividend, Statoil might buy back shares as part of total distribution of capital to the shareholders."

The dividend policy has no direct link to the reported net income, and the focus will be on growing the annual cash dividend per share in line with long-term underlying earnings. Statoil emphasises the importance of maintaining an attractive cash dividend level (dividend and including potential share buy-back) also in the future.

8 Financial risk management

General information relevant to financial risks
Statoil's business activities naturally expose the group to financial risk. The group's approach to risk management includes identifying, evaluating, and managing risk in all activities using a top-down approach with the purpose of avoiding sub-optimisation by utilising correlations existing at the group level. Simply adding the different market risks without considering these correlations, would have overestimated our total market risk. Statoil utilises correlations between all the most important market risks, such as oil and natural gas prices, refined oil product prices, currencies, and interest rates, to calculate the overall market risk and thereby take into account the hedges inherent in our portfolio. This approach allows us to reduce the number of hedging transactions and thereby reduce transaction costs and avoids sub-optimisation.

An important element in the risk management approach is the use of centralised trading mandates requiring all major strategic transactions to be co-ordinated through our Corporate risk committee. Mandates delegated to the trading organisations within crude oil, refined products, natural gas, and electricity are relatively small compared to the total market risk of the company.

The group's Corporate risk committee, which is headed by the Chief financial officer and includes representatives from the principal business segments, is responsible for defining, developing, and reviewing the group's risk policies. The Chief financial officer assisted by the Corporate risk committee is also responsible for overseeing and developing Statoil's Enterprise-Wide Risk Management and proposing appropriate measures to adjust risk at the corporate level. The committee meets at least six times per year and regularly receives risk information relevant for the group.

Financial risks

Statoil's activities expose the group to the following financial risks as defined by IFRS 7:

- Market risk (including commodity price risk, currency risk, interest rate risk and equity price risk)
- Liquidity risk
- Credit risk

Market risk

Statoil operates in the worldwide crude oil, refined products, natural gas, and electricity markets and is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates, interest rates and electricity prices that can affect the revenues and costs of operating, investing and financing. These risks are managed primarily on a short-term basis with a focus on achieving the highest risk adjusted returns for the group within the given mandate. Long-term positions, defined as having a time horizon of six months or more, are managed at the corporate level while short-term positions are managed at segment and lower levels according to trading strategies and mandates approved by the group's Corporate risk committee.

The group has established guidelines for entering into derivative contracts in order to manage our commodity price, foreign currency rate, and interest rate risks. The group uses both financial and commodity-based derivatives to manage the risks in revenues, financial items and the present value of future cash flows.

For more information on sensitivity analysis of market risk see note 32 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

Commodity price risk

Commodity price risk represents the group's most important short-term market risk and is monitored every day against established mandates as defined by the group's governing policies. To manage short-term commodity risk, the group enters into commodity-based derivative contracts, including futures, options, over-the-counter (OTC) forward contracts, market swaps and contracts for differences related to crude oil, petroleum products, natural gas and electricity.

Derivatives associated with crude oil and refined oil products are traded mainly on the Inter Continental Exchange (ICE) in London, the New York Mercantile Exchange (NYMEX), the OTC Brent market, and in crude and refined products swaps markets. Derivatives associated with natural gas and electricity are mainly OTC physical forwards and options, NASDAQ OMX Oslo (formerly named Nordpool) forwards and futures traded on the NYMEX and ICE.

The term of crude oil and refined oil products derivatives is usually less than one year and the term for natural gas and electricity derivatives is usually three years or less. For more detailed information about the group's commodity based derivative financial instruments see note 32 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

Currency risk

In addition to price developments, Statoil's operating results and cash flows are affected by foreign currency fluctuations of the most significant currencies, the NOK, EUR and GBP, against the USD.

Statoil manages its currency risk from operations with USD as the basis currency. Foreign exchange risk is managed at corporate level in accordance with given policies and mandates.

Statoil's cash flows derived from oil and gas sales, operating expenses and capital expenditures are mainly in USD, but taxes and dividends are mainly in NOK. Accordingly, the group's currency management is primarily linked to secure tax and dividend payments in NOK. This means that the group regularly purchase substantial NOK amounts on a forward basis using conventional derivative instruments.

Interest rate risk

Statoil principally manages the group's interest rates by converting a portion of cash flows from the long-term debt portfolio issued with fixed coupon rates into floating rate interest payments. Statoil aims to achieve lower expected funding costs over time and to diversify sources of funding. By using the fixed interest rate debt market when issuing new debt and at the same time altering the interest rate exposure by entering into interest rate swaps, funding sources becomes more diversified than by only being able to use the US floating rate debt market.

Bonds are normally issued at fixed rates in local currency (JPY, EUR, CHF, GBP and USD). These bonds are converted to floating USD bonds by using interest rate- and currency swaps. Statoil's interest rate policy includes a mandate to keep a portion of the long term debt at fixed interest rates. For more detailed information about the group's long term debt-portfolio see note 23 *Non-current financial liabilities*.

Equity price risk
The group's captive insurance company holds listed equity securities as a part of its portfolio. In addition, the group holds some other non-listed equity securities for long-term strategic purposes. By holding these assets the group is exposed to equity price risk, defined as the risk of declining equity prices, which can result in a decline in the carrying value of the group's assets recognised in the balance sheet. The equity price risk in the portfolio held by the group's captive insurance company is managed, with the aim of maintaining a moderate risk profile, through geographical diversification and the use of broad benchmark indexes. For more information about the group's equity securities see note 17 *Non-current financial assets* and note 20 *Current financial investments*.

Liquidity risk
Liquidity risk is the risk that Statoil will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity and current liability management is to make certain that Statoil has sufficient funds available at all times to cover its financial obligations.

Statoil manages liquidity and funding at the corporate level, ensuring adequate liquidity to cover group operational requirements. Statoil has high focus and attention on credit and liquidity risk throughout its entire organisation. In order to secure necessary financial flexibility, which includes meeting the group's financial obligations, Statoil maintain what it believes to be a conservative liquidity management policy. To secure financial flexibility and identify future long-term financing needs, Statoil carries out three-year cash forecasts at least monthly.

Statoil's operating cash flows are significantly impacted by the volatility in the oil and gas prices. During 2010 the group's overall liquidity position remained strong. Statoil's policy for managing liquidity was updated in 2010 in that the minimum required cash level was increased.

The main cash outflows are the annual dividend payment and Norwegian Petroleum Tax payments six times per year. If the monthly cash flow forecast shows that the liquid assets one month after tax- and dividend payments will fall below the defined policy level, new long-term funding will be considered.

Current funding needs will normally be covered by using the US Commercial Papers Programme (CP), USD 4 billion which is backed by a revolving credit facility of USD 3 billion, supported by 20 core banks. The facility is undrawn and provides secure access to funding, supported by best available (A1/P1) short-term rating. The credit facility has a term of five years until December 2015, but includes two one year extension options which may extend the facility to December 2017. The facility agreement does not contain any repeating material adverse change clauses, or any financial covenants. Statoil Petroleum AS is guarantor of the facility.

On 1 November 2010 Statoil Fuel & Retail ASA drew down NOK 4 billion on its term loan facility, maturing in October 2013. The facility is part of a multicurrency term and revolving loan facility in the aggregate amount of NOK 7 billion, which has been entered into with nine international banks. In addition to the NOK 4 billion three year term loan already drawn, the total facility agreement includes a NOK 3 billion five year revolving loan facility. Of this facility NOK 0.3 billion was drawn at year end 2010.

For long term funding purposes Statoil raises debt in all major capital markets (USA, Europe and Japan). In order to comply with the group's financial policies, Statoil uses derivatives such as currency and interest rate swaps to convert cash flows into floating rate USD interest payments. Our policy is to have a smooth maturity profile with repayments not exceeding five percent of capital employed in any year for the nearest five years. Statoil's non-current financial liability has an average maturity of approximately nine years.

For more information about the group's non-current financial liabilities see note 23 *Non-current financial liabilities*.

The table below shows a maturity profile, based on undiscounted contractual cash flows, for the group's financial liabilities and financial assets held to manage liquidity risk, where the assets held by the group's captive insurance company have been excluded both at the end 2010 and at the end of 2009. Included in the assets held to manage liquidity risk are certain foreign currency derivative instruments.

(in NOK million)	Due within 1 year	Due between 1 and 2 years	Due between 3 and 4 years	Due between 5 and 10 years	Due after 10 years	Total specified
At 31 December 2010						
Non-derivative financial liabilities	(87,755)	(15,822)	(35,010)	(38,356)	(58,012)	(234,955)
Derivative financial instruments	(20)	241	(1,879)	(1,377)	(1,529)	(4,564)
Financial assets held for managing liquidity risk						
Current derivative financial instruments	1,462	0	0	0	0	1,462
Current financial investments	5,348	0	0	0	0	5,348
Cash and cash equivalents	30,251	0	0	0	0	30,251
Total assets held	37,061	0	0	0	0	37,061
At 31 December 2009						
Non-derivative financial liabilities	(72,540)	(17,910)	(24,854)	(49,836)	(52,349)	(217,489)
Derivative financial instruments	(613)	24	(766)	(1,672)	(1,064)	(4,091)
Financial assets held for managing liquidity risk						
Current derivative financial instruments	301	0	0	0	0	301
Current financial investments	2,017	0	0	0	0	2,017
Cash and cash equivalents	24,567	0	0	0	0	24,567
Total assets held	26,885	0	0	0	0	26,885

For further information about the groups Cash and cash equivalents see note 21 *Cash and cash equivalents*.

Credit risk

Credit risk is the risk that the group's customers or counterparties will cause the group financial loss by failing to honour their obligations. Credit risk arises from credit exposures with customer accounts receivables as well as from financial investments, derivative financial instruments and deposits with financial institutions.

Key elements of our credit risk management approach include:

- A global credit risk policy
- Credit mandates
- An internal credit rating process
- Credit risk mitigation tools
- A continuous monitoring and managing of credit exposures

Prior to entering into transactions with new counterparties, the group's credit policy requires all counterparties to be formally identified and approved. In addition all sales, trading and financial counterparties are in addition assigned internal credit ratings as well as exposure limits. Once established, all counterparties are re-assessed at a minimum annually and continuously monitored. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements and other relevant business information. In addition, Statoil evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect our assessment of the counterparties' credit risk. Exposure limits are determined based on assigned internal credit ratings combined with other factors, such as expected transaction and industry characteristics. Credit mandates define acceptable credit risk thresholds and are endorsed by management and regularly reviewed with regard to changes in market conditions.

The group uses risk mitigation tools to reduce or control credit risk both on a counterparty and portfolio level. The main tools include bank and parental guarantees, prepayments and cash collateral. For bank guarantees, only investment grade international banks are accepted as counterparties.

The group has pre-defined limits for the minimum average credit rating allowed at any given time on the group portfolio level as well as maximum credit exposures for individual counterparties. The group monitors the portfolio on a regular basis and individual exposures against limits on a daily basis. The total credit exposure portfolio of Statoil is geographically diversified among a number of counterparties within the oil and energy sector, as well as larger oil and gas consumers and financial counterparties. The majority of the group's credit exposure is with investment grade counterparties.

The following table contains the carrying amount of Statoil's financial receivables and derivative financial instruments that are neither past due nor impaired split by the group's assessment of the counter-party's credit risk. Included in current and non-current derivative financial instruments are only non exchange traded instruments.

(in NOK million)	Non-current financial receivables	Trade and other receivables	Non-current derivative financial instruments	Current derivative financial instruments
At 31 December 2010				
Investment grade, rated A or above	987	29,614	12,444	4,291
Other investment grade	565	8,132	8,119	1,081
Non-investment grade or not rated	765	32,157	0	640
Total financial asset	2,317	69,903	20,563	6,012
At 31 December 2009				
Investment grade, rated A or above	1,081	25,119	10,975	3,501
Other investment grade	1,387	5,417	6,669	1,060
Non-investment grade or not rated	696	22,471	0	635
Total financial asset	3,164	53,007	17,644	5,196

As of 31 December 2010, NOK 5.7 billion of cash was held as collateral to mitigate a portion of this group credit exposure. See note 27 *Current financial liabilities* for more information on collateral held.

9 Remuneration

	For the year ended 31 December		
(in NOK million except number of man-labour year)	2010	2009	2008
Salaries*	19,831	18,221	18,426
Pension costs	4,138	3,538	2,851
Payroll tax	2,972	3,023	2,676
Other compensations and social costs	2,158	2,177	2,102
Total payroll costs	29,099	26,959	26,055
Average man-labour year	28,396	28,107	28,001

*Salaries are inclusive reimbursement from the The Norwegian Labour and Welfare Administration.

Total payroll expenses are accumulated in cost-pools and partly charged to partners of Statoil-operated licences on an hours incurred basis.

The calculation of pension costs and pension assets/liabilities is described in note 24 *Pensions and other non-current employee benefits*.

Share based compensation

Statoil's share saving plan provides employees with the opportunity to purchase Statoil shares through monthly salary deductions and a contribution by Statoil. If the shares are kept for two full calendar years of continued employment, the employees will be allocated one bonus share for each one they have purchased.

Estimated compensation expense including the contribution by Statoil for purchased shares, amount vested for bonus shares granted and related social security tax was NOK 427, NOK 370 and NOK 340 million related to the 2010, 2009 and 2008 programs, respectively. For the 2011 program (granted in 2010) the estimated compensation expense is NOK 451 million. At 31 December 2010 the amount of compensation cost yet to be expensed throughout the vesting period is NOK 910 million.

10 Other expenses

Auditors' remuneration

(in NOK million, excluding VAT)	Audit fee	Audit related fee	Other service fee	Total
2010				
Ernst & Young - Norway	35.2	12.2	0.1	47.5
Ernst & Young - outside Norway	29.3	2.0	0.1	31.4
Total	64.5	14.2	0.2	78.9
2009				
Ernst & Young - Norway	34.2	5.3	3.7	43.2
Ernst & Young - outside Norway	27.1	1.5	0.9	29.5
Total	61.3	6.8	4.6	72.7
2008				
Ernst & Young - Norway	35.0	4.9	0.1	40.0
Ernst & Young - outside Norway	25.3	3.8	0.1	29.2
Total	60.3	8.7	0.2	69.2

In addition to the figures in the table above, the audit fees and audit related fees to Ernst & Young related to Statoil-operated licences amount to NOK 8.8, NOK 8.9 and NOK 8.5 million for 2010, 2009 and 2008, respectively.

Research and development expenditures (R&D)
Research and development expenditures were NOK 2,045, NOK 2,073 and NOK 2,243 million in 2010, 2009 and 2008, respectively. R&D expenditures are partly financed by partners of Statoil-operated licences. Statoil's share of the expenditures has been recognised as expense in the Consolidated statement of income.

11 Financial items

(in NOK million)	2010	For the year ended 31 December 2009	2008
Foreign exchange gains (losses) non-current financial liabilities	0	0	(11,252)
Foreign exchange gains (losses) derivative financial instruments	(1,736)	9,722	(25,001)
Foreign exchange gains (losses) taxes payable	(473)	(1,930)	-
Other foreign exchange gains (losses)	373	(5,799)	3,690
Net foreign exchange gains (losses)	(1,836)	1,993	(32,563)
Dividends received	132	66	290
Gains (losses) financial investments	660	875	4,796
Interest income financial investments	325	354	975
Interest income non-current financial receivables	123	106	130
Interest income current financial assets and other financial income	1,935	2,307	6,016
Interest income and other financial items	3,175	3,708	12,207
Capitalised borrowing costs	995	1,351	1,225
Accretion expense asset retirement obligation	(2,508)	(2,432)	(2,107)
Interest expense non-current financial liabilities and net interst on related derivatives	(2,359)	(2,386)	(1,850)
Gains (losses) derivative financial instruments	2,611	(6,593)	5,632
Interest expense current financial liabilities and other finance expense	(490)	(2,391)	(909)
Interest and other finance expenses	(1,751)	(12,451)	1,991
Net financial items	(412)	(6,750)	(18,365)

Foreign exchange gains (losses) derivative financial instruments include fair value changes of currency derivatives related to liquidity and currency risk management. Strengthening of USD versus NOK for the year ended 31 December 2010 resulted in fair value losses on these positions which are recognised in the Consolidated statement of income. Correspondingly, weakening of USD versus the NOK for the year ended 31 December 2009 resulted in fair value gains and strengthening of USD versus NOK for the year ended 31 December 2008 resulted in fair value losses.

In addition, other foreign exchange effects in 2010 and 2009 are not directly comparable with 2008, because the parent company Statoil ASA changed its functional currency from NOK to USD effective from 1 January 2009. For further information see note 1 *Organisation*.

Gains (losses) derivative financial instruments include fair value changes of interest rate derivatives which are used to manage the interest rate risk of the loan portfolio. Decreasing USD interest rates for the year ended 31 December 2010 resulted in fair value gains on these positions. Correspondingly, increasing USD interest rates for the year ended 31 December 2009 resulted in fair value losses and decreasing USD interest rates for the year ended 31 December 2008 resulted in fair value gains.

Included in Interest expense current financial liabilities and other finance expenses is an impairment loss of NOK 1.4 billion related to the Pernis refinery investment for the year ended 31 December 2009.

Capitalised borrowing costs were reduced in 2010 compared to 2009 and 2008 due to completion of development projects and more fields going into production in 2010.

All hedge accounting relationships, which related to a portion of the non-current debt portfolio, were discontinued in the first quarter of 2009. Fair value hedge adjustments of NOK 2.5 billion are amortised over the remaining life of these loans (13 to 18 years). The amortised income recognised in Gains (losses) derivative financial instruments is NOK 248 million for the year ended 31 December 2010 and NOK 198 million for the year ended 31 December 2009.

12 Income taxes

Significant components of income tax expense were as follows

(in NOK million)	2010	2009	2008
Norway offshore	90,219	80,944	124,775
Norway onshore	167	4,027	3,378
Other countries upstream*	6,004	5,149	9,704
Other countries downstream*	393	770	306
Current income tax expense	96,783	90,890	138,163
Norway offshore	1,549	9,358	3,567
Norway onshore	(2,877)	242	(4,992)
Other countries upstream*	2,322	(3,094)	993
Other countries downstream*	1,392	(221)	(534)
Deferred tax expense	2,386	6,285	(966)
Income tax expense	99,169	97,175	137,197

*Includes Norwegian taxes on income in other countries.

Reconciliation of Norwegian nominal statutory tax rate of 28% to effective tax rate

(in NOK million)	2010	2009	2008
Norway offshore	122,935	122,074	171,150
Norway onshore	368	(10,700)	(6,260)
Other countries upstream	12,123	2,733	14,610
Other countries downstream	1,390	783	967
Total income before tax	136,816	114,890	180,467
Calculated income taxes at statutory rates:			
Calculated income taxes at statutory rate (Norwegian statutory tax rate 28%)	38,308	32,169	50,531
Petroleum surtax at statutory rate (Norwegian special tax rate 50%)*	61,468	61,037	85,575
Uplift*	(4,957)	(5,052)	(5,047)
Other countries upstream	4,566	1,289	6,606
Other countries downstream	(170)	330	(497)
Permanent differences caused by currency effects	1,283	6,935	0
Prior period adjustments	(736)	156	(74)
Other items	(593)	311	103
Income tax expense	99,169	97,175	137,197
Effective tax rate (%)	72.48	84.58	76.02

*When computing the special petroleum tax on income from the Norwegian Contintental Shelf, a tax-free allowance, or uplift, is granted at a rate of 7.5% per year. The uplift is computed on the basis of the original capitalised cost of offshore production installations. The uplift may be deducted from taxable income for a period of four years, starting in the year in which the capital expenditure is incurred. Unused uplift may be carried forward indefinitely. At year end 2010 and 2009 unrecognised uplift credits amounted to NOK 14.5 and 15.5 billion, respectively.

For several entities, the tax computation is based on other currencies than the functional currency of the entity. Taxable exchange gains and losses included in the currency used as a basis for tax computation causes significant permanent differences. These taxable exchange gains and losses do not impact the Income before tax in the Consolidated statement of income. Tax on these permanent differences amounts to NOK 1.3 billion in 2010.

Deferred tax assets and liabilities comprise

(in NOK million)	Inventory	Other current items	Tax losses carried forwards	Property, plant and equipment	Exploration expenditure	ARO	Pensions	Other non-current items	Total
Deferred tax at 31 December 2010									
Deferred tax assets	1,060	3,302	2,812	6,705	0	43,378	7,490	3,389	68,136
Deferred tax liabilities	0	(10,793)	0	(103,493)	(19,128)	0	0	(10,896)	(144,310)
Net asset (liability) at 31 December 2010	1,060	(7,491)	2,812	(96,787)	(19,128)	43,378	7,490	(7,508)	(76,174)
Deferred tax at 31 December 2009									
Deferred tax assets	907	2,123	3,098	10,162	0	34,072	8,148	2,668	61,178
Deferred tax liabilities	0	(9,014)	0	(96,799)	(20,091)	0	0	(9,636)	(135,540)
Net asset (liability) at 31 December 2009	907	(6,891)	3,098	(86,637)	(20,091)	34,072	8,148	(6,968)	(74,362)

Analysis of movements during the year	2010	2009	2008
Deferred tax liability at 1 January	74,362	66,842	66,684
Charged (credited) to the Consolidated statement of income	2,386	6,285	(966)
Other comprehensive income pensions	(16)	759	1,166
Charged (credited) to Equity	0	155	(364)
Translation differences and other	(558)	321	322
Deferred tax liability at 31 December	76,174	74,362	66,842

Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority and there is a legally enforceable right to offset current tax assets against current tax liabilities.

Deferred tax assets

As at 31 December 2010 Statoil had recognised net deferred tax assets of NOK 1.9 billion, primarily in the International Exploration and Production segment, as it is considered probable that taxable profit will be available to utilise these deferred tax assets.

Unrecognised deferred tax assets

(in NOK million)	At 31 December 2010	2009
Deductible temporary differences	14,129	14,519
Tax losses carry forward	9,063	4,461

The tax losses carry-forwards that have not been recognised, primarily in the US, expire in the period 2019-2025. The unrecognised deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because evidence as required by prevailing accounting standards is currently not sufficient to support that future taxable profits will be available to secure utilisation of the benefits.

13 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is, based on the net income attributable to ordinary shareholders of the parent company and a weighted average number of ordinary shares outstanding during the years ended 31 December 2010, 2009 and 2008 respectively, as follows:

	2010	2009	2008
Net income attributable to equity holders of the parent company (in NOK million)	38,082	18,313	43,265
Weighted average number of ordinary shares outstanding (in thousands of shares):			
Issued shares at 1 January	3,189,689	3,189,902	3,188,647
Effect of treasury shares held	(7,114)	(6,028)	(2,693)
Weighted average number of ordinary shares at 31 December	3,182,575	3,183,874	3,185,954
Earnings per share for income attributable to equity holders of the company - basic and diluted (NOK)	11.94	5.75	13.58

The group has no share programs with significant dilutive effects and the calculated diluted earnings per share rounds to be the same amount as the calculated basic earnings per share.

14 Property, plant and equipment

(in NOK million)	Machinery, equipment and transportation equipment	Production plants oil and gas, incl. pipelines	Refining and manufacturing plants	Buildings and land	Vessels	Assets under development	Total
Cost at 31 December 2009	18,542	618,487	43,354	15,735	4,079	89,221	789,418
Additions and transfers	(268)	60,600	11,364	1,086	195	17,519	90,496
Disposals assets at cost	(721)	(2,894)	(418)	(291)	(11)	(1,426)	(5,761)
Assets classified as held for sale **	0	0	0	0	0	(32,515)	(32,515)
Effect of movements in foreign exchange - assets	145	1,597	154	3	171	1,029	3,099
Cost at 31 December 2010	17,698	677,790	54,454	16,533	4,434	73,828	844,737
Accumulated depr. and impairment losses at 31 December 2009	(12,201)	(397,591)	(31,703)	(6,003)	(1,018)	(67)	(448,583)
Depreciation and impairments for the year	(1,251)	(41,758)	(4,800)	(671)	(286)	(1,656)	(50,422)
Accumulated depreciation and impairment disposed assets	531	2,681	266	144	11	0	3,633
Effect of movements in foreign exchange - depreciation and impairment losses	(33)	(940)	(144)	(118)	(12)	86	(1,161)
Accumulated depr. and impairment losses at 31 December 2010	(12,954)	(437,608)	(36,381)	(6,648)	(1,305)	(1,637)	(496,533)
Carrying amount at 31 December 2010	4,744	240,182	18,073	9,885	3,129	72,191	348,204
Estimated useful lives (years)	3 - 10	*	15-20	20 - 33	20 - 25		

*Depreciation according to Unit of production method, see note 2 *Significant accounting policies*.
**See note 4 *Assets classified as held for sale*.

In 2010 and 2009 capitalised borrowing cost amounted to NOK 1.0 and NOK 1.4 billion, respectively.
Transfer of assets to Property, plant and equipment from Intangible assets in 2010 and 2009 amounted to NOK 11.0 and NOK 4.9 billion, respectively.

	For the year ended 31 December		
(in NOK million)	2010	2009	2008
Impairment losses	(4,586)	(8,176)	(3,541)
Reversal of impairment losses	90	1,743	1,124
Net impairment losses	(4,496)	(6,433)	(2,417)

In 2010 Statoil recognised impairment losses of NOK 2.9 billion related to refinery assets in the Manufacturing and Marketing segment. The basis for the impairment losses are value in use estimates triggered by decreasing expectations on refining margins. The impairment losses have been presented as Depreciation, amortisation and net impairment losses.

In 2010 Statoil also recognised an impairment loss of NOK 1.6 billion related to a gas development project in the International Exploration and Production segment. The basis for the impairment loss is reduced value in use estimate mainly driven by project delays, changes in certain cost estimates and market conditions. In 2009, Statoil recognised net impairment losses of NOK 5.4 billion related to development and production assets recognised in the

Manufacturing and Marketing segment. Impairment in 2008 is mainly related to development and production assets in the International Exploration and Production segment. The impairment losses have been presented as Depreciation, amortisation and net impairment losses.

In assessing the need for impairment of the carrying amount of a potentially impaired asset, the asset's carrying amount is compared to the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and estimated value in use. When preparing a value in use calculation the estimated future cash flows are adjusted for risks specific to the asset. For upstream assets, the main assumptions used when estimating future cash flows relates to expected production profiles, oil and gas prices and costs. For mid- and downstream assets, the main assumptions relate to expectations on utilisation of capacity and expectations on future margins. The expected future cash flows are discounted using a real post-tax discount rate adjusted for asset specific differences, such as tax rates and time horizon of cash flows. The base discount rate used is 6.5% real after tax in a 28% tax regime with a 10 year duration. The discount rate is derived from Statoil's weighted average cost of capital. A derived pre tax discount rate would generally be in the range of 8-12%, depending on asset specific characteristics, such as specific tax treatments, cash flow profiles and economic life. For certain assets a pre tax discount rate could be outside this range, mainly due to special tax elements (i.e. permanent differences) affecting the pre tax equivalent.

15 Intangible assets

(in NOK million)	Exploration expenditure	Other	Total
Cost at 31 December 2009	49,360	6,649	56,009
Additions	11,317	253	11,570
Disposals intangible assets at cost	(795)	(222)	(1,017)
Transfers of intangible assets	(10,964)	(16)	(10,980)
Assets classified as held for sale	(12,375)	0	(12,375)
Expensed exploration expenditures previously capitalised	(2,911)	0	(2,911)
Effect of movements in foreign exchange	1,243	84	1,327
Cost at 31 December 2010	34,875	6,748	41,623
Accumulated amortisation and impairment losses at 31 December 2009	-	(1,756)	(1,756)
Amortisation and impairments for the year	-	(186)	(186)
Disposals amortisation and impairment losses	-	10	10
Effect of movements in foreign exchange - amortisation and imp. losses	-	4	4
Accumulated amortisation and impairment losses at 31 December 2010	-	(1,928)	(1,928)
Carrying amount at 31 December 2010	34,875	4,820	39,695

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised systematically over their estimated economic lives, ranging between 10-20 years.

Included in Other intangible assets is goodwill of NOK 4.0 billion as at 31 December 2010 (NOK 4.0 billion as at 31 December 2009).

Impairment losses and reversal of impairment losses are presented as *Exploration expenses* and *Depreciation, amortisation and net impairment losses* on the basis of their nature as exploration assets and other intangible assets, respectively. The table below shows the net impairment losses related to intangible assets which have been recognised in the reporting periods for each line item under which it has been reported.

	For the year ended 31 December		
(in NOK million)	2010	2009	2008
Depreciation, amortisation and net impairment losses	31	1,003	0
Exploration expenses	1,935	5,418	3,544
Impairment losses	1,966	6,421	3,544
Depreciation, amortisation and net impairment losses	0	0	0
Exploration expenses	(1,636)	0	(1,123)
Reversal of impairment losses	(1,636)	0	(1,123)
Net impairment losses	330	6,421	2,421

The impairment losses are based on value in use estimates triggered by changes in reserve estimates, cost estimates and market conditions and relate mainly to exploration assets in the Gulf of Mexico, recognised in the International Exploration and Production segment. See note 14 *Property, plant and equipment* for further information on the basis for impairment assessments.

16 Equity accounted investments

(in NOK million)	2010	2009
Carrying amount equity accounted investments at 31 December	13,884	10,056
Net income from equity accounted investments	1,133	1,778

The increase in equity accounted investments in 2010 is mainly related to the 50% acquisition of 67,000 net acres in the Eagle Ford shale formation in Southwest Texas. Parts of the assets acquired are organised in a jointly controlled entity and accounted for under the equity method.

In addition to the acquisition in the Eagle Ford shale formation, the most significant equity accounted investments included in the table above are Petrocedeño S.A. (ownership share 9.68%), BTC Pipeline company (ownership share 8.71%) and South Caucasus PHC Ltd (ownership share 25.5%). Statoil has assessed that through contractual agreements the group has significant influence over the BTC Pipeline company and Petrocedeño S.A., and consequently the ownership interests in these companies are accounted for under the equity method.

See note 6 *Asset acquisitions and disposals* for more information.

