OFFERING CIRCULAR

STATOIL

Den norske stats oljeselskap a.s

(Incorporated in the Kingdom of Norway with limited liability)

U.S.$250,000,000
7⅞ per cent. Notes due 2022

Issue price: 100 per cent.

Interest on the Notes is payable semi-annually in arrear on 9th June and 9th December in each year commencing on 9th June, 1993. Payments on the Notes will be made without deduction for or on account of taxes of the Kingdom of Norway to the extent described under "Terms and Conditions of the Notes - Taxation".

The Notes mature on 9th December, 2022 at their principal amount together with accrued interest. The Notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of the Kingdom of Norway.

Application has been made to list the Notes on the Luxembourg Stock Exchange.

Notes in bearer form are being offered outside the United States and will initially be represented by a Temporary Global Note, without interest coupons, which will be deposited with a common depositary for Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and CEDEL S.A. ("CEDEL") on or about 9th December, 1992 (the "Closing Date"). The Temporary Global Note will be exchangeable on or after the day 40 days after the Closing Date for definitive Notes in bearer form in the denomination of U.S.$1,000,000 each with coupons attached upon certification as to non-U.S. beneficial ownership thereof or otherwise as required by U.S. Treasury regulations. Notes in registered form will be offered within the United States and will be in definitive form only in the denomination of U.S.$1,000,000 without interest coupons attached.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS (AS SUCH TERMS ARE DEFINED UNDER THE SECURITIES ACT) EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A OR TO OTHER INSTITUTIONAL "ACCREDITED INVESTORS" (AS DEFINED IN RULE 501(a) (1), (2), (3) OR (7) UNDER THE SECURITIES ACT). EACH PURCHASER OF NOTES HEREUNDER, WHO IS IN THE UNITED STATES OR WHO IS A U.S. PERSON OR WHO IS PURCHASING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS AS SET FORTH UNDER "PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS — PURCHASER REPRESENTATIONS" AND SUCH NOTES SO PURCHASED ARE TRANSFERABLE ONLY AS SET FORTH UNDER "PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS — TRANSFER RESTRICTIONS".

AIG FINANCIAL SECURITIES (U.K.) LIMITED

(Gudme Raaschou assisted in arranging this transaction)

2nd December, 1992

Den norske stats oljeselskap a.s (the "Issuer", "Statoil" or the "Company") confirms that this document contains all information with respect to the Issuer, to the Issuer and its subsidiaries (the "Group") and to the U.S.$250,000,000 7⅞ per cent. Notes due 2022 (the "Notes") which is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this document with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would make this document as a whole or any statement contained herein misleading and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or AIG-FS (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and AIG-FS to inform themselves about and to observe any such restrictions.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Manager. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

AIG-FS may sell all or part of the Notes in privately negotiated transactions with affiliates of AIG-FS.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "dollars", "U.S. dollars" and "U.S.$" are to United States dollars and references to "NOK" are to Norwegian Kroner. Unless otherwise specified, NOK amounts have been converted into U.S. dollars at the rate of NOK 6.52 = U.S.$1.00 being the spot rate of exchange on 1st December, 1992. References to "billions" are to thousands of millions.

IN CONNECTION WITH THIS ISSUE, AIG-FS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

The Issuer has voluntarily agreed to submit to Rule 12g3-2(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and to file with the Securities and Exchange Commission (the "Commission") information required thereunder. Reports and other information concerning the Issuer can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Offices at 75 Park Place, New York, New York 10007, and Northwestern Atrium Center, 500 West Madison, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can be obtained upon written request addressed to the Commission, Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

The most recently available audited annual consolidated financial statements of the Issuer and the unaudited consolidated financial statements of the Issuer for the nine month period ended 30th September, 1992 shall be deemed to be incorporated herein by reference. Copies of such documents will be available free of charge from the office of the Listing Agent, each Paying Agent and the Fiscal Agent set out at the end of this Offering Circular.

TERMS AND CONDITIONS OF THE NOTES

The issue of the U.S.$250,000,000 7⅞ per cent. Notes Due 2022 (the "Notes") was authorised by a resolution of the Board of Directors of the Company passed on 29th October, 1992. The Notes will be issued pursuant to an agency agreement (the "Principal Agency Agreement") dated 7th July, 1988 between the Company and Bankers Trust Company and a supplemental agency agreement expected to be dated 9th December, 1992 between the Company, Bankers Trust Company, London as Fiscal Agent, Bankers Trust Company, New York as Registrar and Transfer Agent and the paying agents named therein (together with the Fiscal Agent the "Paying Agents") and the Transfer Agents named therein (the "Supplemental Agency Agreement" and together with the Principal Agency Agreement the "Agency Agreement"). Copies of the Agency Agreement will be available for inspection at the specified offices of the Fiscal Agent, the Registrar and the Transfer Agents or of any successor of the Fiscal Agent, the Registrar or the Transfer Agents from time to time appointed under the Agency Agreement and at the specified office of each of the Paying Agents for the time being (see "Payments" below). The holders of the Notes (the "Noteholders") and the coupons appertaining to the Notes in bearer form (the "Couponholders") will be deemed to have notice of all the provisions of the Agency Agreement. Certain statements under this heading are summaries of, and are subject to, the detailed provisions of the Agency Agreement and the Notes.

Form, Denomination and Title

(a) Notes in bearer form will be offered outside the United States and will initially be represented by a Temporary Global Note, without coupons, which will be deposited on behalf of the subscribers of the Notes with a common depositary (the "Common Depositary") for CEDEL S.A. ("CEDEL") and Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") on or about 9th December, 1992. Upon deposit of the temporary Global Note with the Common Depositary, CEDEL and Euroclear will credit each subscriber with a principal amount of the Notes equal to the principal amount thereof for which it has subscribed and paid. The temporary Global Note will be exchangeable 40 days after the Closing Date for definitive Notes, in bearer form ("Bearer Notes") in the denomination of U.S.$1,000,000 each with coupons for interest attached ("Coupons"), against certification as to non-U.S. beneficial ownership thereof. Notes in registered form ("Registered Notes") will be offered within the United States and will be in definitive form only in amounts of U.S.$1,000,000 or integral multiples thereof ("authorised denominations") without Coupons attached.

(b) Title to the Bearer Notes and Coupons passes by delivery. Title to the Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. The holder of any Bearer Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

(c) Subject as provided in paragraph (e) below, Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes of authorised denominations at the request in writing of the Noteholder and upon surrender of the Bearer Note(s) to be exchanged (together with all unmatured Coupons relating thereto) to the specified office of the Registrar or of any Transfer Agent. Where, however, a Bearer Note is surrendered for exchange after the Record Date (as defined in "Taxation" below) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. A Registered Note may be transferred in whole or in part in an authorised denomination upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of part only of a Registered Note a new Registered Note in respect of the balance not transferred will be issued to the transferor. Each new Note to be issued upon an exchange of Notes or a transfer of Registered Notes will, within three business days of receipt of such request for exchange or form of transfer, be mailed at the risk of the holder entitled to the Note to such address as may be specified in such request or form of transfer.

(d) Exchange of Notes on registration or transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment or the giving of such indemnity as the Registrar may require in respect of any tax or other governmental charges which may be imposed in relation to it.

(e) No Noteholder may require the transfer of a Registered Note to be registered or a Bearer Note to be exchanged for a Registered Note during the period of 30 days ending on the due date for any payment of principal on that Note. A Bearer Note called for redemption may, however, be exchanged for a Registered Note which is simultaneously surrendered not later than the relevant Record Date.

(f) Bearer Notes and Coupons will carry a statement to the effect that any United States person holding such obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the United States Internal Revenue Code of 1986.

Status

The Notes and Coupons will be direct, unconditional and (subject to the provisions of "Negative Pledge" below) unsecured obligations of the Company and will rank (save as aforesaid) pari passu with all other unsecured and unsubordinated obligations of the Company other than obligations having statutory priority.

Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Agency Agreement) the Company will procure that no indebtedness for borrowed money now or hereafter existing of the Company and no guarantee or indemnity by the Company of any such indebtedness of any person will be secured by any Lien upon, or with respect to, the whole or any part of the present or future undertaking, assets or revenues (including uncalled capital) of the Company or any other person, unless the Company shall, simultaneously with, or prior to, the creation of such Lien take any and all action necessary to procure that all amounts payable by it under the Notes and the Coupons are secured equally and rateably with such Lien or that such other Lien is provided as shall be approved by Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

Notwithstanding the provisions of the foregoing paragraph, the Company may create, assume, incur or suffer to be created, assumed or incurred or to exist any Project Lien, or any Lien securing Internal Indebtedness, in either case not in existence on the date hereof, without complying with the provisions of the immediately preceding paragraph provided that, after giving effect thereto, unless authorized by an Extraordinary Resolution of the holders of the Notes, the sum of the aggregate principal amount of all outstanding indebtedness secured by all such Project Liens and other Liens at the time in effect would not exceed 25% of Total Shareholder's Equity, based on the consolidated assets and liabilities of the Company and its Subsidiaries, as shown by the Company's then most recent available financial statements but excluding for this purpose any goodwill or other assets of a type deemed intangible in accordance with Norwegian generally accepted accounting principles.

As used in the foregoing paragraphs the following terms shall have the following meanings:–

(i) *"Internal Indebtedness"* means any indebtedness for borrowed money or the deferred purchase price of property of the Company other than indebtedness which is payable (a) by its terms, or at the option of the holder thereof, in a currency or currencies other than the lawful currency of the Kingdom of Norway, (b) in the lawful currency of the Kingdom of Norway, but the amount of which is determined by reference to a currency or currencies other than the lawful currency of the Kingdom of Norway, or (c) to a person resident or having its head office or principal place of business outside the Kingdom of Norway.

(ii) *"Lien"* means any mortgage, lien, pledge, charge, security interest or other encumbrance, or conditional sale or other title retention agreement or capitalised lease.

(iii) *"Project Lien"* means a Lien on the property and assets, proceeds from operations and products of any natural resource project not under construction or in existence on the Closing Date granted to secure indebtedness in connection with the development of such project, the terms of which indebtedness do not give to the holder thereof any recourse on account of interest, premium, if any, or principal against the Company or any Subsidiary other than recourse against the property and assets, proceeds from operations and products of such project.

Interest

The Notes will bear interest from 9th December, 1992 at a rate of 7⅞ per cent. per annum, payable semi-annually in arrears on 9th June and 9th December commencing on 9th June, 1993. The Notes will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the principal is improperly withheld. When interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each.

Redemption by the Company

(a) Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 9th December, 2022.

(b) The Notes may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice in accordance with "Notices" below (which notice shall be irrevocable), at the principal amount thereof, together with interest accrued to the date fixed for redemption, if (1) the Company has or will become obliged to pay additional amounts as provided or referred to in "Taxation" below as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Norway or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 2nd December, 1992 and (2) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Fiscal Agent a certificate signed by two Directors of the Company stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Company has or will become obliged to pay such additional amounts as a result of such change or amendment.

