OFFERING CIRCULAR

STATOIL

Den norske stats oljeselskap a.s

(Incorporated in the Kingdom of Norway with limited liability)

U.S.$100,000,000
6½ per cent. Notes due 2023

Issue price: 100 per cent.

Interest on the Notes is payable semi-annually in arrear on 21st June and 21st December in each year commencing on 21st June, 1994. 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 21st December, 2023 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 21st December, 1993 (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

20th December, 1993

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.$100,000,000 6½ per cent. Notes due 2023 (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 7.4420 =U.S.$1.00 being the spot rate of exchange on 16th December, 1993. 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 submitted 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, 1993 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.$100,000,000 6½ per cent. Notes Due 2023 (the "Notes") was authorised by a resolution of the Board of Directors of the Company passed on 23rd June, 1993. 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 21st December, 1993 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 21st December, 1993. 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 "Payments" 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.

(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 21st December, 1993 at a rate of 6½ per cent. per annum, payable semi-annually in arrear on 21st June and 21st December commencing on 21st June, 1994. 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 21st December, 2023.

(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 20th December, 1993 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.

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 (ix), 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-paragraph (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-paragraph (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 66⅔ 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.$100,000,000 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, 1993 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, 1993:—

		As at 30th September, 1993	
	Notes	*Actual*	*As Adjusted*
		(in millions of Norwegian kroner)	
Current liabilities, non-interest bearing		19,905	19,905
Current liabilities, interest bearing		3,336	3,336
Long-term liabilities		44,972	44,972
6½ per cent. Notes Due 2023 (now being issued)	(1)	—	744
Total long-term liabilities		44,972	45,716
Shareholders' equity			
Restricted shareholders' equity:			
Authorised and issued share capital:			
49,397,140 Ordinary Shares, par value NOK 100 each		4,940	4,940
Statutory reserve	(2)	5,829	5,829
Free reserves	(2)	13,269	13,269
Profits as at 30th September, 1993		2,943	2,943
Foreign currency translation adjustment		(114)	(114)
Total shareholders' equity		26,867	26,867
Total liabilities and shareholders' equity		95,080	95,824

Notes

(1) Translated at the exchange rate prevailing on 16th December, 1993 of U.S.$1 = NOK 7.4420

(2) Figures as at 31st December, 1992

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 Industry and Energy. Every second year the Company prepares a plan for the following years. 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 14,300.

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 and Sleipner (all five now in production) and Troll in the North Sea (now under development), Smørbukk and Norne 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, Brage and Draügen. 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.

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

the Troll field

the Heidrun field

the Sleipner West field

the Norne field

the Europipe gas transmission system

the two Statfjord satellites

the Methanol plant.

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 three operating companies Svenska Statoil AB (marketing), Statoil Petrokemi AB and Statoil Europarts AB (petrochemicals) as well as over 98% of Statoil Coordination Centre N.V. in Belguim.

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., (exploration and production, oil and products trading and marketing of petrochemical products); Statoil Ireland Ltd. (marketing of oil products); Statoil North America Inc., (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 wholly-owned subsidiaries in Thailand (exploration & production) and Singapore (sale of 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 1992 Statoil's equity oil from Norwegian production was approximately 420,000 barrels a day and the GDFI approximately 600,000 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 1992, three new finds were made in the Norwegian sector. Statoil's equity crude availability in 1992 was 153 million barrels, as against 138 million in 1991. Statfjord produced above budget in 1992, just over 700,000 barrels/day. Gullfaks production increased significantly in comparison with 1991, attributable to efficient measures for increased oil recovery, plus more wells put on stream. Veslefrikk and Tommeliten produced on budget.

Exploration and Production's international business is expanding, with exploration interests currently in Nigeria, Angola, China, Namibia, Azerbaijan, Vietnam, Denmark and the U.K. (the awards in Azerbaijan are not finalised).

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 U.K.

Within the strategic alliance with BP, Statoil has been awarded licences and appointed operator in three offshore blocks in Nigeria.

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

The Alliance is negotiating a seismic programme with the government in Kazakhstan.

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 1992, Statoil's total sales of crude oil were nearly 1.3 million barrels/day, some 100,000 barrels/day more than the previous year. The crude oil is sold mainly under medium-term contracts or spot 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. 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 (and was the third largest marketing company of oil products in Sweden in 1992). The total market share in Scandinavia was approximately 21.6% in 1992.

In 1993 Statoil acquired 200 service stations in Sweden from BP. Statoil has also opened some service stations in Eastern Europe.

Statoil's access to NGL (propane and butane) and naphtha in 1992 came to about 2 million tonnes as against 1.7 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 7 million tonnes of oil products in 1992. The Kalundborg Refinery (in Denmark) produced a total of 3.2 million tonnes of oil products in 1992. Low refining margins for most of 1992 produced weak financial results in refining. 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. The upgraded refinery will start operations in early 1995.

At the end of 1992 Statoil operated 28 chartered crude oil, product and gas carriers. This fleet adds up to 2.0 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 438 million was recorded in 1992 as against a restated loss of NKr 30 million in 1991. 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 to 180,000 tonnes. The propylene facility in Antwerp came on stream in 1992 and has suffered from a weak market. The capacity of the facility is 400,000 tonnes per year. Both facilities in Antwerp are owned jointly with Himont.

The Statoil Group has decided to stop the plans to build a plant at Karsto to produce the octane enhancer MTBE. The Company is 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. The plant will be in operation in 1996.