17 Non-current financial assets

	At 31 December	
(in NOK million)	2010	2009
Bonds	7,213	6,726
Listed equity securities	5,102	4,318
Non-listed equity securities	3,042	2,223
Financial investments	15,357	13,267

Bonds and Listed equity securities relates to investment portfolios held by the group's captive insurance company which are accounted for using the fair value option.

Non-listed equity securities are classified as available for sale assets and changes in fair value are recognised in Other comprehensive income except for impairment losses which are recognised in the Consolidated statement of income. The total change of NOK 0.8 billion in 2010 is mainly caused by fair value adjustments of NOK 0.5 billion related to the Pernis refinery investment and capital payments of NOK 0.4 billion related to the Shtokman investment.

During 2010 a gain of NOK 0.2 billion was recognised in Other comprehensive income. For 2009 NOK 0.07 billion was transferred out of Other comprehensive income.

	At 31 December	
(in NOK million)	2010	2009
Financial receivables interest bearing	2,317	3,164
Prepayments and other non-interest bearing receivables	2,193	2,583
Financial receivables	4,510	5,747

Included in Financial receivables interest bearing are project financing of the equity accounted investments BTC and Petrocedeño and financing of the associated companies Naturkraft and the European CO2 Technology Centre.

The Financial receivables interest bearing are classified in the loan and receivables category, the Prepayments and other non-interest bearing receivables are classified as non-financial assets.

The carrying amount of Non-current financial receivables and Current financial receivables (classified as Trade and other receivables, see note 19), including accrued interest reasonably approximate fair value.

18 Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories of crude oil, refined products and non-petroleum products are determined under the first-in, first-out (FIFO) method.

The carrying amount of inventory at the beginning of the year has in all material respects been recognised as an expense through Purchases [net of inventory variation] during the year.

	At 31 December	
(in NOK million)	2010	2009
Crude oil	14,856	11,371
Petroleum products	7,210	7,778
Other	1,561	1,047
Inventories	23,627	20,196

19 Trade and other receivables

(in NOK million)	At 31 December 2010	2009
Financial trade and other receivables:		
Trade receivables	63,242	48,827
Financial receivables	1,932	0
Receivables joint ventures	4,213	3,579
Receivables equity accounted investments and other related parties	516	601
Total financial trade and other receivables	69,903	53,007
Non-financial trade and other receivables	6,236	5,888
Trade and other receivables	76,139	58,895

For more information about the credit quality of Statoils financial assets see note 8 *Financial risk management*. For currency sensitivities see note 32 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

For further information on Financial receivables see note 17 *Non-current financial assets*.

20 Current financial investments

(in NOK million)	At 31 December 2010	2009
Bonds	1,183	675
Commercial papers	8,767	4,681
Money market funds	1,559	1,584
Other	0	82
Financial investments	11,509	7,022

Current financial investments at 31 December 2010 are classified as held for trading, except for NOK 6.2 billion related to investment portfolios held by the group's captive insurance company which are accounted for using the fair value option. The corresponding balance at 31 December 2009 was NOK 5.0 billion accounted for using the fair value option.

Current financial investments are measured at fair value with gains and losses recognised in the Consolidated statement of income.

21 Cash and cash equivalents

(in NOK million)	At 31 December 2010	2009
Cash at bank available	10,942	9,872
Time deposits	13,004	13,073
Restricted cash, inlcuding collateral deposits	6,391	1,778
Cash and cash equivalents	30,337	24,723

Restricted cash at 31 December 2010 include collateral deposits of NOK 3.8 billion related to trading activities, correspondingly collateral deposits at 31 December 2009 were NOK 1.8 billion. Collateral deposits are related to certain requirements set out by exchanges where the group is participating. The terms and conditions related to these requirements are determined by the respective exchanges.

Restricted cash at 31 December 2010 include NOK 2.6 billion deposited with Statoil's US dollar denominated bank account in Nigeria. There are certain restrictions on the use of cash from Statoil's Nigerian operations following an injunction against Statoil by the Nigerian courts related to an ongoing litigation claim. Both the injunction and the disputed claim have been appealed.

The overdraft bank balances and overdraft facilities are included in note 27 *Current financial liabilities*.

22 Transactions impacting shareholders equity

Statoil share capital of NOK 7,971,617,757.50 comprised 3,188,647,103 shares at a nominal value of NOK 2.50.

Statoil ASA has only one class of shares and all shares have voting rights. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

Dividends declared and paid per share were NOK 6.00 in 2010 for Statoil ASA and NOK 7.25 and NOK 8.50 in 2009 and 2008, respectively. A dividend for 2010 of NOK 6.25 per share, amounting to a total dividend of NOK 19.9 billion, will be proposed at the annual general meeting in May 2011. The proposed dividend is not recognised as a liability in the financial statements.

Retained earnings available for distribution of dividends at 31 December 2010 is limited to the retained earnings of the parent company based on Norwegian accounting principles and legal regulations and amounted to NOK 127,596 million (before provisions for proposed dividend for the year ended 31 December 2010 of NOK 19,890 million). This differs from retained earnings in the Consolidated financial statements of NOK 164,935 million. In accordance with Norwegian legal requirements dividends are not allowed to reduce the shareholders' equity of the parent company below 10% of total assets.

The annual general meeting in 2010 authorised the board of directors of Statoil ASA to acquire Statoil shares in the market on behalf of the company. The authorisation may be used to acquire Statoil shares with an overall nominal value of up to NOK 20 million. Shares acquired pursuant to this authorisation may only be used for sale and transfer to employees of the Statoil group as part of the group's share saving plan, as approved by the board of directors. The minimum and maximum amount that may be paid per share will be NOK 50 and 500, respectively. The authorisation is valid until the next ordinary general meeting. This authorisation replaces the previous authorisation to enquire own shares for implementation of the share saving plan for employee granted by the annual general meeting in 2009.

The annual general meeting in 2010 also authorised the board of directors of Statoil ASA to acquire Statoil shares in the market for subsequent annulment on behalf of the company with a nominal value of up to NOK 187.5 million. The minimum and maximum amount that can be paid per share will be NOK 50 and 500 respectively. Within these limits, the board of directors shall decide at what price and at what time such acqusition shall take place, if any. Own shares acquired pursuant to this authorisation may only be used for annulment through a reduction of the company's share capital, pursuant to the Public Limited Companies Act section 12-1. The authorisation is valid until the next ordinary general meeting

During 2010 a total of 2,200,232 treasury shares were purchased for NOK 294 million. At 31 December 2010 Statoil had 7,113,863 treasury shares all of which are related to the group's share saving plan.

On 1 October 2010 Statoil transferred all activities relating to Statoil's Energy & Retail business from the Manufacturing and Marketing segment to Statoil Fuel & Retail ASA (SFR) and its consolidated subsidiaries. On 22 October 2010 the shares of SFR were listed on the Oslo Stock Exchange and Statoil sold 46% of its shares for an amount of NOK 5.4 billion less of share issue cost of NOK 0.2 billion. The carrying amount of related shareholders equity was NOK 3.5 billion. After the completion of the sale, Statoil ASA remains the majority shareholder of SFR as at year end 2010. Statoil's internal management reporting changed following the SFR listing and led to Fuel and Retail becoming a separate operating segment. For further information see Note 3 *Segments* to these financial statements.

23 Non-current financial liabilities

	Weighted average interest rates in %		Carrying amount in NOK million at 31 December		Fair value in NOK million at 31 December	
	2010	2009	2010	2009	2010	2009
Financial liabilities measured at amortised cost						
Unsecured bonds						
US dollar (USD)	5.41	5.85	52,586	40,610	57,736	43,632
Euro (EUR)	5.01	5.13	23,504	27,515	26,698	30,397
Japanese yen (JPY)	1.66	1.66	360	312	368	322
Great Britain Pound (GBP)	6.71	6.71	9,302	9,556	11,456	11,391
Total			85,752	77,993	96,258	85,742
Unsecured loans						
US dollar (USD)	0.74	0.71	5,779	5,697	5,747	5,639
Norwegian kroner (NOK)	3.88	-	3,974	-	3,974	-
Japanese yen (JPY)	1.65	1.65	576	501	589	516
Secured bank loans						
US dollar (USD)	3.70	3.74	695	864	695	894
Other currencies	3.31	4.63	142	135	142	135
Financial lease liabilities			7,159	13,747	7,159	13,747
Other liabilities			347	293	347	293
Total			18,672	21,237	18,653	21,224
Grand total liabilities outstanding			104,424	99,230	114,911	106,966
Less current portion			4,627	3,268	4,627	3,268
Financial liabilities			99,797	95,962	110,284	103,698

On 17 August 2010 Statoil ASA issued a USD 1.25 billion bond maturing in August 2017 and a USD 0.75 billion bond maturing in August 2040. The registered bonds were issued under the registration Form F-3 ("Shelf Registration") filed with the SEC in the United States.

On 1 November 2010 Statoil Fuel & Retail ASA drew down NOK 4.0 billion on its term loan facility, maturing in 2013. The facility is part of a multicurrency term and revolving loan facility in the aggregate of NOK 7.0 billion, which has been entered into with nine international banks. The proceeds from the drawdown were applied to repay intercompany debt to Statoil ASA.

Non-current financial liabilities include financial lease obligations. More information is provided in note 28 *Leases*.

The table does not include the effects of agreements entered into to swap the various currencies into USD. For further information see note 31 *Financial instruments by category*.

Weighted average interest rates are calculated based on the contractual rates on the loans per currency at 31 December and do not include the effect of swap agreements.

The fair value of the non-current financial liabilities is determined using a discounted cash flow model. Interest rates used in the model are derived from the LIBOR and EURIBOR forward curves and will vary based on the time to maturity for the non-current financial liabilities subject to fair value measurement. The credit premium used is based on indicative pricing from external financial institutions.

Details of largest unsecured bonds

Bond agreement	Fixed interest rate	Issued (year)	Maturity (year)	Carrying amount in NOK million at 31 December 2010	2009
USD 1500 million	5.250%	2009	2019	8,738	8,613
USD 1250 million	3.125%	2010	2017	7,278	-
USD 900 million	2.900%	2009	2014	5,251	5,174
USD 750 million	5.100%	2010	2040	4,340	-
USD 500 million	3.875%	2009	2014	2,914	2,870
USD 500 million	5.125%	2004	2014	2,927	2,887
USD 500 million	6.500%	1998	2028	2,900	2,859
USD 481 million	7.250%	2000	2027	2,814	2,776
USD 300 million	7.750%	1993	2023	1,757	1,733
EUR 1300 million	4.375%	2009	2015	10,135	10,782
EUR 1200 million	5.625%	2009	2021	9,297	9,887
EUR 500 million	5.125%	1999	2011	3,903	4,148
GBP 800 million	6.875%	2009	2031	7,224	7,421
GBP 225 million	6.125%	1998	2028	2,040	2,096

Currency swaps are used for risk management purposes. Unsecured bonds are either denominated in US dollar, amounting to NOK 52.6 billion or the bonds are swapped into US dollar, amounting to NOK 33.2 billion. Interest rate swaps are used to manage the interest rate risk on the unsecured bond contracts with fixed interest rates. As a result the majority of the portfolio is swapped from fixed to floating interest rate.

Substantially all unsecured bond and unsecured bank loan agreements contain provisions restricting the pledging of assets to secure future borrowings without granting a similar secured status to the existing bondholders and lenders.

The group's secured bank loans in USD have been secured by mortgage of shares in a subsidiary with a book value of NOK 2.1 billion, in addition, security includes the group's pro-rata share of income from certain applicable projects.

The group has 28 unsecured bond agreements outstanding, which contain provisions allowing the group to call the debt prior to its final redemption at par or at certain specified premiums if there are changes to the Norwegian tax laws. The agreements carrying value are NOK 83.9 billion at the 31 December 2010 closing rate.

Statoil ASA has an undrawn revolving credit facility for USD 3.0 billion supported by 20 core banks. For more information see note 8 *Financial risk management*.

Non-current financial liabilities maturity profile

(in NOK million)	At 31 December 2010	2009
Year 2 and 3	12,555	11,757
Year 4 and 5	23,205	11,496
After 5 years	64,037	72,709
Total repayment of non-current financial liabilities	99,797	95,962

Maturity profile for undiscounted cash flows is shown in note 8 *Financial risk management*.

Non-current financial liabilities

	At 31 December 2010	2009
Non-current financial liabilities (in NOK million)	99,797	95,962
Weighted average maturity (years)	9	9
Weighted average annual interest rate (%)	5.01	4.77

24 Pensions and other non-current employee benefits

The Norwegian companies in the group are obligated to follow the Act on Mandatory company pensions. The pension scheme follows the requirement as included in the Act.

The main pension schemes in Norway are funded by Statoil Pension. Statoil Pension is an independent trust, which covers employees of Statoil ASA and the Norwegian subsidiaries. The objective of Statoil Pension is to provide retirement and disability pensions for its members as well as pensions for surviving spouses, registered partners, cohabitants and children. Statoil Pension's assets are kept separate from those of Statoil. Statoil Pension is licensed to conduct Statoil Pension activities under the supervision of the Financial Supervisory Authority of Norway (Finanstilsynet).

Statoil ASA and many of its subsidiaries have defined benefit retirement plans, which cover substantially all of their employees. Plan benefits are generally based on years of service and final salary level. The cost of pension benefit plans is expensed over the period that the employee renders services and becomes eligible to receive benefits. The obligations related to defined benefit plans are calculated by external actuaries.

Some companies in Statoil have defined contribution plans. The period's contributions are recognised in the Statement of income as pension cost for the period.

Due to National agreements in Norway, Statoil is a member of the "agreement-based early retirement plan" (AFP).The current AFP scheme will be replaced by a new AFP scheme from 1 January 2011. Statoil will pay a contribution for pension in payment under the current scheme and premium for both schemes (new and old scheme) up until 31.12.2015. The premium in the new scheme will be calculated on the basis of the employees` income between 1 and 7.1 G. The premium is payable for all employees until age 62. Pension from the new APF scheme will be paid to employees for their full lifetime.

The employers have an obligation to pay a percentage of the benefits under the AFP scheme. This obligation is accounted for as a defined benefit plan. In the current early retirement system Statoil offers a supplementary company pension for employees. This is also accounted for as a defined benefit plan, and is included in the liabilities related to the defined benefit plans. Statoil therefore has a combined early retirement commitment to the employees irrespectively of the level of funding from the governmental AFP-funding. Hence the replacement of the old AFP with a new AFP in 2010 is not viewed as a termination of the plan.

New legislation affecting Norwegian pension and insurance schemes have been passed during 2010 as part of the Norwegian pension and insurance reform. The legislation requires some adaptations in Statoil's Norwegian pension scheme, in particular related to increased flexibility of retirement.

The obligations related to the defined benefit plans were measured at 31 December, 2010 and 2009. The present values of the projected defined benefit obligation and the related current service cost and past service cost are measured using the projected unit credit method. The assumptions for salary increases, increases in pension payments and social security base amount have been tested against historical observations. At 31 December 2010 the discount rate for the defined benefit plans in Norway was estimated to be 4.25% based on the long-term interest rate on Norwegian government bonds extrapolated based on a 22 year yield curve to match Statoil's payment portfolio for earned benefits.

Actuarial gains and losses are recorded directly in Other comprehensive income in the period in which they occur, outside the Statement of income. Actuarial gains and losses related to the provision for termination benefits are recognised in the Statement of income in the period in which they occur.

Social security tax is calculated based on the pension plan's net funded status. Social security tax is included in the projected benefit obligation.

Statoil has more than one defined benefit plan but the disclosure is made in total since the plans are not subject to materially different risks. Pension plans outside Norway are insignificant and not disclosed separately.

Net pension cost

(in NOK million)	2010	2009	2008
Current service cost	3,491	2,747	2,361
Interest cost	2,725	2,550	2,456
Expected return on plan assets	(2,661)	(1,896)	(2,101)
Actuarial (gain)/loss related to termination benefits	185	(172)	(215)
Past service cost	3	0	17
Effect of limit in IAS 19.58(b)	4	0	0
Losses (gains) from curtailment or settlement	0	0	(7)
Defined benefit plans	3,747	3,229	2,511
Defined contribution plans	230	240	268
Multi-employer plans	161	69	72
Total net pension cost	4,138	3,538	2,851

Pension cost includes associated social security tax.

Pension cost is partly charged to partners of Statoil operated licences.

For information regarding pension benefits for key management personnel, see note 30 *Related parties*.

Change in projected benefit obligation (PBO)

(in NOK million)	2010	2009
Projected benefit obligation at 1 January	61,427	59,206
Current service cost	3,491	2,747
Interest cost	2,725	2,550
Actuarial loss (gain)	1,955	(1,308)
Benefits paid	(1,821)	(1,520)
Foreign currency translation	44	(248)
Projected benefit obligation at 31 December	67,821	61,427

Change in pension plan assets

(in NOK million)	2010	2009
Fair value of plan assets at 1 January	42,979	33,698
Expected return on plan assets	2,661	1,896
Actuarial gain (loss)	1,678	2,819
Company contributions (including social security tax)	4,122	4,956
Benefits paid	(505)	(385)
Foreign currency translation	41	(5)
Fair value of plan assets at 31 December	50,976	42,979

The tables above for Change in projected benefit obligation (PBO) and Change in pension plan assets do not include currency effects for Statoil ASA. For more information see table Actuarial gains and losses recognised directly in Other comprehensive income below.

Reconciliation of changes in net pension liability

(in NOK million)	2010	2009
Balance sheet provision at 1 January	(18,448)	(25,508)
Net periodic pension costs defined benefit plans	(3,747)	(3,229)
Net actuarial (loss) gain recognised in Other comprehensive income	(33)	3,191
Less employer contributions	4,122	4,956
Less benefit paid during year	1,316	1,135
Foreign currency translation and other changes	(55)	1,007
Balance sheet provision at 31 December	(16,845)	(18,448)

Surplus (deficit) at 31 December

(in NOK million)	2010	2009	2008
Surplus (deficit) at 31 December	(16,845)	(18,448)	(25,508)
Represented by:			
Asset recognised as Non-current pension asset	5,265	2,694	30
Liability recognised as Non-current pension liability	(22,110)	(21,142)	(25,538)

Projected benefit obligation specified by funded and unfunded plans

(in NOK million)	2010	2009	2008
Funded pension plans	(45,753)	(40,212)	(37,446)
Unfunded pension plans	(22,068)	(21,215)	(21,760)
Projected benefit obligation at 31 December	(67,821)	(61,427)	(59,206)

Actuarial gains and losses recognised directly in Other comprehensive income

(in NOK million)	2010	2009	2008
Unrecognised actuarial losses (gains) at 1 January	0	0	0
Actuarial losses (gains) on plan assets occurred during the year	(1,678)	(2,819)	4,149
Actuarial losses (gains) on benefit obligation occurred during the year	1,955	(1,308)	3,581
Actuarial losses (gains) related to currency effects on net obligation	(245)	3,867	0
Foreign exchange translation	186	(3,103)	0
Recognised in the income statement during the year	(185)	172	215
Recognised in Other comprehensive income during the year	(33)	3,191	(7,945)
Unrecognised actuarial losses (gains) at 31 December	0	0	0

Statoil ASA changed its functional currency as of 1 January 2009, for further information see note 1 *Organisation* and note 2 *Significant accounting policies*. In the table above Actuarial losses (gains) related to currency effects on net obligation refer to translation of the net pension obligation in Statoil ASA in NOK to the functional currency US dollar. The line Foreign exchange translation refer to translation from functional currency US dollar to presentation currency NOK.

Actual return on plan assets

(in NOK million)	2010	2009	2008
Actual return on plan assets	4,339	4,715	(2,048)

History of experience gains and losses

(in NOK million)	2010	2009
Difference between the expected and actual return on plan assets		
a) Amount	(1.678)	(2.819)
b) Percentage of plan assets	(3.29%)	(6.56%)
Experience (gain)/loss on plan liabilities		
a) Amount	17	(1.996)
b) Percentage of present value of plan liabilities	0.00%	(3.40%)

The cumulative amount of actuarial gains and losses recognised directly in Other comprehensive income amounted to NOK 10.9, NOK 10.9 and NOK 13.3 billion net of tax (negative effect on Other comprehensive income) in 2010, 2009 and 2008, respectively.

Assumptions used to determine benefit costs for the year in %	2010	2009
Discount rate	4.75	4.50
Expected return on plan assets	6.00	5.75
Rate of compensation increase	4.25	4.00
Expected rate of pension increase	3.00	2.75
Expected increase of social security base amount (G-amount)	4.00	3.75

Assumptions used to determine benefit obligations as of 31 December in %	2010	2009
Discount rate	4.25	4.75
Expected return on plan assets	5.75	6.00
Rate of compensation increase	4.00	4.25
Expected rate of pension increase	2.75	3.00
Expected increase of social security base amount (G-amount)	3.75	4.00
Average remaining service period in years	15	15

The assumptions presented are for the Norwegian companies in Statoil which are members of Statoil's pension fund. The defined benefit plans of other subsidiaries are not significant to the consolidated pension assets and liabilities.

Expected attrition at 31 December 2010 2.0%, 2.0%, 1.0%, 0.5% and 0.0% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively. Expected attrition at 31 December 2009 was 2.0%, 2.0%, 1.5%, 0.5% and 0.0% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively.

Expected utilisation of AFP is 50% for employees at 62 years and 30% for the remaining employees at 63-66 years.

For the population in Norway, the mortality table K 2005 including the minimum requirements from The Financial Supervisory Authority of Norway (Finanstilsynet), hence reducing the mortality rate with a minimum of 15% for male and 10% for female for each employee is used as the best mortality estimate. The disability table, KU, developed by the insurance company Storebrand, aligns with the actual disability risk for Statoil in Norway.

Below is shown a selection related to demographic assumptions used at 31 December 2010. The table shows the probability of disability or mortality, within one year, by age groups as well as expected lifetime.

	Disability in %		Mortality in %		Expected lifetime	
Age	Men	Women	Men	Women	Men	Women
20	0.12	0.15	0.02	0.02	82.46	85.24
40	0.21	0.35	0.09	0.05	82.74	85.47
60	1.48	1.94	0.75	0.41	84.02	86.31
80	N/A	N/A	6.69	4.31	89.26	90.29

Sensitivity analysis

The table below shows an estimate of the potential effects of changes in the key assumptions for the defined benefit plans. The following estimates are based on facts and circumstances as of 31 December 2010. Actual results may materially deviate from these estimates.

	Discount rate		Rate of compensation increase		Social security base amount		Expected rate of pension increase	
(in NOK billion)	0.25%	-0.25%	0.25%	-0.25%	0.25%	-0.25%	0.25%	-0.25%
Changes in:								
Projected benefit obligation								
at 31 December 2010	(2.82)	3.01	1.86	(1.76)	(0.70)	0.71	1.68	(1.61)
Service cost 2011	(0.20)	0.22	0.18	(0.17)	(0.07)	0,07	0.10	(0.09)

Pension assets

The plan assets related to the defined benefit plans were measured at fair value at 31 December 2010 and 2009. The long-term expected return on pension assets is based on long-term risk-free interest rate adjusted for the expected long-term risk premium for the respective investment classes. A risk free interest rate (the Norwegian Government bond with a life of 10 year included markup for estimating a longer interest rate than ten year) is applied as a starting point for calculation of return on plan assets. The return in the money market is calculated by taking a deduction on bond yield. Based on historical data, equities and real estate are expected to provide a long-term additional return above money market.

In its asset management, the pension fund aims at achieving long-term returns which contribute towards meeting future pension liabilities. Assets are managed to achieve a return as high as possible within a framework of public regulation and risk management policies. The pension fund's target returns require investments in assets with a higher risk than risk-free investments. Risk is reduced through maintaining a well diversified asset portfolio. Assets are diversified both in terms of location and different asset classes. Derivatives are used within set limits to facilitate effective asset management.

Pension assets allocated on respective investments classes

(in %)	2010	2009
Equity securities	40.10	39.60
Bonds	38.10	39.40
Commercial papers	14.70	14.70
Real estate	4.90	5.10
Other assets	2.20	1.20
Total	100.00	100.00

Properties owned by Statoil Pension fund amounted to NOK 2.3 billion and NOK 2.1 billion of total pension assets at 31 December 2010 and 2009, respectively, and are rented to Statoil companies.

Statoil's pension fund invests in both financial assets and real estate. The expected rate of return on real estate is expected to be between the rate of return on equity securities and debt securities. The table below presents the portfolio weight and expected rate of return of the finance portfolio as approved by the Board of the Statoil pension fund for 2011. The portfolio weight during a year will depend on the risk capacity.

Finance portfolio Statoil's pension funds

(All figures in %)	Portfolio weight [1]		Expected rate of return
Equity securities	40.00	(+/- 5)	X + 4
Bonds	59.50	(+/- 5)	X
Commercial papers	0.50	(+15/- 0.5)	X - 0.4
Total finance portfolio	100.00		

1) The brackets express the scope of tactical deviation by Statoil Kapitalforvaltning ASA (the asset manager).
X) Long-term rate of return on debt securities.

The expected company contribution related to 2011 amounts to NOK 2.3 billion.

25 Asset retirement obligations, other provisions and other liabilities

(in NOK million)	Asset retirement obligations	Other provisions	Other liabilities	Total
Non-current portion at 31 December 2009	48,412	5,889	1,533	55,834
Long term interest bearing provisions reported as Non-current liabilities	0	293	0	293
Current portion at 31 December 2009	515	1,044	0	1,559
Asset retirement obligation, other provisions and other liabilities at 31 December 2009	48,927	7,226	1,533	57,686
New provisions in the period	1,443	2,908	61	4,412
Revision in the estimates	6,551	1,273	0	7,824
Amounts charged against provisions	(535)	(1,266)	(554)	(2,355)
Unused amounts reversed	0	(87)	0	(87)
Effects of change in the discount rate	2,647	0	0	2,647
Reduction due to disposals	(215)	(2)	0	(217)
Accretion expenses	2,508	0	0	2,508
Liability directly associated with the assets classified as held for sale	(549)	0	0	(549)
Reclassification	0	(1,331)	867	(464)
Currency translation	72	90	0	162
Asset retirement obligation, other provisions and other liabilities at 31 December 2010	60,849	8,811	1,907	71,567
Current portion at 31 December 2010	828	2,482	0	3,310
Long term interest bearing provisions reported as Non-current liabilities	0	347	0	347
Non-current portion at 31 December 2010	60,021	5,982	1,907	67,910

Expected timing of cash outflows

(in NOK million)	Asset retirement obligations	Other provisions	Other liabilities	Total
2011 - 2017	6,413	6,468	1,432	14,313
2018 - 2022	9,629	591	475	10,695
2023 - 2027	13,023	81	0	13,104
2028 - 2032	12,851	115	0	12,966
Thereafter	18,933	1,556	0	20,489
At 31 December 2010	60,849	8,811	1,907	71,567

The timing of cash outflows primarily depends on when the production ceases at the various facilities.

The revision in estimates for Asset retirement obligations for the year mainly relates to increased cost estimates for plugging and abandonment of wells. The revised cost estimates was a result of an update of Statoil's asset retirement obligations study performed in the fourth quarter taken new geological and technical experiences into consideration.

The increased estimate in asset retirement obligations has been added to property, plant and equipment and will increase depreciation expenses by approximately NOK 2.8 billion in 2011 assuming the same production and reserves levels as of 31 December 2010 and no changes in other relevant parameters.

The Other provisions category includes provisions for estimated losses on onerous contracts and expected payments on unresolved claims. The timing and amounts of potential settlements in respect of these provisions are uncertain and dependent on various factors that are outside management's control.

For further discussion of methods applied and estimates required, see note 2 *Significant accounting policies*.

26 Trade and other payables

(in NOK million)	At 31 December 2010	2009
Financial trade and other payables:		
Trade payables	23,209	17,362
Non-trade payables and accrued expenses	24,061	18,112
Liability joint ventures	13,623	13,430
Payables to equity accounted investments and other related parties	9,994	9,144
Total financial trade and other payables	70,887	58,048
Non-financial trade and other payables	2,664	1,753
Trade and other payables	73,551	59,801

Included in non-trade payables and accrued expenses are certain provisions that are further described in note 29 *Other commitments and contingencies*.

For information regarding currency sensitivities see note 32 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

Further information on payables to equity accounted investments and other related parties see note 30 *Related parties*.

27 Current financial liabilities

(in NOK million)	At 31 December 2010	2009
Bank loans and overdraft facilities	1,404	196
Collateral liabilities	5,680	4,654
Current portion of non-current financial liabilities	4,038	2,686
Current portion of financial lease obligations	589	582
Other	19	32
Financial liabilities	11,730	8,150
Weighted interest rate	2.45	2.24

Carrying amount for Current financial liabilities, at amortised cost, and accrued interest reasonably approximate fair value.

Collateral liabilities relate to cash received as security for a portion of the group's credit exposure.

At 31 December 2010 Statoil Fuel & Retail has drawn NOK 0.3 billion on a revolving loan facility. The loan matured in February 2011. At 31 December 2009 Statoil had no current amount drawn under any committed revolving credit facility.

28 Leases

Statoil leases certain assets, notably drilling rigs, vessels and office buildings.

Statoil has entered into certain operational lease contracts for a number of drilling rigs as of 31 December 2010. The remaining significant contracts' terms range from six months to five years. Certain contracts contain renewal options. Rig lease agreements are for the most part based on fixed day rates. Statoil's rig leases have been entered into in order to ensure drilling capacity for sanctioned projects and planned wells and to secure long-term strategic capacity for future exploration and production drilling. Certain rigs have been subleased in whole or for part of the lease term mainly to Statoil-operated licences on the NCS. These leases are shown gross as operating leases in the table below. However, for rig leases where the joint venture is the original lessee, Statoil only includes its proportional share of the rig lease.

In 2010 Statoil entered into a long term time charter agreement with Teekay for offshore loading and transport in the North Sea. The contract covers the life time of applicable producing fields and initially includes seven crude tankers. The contract's estimated nominal amount is approximately NOK 6 billion at year end 2010, and is accounted for as operating lease. The estimated future leasing commitment depends on assumptions made concerning field production quantities and related life time, expected decrease in the number of vessels employed over time, as well as development in other factors impacting Statoil's payable amounts under the terms of the contract.