Redemption at the option of Noteholders on a Put Event

If a Put Event occurs, the holder of each Note will have the option to require the Company to redeem that Note on the Put Date at a price equal to the higher of 100 per cent. of the principal amount of the Note being redeemed or the Make-whole Amount, the Make-whole Amount being the present value of the future debt service (both principal and interest) on the Notes, discounted at the then current yield on U.S. Treasury Securities of a maturity comparable to the remaining term to maturity of the Notes plus 50 basis points, together with interest accrued and payable thereon to the Put Date (unless, prior to the giving of such notice by the Noteholder the Company gives notice under paragraph (b) of "Redemption" above).

A "Put Event" shall be deemed to have occurred at each time any of the following occur:–

The Company issues share capital to any entity other than the Kingdom of Norway or the Kingdom of Norway transfers any interest it has in any share capital of the Company and as a result thereof or for any other reason the Kingdom of Norway:

(i) directly holds or controls less than 51% of each class of the then issued and outstanding share capital of the Company; or

(ii) directly holds or controls less than 51% of the voting rights of each class of the then issued and outstanding share capital of the Company; or

(iii) is directly entitled to receive less than 51% of any dividend declared by the Company (whether any dividend is actually declared or not) in respect of any class of the share capital thereof; or

(iv) is directly entitled to receive less than 51% of those assets of the Company which would be available for distribution among the shareholders of the Company if there were to be a winding up or dissolution of the Company,

or the Kingdom of Norway takes any action involving a restructuring or reorganisation of the Company or its assets whether under existing law or newly enacted law the economic effect of which is substantially similar to the effect of any of the events described above.

To exercise the option to require redemption of a Note under this condition, the holder of the Note must deliver such Note, on any day on which banks are open for business at the specified office of the Paying Agent or Registrar to whom delivery is made, specifying the date (the "Put Date") on which the Noteholder shall be entitled to receive payment of the principal amount of the Note with accrued interest thereon, such Put Date being not less than 7 days nor more than thirteen calendar months following the date upon which the Note is so delivered. Such Note shall be delivered in the case of a Bearer Note at the specified office of any Paying Agent and in the case of a Registered Note at the specified office of the Registrar, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent or the Registrar as appropriate (a "Put Notice") and in which the holder may specify a bank account complying with the requirements of "Payments" below to which payment is to be made under this condition. In the case of a Bearer Note the Note should be delivered together with all Coupons appertaining thereto maturing after the Put Date failing which the Paying Agent will require payment of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed in the manner provided in "Payments" below against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to "Replacement of Notes and Coupons" below) any time after such payment, but before the expiry of the period of ten years from the Relevant Date, as defined in "Taxation" below, in respect of that Coupon. The Paying Agent to which such Note and Put Notice are delivered will in the case of a Bearer

Note issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered (the "Receipt"). Payment in respect of any Note so delivered will be made, if the holder duly specified in the Put Notice a bank account to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, where such Note is a Bearer Note payment will be made on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such Receipt at the specified office of any Paying Agent and where such Note is a Registered Note payment will be mailed to the holder (or the first-named of joint holders) of such Note at his address appearing in the register maintained by the Registrar. A Put Notice, once given, shall be irrevocable. For all relevant purposes of these conditions receipts issued pursuant to this condition shall be treated as if they were Notes. The Issuer shall redeem the relevant Notes on the Put Date unless previously redeemed and cancelled.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a "Put Event Notice") to the Noteholders in accordance with "Notices" below specifying the nature of the Put Event and the procedure for exercising the option contained in this condition.

Payments

(a) Payments in respect of principal and interest will be made against presentation and, subject as provided in paragraph (b) below, surrender (or, in the case of a partial payment, endorsement) of Bearer Notes (in the case of principal) or, subject as provided below, Coupons (in the case of interest), at the specified office of any of the Paying Agents subject to paragraph (b) below by dollar cheque drawn on, or by transfer to a dollar account maintained by the payee with, a bank in New York City. Payments of interest due in respect of any Bearer Notes other than on presentation and surrender of matured Coupons shall, subject as provided in paragraph (b) below, be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bearer Note.

(b) Payments of interest in respect of Bearer Notes will be made against presentation and surrender of Coupons at the specified office of any Paying Agent outside the United States of America in the manner provided above. The Company may, however, appoint, and payments of interest may be made at the specified office of, a Paying Agent in the United States of America if (i) the Company shall have appointed Paying Agents outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment of the full amount of interest on the Notes in the manner provided above when due, (ii) payment of the full amount of such interest at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) such payment is then permitted under United States law. If a Note is presented for payment of principal at the specified office of any Paying Agent in the United States of America in circumstances where interest (if any is payable against presentation of the Note) is not to be paid there, the relevant Paying Agent will annotate the Note with the record of the principal paid and return it to the holder for the obtaining of interest elsewhere.

(c) Payments of principal in respect of Registered Notes will be made by U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City against presentation and surrender of such Registered Notes at the specified office of the Registrar. Interest on Registered Notes will be paid to the persons shown on the register at the close of business on the fifteenth day before the due date for the payment of interest (the "Record Date"). Payments of interest on each Registered Note will be made by U.S. dollar cheque drawn on a bank in New York City and mailed to the holder (or to the first-named of joint holders) of such Note at his address appearing in the register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar not less than 15 days before the due date for any payment of interest in respect of a Registered Note, such payment may be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

(d) All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of "Taxation" below. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Each Bearer Note presented for redemption other than on the Maturity Date should be presented together with all unmatured Coupons appertaining thereto, failing which the amount of any missing unmatured Coupons (or, in the case of payment of principal not being made in full, that proportion of the aggregate amount of such missing unmatured Coupons that the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon prior to the expiry of five years from the date enfaced on such Coupon as its date of maturity or, if longer, prior to the expiry of ten years next following the Relevant Date (as defined in "Taxation") for the payment of such principal, whether or not such Coupon would otherwise have become void pursuant to "Prescription" below.

(f) If any date for payment of principal of, or interest on, the Notes is not a day on which banks are open for business in the place of presentation, in New York City and in London the holder shall not be entitled to payment until the next following such day or to any interest or other sum in respect of such postponed payment.

(g) The Company has initially appointed as paying agents and transfer agents the banks set out below. The Company may at any time vary or terminate the appointment of any paying agent or transfer agent and appoint additional or other paying agents or transfer agents, provided that it will at all times maintain a paying agent in a European city which, so long as the Notes are listed on the Luxembourg Stock Exchange (the "Exchange"), will be Luxembourg and provided that it will, so long as the Notes are listed on the Exchange, maintain a transfer agent in Luxembourg.

(h) Notice of any such termination of appointment and of any change in the office through which any paying agent will act will be given in accordance with "Notices" below.

Purchases

The Company or any of its subsidiaries may at any time purchase Notes at any price. All Notes so purchased and in the case of Bearer Notes any unmatured Coupons attached to or surrendered with them will be cancelled and may not be reissued or resold.

Taxation

All payments of principal and interest shall be made free and clear of, and without deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Norway or any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Company shall pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest as would have been received by them in respect of the Notes or, as the case may be, Coupons in the absence of such withholding or deduction; except that no such additional amounts will be payable in respect of any Note or Coupon presented for payment:—

(i) by or on behalf of a Noteholder or Couponholder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Kingdom of Norway, other than the mere holding of his Note or Coupon; or

(ii) more than 30 days after the Relevant Date except to the extent that a Noteholder or Couponholder would have been entitled to payment of additional amounts if he had presented his Note or Coupon for payment on the thirtieth day after the Relevant Date.

"Relevant Date" means the date on which payment first becomes due, but if the full amount of the money payable has not been received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly published in accordance with "Notices" below.

In this Description of the Notes references to principal or interest shall be deemed also to refer to additional amounts which may be payable as described above.

Prescription

The Notes will become void unless presented for payment within ten years and the Coupons will become void unless presented for payment within five years from their respective Relevant Dates.

Limitation on Merger, Consolidation or Disposition of Assets by the Company

The Company will not consolidate with, merge into, or sell, lease or otherwise dispose of its properties or assets as an entirety or substantially as an entirety to, any person, unless:—

(a) the successor formed by or resulting from such consolidation or merger shall be the Company; or

(b) the successor formed by or resulting from such consolidation or merger (if not the Company) or the transferee to which such sale, lease or other disposition is made shall be a solvent corporation organized under the laws of the Kingdom of Norway which shall expressly assume in writing (by an instrument copies of which shall be available for inspection by the Noteholders at the offices of each Paying Agent) the due and punctual payment of the principal of and interest and premium, if any, on the Notes according to their terms, and the due and punctual performance and observance of all of the terms, covenants, agreements and conditions of the Notes and the Agency Agreement to be performed or observed by the Company to the same extent as if such successor or transferee had originally issued the Notes and executed the Agency Agreement in the place of the Company and had been the original issuer of the Notes,

and in any such case

(x) immediately after such consolidation, merger, sale, lease or other disposition no Event of Default referred to in "Events of Default" and no event which, with lapse of time or notice and lapse of time, would become such an Event of Default shall have occurred and be continuing; and

(y) the Company shall, prior to any such consolidation, merger, sale, lease or other disposition, obtain and make available for inspection by Noteholders at the offices of each Paying Agent an opinion or opinions of independent counsel to the effect that upon such consolidation, merger, sale, lease or other disposition (and upon any assumption referred to in the foregoing sub-paragraph (b)) the Agency Agreement and the Notes will constitute legal, valid and binding obligations of the Company or such successor or transferee enforceable against the Company or such successor or transferee in accordance with their respective terms; and

(z) the Company or the successor formed by or resulting from such consolidation or merger, or such transferee, shall, after giving effect to such consolidation or merger, or to such sale, lease or other disposition, be of financial standing not materially worse than that of the Company immediately prior to such consolidation or merger, sale, lease or other disposition and be actively and primarily engaged in the businesses in which the Company is engaged immediately prior to such consolidation or merger, or such sale, lease or other disposition, as the case may be.

The assumption of the liabilities and obligations of the Company in the Agency Agreement and the Notes by any successor or transferee, in the manner prescribed in this Condition, shall, upon the request of the holder of any outstanding Note, be evidenced by the endorsing by such successor or transferee of an appropriate legend upon such Note. Each Note executed after such assumption by any successor to the Company by merger or consolidation may be executed in the name of the Company or such successor. Each Note so executed after such assumption by a transferee, or a successor to a transferee by consolidation or merger which shall have become such in the manner prescribed in this Condition, shall have an appropriate legend endorsed thereon by such transferee or successor thereto. No sale, lease or other disposition of properties permitted by this Condition shall have the effect of releasing the Company (or any successor or transferee which shall at any time have become such in the manner prescribed in this Condition) from its liability as obligor on any of the Notes.

Maintenance of Existence

The Company covenants that it will, and will cause each Subsidiary (at any time existing) to, do or cause to be done all things necessary to preserve and keep in full force and effect its existence, and each of its material rights, licences, permits and franchises; provided, however, that nothing in this Condition shall prevent (i) the abandonment, modification or termination of any rights, licences, permits and franchises of the Company, or the existence of any rights, licences, permits or franchises of any Subsidiary, if, in the opinion of the Company, such abandonment, modification or termination is in the best interests of the Company and not disadvantageous to the holder of any Note, or (ii) a consolidation or merger permitted by and effected in accordance with "Limitation on Merger, Consolidation or Disposition of Assets by the Company" above.

