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A merger for the future

Merging oil and gas activities at Statoil and Hydro will create a Norwegian-based energy champion which can assert itself even more strongly against tough international competition, says Statoil chair Jannik Lindbæk.

This will be a merger for the future.

He says that the boards of Statoil and Hydro completed the outline of their proposed union over the weekend, and believes that they have presented a strong and good recommendation.

The two boards have proposed Eivind Reiten, currently president and CEO of Hydro, as chair of the new company, while Helge Lund becomes its chief executive.

Both companies have separately achieved good results, in Norway as well as internationally, notes Mr Lindbæk. The merged enterprise will be a really heavyweight industrial player in the international energy business.

The merger secures long-term value creation for shareholders and represents an epochal step in the further development of Norway's role as a supplier of oil and gas to the world market.

Assuming that the merger proposal is approved by the general meetings of both companies, the Norwegian authorities and the European Commission, the creation of the world's largest operator in the offshore sector is expected to be implemented in the third quarter of 2007.

In the meantime, Mr Lindbæk explains, Hydro and Statoil will continue to operate as independent companies.

Hydro's shareholders will own 32.7% of the new company, and Statoil's will have 67.3%. The Norwegian government's shareholding will be about 62.5%.

The merged company will be very well positioned to meet the challenges facing the international oil gas industry in the years to come, says Mr Lindbæk. The time is right for a merger.

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