Statoil has entered into leasing arrangements for three LNG vessels on behalf of Statoil and the SDFI. Statoil accounts for the combined Statoil and SDFI share of these agreements as finance leases in the balance sheet, and further accounts for the SDFI related portion as operating subleases. The finance leases included in the balance sheet reflect the original lease term of 20 years from 2006. In addition, Statoil has the option to extend the leases for two additional periods of five years each.

On 21 December 2010 the commercial operation of the Combined Heat and Power plant at Mongstad started. Statoil leases this plant from DONG Energy. Statoil accounts for this agreement as a finance lease in the balance sheet, and the contract period is 20 years from commercial operation date. At the end of the period Statoil has the option to either take title at no charge or extend the contract period to either 25 or 30 years.

In 2010, net rental expense was NOK 12.4 billion (NOK 10.9 billion in 2009 and NOK 10.2 billion in 2008) of which minimum lease payments were NOK 13.8 billion (NOK 12.7 billion in 2009 and NOK 11.8 billion in 2008) and sublease payments received were NOK 1.5 billion (NOK 1.8 billion in 2009 and NOK 1.7 billion in 2008). No material contingent rent payments have been expensed in 2010, 2009 or 2008.

The information in the table below shows future minimum lease payments under non-cancellable leases at 31 December 2010.

Amounts related to finance leases include future minimum lease payments for assets recognised in the financial statements at year end 2010.

	Operating leases				Finance leases		
(in NOK million)	Rigs	Vessels	Other leases	Sublease	Minimum lease payments	Discount element	Net present value minimum lease payments
2011	13,931	2,568	999	(2,041)	817	(74)	743
2012	13,175	1,809	911	(1,801)	784	(86)	698
2013	9,968	1,379	819	(1,699)	594	(101)	493
2014	4,412	1,055	807	(658)	588	(116)	472
2015	1,747	864	779	(191)	614	(132)	482
Thereafter	329	3,173	4,804	(1,968)	6,828	(2,557)	4,271
Total future minimum lease payments	43,562	10,848	9,119	(8,358)	10,225	(3,066)	7,159

In addition, Statoil has entered into a leasing agreement with Maersk for a Floating Production, Storage and Offloading (FPSO) vessel for the production from the Peregrino field in Brazil. Statoil accounts for this agreement as a finance lease, and the lease term is five years starting from 2011. Statoil has an option to purchase the FPSO after five years. The FPSO and the related lease obligation has been classified as assets held for sale and financial liabilities held for sale at year end 2010, see note 4 *Assets classified as held for sale*.

Property, plant and equipment include the following amounts for leases that have been capitalised at 31 December 2010 and 2009:

(in NOK million)	2010	2009
Leased assets under development	0	8,983
Vessels	4,421	4,079
Refining and manufacturing plants	2,849	0
Other	1,646	797
Accumulated depreciation	(1,795)	(1,404)
Capitalised amount	7,121	12,455

29 Other commitments and contingencies

Contractual commitments

(in NOK million)	2011	2012	Thereafter	Total
Joint Venture related:				
Construction in progress	17,911	11,492	6,853	36,256
Property, plant and equipment and other investments	1,017	149	53	1,219
Acquisition of intangible assets	74	0	0	74
Subtotal joint venture related commitments	19,002	11,641	6,906	37,549
Non Joint Venture related:				
Construction in progress	2,103	13	0	2,116
Property, plant and equipment and other investments	1,797	102	148	2,047
Subtotal non joint venture related commitments	3,900	115	148	4,163
Total	22,902	11,756	7,054	41,712

The contractual commitments reflect Statoil's share and mainly comprise construction and acquisition of property, plant and equipment.

Other long-term commitments

Statoil has entered into various long-term agreements for pipeline transportation as well as terminal, processing, storage and entry/exit capacity commitments and commitments related to specific purchase agreements. The agreements ensure the rights to the capacity or volumes in question, but also impose on the group the obligation to pay for the agreed-upon service or commodity, irrespectively of actual use. The contracts' terms vary, with duration of up to 30 years.

Take-or-pay contracts for the purchase of commodity quantities are only included in the tables below if their contractually agreed pricing is of a nature that will or may deviate from the obtainable market prices for the commodity at the time of delivery.

Obligations payable by the group to entities accounted for using the equity method are included gross in the tables below. For assets (e.g. pipelines) that the group accounts for by recognising its share of assets, liabilities, income and expenses (capacity costs) on a line-by-line basis in the Consolidated financial statements, the amounts in the table include the net commitment payable by Statoil (gross commitment less Statoil's ownership share).

Nominal minimum commitments at 31 December 2010:

(in NOK million)	Transport and terminal commitments	Refinery related commitments	Total
2011	8,087	386	8,473
2012	7,434	611	8,045
2013	6,738	624	7,362
2014	6,727	625	7,352
2015	6,155	617	6,772
Thereafter	34,701	14,602	49,303
Total	69,842	17,465	87,307

The above table outlines nominal minimum obligations for future years, and mainly includes commitments within Statoil's natural gas operations in addition to various other transport and similar commitments. Statoil has entered into pipeline transportation agreements for most of its prospective gas sales contracts. These agreements ensure the right to transport the production of gas through the pipelines, while also imposing an obligation to pay for booked capacity.

Statoil has contractual commitments to the US-based energy company Dominion for terminal capacity at the Cove Point liquefied natural gas terminal in the USA. At year end 2010 the commitment includes an annual capacity of approximately 10.1 bcm for the period until the end of 2016, thereafter reduced to 4 bcm until the end of 2020, and finally reduced to 2.4 bcm for the remaining period ending September 2023. Such commitments have been included in full in the table above, but part of the commitment has been made on behalf of and for the account and risk of the SDFI. Statoil's and the SDFI's respective future shares of the Cove Point terminal capacity and related commitments depend on actual usage of the terminal. Statoil covers substantially all the costs of any unused capacity, while the costs of used capacity are split in proportion to the produced natural gas volumes of Statoil and the SDFI, respectively.

The Mongstad refinery has entered into a long-term take-or-pay contract related to purchase of heat from the Troll licence partners. The contract term expires in 2040, and future expected minimum annual obligations under this contract represents the most significant part of Refinery related commitments included in the table above.

Guarantees
Statoil has guaranteed certain recoverable reserves of crude oil in the Veslefrikk field on the NCS as part of an asset exchange with Petro Canada in 1996. Under the guarantee, Statoil is obligated to deliver indemnity reserves to Petro Canada in the event that recoverable reserves prove lower than a specified volume. At year end 2010 the value of the remaining volume covered by the guarantee has been estimated to a total of NOK 1.7 billion. A provision of NOK 0.3 billion has been recognised at year end related to this guarantee.

Statoil has guaranteed 50%, corresponding to its ownership percentage, of the contractual commitments entered into by Scira Offshore Energy Ltd. (Scira) in connection with the development of the Sheringham Shoal Offshore Wind Farm in the UK. Scira is included in the group financial statements using the equity method. At year end 2010 the maximum exposure under Statoil's guarantee has been estimated to NOK 1.8 billion. The carrying amount of the guarantee is immaterial.

Under the Norwegian public limited companies act section 14-11, Statoil and Norsk Hydro are jointly and severally liable for certain guarantee commitments entered into by Norsk Hydro prior to the merger between Statoil and Hydro Petroleum in 2007. The total amount Statoil is jointly liable for is approximately NOK 1.1 billion. As of the current date, the probability that these guarantee commitments will impact Statoil is deemed to be remote. No liability has been recognised in the Consolidated financial statements at year end 2010.

Other commitments and contingencies
As a condition for being awarded oil and gas exploration and production licenses, participants may be committed to drill a certain number of wells. At the end of 2010, Statoil was committed to participate in 16 wells in Norway and 35 wells outside Norway, with an average ownership interest of approximately 47%. Statoil's share of estimated expenditures to drill these wells amounts to approximately NOK 6.3 billion. Additional wells that Statoil may become committed to participate in depending on future discoveries in certain licenses are not included in these numbers.

During the normal course of its business Statoil is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability or asset in respect of such litigation and claims cannot be determined at this time. Statoil has provided in its financial statements for probable liabilities related to litigation and claims based on the group's best judgement. Statoil does not expect that the financial position, results of operations or cash flows will be materially affected by the resolution of these legal proceedings.

30 Related parties

Transactions with the Norwegian State
The Norwegian State is the majority shareholder of Statoil and also holds major investments in other Norwegian companies. As of 31 December 2010 the Norwegian State had an ownership interest in Statoil of 67% (excluding Folketrygdfondet (Norwegian national insurance fund) of 3,05%). This ownership structure means that Statoil participates in transactions with many parties that are under a common ownership structure and therefore meet the definition of a related party. All transactions are considered to be on an arm's length basis.

Statoil markets and sells the Norwegian State's share of oil and gas production from the Norwegian Continental Shelf (NCS). The Norwegian State's participation in petroleum activities is organised through the State's direct financial interest (SDFI). All purchases and sales of SDFI oil production are classified as purchases [net of inventory variation] and revenue, respectively. Statoil ASA sells, in its own name, but for the Norwegian State's account and risk, the State's production of natural gas. These sales, and related expenditures refunded by the State, are presented net in Statoil's financial statements. Sales made by Statoil subsidiaries in their own name, and related expenditure, are however presented gross in Statoil's financial statements where the applicable subsidiary is considered the principal when selling natural gas on behalf of the Norwegian State. In accounting for these sales activities, the State's share of profit or loss is reflected in Statoil's Selling, general and administrative expenses as expenses or reduction of expenses, respectively. The following purchases were made from the SDFI for the years presented:

Total purchases of oil and natural gas liquids from the Norwegian State amounted to NOK 81.4 billion (176 million barrels oil equivalents), NOK 74.3 billion (204 million barrels oil equivalents) and NOK 112.7 billion (223 million barrels oil equivalents) in 2010, 2009 and 2008, respectively. Purchases of natural gas from the Norwegian State amounted to NOK 0.4 billion, NOK 0.3 billion and NOK 0.4 billion in 2010, 2009 and 2008, respectively. The major part included in the line item payables to equity accounted investments and other related parties in note 26 *Trade and other payables*, are amounts payable to the Norwegian State for these purchases.

Other transactions
In relation to its ordinary business operations such as pipeline transport, gas storage and processing of petroleum products, Statoil also has regular transactions with certain entities in which Statoil has ownership interests. Such transactions are carried out on an arm's length basis, and are included within the applicable captions in the Statements of income.

Compensation of key management personnel
The remuneration to key management personnel (members of board of directors and the corporate executive committee) during the year was as follows:

(in NOK thousand)	2010	2009	2008
Current employee benefits	49,857	50,573	50,949
Post-employment benefits	11,414	11,391	12,534
Other non-current benefits	95	137	129
Share based payment benefits	840	444	278
Total	62,205	62,545	63,890

At 31 December 2010 there are no loans to key management personnel.

31 Financial instruments by category

Financial instruments by IAS 39 category
The following tables present Statoil's classes of financial instruments and their carrying amounts by the categories as they are defined in IAS 39. All financial instruments' carrying amounts are measured at fair value or their carrying amounts reasonably approximate fair value except non-current financial liabilities. See note *23 Non-current financial liabilities* for fair value information of non-current financial liabilities.

See also note 2 *Significant accounting policies* for further information regarding measurement of fair values.

				Fair value through profit or loss			
(in NOK million)	Note	Loans and receivables	Available-for-sale	Held for trading	Fair value option	Non-financial assets	Total carrying amount
31 December 2010							
Assets							
Non-current financial investments	17	-	3,042	-	12,315	-	15,357
Non-current derivative financial instruments	32	-	-	20,563	-	-	20,563
Non-current financial receivables	17	2,317	-	-	-	2,193	4,510
Current trade and other receivables	19	69,903	-	-	-	6,236	76,139
Current derivative financial instruments	32	-	-	6,074	-	-	6,074
Current financial investments	20	-	-	5,347	6,162	-	11,509
Cash and cash equivalents	21	30,337	-	-	-	-	30,337
Total		102,557	3,042	31,984	18,477	8,429	164,489

(in NOK million)	Note	Loans and receivables	Available-for-sale	Fair value through profit or loss: Held for trading	Fair value through profit or loss: Fair value option	Non-financial assets	Total carrying amount
31 December 2009							
Assets							
Non-current financial investments	17	-	2,223	-	11,044	-	13,267
Non-current derivative financial instruments	32	-	-	17,644	-	-	17,644
Non-current financial receivables	17	3,164	-	-	-	2,583	5,747
Current trade and other receivables	19	53,007	-	-	-	5,888	58,895
Current derivative financial instruments	32	-	-	5,369	-	-	5,369
Current financial investments	20	55	-	1,962	5,005	-	7,022
Cash and cash equivalents	21	24,723	-	-	-	-	24,723
Total		80,949	2,223	24,975	16,049	8,471	132,667

(in NOK million)	Note	Amortised cost	Fair value through profit or loss	Non-financial liabilities	Total carrying amount
31 December 2010					
Liabilities					
Non-current financial liabilities	23	99,797	-	-	99,797
Non-current derivative financial instruments	32	-	3,386	-	3,386
Current trade and other payables	26	70,887	-	2,664	73,551
Current financial liabilities	27	11,730	-	-	11,730
Current derivative financial instruments	32	-	4,161	-	4,161
Total		182,414	7,547	2,664	192,625

(in NOK million)	Note	Amortised cost	Fair value through profit or loss	Non-financial liabilities	Total carrying amount
31 December 2009					
Liabilities					
Non-current financial liabilities	23	95,962	-	-	95,962
Non-current derivative financial instruments	32	-	1,657	-	1,657
Current trade and other payables	26	58,048	-	1,753	59,801
Current financial liabilities	27	8,150	-	-	8,150
Current derivative financial instruments	32	-	2,860	-	2,860
Total		162,160	4,517	1,753	168,430

The following tables present amounts recognised in the Consolidated statement of income related to Statoil's financial instruments by the categories as they are defined in IAS 39.

(in NOK million)	Fair value through profit or loss: Held for trading	Hedge accounting	Fair value option	Loans and receivables	Financial liabilities at amortised cost	Available-for-sale assets	Non-financial assets or liabilities	Total
For the year ended 31 December 2010								
Net operating income	(3,450)	-	-	-	-	-	140,678	137,228
Net financial items								
Net foreign exchange gains (losses)	(5,451)	-	-	1,487	2,128	-	-	(1,836)
Interest income	1,146	-	314	908	-	-	-	2,368
Other financial items	(134)	-	861	17	-	50	13	807
Interest income and other financial items	1,012	-	1,175	925	-	50	13	3,175
Interest expenses	2,448	-	-	-	(4,150)	-	-	(1,702)
Impairment loss recognised	-	-	-	-	-	-	-	-
Other financial expenses	2,363	-	-	-	225	-	(2,637)	(49)
Interest and other financial expenses	4,811	-	-	-	(3,925)	-	(2,637)	(1,751)
Net financial items	372	-	1,175	2,412	(1,797)	50	(2,624)	(412)
Total	(3,078)	-	1,175	2,412	(1,797)	50	138,054	136,816

(in NOK million)	Fair value through profit or loss: Held for trading	Hedge accounting	Fair value option	Loans and receivables	Financial liabilities at amortised cost	Available-for-sale assets	Non-financial assets or liabilities	Total
For the year ended 31 December 2009								
Net operating income	12,337	-	-	-	-	(159)	109,462	121,640
Net financial items								
Net foreign exchange gains (losses)	16,661	-	-	(10,568)	(4,076)	-	(24)	1,993
Interest income	1,290	-	326	1,088	-	-	-	2,704
Other financial items	518	-	403	111	-	(28)	-	1,004
Interest income and other financial items	1,808	-	729	1,199	-	(28)	-	3,708
Interest expenses	2,123	-	-	-	(3,748)	-	-	(1,625)
Impairment loss recognised	-	-	-	-	-	(1,404)	-	(1,404)
Other financial expenses	(6,807)	-	-	-	(183)	-	(2,432)	(9,422)
Interest and other financial expenses	(4,684)	-	-	-	(3,931)	(1,404)	(2,432)	(12,451)
Net financial items	13,785	-	729	(9,369)	(8,007)	(1,432)	(2,456)	(6,750)
Total	26,122	-	729	(9,369)	(8,007)	(1,591)	107,006	114,890

(in NOK million)	Fair value through profit or loss: Held for trading	Hedge accounting	Fair value option	Loans and receivables	Financial liabilities at amortised cost	Available-for-sale assets	Non-financial assets or liabilities	Total
For the year ended 31 December 2008								
Net operating income	19,917	-	-	-	-	(346)	179,261	198,832
Net financial items								
Net foreign exchange gains (losses)	(24,266)	-	-	3,848	(12,145)	-	-	(32,563)
Interest income	3,230	-	437	3,392	-	-	-	7,059
Other financial items	6,006	-	(971)	52	-	61	-	5,148
Interest income and other financial items	9,236	-	(534)	3,444	-	61	-	12,207
Interest expenses	959	-	-	-	(2,243)	-		(1,284)
Other financial expenses	5,660	(27)	-	-	(251)	-	(2,107)	3,275
Interest and other financial expenses	6,619	(27)	-	-	(2,494)	-	(2,107)	1,991
Net financial items	(8,411)	(27)	(534)	7,292	(14,639)	61	(2,107)	(18,365)
Total	11,506	(27)	(534)	7,292	(14,639)	(285)	177,154	180,467

32 Financial instruments: fair value measurement and sensitivity analysis of market risk

Fair value measurement of financial instruments

Derivative financial instruments
Statoil measures all derivative financial instruments at fair value. Changes in the fair value of the derivative financial instruments are recognised in the Consolidated statement of income, within Revenues or within Net financial items, respectively, depending on their nature as commodity based derivative contracts or interest rate and foreign exchange rate derivative instruments.

When determining fair value of derivative financial instruments Statoil uses prices quoted in an active market to the extent possible. When such prices are not available Statoil uses inputs that are directly or indirectly observable in the market as a basis for valuation techniques such as discounted cash flow analysis or pricing models. For more information about the methodology and assumption used when measuring the fair value of Statoil's derivative financial instruments see note 2 *Significant accounting policies*.

The following table contains the estimated fair values and net carrying amounts of Statoil's derivative financial instruments. Of the total ending balance at 31 December 2010 NOK 15.1 billion relates to certain earn-out agreements and embedded derivatives recognised as derivative financial instruments in accordance with IAS 39. At the end of 2009 the estimated fair value of these agreements was NOK 13.0 billion.

(in NOK million)	Fair value of assets	Fair value of liabilities	Net carrying amount
At 31 December 2010			
Debt-related instruments	8,404	(3,631)	4,773
Non-debt-related instruments	1,520	(106)	1,414
Crude oil and refined products	10,187	(691)	9,496
Natural gas and electricity	6,526	(3,119)	3,407
Total	26,637	(7,547)	19,090
At 31 December 2009			
Debt-related instruments	6,405	(1,708)	4,697
Non-debt-related instruments	347	(867)	(520)
Crude oil and refined products	8,034	(842)	7,192
Natural gas and electricity	8,227	(1,100)	7,127
Total	23,013	(4,517)	18,496

Financial investments

Statoil measures all financial investments at fair value. Statoil's financial investments consist of the portfolios held by the group's captive insurance company (mainly bonds, listed equity securities and commercial papers) and investments in money market funds held for liquidity management purposes. The group also holds some other non-listed equity securities for long term strategic purposes. These are classified as available-for-sale assets (AFS). Changes in fair value of the financial investments are recognised in the Consolidated statement of income within Net financial items, with the exception of the investments that are classified as AFS assets. Changes in fair value of these investments are recognised in the Consolidated statement of comprehensive income, while any impairment losses are recognised in the Consolidated statement of income within Net financial items.

When determining fair value of financial investments, the group uses prices quoted in an active market to the extent possible. This will typically be for listed equity securities and government bonds. Where there is no active market, fair value is determined using valuation techniques such as discounted cash flow analysis. For more information about methodology and assumptions used when measuring fair value of the group's financial investments see note 2 *Significant accounting policies*. For information about fair values of the group's financial investments recognised in the balance sheet see note 17 *Non-current financial assets* and note 20 *Current financial investments*.

Fair value hierarchy

The following table summarises each class of financial instruments which are recognised in the balance sheet at fair value, split by the group's basis for fair value measurement.

(in NOK million)	Non-current financial investment	Non-current derivative financial instruments-assets	Current financial investments	Current derivative financial instruments-assets	Non-current derivative financial instruments-liabilities	Current derivative financial instruments-liabilities	Net fair value
At 31 December 2010							
Fair value based on prices quoted in an active market for identical assets or liabilities (Level 1)	8,182	0	4,939	0	0	0	13,121
Fair value based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability (Level 2)	4,396	6,798	6,570	4,667	(3,386)	(4,154)	14,891
Fair value based on unobservable inputs (Level 3)	2,779	13,765	0	1,407	0	(7)	17,944
Total fair value	15,357	20,563	11,509	6,074	(3,386)	(4,161)	45,956
At 31 December 2009							
Fair value based on prices quoted in an active market for identical assets or liabilities (Level 1)	6,663	0	4,339	42	0	(18)	11,026
Fair value based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability (Level 2)	4,683	6,191	2,683	3,827	(1,657)	(2,756)	12,971
Fair value based on unobservable inputs (Level 3)	1,921	11,453	0	1,500	0	(86)	14,788
Total fair value	13,267	17,644	7,022	5,369	(1,657)	(2,860)	38,785

Level 1, fair value based on prices quoted in an active market for identical assets or liabilities, includes financial instruments actively traded and for which the values recognised in Statoil's balance sheet are determined based on observable prices on identical instruments. For Statoil this category will, in most cases, only be relevant for investments in listed equity securities and government bonds.

Level 2, fair value based on inputs other than quoted prices included within Level 1, which are derived from observable market transactions, includes Statoil's non-standardised contracts for which fair values are determined on the basis of price inputs from observable market transactions. This will typically be when the group uses forward prices on crude oil, natural gas, interest rates, and foreign exchange rates as inputs to the valuation models to determining the fair value of its derivative financial instruments.

Level 3, fair value based on unobservable inputs, includes financial instruments for which fair values are determined on the basis of input and assumptions that are not from observable market transactions. The fair values presented in this category are mainly based on internal assumptions. The internal assumptions are only used in the absence of quoted prices from an active market or other observable price inputs for the financial instruments subject to the valuation.

The fair value of certain earn-out agreements and embedded derivative contracts are determined by the use of valuation techniques with price inputs from observable market transactions as well as internal generated price assumptions and volume profiles. The discount rate used in the valuation is a risk free rate based on the applicable currency and time horizon of the underlying cash flows adjusted for a credit premium to reflect either Statoil's credit premium, if the value is a liability, or an estimated counterparty credit premium if the value is an asset. The fair value of these derivative financial instruments have been classified in their entirety in the third category within Current and Non-current derivative financial instruments - assets in the above table. Another reasonably assumption, that could have been applied when determining the fair value of these contracts, would be to extrapolate the last observed forward prices with inflation. Had Statoil applied this assumption the fair value of the contracts included would have increased by approximately NOK 0.1 billion at end of 2010 and NOK 1.5 billion at end of 2009 and impacted the Consolidated statement of income with corresponding amounts.

The reconciliation of the changes in fair value during 2010 and 2009 for all financial assets and liabilities classified in the third level in the hierarchy are presented in the following table.

(in NOK million)	Non-current financial investment	Non-current derivative financial instruments-assets	Current derivative financial instruments-assets	Non-current derivative financial instruments-liabilities	Current derivative financial instruments-liabilities
For the year ended 31 December 2010					
Opening balance	1,921	11,453	1,500	0	(86)
Total gains and losses recognised					
- in statement of income	(4)	2,312	1,407	0	(7)
- in other comprehensive income	213	0	0	0	0
Purchases	634	0	0	0	0
Settlement	(22)	0	(1,500)	0	86
Transfer into level 3	(10)	0	0	0	0
Transfer out of level 3	47	0	0	0	0
Closing balance	2,779	13,765	1,407	0	(7)
For the year ended 31 December 2009					
Opening balance	3,488	8,852	1,319	(760)	(91)
Total gains and losses recognised					
- in statement of income	(1,499)	2,601	1,500	760	(86)
- in other comprehensive income	0	0	0	0	0
Purchases	941	0	0	0	0
Settlement	(327)	0	(1,319)	0	91
Transfer into level 3	307	0	0	0	0
Transfer out of level 3	(989)	0	0	0	0
Closing balance	1,921	11,453	1,500	0	(86)

The assets and liabilities within the level 3 have during 2010 had a net increase in the fair value of NOK 3.2 billion. Of the NOK 3.7 billion recognised in the Consolidated statement of income during 2010 NOK 2.1 billion are related to changes in fair value of certain earn-out agreements and embedded derivatives.

Practically all gains and losses recognised in the Consolidated statement of income during 2010 are related to assets and liabilities held by the group at the end of 2010.

Certain divestment requirements were set out by the European Commission (EC) in relation to Statoil's acquisition of the Jet automated petrol retail station network in 2008. As a consequence the investment was classified as an available for sale asset at end 2008. During 2009 the divestment requirements was fulfilled. By end of 2009 the remaining Jet activity was fully consolidated and the values previously included in level 3 in the above table have been transferred out.

Sensitivity analysis of market risk

Commodity price risk

The table below contains the fair value and related commodity price risk sensitivities of Statoil's commodity based derivatives contracts. For further information related to the type of commodity risks and how the group manages these risks see note 8 *Financial risk management*.

Statoil's assets and liabilities resulting from commodity based derivatives contracts are mainly related to non-exchange traded derivative instruments, including embedded derivatives that have been bifurcated and recognised with fair value in the balance sheet.

Price risk sensitivities by end of 2010 and 2009 have been calculated assuming a reasonably possible change of 30% in crude oil, refined products and electricity prices, and 50% change for natural gas prices. At the end of 2008 these sensitivities were calculated by assuming a 50% reasonably possible change for all commodities.

Since none of the derivative financial instruments included in the table below are part of hedging relationships, any changes in the fair value would be recognised in the Consolidated statement of income.

(in NOK million)	Net fair value	-30% sensitivity	30% sensitivity
At 31 December 2010			
Crude oil and refined products	9,496	(2,762)	2,762
		-50%/-30% sensitivity	50%/30% sensitivity
At 31 December 2010			
Natural gas and electricity	3,407	3,680	(3,666)
		-30% sensitivity	30% sensitivity
At 31 December 2009			
Crude oil and refined products	7,192	(2,087)	1,580
		-50%/-30% sensitivity	50%/30% sensitivity
At 31 December 2009			
Natural gas and electricity	7,127	3,871	(3,886)
		-50% sensitivity	50% sensitivity
At 31 December 2008			
Crude oil and refined products	10,645	(4,124)	4,440
Natural gas and electricity	26	3,447	(3,431)

As part of the tools to monitor and manage risk, the group uses the value at risk (VaR) method for certain parts of its commodity trading activity within the Natural Gas and Manufacturing and Marketing segments.

Oil sales, trading and supply (OTS), within the Manufacturing and Marketing segment, uses the historical simulation method where daily percentage market price and volatility changes for all significant products in the OTS portfolio over a given time period are applied to the current portfolio value, in order to estimate a probability distribution of future market value changes for the portfolio. Non-linear instruments such as options are remeasured on a daily basis over the simulation interval using the historical price and volatility inputs; and the daily historical value changes are an integral part of the portfolio value changes. The relationship between VaR estimates and actual portfolio value changes are monitored on a monthly basis using a four years rolling observation window and input parameters such as simulation intervals are recalibrated when model performance moves outside acceptable bounds.

The Natural Gas segment mainly measures its market risk exposure using a variance/covariance VaR method. Furthermore a 95% confidence interval and a one day holding period is applied. The variance/covariance method is applied to the current portfolio in order to quantify portfolio movements caused by possible future changes in the market prices over a 24-hour holding period. The variance/covariance method calculates the VaR as a function of standard deviation per instrument in the portfolio and the correlation between the instruments. The practical understanding is that there is a 95% probability that the value of the portfolio will change by less than the calculated VaR number during the next trading day. VaR does not quantify the worst case loss.

The variance/covariance method calculates the VaR as a function of the standard deviation per instrument in the portfolio and the correlation between the instruments. The historical simulation method derives daily percentage market price and volatility changes for all significant products in the portfolio over a given time period and apply those to the current portfolio value, in order to estimate a probability distribution of future market value changes for the portfolio. Different VaR-methods are used within OTS and the Natural Gas segment to best reflect the nature of the relevant commodity markets.

Within OTS all physical and financial contracts that are managed together for risk management purposes are subject to VaR limits, independently of how they are recognised in Statoil's Consolidated balance sheet. Within Natural Gas embedded derivatives as well as certain physical forward contracts recognised as derivative financial instrument that are not held as part of a trading position are not included in the portfolio subject to VaR limits.

The calculated VaR numbers for 2010, 2009 and 2008 and a summary of the assumptions used are presented in the following table.

(in NOK million)	High	Low	Average
For the year ended 31 December 2010			
Crude Oil and Refined Products	151	59	105
Natural Gas and Electricity	300	6	116
For the year ended 31 December 2009			
Crude Oil and Refined Products	189	42	103
Natural Gas and Electricity	219	8	80
For the year ended 31 December 2008			
Crude Oil and Refined Products	143	28	79
Natural Gas and Electricity	218	40	116

Assumptions used	Method used	Confidence level	Holding period
Crude Oil and Refined Products	Historical simulation VaR	95%	1 day
Natural Gas and Electricity	Variance/Covariance	95%	1 day

Currency risk

Currency risks constitute significant financial risks for the Statoil group. Total exposure is managed at a portfolio level, in accordance with approved strategies and mandates, on a regular basis. For further information related to the currency risks and how the group manages these risks see note 8 *Financial risk management*.

At the end of 2010 and 2009 the following currency risk sensitivities have been calculated by assuming a 12% reasonably possible change in foreign exchange rates that the group is exposed to. At the end of 2008 a 20% reasonably possible change was assumed in the calculation.

The groups underlying exposure at the end of 2009 towards USD, EUR, GBP and NOK have been updated to be consistent with the method applied for the exposure estimation at the end of 2010.

As of 1 January 2009 Statoil ASA's functional currency changed from NOK to USD, see note 1 *Organisation*. The change of functional currency has impacted the currency risk sensitivities when comparing 2010 and 2009 with 2008.