Line of Business

The Company covenants that it will at all times remain actively and primarily engaged in the businesses in which it is engaged on the Closing Date.

Events of Default

If any of the following events ("Events of Default") shall occur and be continuing:—

(i) if default is made by the Issuer in the payment of any principal or interest due on the Notes or any of them on the due date and such default continues for a period of 7 days; or

(ii) if the Company in any material respect fails to perform or observe any of its other obligations under the Notes or the Agency Agreement and such failure continues for the period of 30 days next following the service by any Noteholder on the Company of notice requiring the same to be remedied; or

(iii) if the Company fails to fulfil any payment obligation arising from any other present or future indebtedness for or in respect of moneys borrowed and such default continues for more than 30 days after notice thereof is given to the Fiscal Agent by any Noteholder, or any such payment obligation becomes due prematurely by reason of any default of the Company; or

(iv) if any representation or warranty made in writing by or on behalf of the Company in the Agency Agreement or otherwise in writing in connection with the issue of the Notes, shall prove to have been false or incorrect in any material respect on the date as of which made or shall otherwise be breached in any material respect; or

(v) if the Company shall be unable to or announces its inability to meet its financial obligations as they fall due or if a court shall declare the Company to be bankrupt or insolvent; or

(vi) if any governmental authority having jurisdiction shall have taken or instituted any action or proceeding for the dissolution or disestablishment of the Company or for the suspension of its operations or if the Company shall initiate or consent to proceedings relating to it under any applicable bankruptcy or insolvency law (otherwise, in any such case, than for the purposes of or pursuant to a merger, consolidation or disposition permitted by and effected in accordance with "Limitation on Merger, Consolidation or Disposition of Assets by the Company" above) or if a court commences bankruptcy or other insolvency proceedings against the Company or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Company or of the whole or any substantial part of its property, and such proceedings, having been instituted, have not been discharged or stayed within 60 days or the Company applies for or institutes or consents to such proceedings or offers or makes a conveyance or assignment or other arrangement for the benefit of, or enters into any composition with, its creditors generally; or

(vii) if a resolution is passed or a petition presented by the Company to a court of competent jurisdiction for the Company to be wound up or dissolved or if the Company goes into liquidation otherwise, in any such case, than for the purposes of or pursuant to a merger, consolidation or disposition permitted by and effected in accordance with "Limitation on Merger, Consolidation or Disposition of Assets by the Company" above; or

(viii)if an encumbrancer takes possession of or a receiver, administrative receiver, administrator or other similar official is appointed over the whole or any material part of the assets or undertakings of the Company; or

(ix) if a distress, execution or seizure is levied or enforced upon or sued out against any material part of the assets of the Company and is not discharged within 30 days thereof; or

(x) if final judgment for the payment of money in excess of any amount equivalent to U.S. $20,000,000 shall be rendered by a court of competent jurisdiction against the Company and it shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereon, within 30 days from the date of entry thereof and within said period of 30 days, or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(xi) if any action having under the laws applicable to the Company substantially the same legal effect or purpose as any action specified in (v) to (x), inclusive, of this Condition shall be taken by or against the Company or its property, or by a court of competent jurisdiction, under the laws of any country or political subdivision thereof having jurisdiction over the Company or its property;

then in any such event any holder of any of the Notes may by written notice to the Fiscal Agent effective upon receipt thereof by the Fiscal Agent declare the principal of and interest on the Notes held by such holder to be forthwith due and payable together with accrued interest thereon, whereupon the same shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which the Company will expressly waive, anything contained in these Terms and Conditions of the Notes to the contrary notwithstanding, unless prior to the time when the Fiscal Agent receives such notice all Events of Default provided for herein in respect of the Notes shall have been cured provided that if any of the Events of Default specified in sub-paragraphs (ii) or (iii) above shall have occurred, any notice declaring Notes due and repayable shall (save where, at the time such notice is received, any of the Events of Default specified in sub-paragraphs (i), (iv), (v), (vi), (vii), (viii), (ix), (x) or (xi) shall also have occurred) become effective only when the Fiscal Agent has received such notice from holders of Notes in an aggregate principal amount of not less than one-tenth of the principal amount of the Notes for the time being outstanding.

Replacement of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the office of the Paying Agent in Luxembourg (in the case of Bearer Notes and Coupons) and the Registrar (in the case of Registered Notes) subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Company may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

Notices

All notices to holders of Bearer Notes will be valid if given by publication in the Financial Times in London and in the Luxemburger Wort in Luxembourg or, if either of these is not possible, in another leading English language daily newspaper with general circulation in Europe. All notices to holders of Registered Notes shall be given in writing and shall be valid if mailed to the holders of Registered Notes at their respective addresses in the register maintained by the Registrar provided that if at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to give notice to holders of Registered Notes through the post, notice to holders of Registered Notes will be valid if given in the same manner as notices to holders of Bearer Notes. Such notices will be deemed to have been given on the date of such publication or mailing or, where publication in such newspapers is not on the same day, notices will be deemed to have been given on the date on which the first is published.

Amendment and Waiver; Noteholders' Meetings

The provisions of the Notes (other than provisions relating to the principal amount, the rate of interest, the dates on which and the currency in which such principal and interest are payable and the special quorum requirements, which may only be amended or waived at a meeting of Noteholders at which special quorum requirements are fulfilled) may be amended, or compliance therewith waived, by Extraordinary Resolution.

The Agency Agreement will contain provisions for meetings of Noteholders. Under such provisions, the holders of a majority in principal amount of the Notes outstanding shall constitute a quorum. In the absence of such quorum at a meeting, then at the reconvening of such meeting, two or more Noteholders (whatever the principal amount of the Notes held by them) shall constitute a quorum and any action set forth in the notice of the original meeting shall be effective if approved or decided by such persons provided that the quorum at any adjourned meeting, at which is to be proposed an Extraordinary Resolution requiring a special quorum for its passing, shall be two or more Noteholders holding in aggregate at least one quarter in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution means a resolution passed at a meeting of Noteholders, duly convened and held in accordance with the provisions in the Agency Agreement, by a majority consisting of not less than 66 2/3 per cent. in principal amount of the Notes represented and voting at the meeting.

Any action or decision taken in accordance with the procedures summarised above shall be binding on all Noteholders whether or not acting or represented at any meeting.

Governing Law and Jurisdiction

(a) The Notes, the Coupons and the Agency Agreement will be governed by and construed in accordance with English law and the Company will submit for the benefit of the Noteholders and Couponholders to the jurisdiction of the courts of England and the courts of the Kingdom of Norway for all purposes in connection with the Notes and the Coupons and will appoint an agent in England to receive service of process in any legal action or proceedings ("Proceedings") which may be instituted in England based on any of the Notes or Coupons.

(b) The Company irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

USE OF PROCEEDS

The net proceeds from the issue of the Notes are estimated to amount to approximately U.S.$250,000,000 and will be used by the Company for general funding purposes and investment.

CAPITALISATION OF STATOIL

The following table, which has not been audited, sets out the capitalisation of the consolidated companies as at 30th September, 1992 and as adjusted to give effect to the present issue of Notes. There has been no material change in the consolidated capitalisation of the Company since 30th September, 1992:–

		As at 30th September, 1992	
	Notes	*Actual*	*As Adjusted*
		(in millions of Norwegian kroner)	
Current liabilities, non-interest bearing		18,036	18,036
Current liabilities, interest bearing		2,772	2,772
Long-term liabilities		21,931	21,931
7⅞ per cent. Notes Due 2022 (now being issued)	(1)	—	1,630
Total long-term liabilities		21,931	23,561
Untaxed reserves		21,116	21,116
Minority interests		29	29
Shareholder's equity			
Restricted shareholder's equity:			
Authorised and issued share capital:			
49,397,140 Ordinary Shares, par value NOK 100 each		4,940	4,940
Statutory reserve	(2)	5,214	5,214
Free reserves	(2)	3,437	3,437
Profits as at 30th September, 1992		1,851	1,851
Foreign currency translation adjustment		212	212
Total shareholder's equity		15,654	15,654
Total liabilities and shareholder's equity		79,538	81,168

Notes

(1) Translated at the exchange rate prevailing on 1st December, 1992 of U.S.$1 = NOK 6.52

(2) Figures as at 31st December, 1991

DEN NORSKE STATS OLJESELSKAP A.S ("STATOIL")

General

Statoil was incorporated on 18th September, 1972 for an unlimited duration and is incorporated under the Norwegian Companies Act. The registered seat of the Company is Petroleumsveien 12, 4001 Stavanger, Norway and the headquarters of the Company are Forus, Postboks 300, N-4001 Stavanger. Statoil is the Norwegian State's business organisation in the petroleum industry. As a fully-integrated oil company it participates, directly or in co-operation with other companies, in activities at all levels, from exploration via field development and petroleum production to transportation, refining and marketing of petroleum and petroleum products as well as in the petrochemical industry.

Statoil is subject to parliamentary control. All the shares are owned by the Norwegian State represented by the Minister of Petroleum and Energy. Every second year the Company prepares a plan for the following year. This plan, supplemented by the Ministry's comments, is presented to the Storting (the Norwegian Parliament) for approval.

In Norway, Statoil is represented at several locations throughout the country. The Company owns 100 per cent of Norway's leading petroleum products marketing company, Statoil Norge A.S., an oil refinery at Mongstad, north of Bergen, and a petrochemical plant at Bamble.

Abroad, Statoil has wholly-owned subsidiaries in various countries in Europe, Asia and in Nigeria and the United States. The total number of employees of the Statoil group is approximately 14,000.

Over the last few years Statoil has carried out a comprehensive oil and gas exploration programme, including seismic surveys, other geological work and the drilling of exploration and appraisal wells. As a result, the Company has made a number of oil and gas finds, and the finds at Gullfaks, Oseberg, Tommeliten and Veslefrikk (all four now in production) and Troll and Sleipner in the North Sea (now under development), Smørbukk and Tyrihans in the Haltenbanken region and Askeladden and Snøhvit off the north Norwegian coast are of particular importance. Statoil is the operator for Statfjord, the largest oil field developed so far in the North Sea. Other North Sea fields in operation in which Statoil participates are the Ekofisk area, Frigg, Heimdal, Murchison, Ula, Gyda, Snorre and Oseberg. Statoil is also the operator for Statpipe, a gas transmission system from Statfjord to Ekofisk via Karstø, as well as for the Zeepipe system from Sleipner to Zeebrügge in Belgium (in operation in 1993).

Statoil's most important investment projects are currently the following developments:—

the Sleipner East field

the Troll field

the Heidrun field

the Zeepipe gas transmission system

the Europipe gas transmission system

the two Statfjord satellites

the Methanol and MTBE plants.

The Statoil Group

The Statoil Group consists of Den norske stats oljeselskap a.s ("Statoil") and several subsidiaries.

Statoil Norge A.S. ("Statoil Norge") handles the Company's marketing of oil products in Norway.