(in NOK million)	USD	EUR	GBP	CAD	NOK	SEK	DKK
At 31 December 2010							
Net gains/losses (12% sensitivity)	(12,215)	826	(339)	88	11,239	371	134
Net gains/losses (-12% sensitivity)	12,215	(826)	339	(88)	(11,239)	(371)	(134)
At 31 December 2009							
Net gains/losses (12% sensitivity)	(9,999)	746	818	(299)	7,354	558	819
Net gains/losses (-12% sensitivity)	9,999	(746)	(818)	299	(7,354)	(558)	(819)
At 31 December 2008							
Net gains/losses (20% sensitivity)	(31,369)	(11,906)	11	(170)	39,856	1,976	1,636
Net gains/losses (-20% sensitivity)	31,369	11,906	(11)	170	(39,856)	(1,976)	(1,636)

Interest rate risk

Interest rate risks constitute significant financial risks for the Statoil group. Total exposure is managed at a portfolio level, in accordance with approved strategies and mandates, on a regular basis. For further information related to the interest risks and how the group manages these risks see note 8 *Financial risk management*.

For the interest rate risk sensitivity a decline of 0.5 percentage point and an increase of 1.5 percentage point in the interest rates have been used as reasonably possible changes in the calculation. Compared to the sensitivities calculated by end of 2009 and 2008 Statoil's assessment of what are reasonably possible changes in interest rates that the group is exposed to has been changed from a 1.5 percentage point and one percentage point respectively for 2009 and 2008. The estimated gains following from a decline in the interest rates and the estimated losses following from an interest rate increases that would impact the Consolidated statement of income are presented in the following table.

(in NOK million)	Gains	Losses
At 31 December 2010		
Interest rate risk (-0.5 percentage point sensitivity)	2,785	
Interest rate risk (1.5 percentage point sensitivity)		(8,355)
At 31 December 2009		
Interest rate risk (1.5 percentage point sensitivity)	8,456	(8,456)
At 31 December 2008		
Interest rate risk (1 percentage point sensitivity)	3,395	(3,395)

Equity risk

The following table contains the fair value and related equity price risk sensitivity of Statoil's listed and non-listed equity securities. The equity price risk sensitivity has been calculated based on what Statoil views to be reasonably possible changes in the equity prices for the coming year. For 2010 a 20% and 35% change in the equity prices has been used in the calculation of the sensitivity. At the end of 2009 and 2008 the group's view was a 20% and 40% change in the equity price for the listed and non-listed equity securities respectively.

For the listed equity securities changes in fair values would be recognised as gains or losses in the Consolidated statement of income. While for the non-listed equity securities that are classified as available for sale assets, a decline in the fair value would be recognised in the Consolidated statement of income as an impairment loss, while an increase in the fair value would be recognised in Other comprehensive income.

(in NOK million)	Fair value	-20% sensitivity	20% sensitivity
At 31 December 2010			
Listed equity securities	5,102	(1,020)	1,020
At 31 December 2009			
Listed equity securities	4,318	(864)	864
At 31 December 2008			
Listed equity securities	2,276	(455)	455
		-35% sensitivity	35% sensitivity
At 31 December 2010			
Non-listed equity securities	3,042	(1,065)	1,065
		-40% sensitivity	40% sensitivity
At 31 December 2009			
Non-listed equity securities	2,223	(889)	889
At 31 December 2008			
Non-listed equity securities	4,205	(1,682)	1,682

33 Subsequent events

The composition of Statoil's reportable segments will change with effect from 1 January 2011 following the changes in the internal organisational structure.

34 Supplementary oil and gas information (unaudited)

In accordance with FASB Accounting Standards Codification "Extractive Activities - Oil and Gas" (Topic 932), Statoil is making certain supplemental disclosures about oil and gas exploration and production operations as previously required by Statement of Financial Accounting Standards No. 69 "Disclosures about Oil and Gas Producing Activities" (FAS 69). While this information is developed with reasonable care and disclosed in good faith, it is emphasised that some of the data is necessarily imprecise and represents only approximate amounts because of the subjective judgment involved in developing such information. Accordingly, this information may not necessarily represent the present financial condition of Statoil or its expected future results.

Financial Accounting Standard Board aligned in January 2010 the oil and gas reserves estimation and disclosure requirements of "Extractive Activities - Oil and Gas" (Topic 932) with the requirements in the U.S. Securities and Exchange Commission's final rule, "Modernization of the Oil and Gas Reporting Requirements" issued in December 2008. Our reporting in 2009 and 2010 are in accordance with the updated requirements. Disclosures at 31 December 2008 are not adjusted as retroactive adoption was not permitted. For further information regarding revision of the reserves estimation requirement, see note 2 *Significant accounting policies* - Critical judgement and key sources of estimation uncertainty - Proved oil and gas reserves.

No events have occurred since 31 December 2010 that would mean a significant change in the estimated proved reserves or other figures reported as of that date.

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

Oil and gas reserve quantities
Statoil's oil and gas reserves have been estimated by its experts in accordance with industry standards under the requirements of the U.S. Securities and Exchange Commission (SEC), Rule 4-10 of Regulation S-X. Reserves are net of royalty oil paid in kind and quantities consumed during production. Statements of reserves are forward-looking statements.

The determination of these reserves is part of an ongoing process subject to continual revision as additional information becomes available. Estimates of proved reserve quantities are imprecise and change over time as new information becomes available. Moreover, identified reserves and contingent resources that may become proved in the future, are excluded from the calculations.

Statoil's proved reserves are recognized under various forms of contractual agreements including production sharing agreements (PSAs) where Statoil's share of reserves can vary due to commodity prices or other factors. Reserves from agreements such as PSAs are based on the volumes to which Statoil has access (cost oil and profit oil), limited to available market access. At 31 December 2010, 12% of total proved reserves were related to such agreements (22% of oil and NGL and 5% of gas). This compares with 11% and 12% of total proved reserves for 2009 and 2008 respectively. Net cumulative oil and gas production from fields with such agreements was 84 million boe during 2010 (98 million boe for 2009 and 82 million boe for 2008). Statoil participates in such agreements in Algeria, Angola, Azerbaijan, Iran, Iraq, Libya, Nigeria and Russia.

Statoil is recording, as proved reserves, volumes equivalent to our tax liabilities under negotiated fiscal arrangements (PSAs) where the tax is paid on behalf of Statoil.

Rule 4-10 of Regulation S-X requires that the appraisal of reserves is based on existing economical conditions including a 12-month average price prior to the end of the reporting period, unless prices are defined by contractual arrangements. Oil reserves at year-end 2010 have been determined based on a 12-month average 2010 Brent price equivalent to USD 79.02/bbl. The increase in oil price from 2009 when the average Brent blend price was USD 59.91/bbl has increased the profitable oil to be recovered from the accumulations while Statoil's proved oil reserves under PSAs and similar contracts have as a result decreased. Gas reserves at year end 2010 has been determined based on achieved gas prices during 2010 giving a volume weighted average gas price of 1.7 NOK/Sm3. The average gas prices achieved have in general decreased from 2009 to 2010 and have affected the profitable gas reserves to be recovered accordingly. These changes are included in the revision category in the tables below.

From the Norwegian continental shelf (NCS) Statoil is required, on behalf of the Norwegian State's direct financial interest (SDFI), to manage, transport and sell the Norwegian State's oil and gas. These reserves are sold in conjunction with our own reserves. As part of this arrangement, Statoil will deliver gas to customers in accordance with various types of sales contracts. In order to fulfil the commitments, Statoil will utilise a field supply schedule which provides the highest possible total value for the joint portfolio of oil and gas between Statoil and SDFI.

Statoil and SDFI receive income from the joint natural gas sales portfolio based upon their respective share in the supply volumes. For sales of the SDFI natural gas, both to Statoil and to third parties, the payment to the Norwegian State is based on either achieved prices, a net back formula calculated price or market value. All of the Norwegian State's oil and NGL is acquired by Statoil. Pricing of the crude oil is based on market reflective prices. NGL prices are either based on achieved prices, market value or market reflective prices.

The owner's instruction, as described above, may be changed or withdrawn by the Statoil general meeting. Due to this uncertainty and the Norwegian State's estimate of proved reserves not being available to Statoil, it is not possible to determine the total quantities to be purchased by Statoil under the owner's instruction from properties in which it participates in the operations.

Topic 932 requires the presentation of reserves and certain other supplemental oil and gas disclosures by geographical area, defined as country or continent containing 15% or more of total proved reserves. Norway contains 78% of total proved reserves at 31 December 2010 and no other country or continent contains reserves approaching 15% of total proved reserves. Accordingly, management has determined that the most meaningful presentation of geographical areas would be to include Norway and the continents of Eurasia (excluding Norway), Africa and America.

Statoil announced during 2010 sale of 40% interests in the Peregrino field in Brazil and sale of 40% interest in the oil sand leases in Alberta, Canada. As of 31 December 2010 these sales had not been approved by the relevant authorities and therefore the reduction in reserves is not reflected in the 2010 proved reserves statement. The expected effect on 2011 proved reserves statement is approximately 66 million boe sales of reserves-in-place.

The following tables reflect the estimated proved reserves of oil and gas at 31 December 2007 to 2010, and the changes therein.

	Net proved oil and NGL reserves in million barrels			Net proved gas reserves in billion standard cubic feet			Net proved oil, NGL and gas reserves in million barrels oil equivalent		
	Norway	Outside Norway	Total	Norway	Outside Norway	Total	Norway	Outside Norway	Total
Reserves in consolidated companies									
At 31 December 2007	1,604	785	2,389	18,893	1,426	20,319	4,971	1,039	6,010
Of which:									
Proved developed reserves	1,187	323	1,510	15,084	748	15,832	3,875	456	4,331
Revisions and improved recovery	81	95	177	7	141	148	83	120	203
Extensions and discoveries	12	-	12	29	-	29	17	-	17
Purchase of reserves-in-place	-	69	69	-	-	-	-	69	69
Sales of reserves-in-place	-	(3)	(3)	-	(43)	(43)	-	(10)	(10)
Transfer to equity accounted investment *	-	(191)	(191)	-	-	-	-	(191)	(191)
Production	(302)	(78)	(380)	(1,348)	(121)	(1,469)	(542)	(100)	(642)
At 31 December 2008	1,396	677	2,074	17,581	1,403	18,984	4,529	927	5,456
Of which:									
Proved developed reserves	1,113	381	1,494	14,482	727	15,209	3,693	510	4,204
Reserves in equity accounted investments									
Remaining reserves after transfer*	-	123	123	-	-	-	-	123	123
Revisions and improved recovery	-	11	11	-	-	-	-	11	11
Production	-	(6)	(6)	-	-	-	-	(6)	(6)
At 31 December 2008	-	127	127	-	-	-	-	127	127
Total Proved Reserves including reserves in equity accounted investments at 31 December 2008	1,396	805	2,201	17,581	1,403	18,984	4,529	1,055	5,584
Of which:									
Proved developed reserves	1,113	406	1,519	14,482	727	15,209	3,693	536	4,229

* Sincor to Petrocedeño; reduction from 15% to 9.677% interest

The transformation process of the Sincor joint venture in Venezuela, into the new mixed company Petrocedeño was finalised in February 2008 reducing Statoil's shareholding interest from 15.0% in the Sincor joint venture to 9.677% in Peterocedeño. The change in Statoil share resulted in a reduction of proved reserves corresponding to 68 million boe in 2008.

Statoil acquired Anadarco's 50.0% share in Peregrino, Brazil, in 2008 resulting in a 100% ownership of the asset, and becoming the operator. The related increase in proved reserves was 69 million boe.

	Norway	Eurasia excluding Norway	Africa	America	Total
			Net proved oil and NGL reserves in million barrels		
Reserves in consolidated companies					
At 31 December 2008	1,396	177	265	235	2,074
Revisions and improved recovery	195	(22)	64	6	243
Extensions and discoveries	39	6	44	45	134
Purchase of reserves-in-place	-	-	-	-	-
Sales of reserves-in-place	-	(4)	-	-	(4)
Production	(279)	(19)	(63)	(15)	(376)
At 31 December 2009	1,351	138	310	272	2,070
Revisions and improved recovery	100	(7)	31	(2)	123
Extensions and discoveries	46	56	25	47	174
Purchase of reserves-in-place	-	-	-	1	1
Sales of reserves-in-place	-	-	-	-	-
Production	(256)	(18)	(53)	(21)	(348)
At 31 December 2010	1,241	170	313	297	2,020
Reserves in equity accounted investments					
At 31 December 2008	-	-	-	127	127
Revisions and improved recovery	-	-	-	(18)	(18)
Extensions and discoveries	-	-	-	-	-
Purchase of reserves-in-place	-	-	-	-	-
Sales of reserves-in-place	-	-	-	-	-
Production	-	-	-	(5)	(5)
At 31 December 2009	-	-	-	105	105
Revisions and improved recovery	-	-	-	1	1
Extensions and discoveries	-	-	-	-	-
Purchase of reserves-in-place	-	-	-	3	3
Sales of reserves-in-place	-	-	-	-	-
Production	-	-	-	(5)	(5)
At 31 December 2010	-	-	-	104	104
Total Proved Oil and NGL Reserves including reserves in equity accounted investments at 31 December 2009	1,351	138	310	376	2,174
Total Proved Oil and NGL Reserves including reserves in equity accounted investments at 31 December 2010	1,241	170	313	400	2,124

Statoil's proved reserves of bitumen in America, representing less than 3% of our proved reserves, is included as oil in the table above.

	Net proved gas reserves in billion standard cubic feet				
	Norway	Eurasia excluding Norway	Africa	America	Total
Reserves in consolidated companies					
At 31 December 2008	17,581	827	481	95	18,984
Revisions and improved recovery	690	(31)	(89)	(9)	561
Extensions and discoveries	35	-	-	87	122
Purchase of reserves-in-place	-	-	-	-	-
Sales of reserves-in-place	-	-	-	-	-
Production	(1,367)	(49)	(54)	(48)	(1,519)
At 31 December 2009	16,938	747	338	125	18,148
Revisions and improved recovery	394	(62)	(4)	4	332
Extensions and discoveries	381	-	227	340	948
Purchase of reserves-in-place	-	-	-	25	25
Sales of reserves-in-place	-	-	-	-	-
Production	(1,370)	(51)	(41)	(47)	(1,509)
At 31 December 2010	16,343	634	521	446	17,945
Reserves in equity accounted investments					
At 31 December 2008	-	-	-	-	-
Revisions and improved recovery	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-
Purchase of reserves-in-place	-	-	-	-	-
Sales of reserves-in-place	-	-	-	-	-
Production	-	-	-	-	-
At 31 December 2009	-	-	-	-	-
Revisions and improved recovery	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-
Purchase of reserves-in-place	-	-	-	20	20
Sales of reserves-in-place	-	-	-	-	-
Production	-	-	-	(0)	(0)
At 31 December 2010	-	-	-	20	20
Total Proved Gas Reserves including reserves in equity accounted investments at 31 December 2009	16,938	747	338	125	18,148
Total Proved Gas Reserves including reserves in equity accounted investments at 31 December 2010	16,343	634	521	466	17,965

	Net proved oil, NGL and gas reserves in million barrels oil equivalent				
	Norway	Eurasia excluding Norway	Africa	America	Total
Reserves in consolidated companies					
At 31 December 2008	4,529	324	351	252	5,456
Revisions and improved recovery	318	(28)	48	5	343
Extensions and discoveries	45	6	44	60	155
Purchase of reserves-in-place	-	-	-	-	-
Sales of reserves-in-place	-	(4)	-	-	(4)
Production	(523)	(28)	(73)	(24)	(647)
At 31 December 2009	4,369	271	370	294	5,304
Revisions and improved recovery	170	(18)	30	(1)	182
Extensions and discoveries	114	56	65	108	343
Purchase of reserves-in-place	-	-	-	5	5
Sales of reserves-in-place	-	-	-	-	-
Production	(500)	(27)	(60)	(29)	(617)
At 31 December 2010	4,153	283	406	376	5,218
Reserves in equity accounted investments					
At 31 December 2008	-	-	-	127	127
Revisions and improved recovery	-	-	-	(18)	(18)
Extensions and discoveries	-	-	-	-	-
Purchase of reserves-in-place	-	-	-	-	-
Sales of reserves-in-place	-	-	-	-	-
Production	-	-	-	(5)	(5)
At 31 December 2009	-	-	-	105	105
Revisions and improved recovery	-	-	-	1	1
Extensions and discoveries	-	-	-	-	-
Purchase of reserves-in-place	-	-	-	6	6
Sales of reserves-in-place	-	-	-	-	-
Production	-	-	-	(5)	(5)
At 31 December 2010	-	-	-	107	107
Total Proved Reserves including reserves in equity accounted investments at 31 December 2009	4,369	271	370	398	5,408
Total Proved Reserves including reserves in equity accounted investments at 31 December 2010	4,153	283	406	483	5,325

Statoil's proved reserves of bitumen in America, representing less than 3% of our proved reserves, is included as oil in the table above.

	Norway	Eurasia excluding Norway	Africa	America	Total
Proved developed oil and NGL reserves in million barrels					
At 31 December 2009					
Consolidated companies	1,028	94	208	83	1,413
Equity accounted investments	-	-	-	28	28
At 31 December 2010					
Consolidated companies	950	99	192	81	1,321
Equity accounted investments	-	-	-	36	36
Proved developed gas reserves in billion standard cubic feet					
At 31 December 2009					
Consolidated companies	14,138	523	256	73	14,990
Equity accounted investments	-	-	-	-	-
At 31 December 2010					
Consolidated companies	13,721	421	221	329	14,691
Equity accounted investments	-	-	-	7	7
Proved developed oil, NGL and gas reserves in million barrels oil equivalent					
At 31 December 2009					
Consolidated companies	3,548	187	254	96	4,084
Equity accounted investments	-	-	-	28	28
At 31 December 2010					
Consolidated companies	3,394	174	231	139	3,939
Equity accounted investments	-	-	-	37	37

The conversion rates used are 1 standard cubic meter = 35.3 standard cubic feet, 1 standard cubic meter oil equivalent = 6.29 barrels of oil equivalent (boe) and 1,000 standard cubic meter gas = 1 standard cubic meter oil equivalent.

Capitalised cost related to Oil and Gas production activities

Consolidated companies

(in NOK million)	At 31 December 2010	2009
Unproved Properties	34,873	49,497
Proved Properties, wells, plants and other equipment	703,885	655,886
Total Capitalised cost	738,758	705,383
Accumulated depreciation, depletion, amortisation and valuation allowances	(419,920)	(379,575)
Net Capitalised cost	318,838	325,808

Net capitalised cost related to equity accounted investments as of 31 December 2010 was NOK 7.5 billion, and NOK 3.7 billion in 2009.
In addition capitalised cost related to Oil and Gas production activities classified as Held for Sale amounts to NOK 44.9 billion as of 31 December 2010.

Expenditures incurred in Oil and Gas Property Acquisition, Exploration and Development Activities
These expenditures include both amounts capitalised and expensed for 2010 and 2009.

Consolidated companies

(in NOK million)	Norway	Eurasia excluding Norway	Africa	America	Total
Year ended 31 December 2010					
Exploration expenditures	5,974	1,647	1,987	7,195	16,803
Development costs 1)	29,284	2,531	11,262	10,439	53,516
Acquired proved properties	0	0	0	48	48
Acquired unproved properties	31	1,046	0	5,804	6,881
Total	35,289	5,224	13,249	23,486	77,248
Year ended 31 December 2009					
Exploration expenditures	8,170	1,310	2,465	4,950	16,895
Development costs 1)	30,704	3,611	10,627	11,958	56,900
Acquired unproved properties	0	0	12	1,313	1,325
Total	38,874	4,921	13,104	18,221	75,120

These expenditures include both amounts capitalised and expensed in 2008.

Consolidated companies

(in NOK million)	Norway	Outside Norway	Total
Year ended 31 December 2008			
Exploration expenditures	8,672	9,136	17,808
Development costs [1]	29,478	14,215	43,693
Acquired proved properties [2]	0	12,435	12,435
Acquired unproved properties [3]	1,255	12,323	13,578
Total	39,405	48,109	87,514

(1) Includes minor development costs in unproved properties.
(2) Includes the acquisition of Anadarco's 50% share in Peregrino, Brazil.
(3) Includes signature bonuses and the acquisition of a share in Goliat and Marcellus shale gas development.

Expenditures incurred in Oil and Gas Development Activities related to equity accounted investments in 2010 was NOK 4 365 million, NOK 286 million in 2009 and NOK 448 million in 2008.

Results of Operation for Oil and Gas Producing Activities
As required by Topic 932, the revenues and expenses included in the following table reflect only those relating to the oil and gas producing operations of Statoil.

Activities included in Statoil's segment disclosures in note 3 *Segments* to the financial statements but excluded from the table below relates to gas trading activities, commodity based derivatives, transportation, business development as well as effects of disposals of oil and gas interests.

Income tax expense is calculated on the basis of statutory tax rates in addition to uplift and tax credits only. No deductions are made for interest or overhead.

Consolidated companies

(in NOK million)	Norway	Eurasia excluding Norway	Africa	America	Total
Year ended December 2010					
Sales	1	2,706	2,526	713	5,946
Transfers	166,219	6,871	24,232	10,656	207,978
Total revenues	166,220	9,577	26,758	11,369	213,924
Exploration expenses	(5,497)	(1,448)	(2,033)	(6,795)	(15,773)
Production costs	(21,372)	(1,297)	(3,165)	(4,071)	(29,905)
Depreciation, amortisation and impairment losses	(25,731)	(4,099)	(7,503)	(5,034)	(42,367)
Total costs	(52,600)	(6,844)	(12,701)	(15,900)	(88,045)
Results of operations before tax	113,620	2,733	14,057	(4,531)	125,879
Tax expense	(82,226)	(755)	(6,868)	969	(88,880)
Result of operations	31,394	1,978	7,189	(3,562)	36,998
Year ended December 2009					
Sales	5	2,968	7,950	689	11,612
Transfers	154,440	5,320	16,877	6,085	182,722
Total revenues	154,445	8,288	24,827	6,774	194,334
Exploration expenses	(5,187)	(1,047)	(2,238)	(8,218)	(16,690)
Production costs	(19,395)	(1,440)	(3,432)	(1,768)	(26,035)
Depreciation, amortisation and impairment losses	(25,566)	(2,464)	(9,721)	(4,902)	(42,653)
Total costs	(50,148)	(4,951)	(15,391)	(14,888)	(85,378)
Results of operations before tax	104,297	3,337	9,436	(8,114)	108,956
Tax expense	(75,690)	(102)	(3,182)	1,684	(77,290)
Result of operations	28,607	3,235	6,254	(6,430)	31,666

(in NOK million)	Norway	Outside Norway	Total
Year ended December 2008			
Sales	151	8,274	8,425
Transfers	216,809	34,718	251,527
Total revenues	216,960	42,992	259,952
Exploration expense	(5,536)	(9,157)	(14,693)
Production costs	(19,744)	(6,009)	(25,753)
Depreciation, depletion and amortisation (DD&A)	(24,043)	(13,689)	(37,732)
Total costs	(49,323)	(28,855)	(78,178)
Results of operations before tax	167,637	14,137	181,774
Tax expense	(124,564)	(9,710)	(134,274)
Result of operations	43,073	4,427	47,500

The results of operations for oil and gas producing activities of equity method investments outside of Norway amounts to NOK 119 million in the year ended December 2010, NOK 26 million in the year ended December 2009 and NOK 428 million in the year ended December 2008.

Standardised measure of discounted future net cash flows relating to proved oil and gas reserves

The table below shows the standardised measure of future net cash flows relating to proved reserves. The analysis is computed in accordance with Topic 932, by applying average market prices for 2009 and 2010 and year end market prices for 2008 as defined by the SEC, year end costs, year end statutory tax rates, and a discount factor of 10% to year end quantities of net proved reserves. The standardised measure of discounted future net cash flows is a forward-looking statement.

Future price changes are limited to those provided by contractual arrangements in existence at the end of each reporting year. Future development and production costs are those estimated future expenditures necessary to develop and produce year end estimated proved reserves based on year end cost indices, assuming continuation of year end economic conditions. Pre-tax future net cash flow is net of decommissioning and removal costs. Estimated future income taxes are calculated by applying the appropriate year end statutory tax rates. These rates reflect allowable deductions and tax credits and are applied to estimated future pretax net cash flows, less the tax basis of related assets. Discounted future net cash flows are calculated using a discount rate of 10% per year. Discounting requires a year-by-year estimate of when future expenditures will be incurred and when reserves will be produced. The standardised measure of discounted future net cash flows prescribed under Topic 932 requires assumptions as to the timing and amount of future development and production costs and income from the production of proved reserves. The information does not represent management's estimate or Statoil's expected future cash flows or the value of its proved reserves and therefore should not be relied upon as an indication of Statoil's future cash flow or value of its proved reserves.

Statoil announced during 2010 sale of 40% interests in the Peregrino field in Brazil and sales of 40% interest in the oil sand leases in Alberta, Canada. As of 31 December 2010 these sales had not been approved by the relevant authorities and therefore the reduction of standardized measure is not reflected in the 2010 discounted future net cash flows. Based on this year's economic assumptions, the expected effect on 2011 discounted future net cash flows is a reduction of approximately NOK 8.4 billion.

(in NOK million)	Norway	Eurasia excluding Norway	Africa	America	Total
At 31 December 2010					
Consolidated companies					
Future net cash inflows	1,353,424	99,326	163,551	143,202	1,759,503
Future development costs	(139,961)	(23,457)	(29,041)	(18,150)	(210,609)
Future production costs	(440,344)	(30,608)	(51,363)	(61,656)	(583,971)
Future income tax expenses	(567,513)	(6,773)	(30,296)	(17,282)	(621,864)
Future net cash flows	205,606	38,488	52,851	46,114	343,059
10 % annual discount for estimated timing of cash flows	(86,668)	(16,096)	(21,596)	(16,423)	(140,783)
Standardised measure of discounted future net cash flows	118,938	22,392	31,255	29,691	202,276
Equity accounted investments					
Standardised measure of discounted future net cash flows	0	0	0	3,880	3,880
Total standardised measure of discounted future net cash flows including equity accounted investments	118,938	22,392	31,255	33,571	206,156
At 31 December 2009					
Consolidated companies					
Future net cash inflows	1,387,084	66,055	113,642	90,548	1,657,329
Future development costs	(118,505)	(12,362)	(22,047)	(12,095)	(165,009)
Future production costs	(437,396)	(22,806)	(33,665)	(42,932)	(536,799)
Future income tax expenses	(624,221)	(3,033)	(21,199)	(7,642)	(656,095)
Future net cash flows	206,962	27,854	36,731	27,879	299,426
10 % annual discount for estimated timing of cash flows	(94,462)	(11,806)	(11,479)	(7,537)	(125,284)
Standardised measure of discounted future net cash flows	112,500	16,048	25,252	20,342	174,142
Equity accounted investments					
Standardised measure of discounted future net cash flows	0	0	0	2,097	2,097
Total standardised measure of discounted future net cash flows including equity accounted investments	112,500	16,048	25,252	22,439	176,239

(in NOK million)	Norway	Outside Norway	Total
At 31 December 2008			
Consolidated companies			
Future net cash inflows	1,738,693	204,808	1,943,501
Future development costs	(109,456)	(44,920)	(154,376)
Future production costs	(412,340)	(77,398)	(489,738)
Future income tax expenses	(919,740)	(30,118)	(949,858)
Future net cash flows	297,157	52,372	349,529
10 % annual discount for estimated timing of cash flows	(150,919)	(15,019)	(165,938)
Standardised measure of discounted future net cash flows	146,238	37,353	183,591
Equity accounted investments			
Standardised measure of discounted future net cash flows	0	2,024	2,024
Total standardised measure of discounted future net cash flows including equity accounted investments	146,238	39,377	185,615

Changes in the standardised measure of discounted future net cash flows from proved reserves

(in NOK million)	2010	2009	2008
Consolidated companies			
Standardised measure at beginning of year	174,142	183,591	300,770
Net change in sales and transfer prices and in production (lifting) costs related to future production	130,402	(288,973)	(74,453)
Changes in estimated future development costs	(53,006)	(48,980)	(56,924)
Sales and transfers of oil and gas produced during the period, net of production cost	(194,954)	(179,072)	(234,199)
Net change due to extensions, discoveries, and improved recovery	11,447	9,403	1,866
Net change due to purchases and sales of minerals in place	(42)	(530)	(4,936)
Net change due to revisions in quantity estimates	47,285	101,298	51,574
Previously estimated development costs incurred during the period	53,516	56,900	56,128
Accretion of discount	32,859	214,065	50,960
Net change in income taxes	627	126,440	92,805
Total change in the standardised measure during the year	28,134	(9,449)	(117,179)
Standardised measure at end of year	202,276	174,142	183,591
Equity accounted investments			
Standardised measure at end of year	3,880	2,097	2,024
Standardised measure at end of year including equity accounted investments	206,156	176,239	185,615

Financial statements for Statoil ASA

STATEMENT OF INCOME STATOIL ASA - NGAAP

(in NOK million)	Note	2010	2009
REVENUES AND OTHER INCOME			
Revenues	5	384,422	313,194
Net income from subsidiaries and equity accounted investments	13	37,190	28,431
Other income		12	5
Total revenues and other income		421,624	341,630
OPERATING EXPENSES			
Purchases [net of inventory variation]		(368,465)	(294,442)
Operating expenses		(9,575)	(10,649)
Selling, general and administrative expenses		(6,177)	(7,765)
Depreciation, amortisation and net impairment losses	12	(796)	(814)
Exploration expenses		(786)	(861)
Total operating expenses		(385,799)	(314,531)
Net operating income		35,825	27,099
FINANCIAL ITEMS			
Net foreign exchange gains (losses)	10	(2,553)	10,608
Interest income and other financial items		4,677	4,693
Interest and other finance expenses		(2,811)	(5,491)
Net financial items		(687)	9,810
Income before tax	11	35,138	36,909
Income tax		2,591	(8,032)
Net income		37,730	28,878

BALANCE SHEET STATOIL ASA - NGAAP

(in NOK million)	Note	At 31 December 2010	At 31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	12	5,096	4,771
Intangible assets		15	29
Investments in subsidiaries and equity accounted investments	13	267,687	258,239
Deferred tax assets	11	3,978	2,722
Pension assets	20	5,087	2,665
Financial assets	14	1,490	1,296
Receivables from subsidiaries	14	88,346	47,651
Total non-current assets		371,699	317,373
Current assets			
Inventories	15	15,021	11,976
Trade and other receivables	16	45,221	32,053
Receivables from subsidiaries		40,915	44,726
Current tax receivable	11	389	109
Derivative financial instruments	3	1,645	763
Financial investments	14	5,230	1,905
Cash and cash equivalents	17	18,131	14,460
Total current assets		126,552	105,992
TOTAL ASSETS		498,251	423,365

BALANCE SHEET STATOIL ASA - NGAAP

(in NOK million)	Note	At 31 December 2010	At 31 December 2009
EQUITY AND LIABILITIES			
Equity			
Share capital		7,972	7,972
Treasury shares		(18)	(15)
Additional paid-in capital		17,330	17,330
Retained earnings		107,706	98,060
Reserves for valuation variances		61.935	51,523
Total equity	18	194,925	174,870
Non-current liabilities			
Financial liabilities	19	90,301	80,129
Derivative financial instruments	3	1,228	1,443
Liabilities to subsidiaries		63	50
Pension liabilities	20	21,497	20,682
Provisions and other liabilities	21	1,102	1,048
Total non-current liabilities		114,191	103,352
Current liabilities			
Trade and other payables	22	32,129	25,466
Current tax payable	11	0	3,668
Financial liabilities	23	8,450	7,386
Derivative financial instruments	3	571	1,658
Dividends payable		19,890	19,100
Liabilities to subsidiaries		128,095	87,865
Total current liabilities		189,135	145,143
Total liabilities		303,326	248,495
TOTAL EQUITY AND LIABILITIES		498,251	423,365

STATEMENT OF CASH FLOWS

(in NOK million)	For the year ended 31 December 2010	2009
OPERATING ACTIVITIES		
Income before tax	35,138	36,909
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortisation and net impairment losses	796	814
(Gains) losses on foreign currency transactions and balances	1,589	397
(Gains) losses on sales of assets and other items	(10,384)	(12,963)
Changes in working capital (other than cash and cash equivalents):		
· (Increase) decrease in inventories	(3,045)	(6,185)
· (Increase) decrease in trade and other receivables	(13,168)	12,416
· Increase (decrease) in trade and other payables	6,855	(3,165)
· Increase (decrease) in receivables/liabilities to/from subsidiaries	2,916	13,589
· (Increase) decrease in current financial investments	(3,325)	711
· (Increase) decrease in net financial derivative instruments	(2,184)	(11,449)*
Taxes paid	(2,928)	(27,772)
(Increase) decrease in non-current items related to operating activities	2,290	(6,852)*
Cash flows provided by operating activities	14,550	(3,550)
INVESTING ACTIVITIES		
Cash flows provided by (used in) investing activities	(4,371)**	21,639
FINANCING ACTIVITIES		
New non-current loans	11,579	46,312
Repayment of non-current loans	(2,774)	(4,536)
Dividend paid	(19,095)	(23,085)
Treasury shares purchased	(294)	(343)
Net current loans, bank overdrafts and other	951	(6,369)
Increase (decrease) in financial receivables and payables to/from subsidiaries	2,926	(20,788)
Cash flows provided by (used in) financing activities	(6,707)	(8,809)
Net increase (decrease) in cash and cash equivalents	3,472	9,280
Effect of exchange rate changes on cash and cash equivalents	199	(1,092)
Cash and cash equivalents at the beginning of the period	14,460	6,272
Cash and cash equivalents at the end of the period	18,131	14,460
Interest paid	2,172	2,522
Interest received	1,131	3,007

*Reclassification between the indicated line items of NOK 1,443 million for the year ended 31 December 2009 has been made in order to be consistent with the classification for the year ended 31 December 2010. The reclassification did not impact the Cash flow provided by operations and was deemed immaterial to the previously issued financial statements.

**Including net cash of NOK 5,195 million received from non-controlling interests related to the listing of Statoil's subsidiary Statoil Fuel and Retail ASA as a separate company on the Oslo Stock Exchange on 22 October 2010. For more information see note 18 *Equity and shareholders.*

Notes to the Financial statements for Statoil ASA

1 Organisation and basis of presentation

Statoil ASA, originally Den Norske Stats Oljeselskap AS, was founded in 1972 and is incorporated and domiciled in Norway.

Effective 1 October 2007, Statoil ASA merged with the oil and gas activities of Norsk Hydro ASA (Hydro Petroleum), and the company's name changed to StatoilHydro ASA. As of 1 November 2009 the name was changed back to Statoil ASA. The address of its registered office is Forusbeen 50, N-4035 Stavanger, Norway.

Statoil ASA's business consists principally of the exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, and other forms of energy. The activities are also carried out through participation in or cooperation with other companies.

Statoil ASA is listed on the Oslo Stock Exchange (Norway) and the New York Stock Exchange (USA).

With effect from 1 January 2009, Statoil ASA transferred the ownership of its net assets on the Norwegian continental shelf (NCS) to Statoil Petroleum AS, a 100% owned operating subsidiary. Following the transfer, all the Statoil group's NCS net assets are owned by Statoil Petroleum AS.

As a result of the Statoil group internal reorganisation, the nature of Statoil ASA's operations and transactions were changed so that its functional currency also changed from NOK to USD effective as of the same date and with prospective effect.

The presentation currency for Statoil ASA is NOK.

2 Significant accounting policies

Statement of compliance
The financial statements of Statoil ASA ("the company") are prepared in accordance with the Norwegian Accounting Act of 1998 and good accounting practice (NGAAP).

Basis of preparation
The financial statements are prepared on the historical cost basis with some exceptions, as detailed in the accounting policies set out below. These policies have been applied consistently to all periods presented in these financial statements.

The Statement of cash flows has been prepared in accordance with the indirect method.

Subsidiaries, associated companies and jointly controlled entities
Shareholdings and interests in subsidiaries, associated companies (companies in which Statoil ASA does not have control, or joint control, but has the ability to exercise significant influence over operating and financial policies; generally when the ownership share is between 20 and 50%) and jointly controlled entities are accounted for using the equity method.

Expenses related to the Statoil group as operator of jointly controlled assets
Indirect operating expenses incurred by the company, such as personnel expenses, are accumulated in cost pools. Such expenses are allocated in part on an hours incurred cost basis to Statoil Petroleum AS and to licences where Statoil Petroleum is operator. Costs allocated to Statoil Petroleum and Statoil group jointly controlled assets (licences) in this manner reduce the expenses in the company's Statement of income.

Asset transfers between Statoil ASA and its subsidiaries
Transfers of assets and liabilities between Statoil ASA and entities directly or indirectly controlled by Statoil ASA are accounted for at the carrying amounts of the assets and liabilities transferred.

Foreign currency translation
Transactions in foreign currencies (currencies other than Statoil ASA's functional currency, which from 1 January 2009 is USD) are translated to USD at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to USD at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Statement of income. Non-monetary assets that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Revenue recognition
Revenues associated with sale and transportation of crude oil, petroleum and chemical products, and other merchandise are recorded when title and risk pass to the customer, which normally is at the point of delivery of the goods based on the contractual terms of the agreements.

Sales and purchases of physical commodities, which are not settled net, are presented on a gross basis as Revenues and Purchases [net of inventory variation] in the Statement of income. Activities related to the trading of commodity based derivative instruments are reported on a net basis, with the margin included in Revenues.

Transactions with the Norwegian State and with Statoil Petroleum AS
Statoil ASA markets and sells the Norwegian State's and Statoil Petroleum's share of oil and gas production from the Norwegian continental shelf (NCS). The Norwegian State's participation in petroleum activities is organised through the State's direct financial interest (SDFI). All purchases and sales of SDFI's and Statoil Petroleum AS' oil production are classified as Purchases [net of inventory variation] and Revenues, respectively. Statoil ASA sells, in its own name, but for the Norwegian State's and Statoil Petroleum AS' account and risk, the state's and Statoil Petroleum AS' production of natural gas. This sale and related expenditures refunded by the State and by Statoil Petroleum AS are recorded net in Statoil ASA's financial statements.

Employee benefits
Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of Statoil ASA. The accounting policy for pensions and share-based payments is described below.

Share-based payments
The company operates an employee bonus share program. The cost of equity-settled transactions (bonus share awards) with employees is measured by reference to the estimated fair value at the date at which they are granted and is recognised as an expense over the average vesting period of 2.5 years. The awarded shares are accounted for as salary expense and recognised as an equity transaction (included in additional paid-in capital).

Research and development
Research and development costs which are expected to generate probable future economic benefits are capitalised as intangible assets if, and only if, all of the following have been demonstrated: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; the ability to reliably measure the expenditure attributable to the intangible asset during its development. All other research and development expenditure is expensed as incurred.

Subsequent to initial recognition, capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.

Income tax
Income tax in the Statement of income for the year comprises current and deferred tax expense. Income tax is recognised in the Statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually certain amount for assets to be received (disputed tax positions for which payment has already been made) in each case is recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recognised in the period in which they are earned or incurred, and are presented as financial items in the Statement of income.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable profits, convincing evidence is required, taking into account the existence of contracts, observable prices in active markets, expected volatility of trading profits and similar facts and circumstances.

Property, plant and equipment
Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of a decommissioning obligation, if any, and, for qualifying assets, borrowing costs.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised. Inspection and overhaul costs associated with major maintenance programs are capitalised and amortised over the period to the next inspection. All other maintenance costs are expensed as incurred.

Depreciation is calculated on the basis of the assets' estimated useful lives, normally using the straight-line method. Each part of an item of Property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The estimated useful lives of Property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in Other income or Operating expenses, respectively, in the period the item is derecognised.

Leases

Leases in terms of which the company assumes substantially all the risks and rewards of the ownership are reflected as finance leases within Property, plant and equipment and Financial liabilities. All other leases are classified as operating leases and the costs are recognised as operating expenses on a straight line basis over the lease term, unless another basis is more representative of the benefits of the lease to the company.

Finance lease assets are reflected at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, and subsequently reduced by accumulated depreciation and impairment losses, if any. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term using the depreciation methods described under Property, plant and equipment above, depending on the nature of the leased asset.

The company distinguishes between leases, which imply the right to use a specific asset for a period of time, and capacity contracts, which confer on the company the right to and the obligation to pay for certain capacity volume availability related to transport, terminalling, storage etc. Such capacity contracts that do not involve specified single assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered by the company to qualify as leases for accounting purposes. Capacity payments are reflected as Operating expenses in the Consolidated statements of income in the period for which the capacity contractually is available to the company.

Financial assets

Financial assets representing loans and receivables are carried at amortised cost using the effective interest method. Trading securities classified as current financial investments are recognised at fair value with gains and losses reflected in the Statement of income.

Trade and other receivables are carried at the original invoice amount, less a provision for doubtful receivables, which is made when there is objective evidence that the company will be unable to recover the balances in full.

Financial assets are presented as current if they contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if they are financial instruments held for the purpose of being traded. Other financial assets expected to be recovered more than 12 months after the balance sheet date are classified as non-current.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses.

Derivative financial instruments

The following accounting policies are applied for the principal financial instruments and commodity-based derivatives:

Currency swap agreements

Currency swaps are recognised at fair value in the balance sheet and changes in fair value are recognised in the Statement of income.

Interest rate swap agreements

Interest rate swap agreements are valued according to the lower of cost or market principle.

Commodity-based derivatives

Commodity-based derivatives traded on organised exchanges are valued at fair market value and the resulting gains and losses are recognised in the Statement of income. Other commodity-based derivatives are valued according to the lower of cost or market principle.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and all other monetary instruments with three months or less to maturity at the date of purchase.

Impairment

Impairment of property, plant and equipment

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped based on levels with separately identifiable and largely independent cash inflows.

In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently the recoverable amount of an asset proves to be the company's estimated value in use, which is determined using a discounted cash flow model. In performing a value in use-based impairment test, the estimated future cash flows are adjusted for risks specific to the asset and discounted using a real post-tax discount rate based on the company's post tax weighted average cost of capital (WACC).

If assets are determined to be impaired, the carrying amounts of those assets are written down to the recoverable amount which is the higher of fair value less costs to sell and value in use.

Impairments are reversed as applicable to the extent that conditions for impairment are no longer present.

Impairment of financial assets
The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss has been incurred for assets carried at amortised cost, the carrying amount of the asset is reduced with the amount of loss recognised in the Statement of income.

Any subsequent reversal of an impairment loss is recognised in the Statement of income.

Financial liabilities
Interest-bearing loans and borrowings are initially recognised at cost and subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs as well as discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in Interest income and other financial items and Interest and other finance expenses.

Financial liabilities are presented as current if the liability is due to be settled within 12 months after the balance sheet date, or if they are financial instruments held for the purpose of being traded. Other financial liabilities which contractually will be settled more than 12 months after the balance sheet date are classified as non-current.

Pension liabilities
Statoil ASA has pension plans that provide employees with a defined pension benefit upon retirement. The benefit to be received by employees generally depends on many factors including length of service, retirement date and future salary increases.

The company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date reflecting the maturity dates approximating to the terms of the company's obligations. The calculation is performed by an external actuary. Current service cost is an element of net periodic pension cost and recognised in the Statement of income.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the Statement of income as a part of the net periodic pension cost.

Net periodic pension cost is charged in part to Statoil Petroleum and to licences on the Norwegian Continental Shelf on an hours incurred basis. The remaining pension cost is recognised in the company's Statement of income based on the function of the cost.

Past service cost is recognised immediately when the benefits become vested or on a straight-line basis until the benefits become vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resulting gain or loss is recognised in the Statement of income during the period in which the settlement or curtailment occurs.

Actuarial gains and losses are recognised in full in the company's retained earnings in the period in which they occur. Due to Statoil ASA's functional currency being USD, the significant part of the company's pension obligations will be payable in a foreign currency (ie. NOK). Actuarial gains and losses as a consequence include the impact of exchange rate fluctuations.

Provisions and contingent assets and liabilities
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expenses.

Contingent liabilities arising from past events and for which it is not probable that an outflow of resources will be required to settle the obligation, if any, are not recognised, but disclosed with indication of uncertainties relating to amounts and timing involved, unless the possibility of an outflow in settlement is remote.

Possible assets arising from past events that will only be confirmed by future uncertain events and are not wholly within the control of the company (contingent assets), are not recognised, but are disclosed when an inflow of economic benefits is probable. The asset and related income are subsequently recognised in the financial statements in the period in which the inflow of economic benefits become virtually certain.

Onerous contracts
The company recognises as provisions the obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received in relation to the contract. A contract which forms an integral part of the operations of a cash-generating-unit whose assets are dedicated to that contract, and for which the economic benefits cannot be reliably separated from those of the cash-generating-unit, is included in impairment considerations for the applicable cash-generating unit.

Trade and other payables
Trade and other payables are carried at payment or settlement amounts.

Use of estimates
Preparation of the financial statements requires the company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingencies. Actual results may ultimately differ from the estimates and assumptions used.

The nature of Statoil's operations, and the many countries in which Statoil operates, are subject to changing economic, regulatory and political conditions. Statoil does not believe it is vulnerable to the risk of a near-term severe impact as a result of any concentration of its activities.

3 Financial risk management and derivatives

Financial risks
Statoil ASA's activities expose the company to the following financial risks:

- Market risk (including commodity price risk, currency risk and interest rate risk)
- Credit risk
- Liquidity risk

Market risk
Statoil ASA operates in the worldwide crude oil, refined products, natural gas, and electricity markets and is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates, interest rates, and electricity prices that can affect the revenues and costs of operating, investing and financing.

Statoil ASA has established guidelines for entering into derivative contracts in order to manage the commodity price, foreign currency rate, and interest rate risk. Statoil ASA use both financial and commodity-based derivatives to manage the risks in revenues and the present value of future cash flows.

Commodity price risk
Commodity price risk constitutes Statoil ASA's most important market risk and is monitored everyday against established mandates as defined by our governing policies. To manage the commodities price risk Statoil ASA enters into commodity based derivative contracts, including futures, options, over-the-counter (OTC) forward contracts, market swaps and contracts for differences related to crude oil, petroleum products, natural gas and electricity.

Derivatives associated with crude oil and refined oil products are traded mainly on the InterContinental Exchange (ICE) in London, the New York Mercantile Exchange (NYMEX), the OTC Brent market, and in crude and refined products swaps markets. Derivatives associated with natural gas and electricity are mainly OTC physical forwards and options, NASDAQ OMX Oslo (formerly Nordpool) forwards, and futures traded on the NYMEX and ICE.

The term of oil and refined oil products derivatives is usually less than one year and the term for natural gas and electricity derivatives is usually three years or less.

Currency risk
In addition to price developments Statoil ASA's operating results and cash flows are affected by foreign currency fluctuations of the most significant currencies, NOK, EUR and GBP, against USD.

Foreign exchange risk is managed at corporate level in accordance with policies and mandates.

Statoil ASA's cash flows derived from oil and gas sales, operating expenses and capital expenditures, are mainly in USD, but taxes and dividends are in NOK. Accordingly, the entity's currency management is primarily linked to secure tax and dividend payments in NOK. This means that the entity regularly purchase substantial NOK amounts on a forward basis using conventional derivative instruments.

At the end of 2010 and 2009 the following currency risk sensitivities have been calculated by assuming a 12% change in the foreign currency exchange rates.

(in NOK million)	EUR	GBP	CAD	NOK	SEK	DKK
At 31 December 2010						
Net gains/(losses) (12% sensitivity)	(814)	(388)	(5)	10,942	88	39
Net gains/(losses) (-12% sensitivity)	814	388	5	(10,942)	(88)	(39)
At 31 December 2009						
Net gains/(losses) (12% sensitivity)	(765)	309	(309)	8,502	(68)	(32)
Net gains/(losses) (-12% sensitivity)	765	(309)	309	(8,502)	68	32

Interest rate risk

Statoil ASA has assets and liabilities with variable interest rate that expose the entity to cash flow risk caused by market interest rate fluctuations. The entity enters into interest rate derivatives, particularly interest rate swaps, to alter interest rate exposures, to lower expected funding costs over time and to diversify sources of funding. By using the fixed interest rate debt market when issuing new debt and at the same time altering the interest rate exposure by entering into interest rate swaps, funding sources become more diversified than by only being able to use the US floating rate debt market.

Statoil ASA principally manages the entity's interest rates by converting a portion of cash flows from the long-term debt portfolio issued with fixed coupon rates into floating rate interest payments. Bonds are normally issued at fixed rates in local currency (JPY, EUR, CHF, GBP and USD). These bonds are converted to floating USD bonds by using interest rate- and currency swaps. Statoil ASA's interest rate policy includes a mandate to keep a portion of the long term debt at fixed interest rates. For more detailed information about Statoil ASA's long term debt-portfolio see note 19 *Non-current financial liabilities.*

For the interest rate risk sensitivity a decline of 0.5 percentage point and an increase of 1.5 percentage point in the interest rates have been used in the calculation for 2010. For 2009 a 1.5 percentage point change was assumed. A decline in the interest rates result in a gain while increased interest rates result in a loss. Included in the interest rate sensitivity are changes in fair value of interest rate derivative financial instruments currently recognised at fair value in the balance sheet since the fair value are lower than the cost price for the instruments at year end 2010 and 2009. When the interest rate decline the fair value of these instruments will be higher than the cost price and therefore the full change in fair value due to an interest rate decline will not be recognised in the statement of income. The estimated gains and losses that would impact Statoil ASA's income statement are presented in the following table.

(in NOK million)	Gains	Losses
At 31 December 2010		
Interest rate risk (-0.5 percentage point sensitivity)	602	
Interest rate risk (1.5 percentage point sensitivity)		(1,805)
At 31 December 2009		
Interest rate risk (1.5 percentage point sensitivity)	2,106	(2,476)

Credit risk

Credit risk is the risk that Statoil ASA's customers or counterparties will cause the entity financial loss by failing to honour their obligations. Credit risk arises from credit exposures with customer accounts receivables as well as from financial investments, derivative financial instruments and deposits with financial institutions.

Key elements of the credit risk management approach include:

- A global credit risk policy
- Credit mandates
- Internal credit rating process
- Credit risk mitigation tools
- A continuous monitoring and managing of credit exposures

Prior to entering into transactions with new counterparties, the credit policy requires all counterparties to be formally identified and approved. In addition all sales, trading and financial counterparties are assigned internal credit ratings as well as exposure limits. Once established, all counterparties are re-assessed at a minimum annually and continuously monitored. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial and other relevant business information. In addition, Statoil ASA evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect Statoil ASA's assessment of the counterparties' credit risk. Exposure limits are determined based on assigned internal credit ratings combined with other factors, such as expected transaction and industry characteristics. Credit mandates define acceptable credit risk thresholds and are endorsed by management and regularly reviewed with regard to changes in market conditions.

Statoil ASA uses risk mitigation tools to reduce or control credit risk both on a counterparty and portfolio level. The main tools include bank and parental guarantees, prepayments and cash collateral. For bank guarantees only investment grade international banks are accepted as counterparties.

Statoil ASA has pre-defined limits for the minimum average credit rating allowed at any given time on the group portfolio level as well as maximum credit exposures for individual counterparties. Statoil ASA monitors the portfolio on a regular basis and individual exposures versus limits on a daily basis. The total credit exposure portfolio of Statoil ASA is geographically diversified among a number of counterparties within the oil and energy sector, as well as larger oil and gas consumers and financial counterparties. The majority of the entity's credit exposure is with investment grade counterparties.

The following table contains the carrying amount of Statoil ASA's derivative financial instruments, except for exchange traded derivative financial instruments, split by our assessment of the counterparty's credit risk.

	At 31 December	
(in NOK million)	2010	2009
Investment grade, rated A or above	1,561	516
Other investment grade	0	0
Non investment grade or not rated	30	88
Total	1,591	604

As of 31 December 2010 cash was held as collateral to mitigate a portion of Statoil ASA's credit exposure.

Liquidity risk

Liquidity risk is the risk that Statoil ASA will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity and current liability management is to make certain that Statoil ASA has sufficient funds available at all times to cover its financial obligations.

Liquidity and funding are managed at the corporate level, ensuring adequate liquidity to cover group operational requirements. The challenging market conditions during the last couple of years have led to an increased focus and attention on credit and liquidity risk throughout Statoil's entire organisation. In order to secure necessary financial flexibility, which includes meeting Statoil ASA's financial obligations, Statoil ASA maintains what it believes to be a conservative liquidity management policy. To secure financial flexibility and identify future long-term financing needs, Statoil carries out three-year cash forecasts at least monthly.

Statoil ASA's operating cash flows are significantly impacted by the volatility in the oil and gas prices. During 2010 the overall liquidity position remained strong. Statoil ASA's policy for managing liquidity was updated in 2010, in that the minimum required cash level was increased.

The main cash outflows are the annual dividend payment and the Norwegian Petroleum Tax payments six times per year. If the monthly cash flow forecast shows that the liquid assets one month after tax- and dividend payments will fall below the defined policy level, new long-term funding will be considered.

For information about Statoil ASA's non-current financial liabilities, see note 19 *Non-current financial liabilities*.

Mainly all of Statoil ASA's financial liabilities related to derivative financial instruments, both exchange traded and non-exchange traded commodity-based derivatives together with financial derivatives, with the exception of some interest rate derivatives classified as non-current in the balance sheet, fall due within one year, based on the underlying delivery period of the contracts included in the portfolio. The interest rate derivatives classified as non-current in the balance sheet fall due from 2012 till 2031.

Fair value measurement of derivative financial instruments

Statoil ASA measures derivative financial instruments at fair value if the instruments are part of a trading portfolio and traded at an authorised exchange. This might typically be for forward contracts traded at the Nordic electricity exchange NASDAQ OMX Oslo (formaly Nordpool). Other derivative financial instruments are recognised in the balance sheet at the lowest of the cost price and the fair value. Changes in the carrying value of the derivative financial instruments are recognised in the Statements of income either within Revenues or within the Net financial items. Statoil ASA's portfolio of derivative financial instruments consists of commodity based derivative contracts as well as interest rate and foreign exchange rate derivative instruments.

The following table contains the estimated fair values and the net carrying amounts of Statoil ASA's derivative financial instruments except for the interest rate derivatives and the cross currency interest rate derivatives where the table only contains the fair value adjustments while the accrued interests are presented within Current financial liabilities and the currency revaluations are presented within Non-current financial liabilities.

(in NOK million)	Fair value of assets	Fair value of liabilities	Net fair value
At 31 December 2010			
Foreign currency instruments	1,462	(269)	1,193
Interest rate instruments	0	(1,235)	(1,235)
Crude oil and refined products	0	0	0
Natural gas and electricity	183	(295)	(112)
Total	1,645	(1,799)	(154)
At 31 December 2009			
Foreign currency instruments	297	(855)	(558)
Interest rate instruments	0	(1,455)	(1,455)
Crude oil and refined products	306	(588)	(282)
Natural gas and electricity	160	(203)	(43)
Total	763	(3,101)	(2,338)

In addition to the fair value of financial derivative instruments recognised in the balance sheet, Statoil ASA has entered into interest rate swap and cross currency swap agreements where the fair value at year end 2010 and 2009 was higher than the cost, hence the fair value adjustments related to these agreements are not recognised in the balance sheet. At 31 December 2010 the fair value adjustments not recognised were NOK 5.0 billion. By end of 2009 the fair value adjustments not recognised were NOK 3.1 billion.

When determining the fair value of the derivative financial instruments, Statoil ASA uses prices quoted in an active market to the extent possible. When this is not available, Statoil ASA uses inputs that either directly or indirectly are observable in the market as a basis for valuation techniques such as discounted cash flow analysis or pricing models.

The following table summarises the basis for Statoil ASA's fair value measurement for all financial derivative instruments recognised in Statoil ASA's balance sheet. For the interest rate derivatives and the cross currency interest rate derivatives the table only contain the fair value adjustments.

(in NOK million)	Current derivative financial instruments assets	Non-current derivative financial instruments liabilities	Current derivative financial instruments liabilities	Net fair value
At 31 December 2010				
Fair value based on prices quoted in an active market for identical assets or liabilities (Level 1)	0	0	0	0
Fair value based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability (Level 2)	1,645	(1,228)	(571)	(154)
Fair value based on unobservable inputs (Level 3)	0	0	0	0
Total fair value	1,645	(1,228)	(571)	(154)
At 31 December 2009				
Fair value based on prices quoted in an active market for identical assets or liabilities (Level 1)	0	0	0	0
Fair value based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability (Level 2)	763	(1,443)	(1,658)	(2,338)
Fair value based on unobservable inputs (Level 3)	0	0	0	0
Total fair value	763	(1,443)	(1,658)	(2,338)

Level 1, fair value based on prices quoted in an active market for identical assets or liabilities, refers to the fair value of financial instruments actively traded where the values recognised in Statoil ASA's balance sheet are determined based on observable prices on identical instruments. This category will in most cases only be relevant for investments in listed equity securities or goverment bonds.

Level 2, fair value based on inputs other than quoted prices included within Level 1, which are derived from observable market transactions, includes Statoil ASA's non-standardised contracts which fair values are determined on the basis of price inputs that are from observable market transactions. This will typically be when Statoil ASA uses forward prices on crude oil, natural gas, interest rates, and foreign exchange rates as inputs into valuation models to determining the fair value of its derivative financial instruments.

Level 3, fair value based on unobservable inputs, refers to fair values calculated based on input and assumptions that are not from observable market transactions. The fair values presented in this category will mainly be based on internal assumptions. The internal assumptions are only used due to the absence of quoted price from an active market or other observable price inputs for the financial instruments subject to the valuation.

4 Business developments

In 2008 Statoil ASA acquired certain oil and gas production assets, with a carrying amount of NOK 9.1 billion, and related deferred tax liabilities, with a carrying amount of NOK 4.0 billion, from the wholly owned subsidiary Statoil Petroleum AS. The aquired net assets were transferred at their carrying amounts. The same assets were transferred back to Statoil Petroleum AS effective 1 January 2009, as part of the reorganisation described in note 1 *Organisation and basis of presentation*. This transaction was accounted for as an equity transaction with no gain or loss recognition.

5 Revenues

In presenting information on the basis of geographical areas, revenue from external customers is attributed to countries from which Statoil ASA derives revenues.

Revenues by counterparties

(in NOK million)	2010	2009
Norway	32,404	24,082
Europe	213,787	173,978
North America	76,041	88,705
Other	62,190	26,429
Revenues	384,422	313,194

(in NOK million)	2010	2009
Revenues third party	318,033	252,624
Intercompany revenues	66,389	60,570
Revenues	384,422	313,194

6 Remuneration

(in NOK million, except average work-year)	2010	2009
Salaries*	15,807	14,344
Pension costs	3,742	3,119
Payroll tax	2,428	2,404
Other compensations	1,760	1,661
Total	23,737	21,528
Average number of work-years	17,583	17,050

*Salaries are inclusive reimbursement from the The Norwegian Labour and Welfare Administration.

Management remuneration in 2010 (in NOK thousand)

Members of Corporate Executive Committee	Fixed remuneration Base pay 1)	Fixed remuneration LTI 2)	Bonus	Taxable benefits in kind	Taxable reimburse-ments	Taxable salary	Non-taxable benefits in kind	Non-taxable reimburse-ments	Non-taxable salary	Total remune-ration	Estimated pension cost 3)	Estimated present value of pension obligation
Lund Helge (CEO)	6,841	1,937	1,670	533	16	10,997	492	25	517	11,514	3,973	30,202
Bjørnson Rune (Executive vice president (E.V.P., Natural Gas)	2,964	654	483	249	14	4,364	0	29	29	4,393	767	22,179
Jacobsen Jon Arnt (E.V.P, Manufacturing & Marketing)	3,023	686	512	165	14	4,400	0	27	27	4,427	1,398	18,431
Mellbye Peter (E.V.P, International Exploration & Production)	3,804	833	622	327	22	5,608	0	35	35	5,643	1,339	37,898
Sætre Eldar (CFO)	3,119	734	609	326	22	4,810	172	19	191	5,001	870	28,018
Øvrum Margareth (E.V.P, Technology & New Energy)	3,150	712	531	126	9	4,528	0	48	48	4,576	902	27,875
Nes Helga (E.V.P, Staff functions & corporate services)	2,286	562	364	169	0	3,381	181	8	189	3,570	684	19,023
Michelsen Øystein (E.V.P, Exploration & Production Norway)	3,324	766	507	209	9	4,815	303	25	328	5,143	749	23,412
Myrebø Gunnar (E.V.P, Projects & Procurement)	2,567	587	351	63	7	3,575	305	12	317	3,892	732	28,350
Total	31,078	7,471	5,649	2,167	113	46,478	1,453	228	1,681	48,159	11,414	235,388

1) Base pay consists of base salary, holiday allowance and any other administrative benefits.
2) Fixed long-term incentive (LTI) element. The LTI implies an obligation to invest the net amount in Statoil shares. A lock-in period of 3 years applies for the investment.
3) Pension cost is calculated based on actuarial assumptions and pensionable salary at 31 December 2009 and will be recognised as pension cost in the Statement of Income in 2010. Payroll tax is not included.