Statoil AB, in Sweden, is the owner of the two operating companies Svenska Statoil AB (third largest marketing company of oil products in Sweden in 1991) and Statoil Petrokemi AB (petrochemicals).

Statoil Danmark A/S in Denmark owns the two operating companies Statoil A/S (marketing) and Statoil Efterforskning og Produktion A/S (exploration).

In addition, Statoil is the owner of Statoil Deutschland GmbH, mainly involved in petrochemical activities and the Etzel gas storage facilities; Statoil (U.K.) Ltd., involved in exploration, oil and products trading and marketing of petrochemical products; Statoil North America Inc., involved in oil and products trading; as well as marketing companies for petrochemical products in France, Finland and Belgium.

Statoil is represented in the Far East with a wholly-owned subsidiary in Thailand (exploration & production) and an office in Singapore selling crude and oil products.

Through its subsidiary Statoil Forsikring a.s, Statoil insures parts of its offshore installations in the North Sea as well as onshore Norway.

Statoil also has a 60 per cent. equity interest in Norwegian Underwater Technology Centre a.s which is involved in research, development and testing in connection with underwater technology and diving, as well as equities in several minor supply base companies in Norway.

Norwegian Government's Direct Financial Involvement - "GDFI"

The GDFI represents the Norwegian State's direct share in the petroleum business. Investments, operations costs and incomes are reported in the government's annual budgets and accounts. However, Statoil is the operator for GDFI. In 1991 Statoil's equity oil from Norwegian production was approximately 400,000 barrels a day and the GDFI approximately 550,000 barrels a day.

Business

The Group is organised into four distinct and independent business entities with complete financial statements for each one. The four business entities are: Exploration and Production; Refining and Marketing; Petrochemicals and Plastics; and Natural Gas.

Exploration and Production

The exploration and production business area is responsible for exploration, project planning, development and operation of offshore installations and also for the Norwegian government's direct financial involvement - GDFI - in the Norwegian petroleum industry (see above).

Statoil has been an operator for exploration and drilling since 1975, and as such has drilled more than 100 wells, on the Norwegian Continental Shelf. About two-thirds of the wells have been successful, either discoveries or positive appraisals.

The Statoil Group attaches great emphasis to discovering new oil deposits. In 1991, three new finds were made in the Norwegian sector as well as a promising find on the Amalie field offshore Denmark. Statoil's equity crude availability in 1991 was 138 million barrels, as against 124 million in 1990. Statfjord produced above budget in 1991, close to 700,000 barrels/day, and will probably do so also in 1992. Gullfaks production increased significantly in comparison with 1990, attributable to efficient measures for preventing sand ingress in the well flow, plus more wells put on stream. Veslefrikk and Tommeliten produced on budget. In addition, the Oseberg C platform came on stream in Autumn 1991.

Exploration and Production's international business is expanding, with exploration interests currently in Nigeria, Angola, China, Namibia, Azerbaijan, Vietnam, Denmark and the UK (the awards in Azerbaijan and Nigeria are not finalised). The Company's holdings in the Dutch Kotter and Logger fields were recently sold.

In 1990, Statoil and BP joined forces in a strategic alliance, focusing on exploration and production in the former Soviet Union, China, Vietnam and West Africa, as well as collaboration in research and development and the marketing of Natural Gas in the UK.

Within the strategic alliance with BP, Statoil was awarded a 3.1 per cent. stake in the Azeri oilfield, in the Caspian Sea.

The alliance has ownership in licences also in Vietnam and Angola.

The alliance was recently awarded exploration licences offshore Nigeria, to be operated by Statoil.

Refining and Marketing

The refining and marketing business area is responsible for Statoil Group's refinery business, the sale of its total supplies of crude oil (belonging to both Statoil and the Norwegian State), NGL and refined products, and retail marketing of oil products of the Group.

During 1991, Statoil's total sales of crude oil were nearly 1.1 million barrels/day, some 100,000 barrels/day more than the previous year. The crude oil is sold mainly under long-term contracts to customers in Scandinavia, the Netherlands, West Germany, the United Kingdom and the United States of America. It is also used as feedstock in Statoil's own refineries. The balance is sold in the international spot market. In the next few years, Statoil will have increasing access to crude oil.

Statoil has increased its share of the three Scandinavian markets for refined products. Statoil is the market leader both in Norway and in Denmark. The total market share in Scandinavia was 21.1% in 1991.

Statoil's access to NGL (propane and butane) and naphtha in 1991 came to about 1.7 million tonnes as against 1.5 million tonnes the year before. NGL and naphtha are sold in the petrochemicals, industrial, heating and transport markets in Scandinavia and North West Europe and to Statoil's petrochemicals plants in Stenungsund and Antwerp.

The Statoil Group has two oil refineries. The Mongstad Refinery produced a total of 6 million tonnes of oil products in 1991. In autumn 1991 the Mongstad Refinery carried out its first overhaul following the expansion and conversion programme completed in summer 1989. Maintenance requirements for parts of the plant proved greater than expected causing a longer shut down and higher costs than anticipated. The Kalundborg Refinery (in Denmark) produced a total of 2.9 million tonnes of oil products in 1991. Given the expected substantial quantities of oil condensate from the Sleipner field, Statoil has decided to construct a facility for processing condensate at the Kalundborg Refinery.

At the end of 1991 Statoil operated 30 chartered crude oil, product and gas carriers. This fleet adds up to 2.4 million tonnes deadweight.

Petrochemicals and Plastics

The petrochemicals and plastics business area is responsible for product development, production and marketing of basic petrochemicals, plastics raw materials, speciality products and finished plastic components as well as methanol and the octane enhancer MTBE.

An operating loss of NKr 17 million was recorded in 1991 as against NKr 718 million profit in 1990. The chief cause of this was lower prices for the business area's most important products - principally polyethylene, polypropylene and other petrochemical products - due to over-capacity throughout Europe and a weakening market due to the general economic downturn in several West European countries. In light of this the business area is embarking on a cost reduction programme.

The polypropylene facility in Antwerp, which came on-stream in autumn 1990, achieved high capacity utilisation and good product quality. Combined with the expansion in Bamble this performance increased Statoil's production of polypropylene from 70,000 tonnes in 1989 to 180,000 tonnes in 1991.

The Statoil Group has decided to build a plant at Karsto to produce the octane enhancer MTBE. At 1991 exchange rates this plant will cost NKr 2.7 billion and will come on-stream in 1995 with a production capacity of 500,000 tonnes per annum. The company is also to construct and operate a methanol plant; the plant will be approximately 80 per cent. owned by Statoil and marks the first occasion that Norwegian natural gas will be employed for industrial purposes in Norway.

Natural Gas

The natural gas business area is responsible for the Group's activities related to marketing, source planning, development and operation of transport systems for natural gas.

Statoil has a 50 per cent. participation in the Norpipe companies which were established in the 1970s to own and operate the pipeline systems from the Ekofisk area to Teesside, United Kingdom (oil) and Emden, West Germany (gas). The Company also owns 100 per cent. of the Ula pipeline in the North Sea. Statoil holds a 58 per cent. participation in the Statpipe gas transmission system, bringing Statfjord, Gullfaks and Heimdal gas into the Norpipe system.

A new pipeline system, Zeepipe, to transport gas from Sleipner and Troll to Zeebrugge in Belgium, is under development. The total state share in the system is 70 per cent. (Statoil holds 15 per cent.). The Zeepipe system is scheduled to come on stream in 1993 when the gas deliveries from Sleipner begin. The Zeepipe system, when the Troll field is linked up to it in 1996, will be, at 1,285 kilometres, the longest submarine gas pipeline in the world.

Higher gas prices and a larger volume of natural gas transported through the Statpipe gas transportation system led to an increased operating profit for this business area in 1991.

Statoil, as head of Norway's Gas Negotiating Committee occupies a central and co-ordinating role in the marketing of Norwegian natural gas.

Summary of Financial Information

The following summary of financial information of the Statoil group is based on the accounts appearing under "Financial Statements of Statoil" below and should be read subject to such accounts and the notes thereto:—

	The Group		*Statoil*	
	31st December			
	1990	*1991*	*1990*	*1991*
	(in million of Norwegian Kroner)			
Total Assets	74,207	75,821	64,834	65,923
Current Liabilities	21,988	19,733	17,728	16,045
Long-term Liabilities	23,553	22,262	20,362	18,458
Shareholders' Equity	12,470	13,804	12,334	13,716
Operating Revenue	81,475	88,807	60,039	63,145
Operating Profit	16,027	13,546	15,203	12,964
Profit before year end adjustments	14,358	12,845	13,613	12,270
(Loss)/Profit for the year	3,270	2,741	3,070	2,782

MANAGEMENT OF STATOIL

Executive Board

Harald Norvik, President
Roger O'Neil, Executive Vice President
Terje Vareberg, Executive Vice President
Johan Nic Vold, Executive Vice President

Board of Directors

Helge Kvamme, Chairman
Arnfinn Hofstad, Vice-Chairman
Else Bugge Fougner
Marit Reutz
Helge Kjørholt
Ase Simonsen
Jetfred Sellevåg
Yngve Hågensen
Tormod Hermansen

Company Assembly

Oluf Arntsen, Chairman
Brit Jakobsen, Vice-Chairman
Arve Berg
Axel Buch
Kristin Krohn Devold
Kjell Bjørndalen
Unn Aarrestad
Oddny Bang
Per Hasler
Jon Jakobsen
Bjørn Torkildsen
Leif Dale

INTERIM REPORT

The following is the report of the Board of Directors of Statoil for the nine months ended 30th September, 1992:—

"The Statoil group showed a profit after taxation of NOK 2,196 million for the first three quarters of 1992, compared with NOK 3,463 million for the same period in 1991.

Operating profit was NOK 10,031 million, down NOK 1,023 million on the first three quarters last year. Profit before taxation was NOK 8,946 million against NOK 10,714 million at 30th September, 1991.

The Natural Gas business area turned out a better operating profit than for the same period last year, while results in the other business areas declined.

The reduced operating profit in comparison with last year is mainly due to lower crude oil prices, weaker refining margins and lower prices for petrochemical products. The weaker market trend is offset in part by higher production of equity crude and gas and by increased pipeline transport revenue. After-tax profit is also affected by an increasing share of offshore-derived revenue, involving a higher tax burden.

The average price quoted for Brent Blend crude in the first nine months of the year was USD 19.36 (NOK 119) per barrel, as against USD 19.82 (NOK 129) for the corresponding period last year.

Net financing costs at 30th September amounted to NOK 1,156 million. Excluding a recorded loss on the conversion of bonus shares to ordinary shares in Saga Petroleum, net financing costs at the end of September were NOK 667 million, an increase of NOK 191 million in comparison with last year. Long term, interest bearing liabilities at 30th September, 1992 amount to NOK 18,639 million, a decline of NOK 744 million since the beginning of the year.

The group's cash flow from operations was NOK 9,275 million at the end of the third quarter, while net investments in the same period were NOK 6,554 million.

Satisfactory results were achieved with regard to health, the environment and safety. The number of injuries was on a par with last year, and there were no major accidents. During repairs on Statfjord in July, 892 cubic metres of oil was accidentally discharged. A subsequent efficient clean-up operation reduced the net spill to the sea to maximum 40 cubic metres.