Board of directors remuneration in 2010 (in NOK thousand)

Members of the board	Position	Board remuneration	Audit committee	Compensation committee	HSEE committee*	Total remuneration
Svein Rennemo	Chair of the board	606	0	66	0	672
Marit Arnstad	Deputy chair	385	82	0	0	467
Elisabeth Grieg***	Board member	204	0	51	0	255
Kjell Bjørndalen***	Board member	204	0	51	0	255
Grace Reksten Skaugen	Board member	308	0	93	0	401
Roy Franklin	Board member	475	156	0	0	631
Jakob Stausholm	Board member	308	129	0	0	437
Bjørn Tore Godal**	Board member	105	0	8	0	113
Barbara Singer Judge**	Board member	143	31	0	0	174
Lill-Heidi Bakkerud	Board member	308	0	0	0	308
Morten Svaan	Board member	308	112	0	0	420
Einar Arne Iversen	Board member	308	0	0	0	308
Geir Nilsen****	Deputy member	0	0	0	0	0
Total		3,662	510	269	0	4,441

* The HSEE committee was established in 2010, but no fees were paid
** Member since 1 September 2010
*** Member until 31 August 2010
**** Deputy member of the board of directors

Statement on remuneration and other employment terms for Statoil's corporate executive committee

In accordance with the Norwegian Companies Act § 6-16 a), the board has the intention to present the following statement regarding remuneration of Statoil's corporate executive committee to the 2011 annual general meeting:

1. Remuneration policy and concept for the accounting year 2011

1.1 Policy and principles

The company's established remuneration principles and concepts will be continued in the accounting year 2011.

Statoil's remuneration policy is strongly linked to the company's people policy and core values. Certain key principles have been adopted for the design of the company's remuneration concept.

The remuneration concept is an integrated part of our values based performance framework and shall:

- reflect our global competitive market strategy and local market conditions
- strengthen the common interests of people in the Statoil group and its shareholders
- be in accordance with statutory regulations and good corporate governance
- be fair, transparent and non-discriminatory
- reward and recognise delivery and behaviour equally
- differentiate on the basis of responsibilities and performance, and
- reward both short- and long-term contributions and results.

Rewards and recognition are designed to attract and retain the right people - people who perform, change and learn. The overall remuneration level and composition of the total reward reflect the national and international framework and business environment Statoil operates within.

1.2 The decision-making process

The decision-making process for implementing or changing remuneration policies and concepts, and the determination of salaries and other remuneration for corporate executive committee, are in accordance with the provisions of the Companies Act paragraphs 5-6, 6-14, 6-16 a) and the board's Rules of Procedures last amended 10 February 2010.

The board of directors has appointed a separate compensation committee. The compensation committee is a preparatory body for the board on issues relating to the terms of employment for Statoil's chief executive officer and the main principles and strategy for the remuneration and leadership development of senior executives in Statoil. The board of directors decides the salary and other terms of employment for the chief executive officer.

1.3 The remuneration concept for the corporate executive committee

Statoil's remuneration concept for the corporate executive committee consists of the following main elements:

- Fixed remuneration
- Variable pay
- Pensions and insurance schemes
- Severance pay arrangements
- Other benefits

Certain deviations from the general principles outlined below for two members of the corporate executive committee are described in section 2.2 below.

Fixed Remuneration

Fixed remuneration consists of base salary and a long-term incentive system.

Base salary

The base salary shall be competitive in the markets in which we operate and shall reflect the individual's responsibility and performance. The evaluation of performance is based on fulfilment of certain pre-defined goals; refer to "Variable pay" below. The base salary is normally reviewed once a year.

Long Term Incentive (LTI)

Statoil will continue with the established long-term incentive system for the members of the corporate executive committee and a limited number of other senior executives.

The long-term incentive system is a fixed, monetary compensation paid subject to acquiring Statoil shares. It is calculated as a percentage of the participant's base salary; ranging from 20% to 30% depending on the participant's position. The participant is obliged to use the LTI amount (after tax deduction) to buy Statoil shares in the market every year and to hold the shares for a lock-in period of three years.

The long-term incentive system aims to ensure that Statoil's management is holding Statoil shares and contributes to strengthening the common interests between top management and the shareholders of Statoil. The long-term incentive and the annual variable pay system constitute a remuneration concept which focuses both on short- and long-term goals and results

Variable pay

The company's variable pay concept will also be continued in 2011. Based on performance, the chief executive officer is entitled to an annual variable pay of 25% of the fixed remuneration if agreed targets are reached and, if agreed targets are exceeded, the chief executive officer may receive between 25% and 50% of his fixed remuneration. The scheme has a maximum potential of 50% of the fixed remuneration. The executive vice presidents have an annual variable pay scheme with a maximum potential of 40% of the fixed remuneration with a pay out at 20% if agreed targets are reached.

The effect of remuneration policies on risk

The remuneration concept is an integrated part of Statoil's performance management system. It is an overarching principle that there should be a close link between performance and remuneration.

Individual salary and annual variable pay review shall be based on the performance evaluation in the performance management system. Participation in the long-term incentive (LTI) scheme and the size of the annual LTI element are related to the position level and aims to ensure that our top management holds Statoil shares.

The goals that form the basis for the performance assessment are established between the manager and the employee as part of our performance management process. The performance goals have two dimensions: delivery and behaviour, which are equally weighted. Delivery goals are established for each of the five perspectives; HSE, operations, market, finance and people and organisation. In each perspective, longer-term strategic objectives and shorter-term targets and key performance indicators (KPI) are set, as well as an agreed set of actions to be taken. Behaviour goals are based on Statoil's core values and leadership principles. They address the behaviour required and expected in order to achieve our delivery goals.

The performance evaluation is a holistic evaluation combining measurement and assessment of performance against both delivery and behaviour goals. The KPIs are used as *indicators* only. Hence, sound judgement and hindsight information are applied before final conclusions are drawn. For example, KPI results are reviewed against their strategic contribution, sustainability and significant changes in assumptions.

This balanced scorecard approach, which involves a broad set of goals defined in relation to both the delivery and behaviour dimensions and an overall performance evaluation, should significantly reduce the risk that remuneration policies stimulate excessive risk-taking or have other material adverse effects.

In the performance contracts of the chief executive officer and the chief financial officer, one of several goals is related to the company's relative total shareholder return (TSR). The amount of the annual variable pay is decided on the basis of an overall assessment of performance in relation to various targets, including but not limited to the company's relative TSR.

Pension and insurance schemes
Statoil's general pension plan is a defined benefit arrangement with a pension level amounting to 66% of the pensionable salary provided at least 30 years service period. Pension from the national insurance scheme is taken into account when the pension is estimated. The general retirement age is 67 years, for offshore employees 65 years.

The pension schemes for members of the corporate executive committee including the chief executive officer are supplementary agreements to the company's general pension plan.

The chief executive officer is under specific terms according to his pension agreement of 7 March 2004, entitled to a pension amounting to 66% of pensionable salary and a retirement age of 62. The full service period is 15 years.

Two of the executive vice presidents have individual pension terms according to a previous standard arrangement decided October 2006. These executives are entitled, under specific terms, to a pension amounting to 66% of pensionable salary and a retirement age of 62 years. When calculating the number of years of membership in Statoil's general pension plan, these agreements grant the right to an extra period corresponding to half a year of extra membership for each year the person has served the company as an executive vice president.

One of the executive vice presidents is entitled, under specific terms, to a pension amounting to 66% of pensionable salary and a retirement age of 62 years.

The individual pension terms for executive vice presidents outlined above are results of commitments according to previous standard arrangements terminated in 2007.

Statoil presently applies a retirement age of 65 years and an early retirement pension level amounting to 66% as the general model for executive vice presidents.

In addition to the pension benefits outlined above the executive vice presidents are offered other benefits in accordance with Statoil's general pension plan including pension from the age of 67 based on the defined benefit arrangement.

Members of the corporate executive committee are covered by the general insurance schemes applicable within Statoil.

Severance pay arrangements
If the board of directors gives the chief executive officer notice of termination of employment, he shall be entitled to severance pay corresponding to 24 months of base salary. The severance pay shall be calculated as from the expiry of the notice period of six months. The same amount of severance pay shall also be paid if the parties agree that the employment should be discontinued and the chief executive officer gives notice pursuant to a written agreement with the board. These terms and conditions apply according to chief executive officer's employment contract of 7 March 2004.

Executive vice presidents are entitled to severance pay equivalent to six months salary, excluding term of notice of six months, when the resignation is at the request from the company. The same amount of severance pay shall also be paid if the parties agree that the employment should be discontinued and the executive vice president gives notice pursuant to a written agreement with the company. Any other payment earned by the executive vice president during the period in which severance pay is payable, will be fully deducted. This relates to earnings from any employment or business activity where the executive vice president has active ownership.

One of the executive vice presidents is according to a previous agreement, entitled to severance pay of 18 months, excluding term of notice of six months, provided the resignation is at the request of the company.

The entitlement to severance pay is conditional on the chief executive officer or the executive vice president not being guilty of gross misconduct, gross negligence, disloyalty or other material breach of his/her duties.

The chief executive officer's/executive vice president's own notice will as a general rule not release any severance pay.

Other benefits
Statoil has a share saving plan, available to all employees including members of the corporate executive committee. The share saving plan gives the employees the opportunity to purchase Statoil shares in the market limited to 5% of their annual gross salary. If the shares are kept for two full calendar years of continued employment the employees will be allocated bonus shares in proportion to their savings. Shares to be used for sale and transfer to employees are acquired by Statoil in the market, in accordance with the authorization from the general meeting.

The members of the corporate executive committee have benefits in kind such as company car and free telephone.

2. Execution of the remuneration policy and principles in 2010

2.1 Changes in the corporate executive committee
The company has in 2010 executed a major review of its organisation in order to simplify the main structure and design an organisational set-up which to a greater extent will reflect our global positions and shape the company for the future. An additional driver for this review has been to improve the diversity in the leadership teams. As of 1 January 2011 two of the new business areas are managed outside of Norway.

The revised corporate organisation and location of the business areas and the main staff areas are;

- Development and Production Norway - Stavanger
- Development and Production International - Oslo
- Development and Production North America - Houston
- Exploration - Oslo
- Technology, Projects and Drilling - Stavanger
- Manufacturing, Processing and Renewable - Stavanger
- Global Strategy and Business Development - London
- Chief Financial Officer - Stavanger
- Chief Staff Officer - Stavanger

As part of the organisational change from 1 January 2011 four of the executive vice presidents resigned from their positions in the corporate executive committee and took up other executive positions in the company. Five new executive vice presidents were appointed and joined the corporate executive committee 1 January 2011.

2.2 Deviations from the Statement on Executive remuneration 2010

The executive vice presidents for the business areas Development and Production North America and Global Strategy and Business Development are employed by Statoil Gulf Services L.L.C. Houston and Statoil U.K. Ltd London, respectively. They are based in Houston and London, respectively.

Offering these two executives competitive remuneration packages, in their local markets, required certain deviations from the Statement on Executive remuneration given to the annual general meeting of Statoil ASA in 2010.

The board of directors deemed such deviations to be appropriate due to different circumstances based on the market relations for senior international oil and gas executives and the need for recruiting such candidates into the corporate executive committee. Particular emphasis was put on a balance between fixed and performance related compensation in line with the relevant local market.

These deviations to Statoil's remuneration concept comprised of;

- Variable pay maximum framework of 75 - 100% of base salary for each of the schemes, Annual variable pay and long term incentive
- A long term incentive scheme which is performance related in line with international practice
- Severance pay of 12 months

Within the above mentioned framework, individual contracts of employment have been established for the two executives with a fixed term duration of three years. The two executives participate in defined contribution pension schemes in accordance with the general practice in their local employment companies.

These two individual deviations do not imply any change of the company's general remuneration concept for executive vice presidents, refer to section 1.1 above.

2.3 Pay out of variable pay

The pay out of annual variable pay in 2010 reflected that it was decided to reduce the maximum pay potential by 50% for performance pay earned in 2009. Accordingly, the maximum pay potential of the chief executive officer's variable pay scheme was reduced from 50% to 25% for performance pay earned in 2009 whereas the maximum pay potential for the executive vice presidents was reduced from 40% to 20%.

3. Concluding remarks

Statoil's remuneration policy and solutions are aligned with the company's overall people policy and are integrated with the company's value and performance-oriented framework. Furthermore, the remuneration systems and practice are transparent and in accordance with prevailing guidelines and good corporate governance.

7 Share-based compensation

Statoil's share saving plan provides employees with the option to purchase Statoil shares through monthly salary deductions, and a contribution by Statoil ASA. If the shares are kept for two full calendar years of continued employment the employees will be allocated one bonus share for each one they have purchased.

Estimated compensation expense including the contribution by Statoil for purchased shares, amount vested for bonus shares granted and related social security tax was NOK 387 million and NOK 338 million related to 2010 and 2009, respectively. For the 2011 program (granted in 2010) the estimated compensation expense is NOK 400 million. At 31 December 2010 the amount of compensation cost yet to be expensed throughout the vesting period is NOK 817 million.

8 Auditors' remuneration

(in NOK million, excluding VAT)	2010	2009
Audit fees	17.0	19.8
Audit related fees	10.6	4.0
Other service fees	0.1	3.6
Total	27.7	27.4

In addition to the figures above, audit fees to Ernst & Young related to Statoil ASA-operated licences amount to NOK 0.1million and NOK 2.1 million for 2010 and 2009, respectively.

9 Research and development expenditures

Research and development expenditures were NOK 127 million and NOK 70 million in 2010 and 2009 respectively.

10 Financial items

(In NOK million)	For the year ended 31 December 2010	2009
Foreign exchange gains (losses) derivative financial instruments	(1,736)	9,722
Foreign exchange gains (losses) taxes payable	(473)	(1,930)
Other foreign exchange gains (losses)	(344)	2,816
Net foreign exchange gains (losses)	(2,553)	10,608
Dividends received	13	28
Gains (losses) financial investments	(94)	459
Interest income from group companies	1,635	2,538
Interest income and other financial income	3,123	1,668
Interest income and other financial items	4,677	4,693
Interest expense to group companies	(870)	(1,579)
Interest expense non-current financial liabilities	(2,148)	(2,244)
Interest expense current financial liabilities and other finance expenses	207	(1,668)
Interest and other finance expenses	(2,811)	(5,491)
Net financial items	(687)	9,810

Foreign exchange gains (losses) derivative financial instruments include fair value changes of currency derivatives related to liquidity and currency risk management. Strengthening of the US dollar versus the NOK for the year ended 31 December 2010 resulted in fair value losses on these positions which are recognised in the Statement of income. Correspondingly, weakening of the US dollar versus the NOK for the year ended 31 December 2009 resulted in fair value gains.

Included in Interest income and other financial income is a gain of NOK 1.9 billion related to the initial public offering of Statoil Fuel and Retail ASA from 1 October 2010.

Interest expense current financial liabilities and other finance expenses include fair value changes on interest rate derivatives posted at fair value. Decreasing USD interest rates for the year ended 31 December 2010 resulted in reversed losses on these positions. Correspondingly, increasing USD interest rates for the year ended 31 December 2009 resulted in fair value losses.

11 Income taxes

Income tax expense

(in NOK million)	2010	2009
Current taxes payable	(1,185)	2,076
Change in deferred tax	(1,406)	5,956
Income tax expense	(2,591)	8,032

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

(in NOK million)	2010	2009
Income before tax	35,138	36,909
Nominal tax rate 28%	9,840	10,335
Tax effect of:		
Permanent differences caused by USD as functional currency	(724)	6,232
Other permanent differences	(11,601)	(8,552)
Income tax prior years	(18)	(190)
Other	(88)	207
Total	(2,591)	8,032
Effective tax rate (%)	(7.37)	21.76

Significant components of deferred tax assets and liabilities were as follow

	At 31 December	
(in NOK million)	2010	2009
Deferred tax assets on		
Inventory	7	88
Other current items	1,396	696
Tax losses carry forward	924	0
Pensions	3,689	4,177
Property, plant and equipment	917	278
Other non-current items	107	28
Total deferred tax assets	7,040	5,267
Deferred tax liabilities on		
Other non-current items	3,062	2,545
Total deferred tax liabilities	3,062	2,545
Net deferred tax (assets) / liabilities	(3,978)	(2,722)

At 31 December 2010, Statoil ASA had recognised net deferred tax assets of NOK 4.0 billion, as it is considered probable that taxable profit will be available to utilise the deferred tax assets.

The movement in deferred income tax

(in NOK million)	2010	2009
Deferred income tax (assets) / liabilities at 1 January	(2,722)	34,942
Charged to the income statement	(1,408)	5,956
Change in deferred tax from transfer of assets to/from Statoil Petroleum AS	0	(44,252)
Acquisitions, sales and other	152	632
Deferred income tax (assets) / liabilities at 31 December	(3,978)	(2,722)

12 Property, plant and equipment

(in NOK million)	Machinery, equipment and transportation equipment	Refining and manufacturing plants	Buildings and land	Vessels	Assets under development	Total
Cost at 31 December 2009	2,274	949	1,007	3,533	67	7,830
Additions and transfers	462	19	180	321	98	1,080
Disposals assets at cost	(235)	0	(4)	0	0	(239)
Effect of movements in foreign exchange - assets	34	8	9	26	(5)	72
Cost at 31 December 2010	2,535	976	1,192	3,880	160	8,743
Accumulated depr. and impairment losses at 31 December 2009	(1,288)	(835)	(241)	(682)	0	(3,046)
Depreciation, depletion and amortisation for the year	(519)	(32)	(51)	(193)	0	(795)
Accumulated depreciation and impairment disposed assets	230	0	0	0	0	230
Effect of movements in foreign exchange - depreciation and impairment losses	(32)	(3)	(1)	0	0	(36)
Accumulated depr. and impairment losses at 31 December 2010	(1,609)	(870)	(293)	(875)	0	(3,647)
Carrying amount at 31 December 2010	926	106	899	3,005	160	5,096
Estimated useful lives (years)	3 - 10	15-20	20 - 33	20 - 25		

The book value of vessels consists of financial leases.

13 Investments in subsidiaries and equity accounted investments

(in NOK million)	
Investment at 1 January 2010	258,239
Net income subsidiaries and equity accounted investments	37,190
Additional paid-in equity	(1,808)
Pension adjustments	(197)
Distributions	(28,034)
Translation adjustments	2,297
Investment at 31 December 2010	267,687

The closing balance of NOK 267,687 million consists of investments in subsidiaries amounting to NOK 267,321 million and equity accounted investments amounting to NOK 366 million. In 2009, the amounts were NOK 257,634 million and NOK 605 million respectively.

Amortisation of goodwill amounts to NOK 397 million in 2010.

Distributions during 2010 mainly consists of a group contribution from Statoil Petroleum AS of NOK 27 billion.

Ownership in certain subsidiaries (in %)

Name	%	Country of incorporation	Name	%	Country of incorporation
Statholding AS	100	Norway	Statoil Norsk LNG AS	100	Norway
Statoil Angola Block 15 AS	100	Norway	Statoil North Africa Gas AS	100	Norway
Statoil Angola Block 15/06 Award AS	100	Norway	Statoil North Africa Oil AS	100	Norway
Statoil Angola Block 17 AS	100	Norway	Statoil North America Inc.	100	United States
Statoil Angola Block 31 AS	100	Norway	Statoil Orient AG	100	Switzerland
Statoil Apsheron AS	100	Norway	Statoil Petroleum AS	100	Norway
Statoil Azerbaijan AS	100	Norway	Statoil Sincor AS	100	Norway
Statoil BTC Finance AS	100	Norway	Statoil SP Gas AS	100	Norway
Statoil Coordination Centre NV	100	Belgium	Statoil UK Ltd	100	United Kingdom
Statoil Danmark AS	100	Denmark	Statoil Venezuela AS	100	Norway
Statoil Deutschland GmbH	100	Germany	Statoil Venture AS	100	Norway
Statoil Exploration Ireland Ltd.	100	Ireland	Statpet Invest AS	100	Norway
Statoil Forsikring AS	100	Norway			
Statoil Hassi Mouina AS	100	Norway	Statoil Methanol ANS	82	Norway
Statoil New Energy AS	100	Norway	Mongstad Refining DA	79	Norway
Statoil Nigeria AS	100	Norway	Mongstad Terminal DA	65	Norway
Statoil Nigeria Deep Water AS	100	Norway	Statoil Fuel and Retail ASA	54	Norway
Statoil Nigeria Outer Shelf AS	100	Norway	Tjeldbergodden Luftgassfabrikk DA	51	Norway

Ownership in associated companies (in %)

Name	%	Country of incorporation
Naturkraft AS	50	Norway
Vestprosess DA	34	Norway

14 Financial assets

Non-current financial investments

(in NOK million)	At 31 December 2010	2009
Financial investments	10	11
Financial receivables	1,480	1,285
Financial assets	1,490	1,296

Included in Financial receivables at 31 December 2010 are financing of the associated companies Naturkraft and European CO2 Technology. Correspondingly 31 December 2009 balance related to Naturkraft.

Non-current financial receivables on subsidiaries

(in NOK million)	At 31 December 2010	2009
Interest bearing receivables on subsidiaries	82,386	40,866
Non-interest bearing receivables on subsidiaries	5,960	6,785
Financial receivables on subsidiaries	88,346	47,651

Interest bearing receivables on subsidiaries at 31 December 2010 are due later than five years, except from NOK 16.5 billion which is due within the next four years. Of the Non-interest bearing receivables on subsidiaries at 31 December 2010 NOK 4.7 billion relates to pension, see note 20 Pension and other non-current employee benefits. Correspondingly NOK 6.5 billion related to pension at 31 December 2009.

Current financial investments

(in NOK million)	At 31 December 2010	2009
Commercial papers	3,671	0
Money market funds	1,559	1,905
Financial investments	5,230	1,905

Current financial investments at 31 December 2010 and 2009 are considered to be trading securities, measured at fair value with gains and losses recognised in the Statement of income. The cost price for current financial investments at 31 December 2010 and 2009 was NOK 5.3 billion and NOK 1.6 billion respectively.

15 Inventories

Inventories are valued at the lower of cost and net realisable value. Inventory of crude oil, refined products and non-petroleum products are determined under the first-in, first-out (FIFO) method.

(in NOK million)	At 31 December 2010	2009
Crude oil	11,086	9,505
Petroleum products	3,454	2,316
Other	481	155
Inventories	15,021	11,976

16 Trade and other receivables

(in NOK million)	At 31 December 2010	2009
Trade receivables	41,296	30,127
Other receivables	3,925	1,926
Trade and other receivables	45,221	32,053

17 Cash and cash equivalents

(in NOK million)	At 31 December 2010	2009
Cash at bank avalaible	2,360	123
Restricted cash, including collateral deposits	2,768	1,264
Time deposits	13,003	13,073
Cash and cash equivalents	18,131	14,460

Restricted cash at 31 December 2010 include collateral deposits of NOK 2.8 billion related to trading activities, correspondingly collateral deposits at 31 December 2009 were NOK 1.3 billion. Collateral deposits are related to certain requirements set out by exchanges where the company is participating. The terms and conditions related to these requirements are determined by the respective exchanges.

18 Equity and shareholders

Change in equity

(in NOK million)	2010	2009
Shareholders' equity 1 January	174,870	182,466
Net income	37,730	28,878
Actuarial gain employee retirement benefit plans	148	2,432
Foreign currency translation adjustments	2,227	(20,072)
Ordinary dividend	(19,890)	(19,100)
Merger related adjustments	0	251
Value of stock compensation plan	113	282
Treasury shares purchased	(108)	(267)
Other	(165)	0
Total equity 31 December	194,925	174,870

On 1 October 2010 Statoil transferred all activities relating to Statoil's Energy & Retail business Statoil Fuel & Retail ASA (SFR) and its wholly owned subsidiaries. On 22 October 2010 the shares of SFR were listed on the Oslo Stock Exchange and Statoil sold 46% of its shares for an amount of NOK 5.4 billion less of share issue cost of NOK 0.2 billion. The carrying amount of related shareholders equity was NOK 3.5 billion. After the completion of the sale, Statoil ASA remains the majority shareholder of SFR as at year end 2010.

Common stock

	Number of shares	Par value	Common stock
Authorised and issued	3,188,647,103	2.50	7,971,617,757.50
Treasury shares	7,113,863	2.50	17,784,657.50
Total outstanding shares	3,181,533,240	2.50	7,953,833,100.00

There is only one class of shares and all shares have voting rights.

The board of directors is authorised on behalf of the company to acquire Statoil shares in the market. The authorisation may be used to acquire Statoil shares with an overall nominal value of up to NOK 20 million. Such shares acquired in accordance with the authorisation may only be used for sale and transfer to employees of the Statoil group as part of the group's share saving plan approved by the board. The minimum and maximum amount that may be paid per share will be NOK 50 and 500, respectively. The authorisation is valid until the next ordinary general meeting.

The 20 largest shareholders at 31 December 2010 (in %)		
1	THE NORWEGIAN STATE (Ministry of Petroleum and Energy)	67.00
2	FOLKETRYGDFONDET (Norwegian national insurance fund)	3.05
3	BANK OF NEW YORK ADR DEPARTEMENT*	2.51
4	CLEARSTREAM BANKING S.A.*	1.63
5	STATE STREET BANK*	1.08
6	JPMORGAN CHASE BANK*	0.94
7	THE NORTHERN TRUST	0.85
8	STATE STREET BANK*	0.81
9	BANK OF NEW YORK MELLON*	0.57
10	VITAL FORSIKRING ASA	0.53
11	STATE STREET BANK*	0.49
12	STATE STREET BANK*	0.48
13	BANK OF NEW YORK MELLON*	0.46
14	SIX SIS AG	0.37
15	DANSKE BANK OPERATIONS	0.36
16	SKANDINAVISKA ENSKILDA BANK	0.35
17	BANK OF NEW YORK MELLON*	0.30
18	EUROCLEAR BANK	0.30
19	STATE STREET BANK*	0.29
20	BANK OF NEW YORK MELLON*	0.28

* Client account and similar

Members of the board of directors, corporate executive committee and corporate assembly holding shares as of 31 December 2010:

Board of directors	
Svein Rennemo	10,000
Marit Arnstad	0
Barbara Judge	0
Bjørn Tore Godal	0
Grace Reksten Skaugen	400
Jakob Stausholm	2,600
Roy Franklin	0
Lill-Heidi Bakkerud	330
Morten Svaan	1,651
Einar Arne Iversen	2,995

Corporate executive committee	
Helge Lund (Chief Executive Officer)	33,453
Eldar Sætre	13,764
Margareth Øvrum	16,497
Rune Bjørnson	11,650
Jon Arnt Jacobsen	15,037
Peter Mellbye	16,533
Øystein Michelsen	9,758
Gunnar Myrebøe	8,851
Helga Nes	5,828
Corporate assembly (in total)	7,766

19 Non-current financial liabilities

(in NOK million)	At 31 December 2010	2009
Unsecured bonds	84,787	74,830
Unsecured loans	4,945	4,873
Financial lease obligation	3,307	3,114
Gross financial liabilities	93,039	82,817
Less current portion	2,738	2,688
Financial liabilities	90,301	80,129
Weighted average interest rate (%)	5.04	5.19

Statoil utilises currency swaps to manage foreign exchange risk on its non-current financial liabilities. Long-term currency swaps are reflected in the table above. The stated interest rate on the majority of the non-current loans are fixed. Interest rate swaps are utilised to manage interest rate exposure.

On 17 August 2010 Statoil ASA issued a USD 1.25 billion bond maturing in August 2017 and a USD 0.75 billion bond maturing in August 2040. The registered bonds were issued under the Registration Statement on Form F-3 ("Shelf Registration") filed with the SEC in the United States.

Non-current financial liabilities include financial lease obligations. More information is provided in note 24 *Leases*.

Details of largest unsecured bonds:

Bond agreement	Fixed interest rate	Issued (year)	Maturity (year)	Carrying amount in NOK million at 31 December 2010	2009
USD 1500 million	5.250 %	2009	2019	8,738	8,613
USD 1250 million	3.125 %	2010	2017	7,278	-
USD 900 million	2.900 %	2009	2014	5,251	5,174
USD 750 million	5.100 %	2010	2040	4,340	-
USD 500 million	3.875 %	2009	2014	2,914	2,870
USD 500 million	5.125 %	2004	2014	2,927	2,887
USD 500 million	6.500 %	1998	2028	2,900	2,859
USD 481 million	7.250 %	2000	2027	2,814	2,776
USD 300 million	7.750 %	1993	2023	1,757	1,733
EUR 1300 million	4.375 %	2009	2015	10,135	10,782
EUR 1200 million	5.625 %	2009	2021	9,297	9,887
EUR 500 million	5.125 %	1999	2011	3,903	4,148
GBP 800 million	6.875 %	2009	2031	7,224	7,421
GBP 225 million	6.125 %	1998	2028	2,040	2,096

Substantially all unsecured bond and unsecured bank loan agreements contain provisions restricting the pledging of assets to secure future borrowings without granting a similar secured status to the existing bond holders and lenders.

Statoil's secured bankloans in USD have been secured by mortgage in shares in a subsidiary with a book value of NOK 2.1 billion, in addition, security includes the group's pro-rata share of income from certain applicable projects.

Statoil has 28 unsecured bond agreements outstanding, which contain provisions allowing Statoil to call the debt prior to its final redemption at par or at certain specified premiums if there are changes to the Norwegian tax laws. The agreements' carrying value is NOK 83.9 billion at 31 December 2010 closing rate.