Development projects implemented offshore Norway mainly follow the established progress schedule. However, the cost trend is negative and requires active intervention by contractors and operating company.

After-tax profit in the third quarter was NOK 535 million, which is 50 per cent. less than in the third quarter 1991, and NOK 326 million down on the second quarter 1992. The down-turn is primarily due to the price trend. In comparison with the previous quarter the result is also negatively influenced by the loss on the share holding in Saga Petroleum and a slightly reduced equity oil availability.

EXPLORATION & PRODUCTION

The Exploration & Production business area recorded a third-quarter operating profit of NOK 1,869 million, a decline of NOK 926 million in comparison with the previous quarter, mainly attributable to the low USD exchange rates in the quarter. Accumulated operating profit for the nine-month period was NOK 6,634 million, NOK 679 million down on last year. The decline was caused by lower oil prices, partly offset by higher production. Equity oil availability was high with an average daily production of 416,000 barrels as against 380,000 barrels as at 30th September, 1991. Plant availability for Statoil-operated fields was high.

The Statoil-BP alliance has signed an agreement with the government in Azerbaijan to study the prospects of developing the Chirak field in the Caspian Sea, and to explore for petroleum in the nearby Shak Deniz area.

NATURAL GAS

The Natural Gas business area achieved an operating profit in the third quarter of NOK 931 million, as against NOK 1,010 million in the second quarter. Accumulated operating profit for the first three quarters was NOK 3,005 million, compared with NOK 2,561 million 12 months ago. The improvement in relation to 1991 is primarily attributable to larger volume of gas transported. All Statoil-operated transport systems had a high level of plant availability.

REFINING & MARKETING

Refining & Marketing showed a third-quarter operating profit of NOK 92 million, down NOK 169 million on the second quarter. Accumulated operating profit was NOK 563 million, a decline of NOK 471 million in comparison with the first three quarters of 1991, chiefly due to lower refining margins and depressed marine transport rates. Utilisation of capacity and plant availability at the Mongstad refinery improved from the two preceding quarters. Market shares and results from the Scandinavian retail marketing business are roughly in line with last year's performance.

The group's total crude oil sales, including the Government's direct financial share, accrued to 1.25 million barrels a day in the three quarters, an increase of about 14 per cent. in comparison with the same period last year.

PETROCHEMICALS & PLASTICS

The Petrochemicals & Plastics business area recorded a third-quarter operating loss of NOK 93 million as against a loss of NOK 60 million in the second quarter. In the first nine months of the year P&P suffered an operating loss of NOK 265 million, down NOK 409 million on last year. The poor performance so far in 1992 reflects the deep recession in the petrochemical industry, particularly for plastics raw materials. Prices and margins remained stable in the third quarter, but at a very low level. Plant availability at the propylene facility in Antwerp was high in the third quarter after recommissioning early August. The group's other petrochemical facilities maintained a high level of plant availability throughout the period.

PROSPECTS

No major changes in the group's production of equity crude or in the market prospects are anticipated for the rest of the year. Ongoing cost curbing programmes will have positive effects in the fourth quarter. Pulling in the opposite direction, however, are increased tax costs due to the changed emphasis on results from onshore to offshore activities.

With no substantial improvement in the prices for the group's main products or in the USD exchange rate, the final results for the current year are likely to be inferior to those for 1991."

STAVANGER, 28TH OCTOBER, 1992
THE BOARD OF DEN NORSKE STATS OLJESELSKAP A.S

INTERIM INCOME STATEMENT

STATOIL GROUP

at 30th September, 1992

	3rd Quarter 1992	*3rd Quarter 1991*	*As at 30th Sept. 1992*	*As at 30th Sept. 1991*
	(in million of Norwegian Kroner)			
Operating revenue	20,712	19,678	60,974	57,578
Operating costs excluding depreciation	16,356	14,915	46,465	42,451
Ordinary depreciation	1,438	1,338	4,478	4,253
Operating profit	2,918	3,425	10,031	11,054
Share in profit associated companies	25	46	71	136
Net financial items	(408)	82	(1,156)	(476)
Profit before adjustments	2,535	3,553	8,946	10,714
Adjustments	611	833	1,125	2,123
Taxes	1,654	1,860	5,970	5,700
Profit after adjustments*	270	860	1,851	2,891
Equity share of untaxed reserves	265	206	345	572
Non-recurring effect of tax reform**	—	—	—	—
Profit after taxation**	535	1,066	2,196	3,463

BUSINESS AREAS

	3rd Quarter 1992	*3rd Quarter 1991*	*As at 30th Sept. 1992*	*As at 30th Sept. 1991*
Operating Revenue				
Exploration & Production	6,172	6,573	19,701	18,953
Natural Gas	2,102	1,643	6,395	5,533
Refining & Marketing	15,772	15,119	45,384	43,074
Petrochemicals & Plastics	1,321	1,334	4,204	4,941
Other (including intercompany transfers)	(4,655)	(4,991)	(14,710)	(14,743)
Operating Profit/(Loss)				
Exploration & Production	1,869	2,435	6,634	7,313
Natural Gas	931	673	3,005	2,561
Refining & Marketing	92	284	563	1,034
Petrochemicals & Plastics	(93)	44	(265)	144
Other	119	(11)	94	2

* Added to recorded equity capital

** Profit after taxation is defined as profit before adjustments less estimated taxes payable and estimated change in deferred taxes.

The figures at 30th September, 1992 are not audited.

AUDITORS' REPORT FOR 1991

To the shareholder of Den norske stats oljeselskap a.s:

We have audited the annual report and accounts of Den norske stats oljeselskap a.s for 1991. The annual report and accounts, which comprise the Board of Directors' report, the profit and loss account, balance sheet, cash flow statement and notes to the accounts, are presented by the company's Board of Directors and its President.

Our responsibility is to examine the company's annual report and accounts, its accounting records and other related matters.

We have conducted our audit in accordance with relevant laws, regulations and Norwegian generally accepted auditing standards. We have performed those audit procedures which we considered necessary to confirm that the annual report and accounts are free of material misstatement. In accordance with Norwegian generally accepted auditing standards, we have examined selected parts of the evidence supporting the accounts and assessed the accounting principles applied, the estimates made by management, and the content and presentation of the annual report and accounts. To the extent required by Norwegian generally accepted auditing standards, we have reviewed the company's internal control and the management of its financial affairs.

The Board of Directors' proposal for the appropriation of net profit is in accordance with the requirements of the Norwegian Companies Act.

In our opinion, the annual report and accounts, which show a net profit for the year of NOK 2,782 million for the parent company and a consolidated net profit for the year of NOK 2,741 million have been prepared in accordance with the requirements of the Norwegian Companies Act and with Norwegian generally accepted accounting principles.

STAVANGER, 27TH FEBRUARY, 1992
ERNST & YOUNG & CO. AS

ERNST ALSAKER
STATE AUTHORISED PUBLIC ACCOUNTANT (NORWAY)

FINANCIAL STATEMENTS OF STATOIL

Profit and Loss Account

	Statoil group 1991	Statoil group 1990	Statoil 1991	Statoil 1990
	(in millions of Norwegian Kroner)			
Sales and other operating revenue (1)				
Operating revenue	88,807	81,475	63,145	60,039
Sales taxes, excise duties	(10,515)	(9,119)	—	—
Net operating revenue	78,292	72,356	63,145	60,039
Operating costs				
Cost of sales	33,925	29,742	25,514	23,730
Payroll costs (2)	5,935	4,900	4,072	3,493
Other operating costs (3)	17,456	15,360	14,096	12,255
Exploration costs	1,695	1,102	1,544	871
Depreciation (10)	5,735	5,225	4,955	4,487
Total operating costs	64,746	56,329	50,181	44,836
Operating profit	13,546	16,027	12,964	15,203
Share of profits of associated companies (9)	207	188	—	—
Financial income/charges				
Dividend received	11	8	347	157
Interest from subsidiaries	—	—	105	190
Interest income and other financial income	1,146	842	677	419
Inter-group interest	—	—	58	—
Interest expenses and other financial charges (17)	2,065	2,707	1,765	2,356
Net financial charges	908	1,857	694	1,590
Profit before extraordinary items and year-end adjustments	12,845	14,358	12,270	13,613
Year-end adjustments				
Year-end adjustments (4)	3,684	3,343	3,220	3,251
Taxes (5)	6,415	7,741	6,268	7,292
Total year-end adjustments	10,099	11,084	9,488	10,543
Profit before minority interests	2,746	3,274	2,782	3,070
Minority shareholders' interests	5	4	—	—
Profit for the year	2,741	3,270	2,782	3,070
Allocation of profit for the financial year:				
Statutory reserve	—	—	725	961
Restricted equity reversing fund	—	—	110	
Free reserves	—	—	547	609
Dividend	—	—	1,400	1,500
	—	—	2,782	3,070

FINANCIAL STATEMENTS OF STATOIL

Balance Sheet

at 31st December, 1991

	Statoil Group 1991	*Statoil Group* 1990	*Statoil* 1991	*Statoil* 1990
	(in millions of Norwegian Kroner)			
Liabilities and shareholder's equity				
Current liabilities				
Short-term debt	269	981	71	388
Withholding taxes and holiday pay	2,655	2,353	734	625
Accrued interest payable	454	618	432	602
Dividend payable	1,402	1,500	1,400	1,500
Accounts payable	7,149	7,835	6,207	6,749
Inter-group payables	—	—	563	646
Taxes payable	3,384	5,195	3,213	4,800
Other current liabilities	4,420	3,506	3,425	2,418
Total current liabilities	19,733	21,988	16,045	17,728
Long-term liabilities				
Long-term loans and provisions (11)	21,675	22,786	17,473	20,028
Inter-group loans	—	—	710	—
Currency fluctuation reserve	275	334	275	334
Deferred taxation (12)	312	433	—	—
Total long-term liabilities	22,262	23,553	18,458	20,362
Untaxed reserves				
Accelerated tax depreciation on fixed assets	17,795	14,748	16,410	13,609
Other reserves	2,198	1,422	1,294	801
Total untaxed reserves (13)	19,993	16,170	17,704	14,410
Minority shareholders' interests	29	26	—	—
Shareholder's equity				
Share capital (49,397,140 shares at NOK 100 each)	4,940	4,940	4,940	4,940
Retained earnings				
Statutory reserve	5,214	4,489	5,214	4,489
Restricted equity reversing fund	110	—	110	—
Free reserves	3,327	2,856	3,452	2,905
Foreign currency translation adjustment	213	185	—	—
Total shareholder's equity (14)	13,804	12,470	13,716	12,334
Total liabilities and shareholder's equity	75,821	74,207	65,923	64,834
Guarantees etc. (15)	253	352	598	342
Secured liabilities	133	217		

BALANCE SHEET

at 31st December, 1991

	Statoil Group 1991	*Statoil Group* 1990	*Statoil* 1991	*Statoil* 1990
	(in millions of Norwegian Kroner)			
ASSETS				
Fixed Assets				
Property, plant and equipment (10)				
Production plants and technical installations	37,272	38,897	33,456	34,746
Construction in progress	8,653	6,019	7,100	5,364
Land and buildings	4,262	3,505	1,754	1,732
Long-term receivables and investments				
Investments in subsidiaries (7)	—	—	5,958	4,870
Investments in other companies (8)	1,539	65	1,443	32
Investments in associated companies (9)	356	316	154	154
Long-term investments (16)	1,518	1,288	788	425
Long-term inter-group receivables	—	—	750	1,191
Goodwill	304	361	—	—
Total fixed assets	53,904	50,451	51,403	48,514
Current assets				
Stocks				
Raw materials	807	811	477	482
Finished products	1,851	1,987	552	639
Short-term receivables				
Accounts receivable	10,338	11,507	7,027	7,990
Inter-group receivables	—	—	1,304	1,379
Other short-term receivables	3,627	3,224	2,757	1,907
Cash and short-term deposits				
Cash, bank deposits (6)	5,294	6,227	2,403	3,923
Total current assets	21,917	23,756	14,520	16,320
Total assets	75,821	74,207	65,923	64,834

Stavanger, 27th February, 1992

Jan Erik Langangen
Yngve Hågensen
Petter Anda

Arnfinn Hofstad
Marit Reutz
Odd Angelvik

Else Bugge Fougner
Tormod Hermansen
Åse Simonsen

Harald Norvik
President
Statoil group

FINANCIAL STATEMENTS OF STATOIL

Cash Flow Statements

at 31st December, 1991

	Statoil Group		*Statoil*	
	1991	*1990*	*1991*	*1990*
	(in millions of Norwegian Kroner)			
Cash flow from/(to) operating activities:				
Cash receipts from operations	79,443	67,923	63,861	55,821
Disbursements to operations	(59,627)	(49,232)	(46,105)	(36,755)
Net financial disbursements	(924)	(1,802)	(924)	(1,701)
Taxes paid	(8,227)	(4,868)	(7,855)	(4,575)
Net cash flow from operating activities	(10,665)	(12,021)	(8,977)	(12,790)
Cash flow from/(to) investing activities:				
Acquisitions and additions to fixed assets	(9,705)	(6,991)	(8,167)	(6,090)
Sales of property, plant and equipment	518	243	323	173
Net cash flow from/(to) investing activities	(9,187)	(6,748)	(7,844)	(5,917)
Cash flow from/(to) financing activities:				
Short-term financing:				
Change in short-term debt	199	740	692	151
Long-term financing:				
New long-term loans	1,473	2,081	710	680
Reduction in long-term debt	(2,583)	(5,244)	(2,555)	(4,916)
Shareholder's equity:				
Dividend paid	(1,500)	(800)	(1,500)	(800)
Net cash flow from/(to) financing activities	(2,411)	(3,223)	(2,653)	(4,885)
Total net increase in cash and cash equivalents	(933)	2,050	(1,520)	1,988

FINANCIAL STATEMENTS OF STATOIL

Notes to the Financial Statements

STATEMENT OF ACCOUNTING POLICIES

The consolidated (group) accounts are based on the same accounting policies as those applied by the parent company. They include the parent company, Den norske stats oljeselskap a.s (Statoil) and the subsidiaries listed in notes 7 and 9 on the accounts.

Accounting Policies

Expensed items

* Expenditure related to licences in the exploration phase.
* Expenditure related to research, special studies and development projects.
* Interest and other financing expenses.
* Commissioning costs related to offshore and onshore installations and production plants.
* Procurement of spare parts.

Capitalised items

* Expenditure incurred by the project organisations related to plants under development.
* Field expenditure incurred after approval of Plan for Development and Operation.

Depreciation

Ordinary depreciation on oil and gas production installations is accounted for under each individual field or transportation system using the unit of production method.

Ordinary depreciation on other assets is calculated on the basis of their economic life expectancy, using the straight line method.

Gas swapping

When gas from one field is sold under contract for another field, production costs for both fields are accrued based on volumes sold.

Periodic maintenance

Periodic maintenance programmes are expensed in the period until the maintenance is performed.

Contingencies

Contingent losses which are likely and quantifiable are expensed.

Site restoration and removal costs

Under the licence terms the authorities may order the licensees to remove the offshore facilities on termination of the licence period. To cover Statoil's anticipated share of any such removal costs, annual provisions are made in the financial accounts. The likelihood of removal is evaluated annually and any provision is calculated according to the unit of production method, based on current price level and an anticipated removal concept. Such provisions are included in the profit and loss account under operating costs and in the balance sheet under long-term liabilities.

Translation of foreign currency

Items in foreign currency are translated into Norwegian kroner (NOK) as follows:—

* Income, expenses and fixed assets are recorded at a monthly rate of exchange set for accounting purposes.
* Current assets and current liabilities are translated at the rate of exchange prevailing on 31st December.
* Long-term liabilities are translated at the exchange rates prevailing on drawing of the debt. Any exchange loss resulting from re-translating the debt at year-end rate of exchange is charged to expense. Similar exchange gains are recognised as income only when realised, or to the extent that unrealised gains represent a reversal of previously recorded unrealised losses. For long-term receivables this policy is applied analogously.
* In cases where the company has entered into currency swap agreements, the calculation of average exchange rate at drawdown and allocation to the currency fluctuation reserve are based on open foreign exchange positions.
* Unrealised currency losses on forward contracts are expensed and included in the balance sheet as current liabilities.
* Unrealised gain on hedging contracts is offset against loss on hedged items.

Stocks

Stocks of crude oil, products and drilling equipment are valued at the lower of production/procurement cost and actual value.

Hedged stocks are valued at forward prices to the extent that this does not result in recognition of unrealised gains.

The Government's royalty oil

Statoil buys at a "norm price" all oil received by the Government as royalty in kind from fields offshore Norway. Statoil includes the costs of purchase and proceeds of sale of this royalty oil in its operating costs and operating revenue, respectively.

The Government's equity oil

As manager of the Government's direct financial involvement in the petroleum industry, Statoil markets the Government's equity oil. The title to such equity oil sold via the Mongstad crude oil terminal is assigned to Statoil at the offshore loading facility. Statoil includes the costs of purchase and proceeds of sale of this royalty oil in its operating costs and operating revenue, respectively. The net proceeds of all other equity oil trading are included in operating revenue.

Trading

Crude oil and products trading is included in operating revenue and operating costs to the extent such transactions involve physical deliveries. The net proceeds of transactions not involving physical deliveries are included in operating revenue.

Unrealised losses on forward trading are expenses and entered as current liabilities.

Partnerships and limited partnerships

Statoil's share of the income, expenses, assets and liabilities of partnerships and limited partnerships is included under the appropriate headings of the company's profit and loss account and balance sheet.

Consolidation

* Companies in which Statoil, directly or indirectly, has a holding exceeding 50 per cent. are defined as subsidiaries.
* Share capital (and pre-acquisition reserves) of subsidiaries are eliminated against the cost of investment in Statoil's books. Any assignable excess of purchase price over book value is assigned to the relevant assets and depreciated accordingly. Goodwill is depreciated over 10 years.
* Foreign subsidiaries are consolidated according to rates of exchange at 31st December. Currency translation adjustments are charged to shareholder's equity in the balance sheet.
* Companies whose voting shares are owned 20-50 per cent. by the group companies, where the ownership position is of a lasting and strategic nature and where the group also has considerable influence are defined as associated companies. Shares in such companies are consolidated according to the equity method.

NOTES ON ACCOUNTS

1. Operating revenue is analysed as follows:—

	Statoil group		*Statoil*	
	1991	*1990*	*1991*	*1990*
		(in million of Norwegian Kroner)		
Crude oil	34,677	32,522	35,336	32,761
Transport tariff revenue	4,641	3,986	4,641	3,986
Gas	4,188	3,520	4,356	3,994
Refined products	22,074	20,994	10,797	12,139
Petrochemical products	5,902	5,212	2,761	2,535
Other revenue	6,810	6,122	5,254	4,624
Total net operating revenue	78,292	72,356	63,145	60,039
Foreign sales				
Crude oil	31,101	28,918	31,756	29,093
Gas	3,665	3,260	4,003	3,738
Refined products	17,380	13,626	8,368	9,837
Petrochemical products	5,469	4,673	2,245	1,996
Other revenue	2,587	2,530	886	865
Total foreign sales	60,202	53,007	47,258	45,529

Total crude oil availability includes purchased crude at NOK 19,416 million. Group operating revenue includes royalties of NOK 2,940 million. Other group revenue includes sale of personnel services, NOK 3,820 million.

2. Total remuneration to the members of the corporate assembly amounts to NOK 203,000, to the directors NOK 664,000 and to the group president NOK 1,275,000. Auditing fees amount to NOK 3,190,000 in 1991, including consultancy fees, NOK 240,000.
3. This item includes royalties of NOK 2,940 million.

4. Year-end adjustments comprise:—

	Statoil group	Statoil
	(NOK million)	
Change in stock reserve	(87)	3
Accelerated tax depreciation	3,033	2,801
Group contribution from Statoil Norge AS	—	(73)
Deferred taxes	(123)	—
Pension premium fund	465	465
Consolidation fund	51	16
Other provisions	345	8
Total	3,684	3,220

5. Taxation consists of:—

	(NOK million)
Income tax etc	4,093
Special tax	2,175
Total taxes payable by Statoil	6,268
Taxes payable by subsidiaries	147
Total taxes, Statoil group	6,415

6. Cash and short-term deposits include bank deposits, certificates and bonds.

Statoil's bank deposits include restricted funds of NOK 137 million covering employee income tax withheld. The corresponding amount for the Statoil group is NOK 153 million.

Liquid assets in Statoil Forsikring a.s are included with NOK 1,567 million. There is a constraint under Norwegian law on lending these assets to other companies in the Statoil group.

7. Statoil's investments in subsidiaries:—

	Book value NOK	Par value	Equity interest	Total company share capital
		Amounts in 1,000		
Statoil Norge AS	691,500	NOK 290,000	100%	NOK 290,000
Statoil Forsikring a.s	100,000	NOK 100,000	100%	NOK 100,000
Norsk Undervannsteknologisk Center a.s	18,000	NOK 18,000	60%	NOK 30,000
Statoil Netherlands B.V	239,574	NLG 71,000	100%	NLG 71,000
Statoil Danmark A/S	1,691,958	DKK 500,000	100%	DKK 500,000
Statoil AB	1,550,434	SEK 800,050	100%	SEK 800,050
Statoil (UK) Ltd	794,286	GBP 69,110	100%	GBP 69,110
Statoil Deutschland GmbH	648,346	DEM 21,900	100%	DEM 21,900
Statoil North America Inc	42,408	USD 6,000	100%	USD 6,000
Statopil (Thailand) Ltd	157,736	THB 600,000	100%	THB 600,000
Other subsidiaries	24,052			
Total Statoil	5,958,294			

Other subsidiaries include Statoil Coordination Centre N.V., where Statoil AB owns a holding of 98.3 per cent.. while Statoil and Statoil Netherlands B.V. own the remaining 1.7 per cent.