Non-current financial liabilities repayment profile

(in NOK million)	
2012	3,416
2013	2,815
2014	11,933
2015	11,556
Thereafter	60,581
Total	90,301

Statoil ASA has an undrawn revolving credit facility for USD 3.0 billion supported by 20 core banks.

20 Pensions and other non-current employee benefits

Pension obligation

Statoil ASA (Statoil in following text) is obligated to follow the Act on Mandatory company pensions. The company's pension scheme follows the requirement as included in the Act.

Statoils pension scheme is funded by an independent trust, Statoil Pension. The objective of Statoil Pension is to provide retirement and disability pensions for its members as well as pensions for surviving spouses, registered partners, cohabitants and children. Statoil Pension's assets are kept separate from those of Statoil. Statoil Pension is licensed to conduct Statoil Pension activities under the supervision of the Financial Supervisory Authority of Norway (Finanstilsynet).

Statoil has defined benefit retirement plans which cover all of its employees. Plan benefits are generally based on years of service and final salary level. The cost of pension benefit plans is expensed over the period that the employee renders services and becomes eligible to receive benefits. The obligations related to defined benefit plans are calculated by external actuaries.

Statoil is - due to National agreements - a member of the "agreement-based early retirement plan" (AFP).The current AFP scheme will be replaced by a new AFP scheme from 1 January 2011. Statoil will pay a contribution for pension in payment under the current scheme and premium for both schemes (new and old scheme) up until 31.12.2015. The premium in the new scheme will be calculated on the basis of the employees` income between 1 and 7.1 G. The premium is payable for all employees until age 62. Pension from the new APF scheme will be paid to employees for their full lifetime.

The employers have an obligation to pay a percentage of the benefits under the AFP scheme. This obligation is accounted for as a defined benefit plan. In the current early retirement system Statoil offers a supplementary company pension for employees. This is also accounted for as a defined benefit plan, and is included in the liabilities related to the defined benefit plans. Statoil has not booked any effect of the change in the AFP plan during 2010. Statoil consider the AFP and the current company pension plans to be closely related and therefore consider all early retirement plans as one plan. No amounts have been recognised in the income statement in 2010 as the total early retirement commitments are unchanged.

New legislation affecting Norwegian pension and insurance schemes have been passed during 2010 as part of the Norwegian pension and insurance reform. The legislation requires some adaptions in Statoil pension scheme, in particular related to increased flexibility of retirement.

The obligations related to the defined benefit plans were measured at 31 December, 2010 and 2009. The present values of the projected defined benefit obligation and the related current service cost and past service cost are measured using the projected unit credit method. The assumptions for salary increases, increases in pension payments and social security base amount have been tested against historical observations. At 31 December 2010 the discount rate for the defined benefit plans in Norway was estimated to be 4.25% based on the long-term interest rate on Norwegian government bonds extrapolated based on a 22 year yield curve to match Statoil's payment portfolio for earned benefits.

Statoil recognises actuarial gains and losses directly in retained earnings, outside the Statement of income, in the period in which they occur.
Actuarial gains and losses related to the provision for termination benefits are recognised in the Statement of income in the period in which they occur.

Social security tax is calculated based on the pension plan's net unfunded status. Social security tax is included in the projected benefit obligation.

Statoil has more than one defined benefit plan but the note is made in total since the plans are not subject to materially different risks.

Net pension cost

(in NOK million)	2010	2009
Current service cost	3,308	2,644
Interest cost	2,562	2,418
Expected return on plan assets	(2,489)	(1,770)
Actuarial (gain)/loss related to termination benefits	200	(242)
Defined benefit plans	3,581	3,050
Multi-employer plans	161	69
Total net pension cost	3,742	3,119

Pension cost includes associated social security tax.

Pension cost is partly charged to partners of Statoil operated licences.

Change in projected benefit obligation (PBO)

(in NOK million)	2010	2009
Projected benefit obligation at 1 January	52,256	54,122
Current service cost	3,308	2,644
Interest cost on prior years' benefit obligation	2,562	2,418
Actuarial loss (gain)	1,988	(1,448)
Benefits paid	(1,697)	(1,412)
Acquisition and sale	(314)	0
Change in receivable from subsidiary related to termination benefits	1,182	(3,846)
Other changes	0	(222)
Projected benefit obligation at 31 December	59,285	52,256

Change in pension plan assets

(in NOK million)	2010	2009
Fair value of plan assets at 1 January	40,154	31,231
Expected return on plan assets	2,489	1,770
Actuarial gain (loss)	1,599	2,662
Company contributions (including social security tax)	3,900	4,805
Benefits paid	(425)	(314)
Acquisition and sale	(107)	0
Fair value of plan assets at 31 December	47,610	40,154

The tables above for Change in projected benefit obligation (PBO) and Change in pension plan assets do not include currency effects. For more information see table Actuarial gains and losses recognised directly in retained earnings below.

Reconciliation of changes in net pension liablity

(in NOK million)	2010	2009
Balance sheet provision at 1 January	(12,101)	(22,891)
Net periodic pension costs defined benefit plans	(3,581)	(3,050)
Net actuarial gain (loss) recognised in retain earnings	(190)	3,868
Less employer contributions	3,900	4,805
Less benefit paid during year	1,272	1,098
Acquisition and sale	206	0
Change in receivable from subsidiary related to termination benefits	(1,182)	3,846
Other changes	0	223
Balance sheet provision at 31 December	(11,676)	(12,101)

Surplus (deficit) at 31 December

(in NOK million)	2010	2009
Surplus (deficit) at 31 December	(11,676)	(12,101)
Represented by:		
Asset recognised as Non-current pension asset	5,087	2,665
Asset recognised as Non-current receivables from subsidiaries*	4,734	5,916
Liability recognised as Non-current pension liability	(21,497)	(20,682)

Projected benefit obligation specified by funded and unfunded plans

(in NOK million)	2010	2009
Funded pension plans	(42,522)	(37,489)
Unfunded pension plans	(16,764)	(14,767)
Projected benefit obligation (PBO) at 31 December	(59,286)	(52,256)

*Asset recognised as Non-current receivables from subsidiary relates to termination benefits.

Actuarial gains and losses recognised directly in retained earnings

(in NOK million)	2010	2009
Unrecognised actuarial losses (gains) at 1 January	0	0
Actuarial losses (gains) on plan assets occur during the year	(1,599)	(2,662)
Actuarial losses (gains) on benefit obligation occur during the year	1,989	(1,448)
Actuarial losses (gains) related to currency effects on net obligation *	(245)	3,867
Recognised in the income statement during the year	(200)	242
Foreign exchange translation *	146	(3,064)
Recognised directly in retained earnings during the year	(91)	3,065
Unrecognised actuarial losses (gains) at 31 December	0	0

Statoil ASA changed its functional currency as of 1 January 2009, for further information see note 1 Organisation and basis of presentation and note 2 Significant accounting policies.

*In the table above Actuarial gains and losses recognised directely in retained earnings, Actuarial losses (gains) related to currency effects on net obligation refer to translation of the net obligation in NOK to the functional currency US dollar. The line Foreign exchange translation refer to translation from functional currency US dollar to presentation currency NOK.

Actual return on plan assets

(in NOK million)	2010	2009
Actual return on plan assets	4,088	4,432

History of experience gains and losses

(in NOK million)	2010	2009
Fair value of plan assets at 31 December	47,610	40,154
Projected benefit obligation included receivable related to termination benefits	59,286	52,256
Receivable from subsidiary related to termination benefits	4,734	5,916
Projected benefit obligation at 31 Desember	64,020	58,172
Difference between the expected and actual return on plan assets		
a) Amount	(1,599)	(2,662)
b) Percentage of plan assets	(3.36%)	(6.63%)
Experience (gains)/losses on plan liabilities		
a) Amount	(91)	(1,923)
b) Percentage of present value of plan liabilities	(0.00%)	(3.31%)

In 2010 the cumulative amount of actuarial gains and losses recognised directly to equity amounted to NOK 10.3 billion after tax (negative effect on equity). In 2009 the cumulative amount of actuarial gains and losses recognised directly to equity amounted to NOK 10.3 billion after tax (negative effect on equity).

Assumptions used to determine benefit cost for the year in %	2010	2009
Discount rate	4.75	4.50
Expected return on plan assets	6.00	5.75
Rate of compensation increase	4.25	4.00
Expected rate of pension increase	3.00	2.75
Expected increase of social security base amount (G-amount)	4.00	3.75

Assumptions used to determine benefit obligations as of 31 December in %	2010	2009
Discount rate	4.25	4.75
Expected return on plan assets	5.75	6.00
Rate of compensation increase	4.00	4.25
Expected rate of pension increase	2.75	3.00
Expected increase of social security base amount (G-amount)	3.75	4.00
Average remaining service period in years	15	15

Expected attrition at 31 December 2010 was 2.0%, 2.0%, 1.0%, 0.5% and 0.0% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively. Expected attrition at 31 December 2009 was 2.0%, 2.0%, 1.5%, 0.5% and 0.0% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively.

Expected utilisation of (AFP) is 50% for employees at 62 years and 30% for the remaining employees at 63 - 66 years.

For the population in Norway, the mortality table K 2005 including the minimum requirements from The Financial Supervisory Authority of Norway (Finanstilsynet), hence reducing the mortality rate with a minimum, of 15 % for male and 10% for female for each employee is used as the best mortality estimate. The disability table, KU, developed by the insurance company Storebrand, aligns with the actual disability risk for Statoil.

Below is shown a selection related to demographic assumptions used at 31 December 2010. The table shows the probability of disability or death, within one year, by age groups as well as expected lifetime.

	Disability in %		Mortality in %		Expected lifetime	
Age	Men	Women	Men	Women	Men	Women
20	0.12	0.15	0.02	0.02	82.46	85.24
40	0.21	0.35	0.09	0.05	82.74	85.47
60	1.48	1.94	0.75	0.41	84.02	86.31
80	N/A	N/A	6.69	4.31	89.26	90.29

Sensitivity analysis

The table below shows an estimate of the potential effects of changes in the key assumptions for the defined benefit plans. The following estimates are based on facts and circumstances as of 31 December 2010. Actual results may materially deviate from these estimates.

	Discount rate		Rate of compensation increase		Social security base amount		Expected rate of pension increase	
(in NOK billion)	0.25%	-0.25%	0.25%	-0.25%	0.25%	-0.25%	0.25%	-0.25%
Changes in:								
Projected benefit obligation								
at 31 December 2010	(2.73)	2.92	1.81	(1.71)	(0.68)	0.69	1.63	(1.56)
Service cost 2011	(0.20)	0.21	0.18	(0.16)	(0.07)	0.07	0.09	(0.09)

Pension assets

The plan assets related to the defined benefit plans were measured at fair value at 31 December 2010 and 2009. The long-term expected return on pension assets is based on long-term risk-free interest rate adjusted for the expected long-term risk premium for the respective investment classes. A risk free interest rate (the Norwegian Government bond with a life of 10 year included markup for estimating a longer interest rate than 10 year) is applied as a starting point for calculation of return on plan assets. The return in the money market is calculated by taking a deduction on bond yield. Based on historical data, equities and real estate are expected to provide a long-term additional return above money market.

In its asset management, the pension fund aims at achieving long-term returns which contribute towards meeting future pension liabilities. Assets are managed to achieve a return as high as possible within a framework of public regulation and risk management policies. The pension fund's target returns require a need to invest in assets with a higher risk than risk-free investments. Risk is reduced through maintaining a well diversified asset portfolio. Assets are diversified both in terms of location and different asset classes. Derivatives are used within set limits to facilitate effective asset management.

Pension assets allocated on respective investments classes

(in %)	2010	2009
Equity securities	40.1	39.6
Bonds	38.1	39.4
Commercial papers	14.7	14.7
Real estate	4.9	5.1
Other assets	2.2	1.2
Total	100.00	100.0

Properties owned by Statoil pension fund amounted to NOK 2.3 billion and NOK 2.1 billion of total pension assets at 31 December 2010 and 2009, respectively, and are rented to Statoil companies.

Statoil's pension fund invests in both financial assets and real estate. The expected rate of return on real estate is expected to be between the rate of return on equity securities and debt securities. The table below presents the portfolio weight and expected rate of return of the finance portfolio, as approved by the board of the Statoil pension funds for 2011. The portfolio weight during a year will depend on the risk capacity.

Finance portfolio Statoil's pension funds

(All figures in %)	Portfolio weight [1]		Expected rate of return
Equity securities	40.00	(+/- 5)	X + 4
Bonds	59.50	(+/- 5)	X
Commercial papers	0.50	(+15/-0.5)	X -0.4
Total finance portfolio	100.00		

1) The brackets express the scope of tactical deviation by Statoil Kapitalforvaltning ASA (the asset manager).
X = Long-term rate of return on debt securities.

The expected company contribution related to 2011 amounts to NOK 2.3 billion.

21 Provisions and other liabilities

(in NOK million)	Provisions	Other liabilities	Total
Non-current portion at 31 December 2009	46	1,002	1,048
Current portion at 31 December 2009	709	0	709
Provisions and other liabilities at 31 December 2009	755	1,002	1,757
New provisions in the period	453	66	519
Revision in the estimates	780	0	780
Amounts charged against provisions	(881)	0	(881)
Currency translation	2	0	2
Provisions and other liabilities at 31 December 2010	1,109	1,068	2,177
Current portion at 31 December 2010	1,074	0	1,074
Non-current portion at 31 December 2010	33	1,068	1,101

22 Trade and other payables

	At 31 December	
(in NOK million)	2010	2009
Trade and other payables:		
Trade payables	13,827	10,501
Non-trade payables, accrued expenses and provisions	8,844	5,824
Payables to equity accounted investments and other related parties	9,458	9,141
Trade and other payables	32,129	25,466

23 Current financial liabilities

	At 31 December	
(in NOK million)	2010	2009
Bank loans and overdraft facilities	32	44
Collateral liabilities	5,680	4,654
Current portion of long-term debt	2,541	2,494
Current portion of financial lease	197	194
Financial liabilities	8,450	7,386
Weighted average interest rate (%)	1.94	2.04

Collateral liabilities relate to cash received as security for a portion of Statoil ASA's credit exposure.
As of 31 December 2010 and 2009, Statoil had no current amount drawn under any committed revolving credit facility.

24 Leases

Statoil ASA leases certain assets, notably vessels and office buildings.

In 2010 Statoil ASA entered into a long term time charter agreement with Teekay for offshore loading and transport in the North Sea. The contract covers the life time of applicable producing fields and initially includes seven crude tankers. The contract's estimated nominal amount is approximately NOK 6 billion at year end 2010, and is accounted for as operating lease. The estimated future leasing commitment depends on assumptions made concerning field production quantities and related lifetime, expected decrease in the number of vessels employed over time, as well as development in other factors impacting Statoil ASA's payable amounts under the terms of the contract.

Statoil ASA has entered into leasing arrangements for three LNG vessels on behalf of Statoil ASA and the State's direct financial interest (SDFI). Statoil ASA accounts for the combined Statoil and SDFI share of these agreements as finance leases in the balance sheet, and further accounts for the SDFI related portion as operating sub-leases. The finance leases included in the balance sheet reflect the original lease term of 20 years from 2006. In addition, Statoil has the option to extend the leases for two additional periods of five years each.

In 2010, net rental expense was NOK 1.7 billion (NOK 1.3 billion in 2009) of which minimum lease payments were NOK 1.7 billion (NOK 1.3 billion in 2009), and sublease payments received were NOK 40 million (NOK 55 million in 2009). Contingent rents expensed were immaterial both years.

The information in the table below shows future minimum lease payments under non-cancellable leases at 31 December 2010.

Amounts related to finance leases include future minimum lease payments for assets recognised in the financial statements at year-end 2010.

			Finance leases		
(in NOK million)	Operating leases	Operating sublease	Minimum lease payments	Discount element	Net present value minimum lease payments
2011	1,948	(150)	308	(13)	295
2012	1,363	(150)	308	(26)	282
2013	1,105	(149)	308	(38)	270
2014	995	(149)	308	(50)	258
2015	890	(149)	308	(61)	247
Thereafter	4,818	(1,493)	3,079	(1,124)	1,955
Total future minimum lease payments	11,119	(2,240)	4,619	(1,312)	3,307

Property, plant and equipment include the following amounts for leases that have been capitalised at 31 December 2010 and 2009.

(in NOK million)	2010	2009
Vessels	3,880	3,530
Accumulated depreciation	(875)	(679)
Capitalised amount	3,005	2,851

25 Other commitments and contingencies

Contractual commitments
Statoil ASA has contractual commitments in 2011 amounting to NOK 2 billion related to construction of property, plant and equipment.

Long-term commitments
Statoil ASA has entered into various long-term agreements for pipeline transportation as well as terminal, processing, storage and entry capacity commitments and commitments related to specific purchase agreements. The agreements ensure the rights to the capacity or volumes in question, but also impose an obligation to pay for the agreed-upon service or commodity, irrespectively of actual use. The following table outlines nominal minimum obligations for future years.

Obligations payable by Statoil ASA to entities accounted for using the equity method are included gross in the tables below. For assets (e.g. pipelines) that the company accounts for by recognising its share of assets, liabilities, income and expenses (capacity costs) on a line-by-line basis in the financial statements, the amounts in the table include the net commitment payable by Statoil ASA (gross commitment less Statoil's ownership share).

Nominal minimum commitments at 31 December 2010:

(in NOK million)	
2011	4,577
2012	4,074
2013	3,953
2014	3,805
2015	3,246
Thereafter	14,793
Total	34,448

Guarantees
Statoil ASA has provided parent company guarantees covering liabilities of subsidiaries with operations in Algeria, Angola, Azerbaijan, Belgium, Brazil, Canada, Cuba, the Faroe Islands, Germany, Great Britain, India, Iran, Iraq, Ireland, Libya, Mozambique, the Netherlands, Nigeria, Norway, Russia, Sweden, the USA and Venezuela. The company has also counter-guaranteed certain bank guarantees covering liabilities of subsidiaries in Angola, Belgium, Brazil, Canada, Cuba, Egypt, Great Britain, Iran, Mozambique, the Netherlands, Nigeria, Norway, Switzerland and the USA. The company has further provided a guarantee covering its pro-rata share of the liabilities of a 50% owned company with operations in Great Britain.

Under the Norwegian public limited companies act section 14-11, Statoil and Norsk Hydro are jointly and severally liable for certain guarantee commitments entered into by Norsk Hydro prior to the merger between Statoil and Hydro Petroleum in 2007. The total amount Statoil ASA is jointly liable for is approximately NOK 1.1 billion. As of the current date, the probability that these guarantee commitments will impact Statoil ASA is deemed to be remote. No liability has been recognised in the financial statements at year end 2010.

Other commitments and contingencies
Statoil ASA is the participant in certain entities ("DAs") in which the company has unlimited responsibility for its proportionate share of such entities' liabilities, if any, and also participates in certain companies ("ANSs") in which the participants in addition have joint and several liability. For further details, refer to note 13 Investments in subsidiaries and associated companies.

During the normal course of its business Statoil ASA is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability or asset in respect of such litigation and claims cannot be determined at this time. Statoil ASA has provided in its financial statements for probable liabilities related to litigation and claims based on the company's best judgement. Statoil ASA does not expect that the financial position, results of operations or cash flows will be materially affected by the resolution of these legal proceedings.

26 Related parties

The Norwegian State is the majority shareholder of Statoil ASA and also holds major investments in other Norwegian companies. This ownership structure means that Statoil ASA participates in transactions with many parties that are under a common ownership structure and therefore meet the definition of a related party. All transactions are considered to be on an arm's length basis.

Statoil ASA markets and sells the Norwegian State's share of oil and gas production from the Norwegian Continental Shelf (NCS). The Norwegian State's participation in petroleum activities is organised through the State's direct financial interest (SDFI). All purchases and sales of SDFI oil production are classified as purchases [net of inventory variation] and revenue, respectively. Statoil ASA sells, in its own name, but for the Norwegian State's account and risk, the State's production of natural gas. These sales, and related expenditures refunded by the State, are presented net in Statoil ASA's financial statements. The following purchases were made from the SDFI for the years presented:

Total purchases of oil and natural gas liquids from the Norwegian State amounted to NOK 81.4 billion (176 million barrels oil equivalents), NOK 74.3 billion (204 million barrels oil equivalents) and NOK 112.7 billion (223 million barrels oil equivalents) in 2010, 2009 and 2008, respectively. Purchases of natural gas from the Norwegian State amounted to NOK 0.4 billion, NOK 0.3 billion and NOK 0.4 billion in 2010, 2009 and 2008, respectively. The major part included in the line item Payables to equity accounted investments and other related parties in note 22 Trade and other payables, are amounts payable to the Norwegian State for these purchases.

In relation to its ordinary business operations such as pipeline transport, gas storage and processing of petroleum products, Statoil ASA also has regular transactions with certain entities in which Statoil ASA has ownership interests. Such transactions are carried out on an arm's length basis, and are included within the applicable captions in the Statements of income.

27 Subsequent events

There are no material subsequent events.

London, 14 March 2011

THE BOARD OF DIRECTORS OF STATOIL ASA

SVEIN RENNEMO
CHAIR

MARIT ARNSTAD
DEPUTY CHAIR

LILL-HEIDI BAKKERUD

BJØRN TORE GODAL

ROY FRANKLIN

LADY BARBARA JUDGE

EINAR ARNE IVERSEN

GRACE REKSTEN SKAUGEN

JAKOB STAUSHOLM

MORTEN SVAAN

HELGE LUND
PRESIDENT AND CEO

Report of Ernst & Young AS on the financial statements of Statoil ASA

AUDITOR'S REPORT

Report on the financial statements
We have audited the accompanying financial statements Statoil ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2010, the statements of income and cash flows for the year then ended as well as a summary of significant accounting policies and other explanatory information. The consolidated financial statements of the Group comprise the consolidated balance sheet as at 31 December 2010, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements
The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company
In our opinion, the financial statements of Statoil ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group
In our opinion, the consolidated financial statements of Statoil ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards on Accounting as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the international standard on assurance engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway.

Stavanger, 14 March 2011
Ernst & Young AS

Erik Mamelund
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

HSE accounting

We strive to ensure safe operations which protect people, the environment, communities and material assets.

Our goal is to use natural resources efficiently, and to provide energy which supports sustainable development. We believe that all accidents can be prevented.

We are committed to:

- Integrating HSE in the way we do business
- Improving HSE performance in all our activities
- Contributing to the development of sustainable energy systems and technology
- Demonstrating the importance of HSE through hands-on leadership and behaviour
- Openness on all HSE issues and active engagement with stakeholders

Our HSE management system is an integrated part of Statoil's total management system, and it is described in our governing documents.

Our goal is zero harm.

A key element in the HSE management system is reporting and performance management in accordance with our governing documents and regulatory requirements. HSE performance indicators are established and compared with historical values. The intention is to document quantitative developments over time and use the information for decision-making and continual improvement.

HSE data is compiled by each Business Unit and reported to the Corporate Executive Committee. The Chief Executive Officer submits HSE results and associated assessments to the Board of Directors together with quarterly financial results. These results are posted both internally and externally. Quarterly HSE statistics are compiled and made accessible on our website through the performance report. The business units prepare more specific HSE statistics and analysis that is used for their own improvement efforts.

Results

This section shows the trend of the HSE performance indicators over a five year period. The use of resources, emissions and waste volumes for selected Statoil operated land-based plants and for Statoil-operated activities on the Norwegian continental shelf are shown in separate environmental overviews.

During 2010, operations accounted for more than 140 million working hours (including contractors). These hours form the basis for the frequency indicators in the HSE accounting. Contractors handle a large portion of the assignments for which Statoil is responsible as operator or principal enterprise.

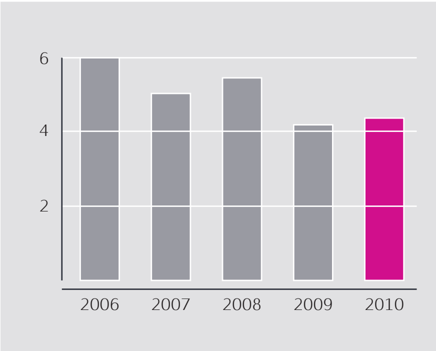
Statoil's safety results with respect to serious incidents have shown a positive trend in the last year. The overall Serious Incident Frequency (SIF) indicator has decreased from 2009 (1.9) to 2010 (1.4). There were no fatalities in Statoil in 2010.

There has been an increase in the number of total recordable injuries per million man hours (TRIF) in 2010 (4.2) compared with 2009 (4.1). Contractor TRIF at year end 2010 was 4.8, and Statoil employee TRIF was 3.3. The lost-time injury frequency (injuries leading to absence from work) was 1.8 in 2010, an increase from 2009 (1.6).

HSE performance indicators

These are the charts and statistics for our key HSE performance indicators.

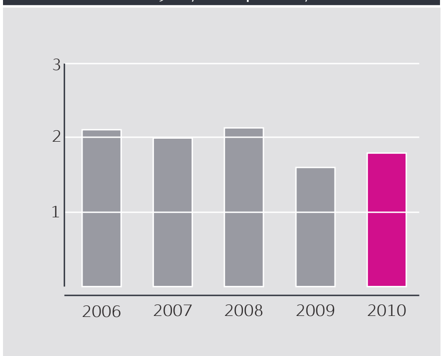
Total recordable injury frequency



Definition: The number of fatalities, lost-time injuries, cases of substitute work and other injuries requiring treatment by a medical professional per million hours worked.

Developments: The total recordable injury frequency (including both Statoil employees and contractors) increased from 4.1 in 2009 to 4.2 in 2010. For Statoil employees, the frequency increased from 2.9 in 2009 to 3.3 in 2010, and for our contractors, the total recordable injury frequency was 4.8 in 2010, the same as in 2009.

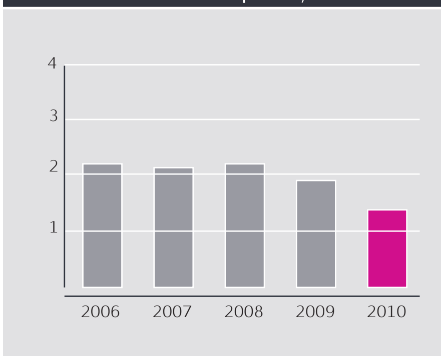
Lost-time injury frequency



Definition: The number of fatalities and lost-time injuries per million hours worked.

Developments: The lost-time injury frequency (including both Statoil employees and contractors) increased from 1.6 in 2009 to 1.8 in 2010. The frequency for Statoil employees increased from 1.4 in 2009 to 2.0 in 2010, and for our contractors, the lost-time injury frequency was 1.7 in 2010, the same as in 2009.

Serious incident frequency

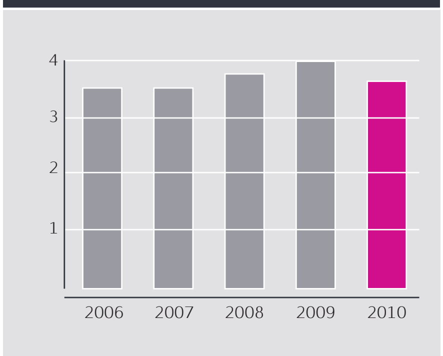


Definition: The number of serious incidents (including near misses) per million hours worked (1).

Developments: The serious incident frequency (including both Statoil employees and contractors) decreased from 1.9 in 2009 to 1.4 in 2010.

(1) An incident is an event or chain of events that has caused or could have caused injury, illness and/or damage to/loss of property, the environment or a third party. Matrices for categorisation have been established in which all undesirable incidents are categorised according to the degree of seriousness, and this forms the basis for follow-up in the form of notification, investigation, reporting, analysis, experience transfer and improvement.

Sickness absence

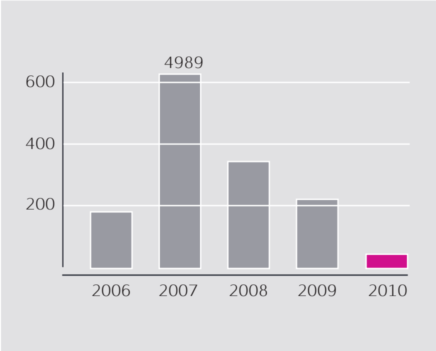


Definition: The total number of sickness absence hours as percentage of planned working hours (Statoil employees)(2).

Developments: The sickness absence decreased from 4.0% in 2009 to 3.6% in 2010. The main contribution to this reduction was a reduction in the sickness absence in Statoil ASA in Norway from a stable level over the last years at approximately 4.0% to 3.5% in 2010.

(2) In 2010 Statoil calculated sickness absences percentage of planned working hours. Previous years' sickness absence was calculated as a percentage of planned working days.

Oil spills



Definition: Unintentional oil spills to the natural environment from Statoil operations (in cubic metres) (3).

Developments: The number of unintentional oil spills was 374 in 2010, as against 435 in 2009, and the volume decreased from 219 cubic metres in 2009 to 44 cubic metres in 2010. Increase in 2009 data compared to last year's report is due to late identified spill from one disposal well.

(3) All unintentional oil spills reaching the natural environment from Statoil operations are included in the figure.

Other spills

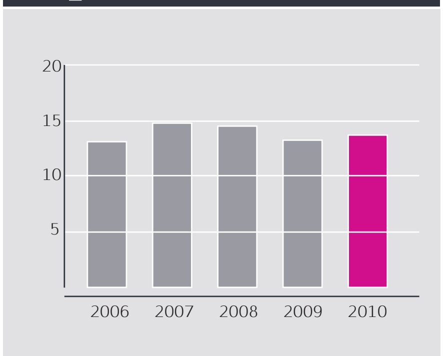
Definition: Other unintentional spills to the natural environment from Statoil operations (in cubic metres) (4).

Developments: The number of other unintentional spills was 144 in 2010, as against 143 in 2009, and the volume decreased from 17433 cubic metres in 2009 to 5709 cubic metres in 2010.

In 2010, Statoil has experienced leaks of drill cuttings/slop from disposal wells. Several actions are taken and measurements are implemented to avoid future leaks. These are particularly related to implementation of injection procedures, monitoring and interpretation of data from the disposal wells. In addition an advisory group has been established and a multidisciplinary team is working on a proposal for improvements on early detection of possible leaks. Increase in 2009 data compared to last year's report is due to late identified spills from two disposal wells.