8. Investments in other companies, NOK 1,443 million, include free shares in Saga Petroleum A/S, NOK 1,385 million. The holding in the company is 9.4 per cent. Voting share holding is 12.5 per cent. Stock exchange value at the year end is about 10 per cent. lower than at the time of acquisition. In Statoil's assessment this does not indicate a lasting fall in value.

9. Investments in associated companies are in Statoil recorded at historical cost and in the Statoil group according to the equity method.

	Statoil group	Statoil	Equity interest	Per value	Share capital
			Amount in 1,000		
Norpipe a.s	300,701	128,700	50%	128,700	257,400
Norpipe UK	19,473		50%	GBP 1,750	GBP 3,500
Other companies	36.150	25,217			
Total Statoil group	356,324	153,917			

10. Property, plant and equipment, Statoil and Statoil group:—

	Cost as at 1st January, 1991	Additions during the year	Disposed of during the year	Transfers	Account, depr. at 31st December 1991	Net book value 31st December, 1991
			NOK million			
Statoil:						
Production plants and technical installations.	66,114	2,078	45	1,565	36,256	33,456
Construction in progress	5,364	3,558	257	(1,565)		7,100
Land and buildings	2,022	81	10	—	339	1,754
Total	73,500	5,717	312	—	36,595	42,310

	Cost as at 1st January, 1991	Additions during the year	Disposed of during the year	Transfers	Account. depr. at 31st December 1991	Net book value 31st December, 1991
			NOK million			
Statoil group:—						
Production plants and technical installations	73,691	2,846	563	1,730	40,432	37,272
Construction in progress	6,026	4,657	257	(1,773)	—	8,653
Land and buildings	5,188	332	73	43	1,228	4,262
Total	84,905	7,835	893	—	41,660	50,187

Capitalised items at September 1991 concerning the Sleipner A gravity base structure have been transferred from Construction in progress to Insurance claims.

Additions to and proceeds from sales of fixed assets during the last five years, Statoil and the Statoil group:—

	1987	*1988*	*1989*	*1990*	*1991*
Statoil:					
Investments	10,194	9,165	4,751	5,266	5,717
Sales	329	464	510	67	312
Statoil group:					
Investments	11,422	10,402	6,124	6,196	7,835
Sales	490	1,326	699	203	893

11. Long-term debt of Statoil and the Statoil group analysed by currency:—

	Long-term debt	*Currency sweep agreem.*	*Currency position*	*Average rate of exchange*	*Book value NOK*
		Amounts in millions			
Statoil:					
Norwegian kroner (NOK)	308	—	308	—	308
US Dollars (USD)	1,224	775	1,999	6.65	13,287
German marks (DEM)	684	(307)	377	367.25	1,385
Japanese Yen (JPY)	65,640	(44,640)	21,000	4.44	932
French Francs (FRF)	750	(400)	350	104.74	367
Swiss Francs (CHF)	250	(100)	150	442.42	664
Pounds Sterling (GBP)	3	(2)	1	10.96	8
Danish kroner (DKK)	400	(200)	200	90.96	182
European Currency Units (ECU)	100	(100)	—	—	—
Long-term provisions	—	—	—	—	340
Total Statoil					17,473
Subsidiaries:					
Belgian Francs (BEC)	9,134	—	9,134	19.12	1,747
Other currencies	129	—	129	—	228
Long-term provisions	—	—	—	—	2,227
Total subsidiaries	—	—	—	—	4,202
Total Statoil group	—	—	—	—	21,675

The majority of long-term loans expire over the period 1992-1998 inclusive, while a minor share runs until 2008.

Average rate of interest on long-term loans in 1991 was 7.6 per cent.

Half of the loans are subject to a fixed rate of interest throughout their term.

The unused share of long-term loan agreements converts to NOK 5,055 million.

Long-term liabilities includes provisions for site restoration and removal costs, NOK 281 million.

12. Deferred taxes

When consolidating Statoil Sweden and Statoil Denmark, untaxed reserves at the time of acquisition were split between shareholder's equity and deferred taxes. Of the NOK 312 million estimated remaining deferred taxes, NOK 239 million relate to Statoil Sweden and NOK 73 million to Statoil Denmark.

13. Specification of accelerated tax depreciation on fixed assets and other untaxed reserves in Statoil and the Statoil group:—

	Statoil group		*Statoil*	
	1991	*1990*	*1991*	*1990*
	Amounts in NOK million			
Accelerated tax depreciation, offshore	13,465	11,412	13,465	11,412
Accelerated tax depreciaiton, onshore	4,330	3,336	2,945	2,197
Total accelerated tax depreciation	17,795	14,748	16,410	13,609
Pension premium fund	1,304	839	1,036	571
Stock reserves	63	151	50	38
Consolidation fund	382	331	106	90
Other funds	449	101	102	102
Total other reserves	2,198	1,422	1,294	801
Total untaxed reserves	19,993	16,170	17,704	14,410

14. Movements in group shareholders' equity in 1991

	(in millions of Norwegian Kroner)
Shareholder's equity at 1st January, 1991	12,470
Profit for the year	2,741
Dividend for the year	(1,400)
Change in currency adjustment	(7)
Shareholder's equity at 31st December, 1991	13,804

15. Liability and insurance

In connection with the company's offshore operations, including transport systems, Statoil has, like other licensees, unrestricted liability for possible claims for damages. The company has taken out insurance for this liability up to about NOK 4,250 million for each incident, including liability for claims arising from pollution damage. Statoil's assets are insured at their estimated replacement value, in part in Statoil's own insurance company, Statoil Forsikring a.s.

To finance pipelines and terminals related to the Ekofisk development, loan agreements were concluded between the owners of the installations and various banks. Statoil's total guarantee commitment under these loan agreements is NOK 180 million.

Statoil has guaranteed for an amount of up to USD 70 million for Statoil North America Inc's operations.

Marine contracts

Statoil had at 31st December, 1991 signed marine drilling contracts for two semisubmersible rigs. The remaining lease periods are six months and two years respectively. The company leases 14 supply/service and stand-by vessels on short-term charters varying from one to five years with options for renewal. Statoil has also chartered 24 tankers with remaining lease periods ranging from one to 10 years.

Partnerships and limited partnerships

As a party to various partnerships, Statoil is jointly liable together with the other partners for agreements signed by the partnerships. On being awarded licences on the Norwegian shelf, the participants must commit themselves to drill a certain number of wells. At the end of the year the company was committed to participate in 40 such wells with an average equity share of 20 per cent.

16. Premium fund and pension commitments in Statoil

Statoil transferred in 1991 its pension schemes to a corporate pension fund. The pension scheme is based on 67 years pensionable age, 30 years pension-earning period and 66 per cent. pension of the calculated pensionable basis.

This year's pension premium is included in payroll costs in the profit and loss account.

The pension premium fund, NOK 1,255 million, is included in the balance sheet items long-term investments and untaxed reserves.

Interest earned on the premium fund are included in financial income and are transferred to the premium fund under year-end adjustments.

The present value of uncovered pension commitments, included as other long-term debt, is calculated at NOK 66 million. At 31st December, 1991, the scheme comprised 592 people. A 4 per cent. rate of interest has been used for calculation purposes. Future tax reduction has not been taken into account.

17. Forward currency contracts

Short-term forward contracts

Currency	*Currency sold*	*Average contract rate*	*Currency purchased*	*Contract rate less market rate at 31st Dec.**	*Period*
		Amounts in millions			
Sold/purchased					
USD/NOK	365	6,476	2,364	137	9204
USD/DEM	335	1,623	544	120	9201-9203
DEM/NOK	55	394,349	217	—	9201-9202
BEF/USD	75	32,640	2	(1)	9201
DEM/USD	20	1,587	13	(3)	9201
ESP/USD	350	101,050	3	(1)	9201
SEK/USD	200	5,695	35	(5)	9201
Current forward contracts valued at market rate as at 31st December				247	

* Excluding forward premium/discount

Unrealised loss and gain on forward contracts are offset against their respective hedged balance sheet items. Thus NOK 247 million and accrued forward premium/discount are reflected in 1991.

In addition, Statoil has unrealised gains on forward contracts related to long-term financing of NOK 186 million. These gains are reflected as income when realised.

SUPPLEMENTARY INFORMATION

Group profit/(loss) before year-end adjustments by business areas and corporate centre

	Operating revenue 1991	1990	*Operating profit/(loss)* 1991	1990	*Profit/(loss) before adjustments* 1991	1990
	(in millions of Norwegian Kroner)					
Exploration & Production	25,843	25,613	9,292	10,817	8,864	10,294
Gas	7,631	6,591	3,567	2,941	3,402	2,796
Refining & Marketing	58,644	55,274	647	1,229	(436)	429
Petrochemicals & Plastics	6,002	5,333	(17)	718	(237)	654
Corporate Centre	1,407	509	57	322	1,252	185
Inter-company transfers	(21,235)	(20,964)				
Total	78,292	72,356	13,546	16,027	12,845	14,358

Value added statement

	1991		1990	
	(in millions of Norwegian Kroner)			
Operating revenue	88,807		81,475	
Purchased goods and services used	(49,856)		(43,202)	
Gross value added from own activities	38,951		38,273	
Depreciation	(5,735)		(5,225)	
Net value added from own activities	33,216		33,048	
Financial income	1,096		662	
Value added from own activities	34,312		33,710	
Which was utilised as follows:				
Employees				
Gross salaries and social benefits	5,935*	17.3%	4,900*	14.5%
Capital investors				
Interest etc. to lenders	1,797	5.2%	2,331	6.9%
Dividend to the state	1,400	4.1%	1,500	4.5%
Central & local government				
Royalties, taxes, sales tax, etc	20,150	58.7%	19,862	58.9%
Retained in business				
Retained earnings	5,030	14.7%	5,117	15.2%
Total value added	34,312	100.0%	33,710	100%
* Including income tax withheld	1,615		1,302	

Profit and loss accounts of the major subsidiaries

	Statoil Norge AS	*Svenska Statoil AB*	*Statoil Petrokemi AB*	*Statoil A/S (DK)*
	(in millions of Norwegian Kroner)			
Operating revenue	4,631	5,897	2,259	5,455
Operating costs	4,391	5,383	2,057	5,063
Depreciation	192	123	53	138
Total operating costs	4,583	5,506	2,110	5,201
Operating profit	48	391	149	254
Net financial items etc.	99	(50)	37	(28)
Profit before extraordinary items	147	341	186	226
Extraordinary items	0	17	105	12
Profit before year-end adjustments	147	358	291	238

TAXATION

Payments of principal and interest on the Notes by or on behalf of the Company to persons who have no connection with Norway other than the holding of Notes or Coupons are, under present Norwegian law, not subject to, and may be made without, any withholding or deduction for or on account of any Norwegian taxes, duties, assessments or governmental charges.

Gains or profits realised on the sale, disposal or redemption of the Notes or Coupons by persons who have no connection with Norway other than the holding of Notes or Coupons are, under present Norwegian law, not subject to Norwegian taxes or duties.

No Norwegian issue tax or stamp duty is payable in connection with the issue of the Notes.

The Notes and Coupons will not be subject to any Norwegian estate duties provided that, at the time of the death of any holder, such holder has no connection with Norway other than the holding of the Notes or Coupons and provided that the Notes and Coupons have not been used in or attached to any business activity operated through a permanent establishment situated in Norway.

Prospective holders of the Notes are advised to consult their tax advisers with regard to the tax effect of their holding of the Notes.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain United States federal income tax consequences of the ownership of Notes. The summary only addresses Notes held as capital assets by holders that are citizens or residents of the United States, domestic corporations or otherwise subject to United States federal income tax on a net income basis in respect of Notes. It does not deal with all aspects of federal income taxation that may be relevant to particular Noteholders or other persons having beneficial interest in the Notes ("Beneficial Owners"). The following does not constitute, and should not be considered as, legal or tax advice to prospective investors. Investors should consult their own advisors as to the federal income tax treatment of the Notes as well as with respect to any state, local or foreign tax consequences.

General. Interest income, including market discount on a Note, will be treated as ordinary income to the Beneficial Owner. Such income will be treated as income from sources outside the United States but will be treated separately, together with other items of "passive" or "financial services" income, for United States foreign tax credit purposes.

Market Discount. A purchaser of a Note may be subject to the market discount rules. Market discount is the amount by which the purchaser's basis in the Note is exceeded by the principal amount of the Notes. The purchaser will be required to treat a portion of any gain on a sale or exchange of the Note as ordinary income to the extent of the market discount accrued to the date of disposition. In addition, deductions for a portion of a Beneficial Owner's interest expense attributable to any indebtedness incurred or continued to purchase or carry the Note purchased with market discount may be deferred. The deferred portion would not exceed the portion of market discount which accrues but which is not taken into account currently. Any such deferred interest expense is, in general, allowed as a deduction not later than the year in which the related market discount income is recognized. As an alternative to the foregoing rules, the Beneficial Owner may elect to include market discount in income currently as it accrues on all market discount instruments acquired by such Beneficial Owner in that taxable year or thereafter.

Market discount with respect to a Note will be considered to be zero if it is less than 0.25% of the principal amount of the Note, multiplied by the number of complete years to its final maturity.

Premium. A Note purchased at a cost (net of accrued interest) greater than its principal amount generally is considered to be purchased at a premium. The Beneficial Owner may elect under Section 171 of the Internal Revenue Code (the "Code") to amortize such premium under the constant interest method. Such premium is generally treated as an offset to the amount of interest income from a Note rather than as a separate interest deduction.

Sale and Retirement of the Notes. Except as noted above, upon the sale or retirement of a Note, a Beneficial Owner will recognize capital gain or loss equal to the difference, if any, between the amount realized upon the sale or retirement and the Beneficial Owner's tax basis in the Note. A Beneficial Owner's tax basis will be increased by the market discount previously included in the Beneficial Owner's gross income and decreased by the portion of any premium used to offset interest payments.

Bearer Notes. A United States holder generally will not be entitled to deduct any loss sustained on the sale or other disposition of a Bearer Note and must treat as ordinary income any gain realised on the sale or other disposition of Bearer Notes.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to payments of principal and interest on a Note and to payments of the proceeds of the sale of a Note before maturity within the United States that are made to non-corporate U.S. holders and "backup withholding" will apply to such payments if the U.S. holder fails to provide an accurate taxpayer identification number or otherwise comply with the applicable requirements of the backup withholding rules. The current rate of backup withholding is 20% but that rate will be increased to 31% for payments made after 31st December, 1992.

SUBSCRIPTION AND SALE

Pursuant to a Purchase Agreement dated 2nd December, 1992, AIG Financial Securities (U.K.) Limited ("AIG-FS") has agreed to subscribe for the Notes at the issue price of 100 per cent. of the principal amount of the Notes. The Purchase Agreement may be terminated in certain circumstances prior to payment to the Company.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions may not be offered, sold or delivered, directly or indirectly, in the United States or to or for the account or benefit of any U.S. person. As used herein, "United States" and "U.S. person" have the meanings given to them by Regulation S of the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

AIG-FS and its affiliates have agreed that neither it nor they will, directly or indirectly, offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Rules 903 and 904 of Regulation S, and it and they will have sent to each dealer to which it sells or they sell Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Notwithstanding the foregoing, AIG-FS or its affiliates may sell a portion of the Notes to or through a broker dealer registered under the United States Securities Exchange Act 1934 (the "Broker Dealer") who may re-offer and re-sell a portion of the Notes to (i) qualified institutional buyers ("QIBs") pursuant to Rule 144A under the Securities Act or (ii) institutions that are "accredited investors" within the meaning of Rule 501(a)(1), (2), (3), or (7) under the Securities Act ("Institutional Accredited Investors").

Each purchaser of Notes from the Broker Dealer, who is in the United States or who is a U.S. person or who is purchasing for the account or benefit of a U.S. person, in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements as set forth under "Purchaser Representations and Transfer Restrictions — Purchaser Representations" and such Notes so purchased are transferable only as set forth under "Purchaser Representations and Transfer Restrictions — Transfer Restrictions".

In addition, until 40 days after the commencement of the offering, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with Rule 144A under the Securities Act or in a transaction otherwise exempt from registration under the Securities Act.

The Notes may not be offered or sold in Great Britain except in circumstances which would not violate the provisions of the Companies Act 1985 (as amended). AIG-FS has agreed that it will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom. AIG-FS has agreed that it will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes to a person who is of a kind described in Article 9(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1988 or is a person to whom the document may otherwise lawfully be issued or passed on.

Reference should be made to the Purchase Agreement for the complete description of the restrictions on offers, sales and deliveries of Notes and distribution of this document.

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of the Notes.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Purchaser Representations:

Each purchaser of Notes in registered form from the Broker Dealer in accordance with Rule 144A under the Securities Act will be deemed to have represented to and agreed with AIG-FS and the Issuer as follows:

(i) it is (a) a qualified institutional buyer as defined in Rule 144A under the Securities Act, (b) aware that the sale to it is being made in reliance on Rule 144A and (c) acquiring such Notes for its own account or for the account of a qualified institutional buyer;

(ii) it understands that if it decides to offer, sell or otherwise transfer such Notes, it may do so only in accordance with the transfer restrictions set forth in "Transfer Restrictions" below; and

(iii) it understands that any Note in registered form purchased in the United States in this offering will until the third anniversary of the issuance of the Notes bear a legend setting forth such transfer restrictions.

Each purchaser of Notes other than pursuant to Rule 144A, who is in the United States or who is a U.S. person or who is purchasing for the account or benefit of a U.S. person, shall be required to execute the letter of representation addressed to AIG-FS in the form of Exhibit A setting forth certain representations, warranties and agreements with respect to transfers and certain other matters.

Transfer Restrictions:

Notes purchased hereunder by a person who is in the United States or who is a U.S. person or who is purchasing for the account or benefit of a U.S. person may be resold, pledged, or otherwise transferred only (A) to the Issuer, (B) outside the United States in a transaction exempt from the registration requirements of the Securities Act pursuant to Rule 904 of Regulation S under the Securities Act, (C) in accordance with Rule 144A under the Securities Act to a person whom the seller and any person acting on behalf of the seller reasonably believe is a qualified institutional buyer that is purchasing for its own account or for the account of a qualified institutional buyer and to whom notice is given that the offer, sale or transfer is being made in reliance on Rule 144A under the Securities Act, (D) if available, pursuant to the exemption from registration under the Securities Act provided by Rule 144 thereunder or (E) to other institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act).

Each purchaser of Notes pursuant to (E) above shall be required to execute the letter of representation addressed to AIG-FS in the form of Exhibit A setting forth certain representations, warranties and agreements with respect to transfers and certain other matters.

The Fiscal Agent makes no representation as to whether the issuance, sale, transfer or exchange of the Notes pursuant to the Offering Circular complies with any securities or similar laws.

GENERAL INFORMATION

The issue of the Notes was authorised by a resolution dated 29th October, 1992 of the Board of the Directors of the Company.

Application has been made to list the Notes on the Luxembourg Stock Exchange. In connection with the listing application, the Articles of Association of the Company and a legal notice relating to the issue of the Notes will be deposited prior to listing with the Chief Registrar of the District Court of Luxembourg (Greffier en Chef du Tribunal d'Arondissement de et à Luxembourg), where copies thereof may be obtained upon request.

Copies of the Articles of Association of the Company and the Agency Agreement may be inspected, and the annual reports and three month interim reports of the Company may be obtained, by Noteholders at the specified offices of each of the Paying Agents so long as any of the Notes is outstanding.

Neither the Company nor any of its subsidiaries is involved in any litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Notes nor, so far as the Company is aware, are any such litigation, arbitration or administrative proceedings pending or threatened.

The Notes have been accepted for clearance through Euroclear and CEDEL S.A. and the Common Code and ISIN reference numbers are 4086848 and XS 0040868480 respectively.

Other than as disclosed in this Offering Circular, there has been no material adverse change in the financial position of the Company or the Company and its subsidiaries since 31st December, 1991.

EXHIBIT A

Form of Purchase Letter for Institutional Accredited Investors

[Name of Seller]
[address]

Dear Sirs:

In connection with our proposed purchase of $[ ] principal amount of 7⅞ per cent. Notes due 2022 (the "Securities") of Den norske stats oljeselskap a.s (the "Company"), we confirm that:—

1. We understand that the Securities have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act") and may not be sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should resell, pledge, or otherwise transfer any Securities we will do so only (A) to the Company, (B) outside the United States in a transaction exempt from the registration requirements of the Securities Act pursuant to Rule 904 of Regulation S under the Securities Act, (C) in accordance with Rule 144A under the Securities Act to a person whom the seller and any person acting on behalf of the seller reasonably believe is a qualified institutional buyer that is purchasing for its own account or for the account of a qualified institutional buyer and to whom notice is given that the offer, sale or transfer is being made in reliance on Rule 144A under the Securities Act, (D) if available, pursuant to the exemption from registration under the Securities Act provided by Rule 144 thereunder or (E) to other institutional "accredited investors" (as defined in Rule 501(a)(1),(2),(3) or (7) under the Securities Act) and we further agree, in the capacities stated above, to provide to any person purchasing any of the Securities from us pursuant to (E) a notice advising such purchaser that resales of the Securities are restricted as stated herein. In addition, in respect of any resale, pledge, or other transfer pursuant to (E) above, we understand and agree that any purchaser, pledgee or transferee of Notes from us shall be required to execute a letter of representation addressed to AIG-FS in substantially the same form as this letter executed by us today.

   We understand that, on any proposed resale of any Securities within three years after the original issuance of the Securities, we will be required to furnish to the Registrar such certification and other information as the Registrar may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that certificates evidencing Securities purchased by us will, until the third anniversary of the original issuance of the Securities bear a legend to the foregoing effect.

2. We are an institutional investor and are an "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Securities, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

3. We are acquiring the securities purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion and for each of which we are acquiring not less than $1,000,000 aggregated principal amount of Securities.

4. You and the Company are entitled to rely upon this letter and are irrevocably authorised to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

Purchaser

By:
____

Name:

Title:

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