(4) All unintentional spills of chemicals, produced water, ballast water and polluted water reaching the natural environment from Statoil operations are included. Numbers on corporate level from 2009 are verified by external auditors.

CO_2 emissions

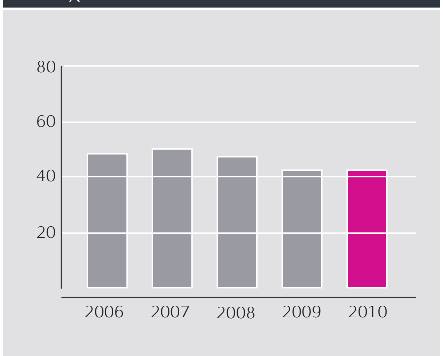


Definition: Total emissions of carbon dioxide (CO2) in million tonnes from Statoil operated activities (5)

Developments: Emissions of CO2 has increased slightly from 13.1 million tonnes in 2009 to 13.4 million tonnes in 2010. The main reason for the increased carbon dioxide emissions is the start-up of the Mongstad heat and power plant.

(5) Carbon dioxide emissions include carbon dioxide from energy and heat production, flaring (including well testing/well work-over), rest emissions from carbon dioxide capture and treatment plants and process emissions.

NO_x emissions

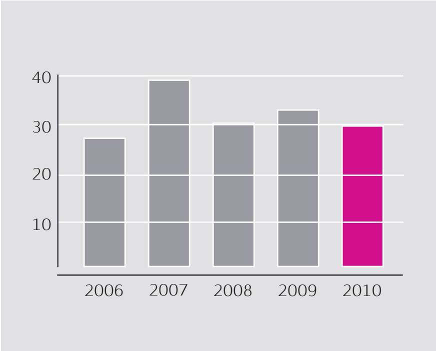


Definition: Total emissions of nitrogen oxides (NOx) in thousand tonnes from Statoil operated activities (6)

Developments: NOx emissions were 42.3 thousand tonnes in 2010, the same as in 2009.

(6) Nitrogen oxide emissions include nitrogen oxides from energy and heat production in our own plants, transportation of products, flaring (included well testing/well work over) and treatment plants.

CH4 emissions

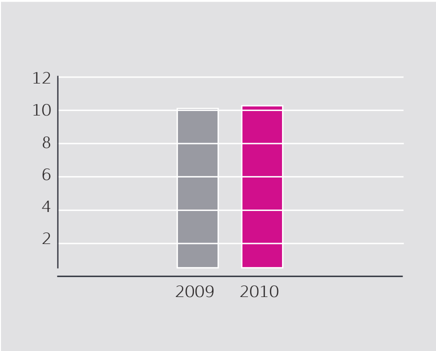


Definition: Total emissions of methane (CH4) in thousand tonnes from Statoil operated activities (7)

Developments: CH4 emissions decreased from 32.9 thousand tonnes in 2009 to 29.6 thousand tonnes in 2010. The main reason for the decreased emissions of CH4 from 2009 to 2010 is reduced emissions from the Åsgard A and B platforms.

(7) CH4 emissions include CH4 from energy- and heat production in own plant, flaring (included well testing/well work over), cold venting, diffuse emissions and also storage and loading of crude oil. Numbers on corporate level from 2009 are verified by external auditors.

Global warming potential (GWP)



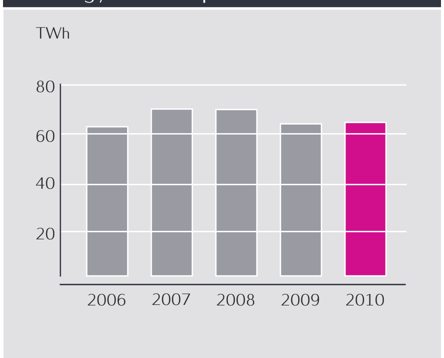
Definition: Global warming potential (GWP) is Statoil's share of greenhouse gas emissions from Statoil operated activities and activities operated by others (8)

Developments: GWP has increased slightly from 10.0 million tonnes CO2 equivalents in 2009 to 10.2 million tonnes CO2 equivalents in 2010.

(8) The unit of measurement is "tonnes of carbon dioxide equivalent". This indicator is calculated based on Statoil's share of emissions of carbon dioxide and methane, using the following formula:

[1*(emissions of CO2)]+[21*(emissions of CH4)].

Energy consumption

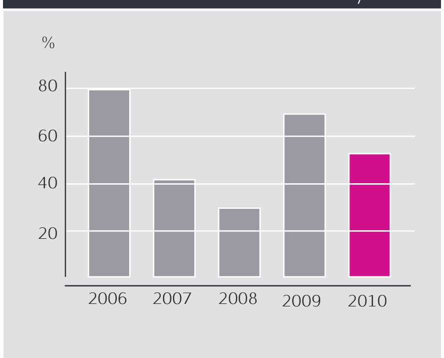


Definition: Total energy consumption in terawatt-hours (TWh) for Statoil operated activities (9)

Developments: Total energy consumption is at a stable level, but has increased slightly from 63.6 TWh in 2009 to 64,5 TWh in 2010.

(9) Energy consumption includes energy from power- and heat production based on combustion, unused energy from flaring (including well testing/well work-over and venting), energy sold/delivered to third party and gross energy (heat and electricity) imported from contractor.

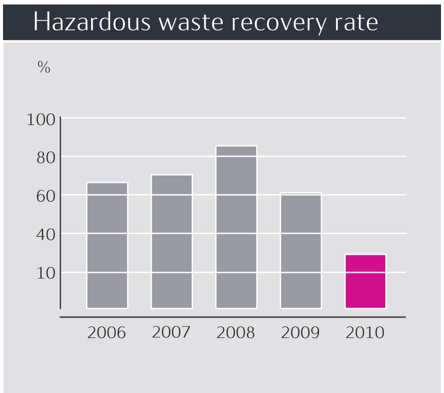
Non-hazardous waste recovery rate



Definition: The recovery rate for non-hazardous waste comprises non-hazardous waste from Statoil-operated activities and represents the amount of non-hazardous waste for recovery as a proportion of the total quantity of non-hazardous waste (10)

Developments: The non-hazardous waste recovery rate has decreased from 68.7% in 2009 to 51.9% in 2010. The decrease in recovery rate for non-hazardous waste is due to an increase in onshore drilling activity, with deposition of drilling waste to landfill.

(10) The quantity of non-hazardous waste for recovery is the total quantity of non-hazardous waste from the plant's operations that has been delivered for re-use, recycled or incinerated with energy recovery.



Definition: The hazardous waste recovery rate comprises hazardous waste from Statoil operated activities and represents the amount of hazardous waste for recovery as a proportion of the total quantity of hazardous waste (11)

Developments: The hazardous waste recovery rate has decreased from 61.1% in 2009 to 28.7% in 2010 due to a change in Norwegian reporting practice for slop & oily water. Previously the total volume of oily water sent to the hazardous waste treatment plants onshore was classified as a recovered fraction. Now only the oil and solid phases are classified as recovered while the treated water phase discharged to sea, in accordance with the discharge permits for the treatment plants, is now classified as deposition and not as a recovered fraction.

(11) The quantity of hazardous waste for recovery is the total quantity of hazardous waste from the plant's operations that has been delivered for re-use, recycled or incinerated with energy recovery (the total amount of hazardous waste, excluding hazardous waste sent to an approved deposition facility). Numbers on corporate level from 2009 are verified by external auditors.

Environmental posters

The following environmental posters are used in our facilities in Norway and Denmark.

NORWEGIAN CONTINENTAL SHELF [1]

>

ENERGY

Diesel	2,000 GWh
Electricity	425 GWh
Fuel gas	32,100 GWh
Flare gas	3,680 GWh

RAW MATERIALS [2]

Oil/condensate	82 mill. scm
Gas [3]	112 bn. Scm
Produced water	120 mill. m^3

UTILITIES

Chemicals process/prodn	57,300 tonnes
Chemicals drilling/well	219,000 tonnes

WATER CONSUMPTION

Fresh water	334,000 m^3

PRODUCTS

Oil/condensate	82 mill. scm
Gas for sale	81 bn. Scm

EMISSIONS TO AIR

CO_2	8.3 mill.tonnes
nmVOC [4]	25,300 tonnes
Methane [4]	15,800 tonnes
NO_x	36,000 tonnes
SO_2	213 tonnes
Unintentional emissions of HC gas	5,750 kg

DISCHARGES TO WATER

Produced water	102 mill. scm
Oil in oily water [5]	1,160 tonnes
Spills	
Unintentional oil spills	23 m^3
Other unintentional spills	5,690 m^3
Chemicals: [6]	
Process/production	27,600 tonnes
Drilling/well	46,200 tonnes

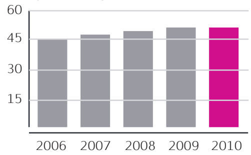
WASTE [7]

Non-hazardous waste for deposition	2,090 tonnes
Non-hazardous waste for recovery	11,400 tonnes
Non-hazardous waste recovery rate	85 %
Hazardous waste for deposition [8]	145,000 tonnes
Hazardous waste for recovery [8]	30,300 tonnes
Hazardous waste recovery rate [8]	17 %

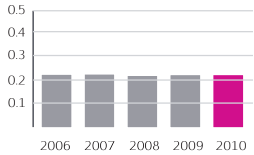
OTHER

Produced water injected in the ground	25 mill. m^3

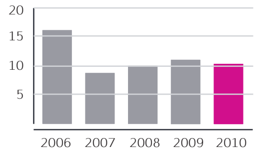
CO_2
kg emissions per delivered scm o e



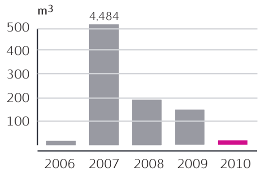
NO_x
kg emissions per delivered scm o e



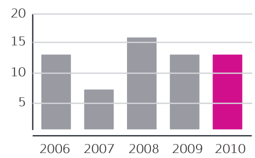
OIL IN OILY WATER
mg discharges per litre produced water [9]



OIL SPILLS [10]
m^3



HC-emissions >0,1 kg/s



[1] Including British part of Statfjord
[2] Includes third party processing of production Sigyn and Skirne
[3] Including fuel gas (2.9 billion Sm3), flare gas (0.3 billion Sm3) and injected gas, including gas injected for pressure support (28.3 billion Sm3)
[4] Includes diffuse emissions, flare and energy production
[5] Includes oil from produced water, drain water, ballast water and jetting
[6] Includes 65 500 tonnes water and green chemicals/ingredients
[7] Includes waste from onshore bases.
[8] The increase in amount of hazardous waste for deposition and the reduction in amount of hazardous waste recycled compared to 2009 is due to a change in the recording practise for treated water.
[9] History shows the dispersed oil in 2006 and the oil index from 2007, reflecting the change in government reporting requirements.
[10] Increase in 2009 data is due to identified spill from one disposal well.

SNØHVIT LNG INSTALLATION

> >

ENERGY

Electricity	190 GWh
Flare gas	746 GWh
Fuel gas	3,610 GWh
Diesel	0.30 GWh

RAW MATERIALS

Gas Snøhvit	5,960 mill scm
Condensate Snøhvit	0.83 mill scm

UTILITIES

Amine	90.0 m^3
Hydraulic fluids [1]	29.0 m^3
Caustics	250 m^3
Monoethylene glycol	14.1 m^3
Other Chemicals	81.5 m^3

WATER CONSUMPTION

Fresh water	124,000 m^3

PRODUCTS

LNG	8.14 mill scm
LPG	0.48 mill scm
Condensate	0.90 mill scm

EMISSIONS TO AIR

CO_2	1,020,000 tonnes
NO_x	543 tonnes
H_2S	6.41 tonnes
SO_2	5.07 tonnes
nmVOC [4]	1,430 tonnes
Methane	2,950 tonnes

DISCHARGES TO WATER

Treated water and open drain water	87,500 m^3
Amine	221 kg
Ammonium	267 kg
BTEX [3]	58.5 kg
Phenol	13.3 kg
Hydrocarbons	24.1 kg
TOC	1,310 kg
Heavy metals [3]	0.90 kg

SPILLS

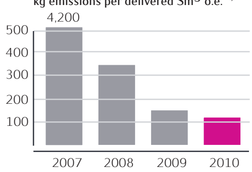
Unintentional oil spills	0 m^3
Other unintentional spills	3.76 m^3

WASTE

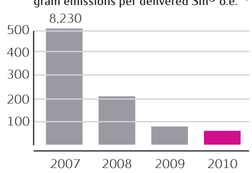
Non-hazardous waste for deposition	464 tonnes
Non-hazardous waste for recovery	572 tonnes
Non-hazardous waste recovery rate	55 %
Hazardous waste for deposition	515 tonnes
Hazardous waste for recovery	962 tonnes
Hazardous waste recovery rate	65 %

[1] Utilities include hydraulic fluids used in Hammerfest LNG Offshore/subsea part System 18
[2] Calculation of OE for produced LNG/LPG is done by using OLF factor for NGL; 1tonn NGL = 1,9 Sm^3 o.e.
[3] For BTEX and metals - reported half the detection limit because the HFLNG is unable to detect these substances
[4] New DIAL measurements including diffuse emissions from flare gave higher emissions of nmVOC in 2010

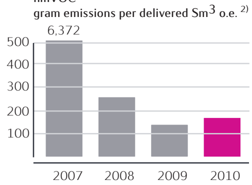
CO_2
kg emissions per delivered Sm^3 o.e. [2]



NO_x
gram emissions per delivered Sm^3 o.e. [2]



nmVOC [4]
gram emissions per delivered Sm^3 o.e. [2]



TJELDBERGODDEN

ENERGY	
Diesel	2.13 GWh
Electricity	227 GWh
Fuel gas	1,500 GWh
Flare gas	125 GWh

RAW MATERIALS	
Rich gas	461,000 tonnes

UTILITIES	
Caustics	289 tonnes
Acids	66 tonnes
Other chemicals	21 tonnes

WATER CONSUMPTION	
Fresh water	509,000 m^3

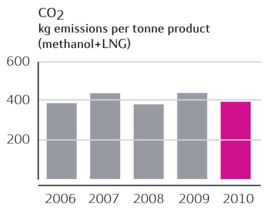
PRODUCTS	
Methanol	797,000 tonnes
Oxygen	16,600 tonnes
Nitrogen	36,300 tonnes
Argon	14,900 tonnes
LNG	9,780 tonnes

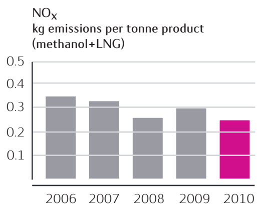
EMISSIONS TO AIR	
CO_2	319,000 tonnes
nmVOC	251 tonnes
Methane	581 tonnes
NO_x	198 tonnes
SO_2	0.81 tonnes
Unintentional emissions of HC gas	6.3 tonnes

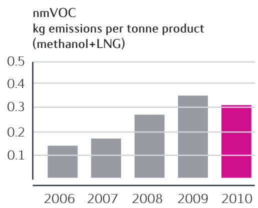
DISCHARGES TO WATER	
Cooling water	185 mill. m^3
Total organic carbon (TOC)	2.37 tonnes
Suspended matter	0.45 tonnes
Total-N	1.46 tonnes

SPILLS	
Unintentional oil spills	0.01 m^3
Other unintentional spills	0.11 m^3

WASTE	
Non-hazardous waste for deposition	3 tonnes
Non-hazardous waste for recovery	127 tonnes
Non-hazardous waste recovery rate	62 %
Hazardous waste for deposition	162 tonnes
Hazardous waste for recovery	22 tonnes
Hazardous waste recovery rate	12 %







MONGSTAD

ENERGY	
Electricity consumption	510 GWh
Fuel gas and steam	7,790 GWh
Flare gas [1]	494 GWh

RAW MATERIALS	
Crude oil	7,000,000 tonnes
Other process raw materials	3,270,000 tonnes
Blending components	361,000 tonnes

UTILITIES	
Acids	539 tonnes
Caustics	1,780 tonnes
Additives	1,680 tonnes
Process chemicals [2]	7,820 tonnes

WATER CONSUMPTION	
Fresh water	4,620,000 m^3

PRODUCTS	9,850,000 tonnes
Propan	Butane
Naphtha	Gas oil
Petrol	Petcoke/sulphur
Jet fuel	

EMISSIONS TO AIR	
CO_2	1,880,000 tonnes
SO_2	681 tonnes
NO_x	1,280 tonnes
nmVOC refinery + CHP	6,180 tonnes
nmVOC terminal	315 tonnes
Methane	5,380 tonnes
Unintentional emissions of HC gas	19 tonnes

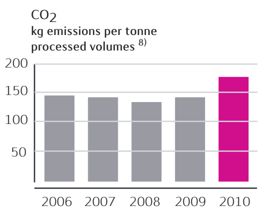
DISCHARGES TO WATER	
Oil in oily water	3 tonnes
Phenol	1 tonnes
Total Nitrogen	39 tonnes
Total organic carbon (TOC)	92 tonnes
Suspended Solids (SS)	44 tonnes

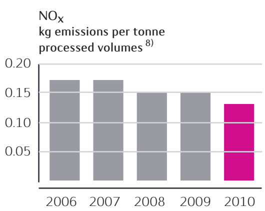
SPILLS	
Unintentional oil spills [3]	2 m^3
Other unintentional spills [4]	0 m^3

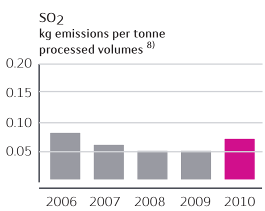
WASTE [5]	
Non-hazardous waste for deposition	166 tonnes
Non-hazardous waste for recovery	5,730 tonnes
Non-hazardous waste recovery rate [6]	97 %
Hazardous waste for deposition	658 tonnes
Hazardous waste for recovery [7]	4,300 tonnes
Hazardous waste recovery rate	87 %

ENERGY	
Electricity produced	1,140 GWh

1) Increase in flaring in 2010 is due to activities regarding CHP-start-up
2) The Increase in process chemicals from 2009 to 2010 is largely due to ammonium used in the SNCR process started in 2010
3) All spills are net values - to ground - none to water.
4) All spills are net values - to ground - none to water.
5) The hazardous waste data do not include data from Combined Heat and Power plant.
6) The increase in Non-hazardous waste recovery rate is due to the fact that deposition of non-hazardous waste was banned in 2010 and replaced by incineration with energy recovery.
7) The amount of hazardous has been reduced from 2009 to 2010. In 2009 Statoil Mongstad exported over 7800 tons sludge to Europe for incineration with energy recovery. There were no similar exports in 2010. In addition cracker catalyst has been changed from hazardous waste to non-hazardous waste. Mongstad exported 2064 tons cracker catalyst in 2010 as non-hazardous waste.
8) Includes both refinery and Heat and power plant from 2010.







STURE PROCESSING PLANT

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ENERGY

Electricity	162 GWh
Flare gas	1.36 GWh
Fuel gas	312 GWh
Diesel	0.15 GWh

RAW MATERIALS

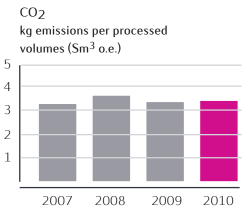
Crude oil	20.6 mill. scm

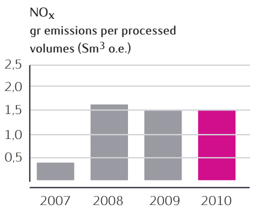
UTILITIES

Hydrochloric acid	7.08 tonnes
Sodium hydroxide	98.3 tonnes
Methanol	370 m^3

WATER CONSUMPTION

Fresh water	616000 m^3





PRODUCTS

LPG	712,000 scm
Naphtha	428,000 scm

CRUDE OIL EXPORT

Crude oil export	18.9 mill scm

EMISSIONS TO AIR

CO_2	71,100 tonnes
NO_x	31.4 tonnes
Unintentional HC-gas emissions	0 tonnes
nmVOC	3,170 tonnes
Methane	288 tonnes

DISCHARGES TO WATER

Treated water and open drain water	436,000 m^3
TOC	61.5 tonnes
Hydrocarbons	0.91 tonnes

SPILLS

Unintentional oil spills	1.25 m^3
Other unintentional spills	0 m^3

WASTE

Non-hazardous waste for deposition	6.8 tonnes
Non-hazardous waste for recovery	208 tonnes
Non-hazardous waste recovery rate	97.0 %
Hazardous waste for deposition	0 tonnes
Hazardous waste for recovery	42.8 tonnes
Hazardous waste recovery rate	100.0 %

KALUNDBORG

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ENERGY

Electricity	180 GWh
Steam	150 GWh
Fuel gas and oil	2,340 GWh
Flare gas	66,7 GWh

RAW MATERIALS

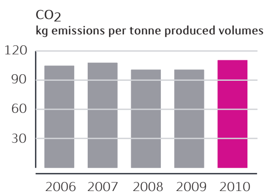
Crude oil	4,420,000 tonnes
Other process raw materials	3,370 tonnes
Blending components	256,000 tonnes

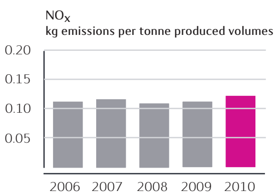
UTILITIES

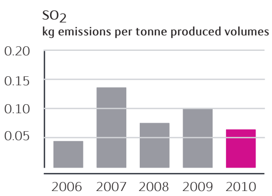
Acids	571 tonnes
Caustics	973 tonnes
Additives	767 tonnes
Process chemicals	436 tonnes
Ammonia (liquid)	2,810 tonnes

WATER CONSUMPTION

Fresh water	1,730,000 m^3







PRODUCTS

Products	4,490,000 tonnes
Naphtha	80,600 tonnes
Petrol	1,380,000 tonnes
Jet fuel	142,000 tonnes
LPG (butane, propane)	80,200 tonnes
Gas oil	1,610,000 tonnes
Fuel oil	435,000 tonnes
ATS (fertiliser)	7,500 tonnes
Fuel	756,000 tonnes

EMISSIONS TO AIR

CO_2	492,000 tonnes
SO_2	302 tonnes
NO_x	543 tonnes
Methane	2,090 tonnes
nmVOC	4,790 tonnes
Unintentional emissions of HC gas	0 tonnes

DISCHARGES TO WATER

Oil in oily water	5.40 tonnes
Phenol	0.01 tonnes
Suspended matter	8.02 tonnes
Nitrogen	11.5 tonnes

SPILLS

Unintentional oil spills	1.10 m^3
Other unintentional spills	1.05 m^3

WASTE

Non-hazardous waste for deposition	23 tonnes
Non-hazardous waste for recovery	329 tonnes
Non-hazardous waste recovery rate	93.4 %
Hazardous waste for deposition	0 tonnes
Hazardous waste for recovery	1,680 tonnes
Hazardous waste recovery rate	100 %

KOLLSNES PROCESSING PLANT [1]

ENERGY

Electricity	1,660 GWh
Flare gas	115 GWh
Fuel gas	203 GWh
Diesel	0.60 GWh

RAW MATERIALS

Rich gas Troll A	23.2 bn scm
Rich gas Troll B	2.28 bn scm
Rich gas Troll C	3.15 bn scm
Rich gas Kvitebjørn	6.30 bn scm
Rich gas Visund	1.14 bn scm

UTILITIES

Monethylene glycol	737 m^3
Caustics	31 m^3
Other Chemicals	130 m^3

WATER CONSUMPTION

Fresh water	103,000 m^3

PRODUCTS

Gas	36.4 bn scm
NGL	2.01 mill. scm

EMISSIONS TO AIR

CO_2	65,700 tonnes
NO_x	35 tonnes
CO	49 tonnes
nm VOC	546 tonnes
Methane	1,280 tonnes

DISCHARGES TO WATER

Treated water and open drain water	116,000 m^3
Total organic carbon (TOC)	2.09 tonnes
Monethylene glycol	1.72 tonnes
Methanol	0.06 tonnes
Hydrocarbons	0.02 tonnes
Ammonium	0.01 tonnes
Phenol	0.01 tonnes

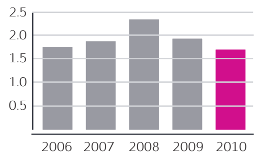
SPILLS

Unintentional oil spills	0.01 m^3
Other unintentional spills	1.22 m^3

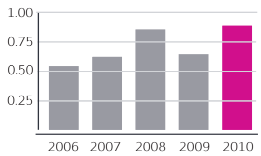
WASTE

Non-hazardous waste for deposition	27 tonnes
Non-hazardous waste for recovery	568 tonnes
Non-hazardous waste recovery rate	96 %
Hazardous waste for deposition	62 tonnes
Hazardous waste for recovery	591 tonnes
Hazardous waste recovery rate	90 %

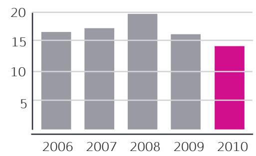
CO2
kg emissions per delivered scm o e



NOx
g emissions per delivered scm o e



nmVOC
g emissions per delivered scm o e



[1] Gassco is the operator for the plant, but Statoil is the technical service provider (TSP).

KÅRSTØ GAS PROCESSING PLANT AND TRANSPORT SYSTEMS [1]

ENERGY [2]

Fuel gas	4,720 GWh
Electricity bought	666 GWh
Diesel	5 GWh
Flare gas	199 GWh

RAW MATERIALS [3]

Rich gas (PP)	20.1 mill. tonnes
Condensate (PP)	2.30 mill. tonnes

UTILITIES

Hycrocloric acid	404 tonnes
Sodium hydroxide	387 tonnes
Ammonia	15.1 tonnes
Methanol	9.2 tonnes
Other chemicals	7.4 tonnes

WATER CONSUMPTION

Fresh water	0.8 mill m^3

PRODUCTS

Lean gas	16.6 mill tonnes
Propane	2.30 mill tonnes
I-butane	0.47 mill tonnes
N-butane	0.90 mill tonnes
Naphtha	0.65 mill tonnes
Condensate	1.16 mill tonnes
Ethane	0.81 mill tonnes
Electricity sold	58 GWh

EMISSIONS TO AIR [4]

SO_2	5.80 tonnes
NO_x	707 tonnes
nmVOC	1,770 tonnes
Methane	1,460 tonnes
CO_2	1,050,000 tonnes
Unintentional HC-gas emissions	0 tonnes

DISCHARGES TO WATER

Cooling water	389 mill m^3
Treated water	1.01 mill m^3
Oil in oily water	0.42 tonnes
Total organic carbon (TOC)	6.10 tonnes

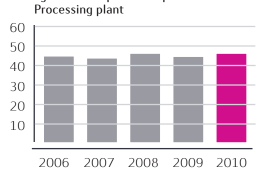
SPILLS [7]

Unintentional oil spills	0 m^3
Other unintentional spills	1.2 m^3

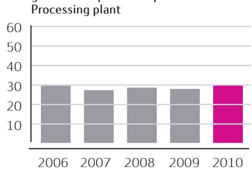
WASTE [5] [6]

Non-hazardous waste for deposition	377 tonnes
Non-hazardous waste for recovery	2,040 tonnes
Non-hazardous waste recovery rate	84.4 %
Hazardous waste for deposition	49 tonnes
Hazardous waste for recovery	897 tonnes
Hazardous waste recovery rate	94.8 %

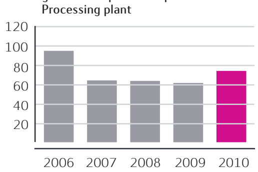
CO2
kg emissions per tonne product
Processing plant



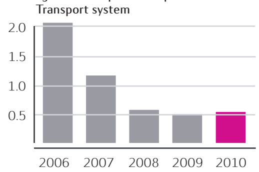
NOx
g emissions per tonne product
Processing plant



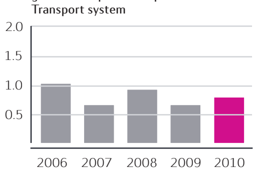
nmVOC
g emissions per tonne product
Processing plant



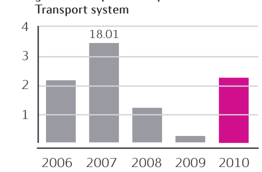
CO2
kg emissions per tonne product
Transport system



NOx
g emissions per tonne product
Transport system



nmVOC
g emissions per tonne product
Transport system



[1] Gassco AS is operator for the plant, and Statoil is the technical service provider (TSP)
[2] Included energy from Draupner : 68 GWh from fuel gas, 2 GWh from diesel and 6 GWH from flare
[3] Except gas transport from Draupner 27,5 mill. tonnes
[4] Included emissions from Draupner: SO_2: 0,15 tonnes, No_x: 22 tonnes, nmVOC: 62 tonnes, Metane: 272 tonnes, CO_2: 14 537 tonnes
[5] Non-hazardous waste included from Draupner: 2,6 tonnes for deposition, 106 tonnes for recovery
[6] Hazardous waste included from Draupner: 25 tonnes for deposition, 52 tonnes for recovery
[7] Spills includes an accidental spill other of 1,2 m^3 fire foam at Draupner

Recommendation of the corporate assembly

Resolution:
At its meeting of 24 March 2011 the corporate assembly discussed the 2010 annual accounts of Statoil ASA and the Statoil group, and the board of directors' proposal for the allocation of net income.

The corporate assembly recommends that the annual accounts and the allocation of net income proposed by the board of directors are approved.

Oslo, 24 March 2011

Olaug Svarva
Chair of the corporate assembly

Corporate assembly
Olaug Svarva, Idar Kreutzer, Karin Aslaksen, Greger Mannsverk, Steinar Olsen, Ingvald Strømmen, Rune Bjerke, Tore Ulstein, Live Haukvik Aker, Tor Oscar Bolstad, Barbro Hætta-Jacobsen, Siri Kalvig, Eldfrid Irene Hognestad, Stig Lægreid, Per Martin Labråthen, Anne K. S. Horneland, Jan-Eirik Feste, Per Helge Ødegård, Anne Synnøve Hebnes, Oddbjørn Viken, Frode Solberg.

STATOIL ASA
NO-4035 STAVANGER
NORWAY
TELEPHONE: +47 51 99 00 00

www.statoil.com