Statoil and Neste Corporation of Finland plan to merge their petrochemical polyolefins business into a new company owned on a 50:50 basis. The new company is expected to begin operations on 1st March 1994 and will have its headquarters in Copenhagen, Denmark.

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, for the transportation of gas from Sleipner and Troll and Zeebrugge in Belgium came on stream in 1993 when the gas deliveries from Sleipner began. The total state share in the system is 70 per cent. (Statoil holds 15 per cent.). 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.

A larger volume of natural gas transported through the Statpipe gas transportation system led to an increased operating profit for this business area in 1992 compared to 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			
	1991	*1992*	*1991*	*1992*
	(in million of Norwegian Kroner)			
Total Assets	76,610	82,027	66,246	71,272
Current Liabilities	19,738	20,856	16,045	17,011
Long-term Liabilities	35,577	38,702	30,833	33,571
Shareholders' Equity	21,259	22,430	19,368	20,690
Operating Revenue	88,807	91,172	63,145	64,097
Operating Profit	13,556	12,517	13,023	12,096
(Loss)/Profit for the year	4,115	2,489	3,856	2,095

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
Per Hasler
Jon Jakobsen
Bjørn Torkildsen
Leif Dale
Knüt Engdahl*
Ragnhild Setsaas*

* Alternate members for Unn Aarrestad who has been elected member of the Storting (Parliament) and Oddny Bang who is currently serving as deputy to one of the ministers in the Cabinet.

INTERIM REPORT

The following is the report of the Board of Directors of Statoil for the nine months ended 30th September, 1993:—

"The Statoil group's profit after taxation in the nine months to 30th September, 1993 was NOK 2,943 million, compared with NOK 2,393 million in the same period last year.

Profit before taxation came to NOK 10,421 million against NOK 9,615 million one year ago.

Operating profit was NOK 9,886 million against NOK 9,931 million at the end of the third quarter 1992.

Group cash flow from operations at 30th September, 1993 was NOK 11,339 million, while net investment amounted to NOK 9,053 million.

The Exploration & Production business area achieved a higher operating profit than for the same period last year.

Refining & Marketing strengthened its operating profit, Petrochemicals & Plastics showed a slightly positive trend in relation to last year before winding-up costs associated with the MTBE project at Kårstø, while the Natural Gas business area showed a reduced operating profit.

The average price quoted for Brent Blend crude in the first three quarters of the year was USD 17.64 (NOK 124) as compared with USD 19.36 (NOK 119) in the same period last year.

Financial items in the first nine months of 1993 showed a net income of NOK 430 million, compared with a net charge of NOK 389 million one year ago. This improvement was due to a rise in value of the group's securities and low net interest costs.

Operating profit in July-September 1993 was NOK 3,281 million, against NOK 3,175 million in the preceding three months.

All Statoil-operated facilities had a high rate of availability in the period, and good results were seen from the continuous work to improve health, the environment, safety and security. However, the number of gas leaks at our offshore installations is too high. Special action has been taken to achieve an improvement in this area as well.

The first gas deliveries under the Troll agreements started on 1st October, consolidating the group's role as a central supplier of gas to Western Europe.

EXPLORATION & PRODUCTION

The Exploration & Production business area achieved a third-quarter operating profit of NOK 2,252 million, down NOK 250 million from the second quarter. The decline was due to lower equity crude production because of turnarounds for maintenance and lower crude prices in USD. This was only partly compensated for by a higher dollar rate. Operating profit for the first nine months of 1993 came to NOK 7,220 million, up NOK 607 million from the same period last year. The improvement reflected lower operating costs and higher crude oil prices in Norwegian Kroner.

Average equity oil availability at 30th September was 406,000 barrels per day, against 416,000 barrels at the end of the third quarter 1992.

The Sleipner East gas field came on stream in September. On the UK shelf, the Hyde gas field, in which Statoil has a 45 per cent. interest, was started up in July. The 10 per cent. Statoil-owned Bongkot field offshore Thailand was officially opened on 5th September. The licensees declared the Gullfaks South field in the North Sea commercial in September. In the 14th Norwegian offshore licensing round, Statoil was awarded four operatorships—one in the northern North Sea, two offshore mid-Norway and one in the Barents Sea.

NATURAL GAS

The Natural Gas business area had an operating profit in the third quarter of NOK 793 million, which is on a par with the second quarter. Accumulated operating profit for the nine months to 30th September was NOK 2,426 million, NOK 505 million down from the same period last year. The decline was mainly due to reduced transport revenue.

The Zeepipe gas pipeline including its terminal in Zeebrugge, Belgium, was completed on schedule and at a total cost of about NOK 10.8 billion, which is considerably below the original estimate.

The Etzel gas storage facility in northern Germany was completed and filled in accordance with the storage commitments of the Troll gas sales agreements.

On 1st October, 1993, the first delivery under the Troll gas sales agreements was effected from the Sleipner field via Zeepipe to Zeebrugge. Initially established in 1986, the Troll agreements have been subsequently expanded to include additional fields and buyers consisting of leading gas distributors in Germany, The Netherlands, Belgium, France, Austria and Spain. Supplementary agreements have been signed for deliveries to three major electricity utilities in The Netherlands, Belgium and the UK.

REFINING & MARKETING

The Refining & Marketing business area showed an operating profit of NOK 300 million in the third quarter, compared with NOK 173 million in the second.

Accumulated operating profit for the nine months to 30th September, 1993 was NOK 772 million, up NOK 200 million from the same period in 1992.

The improved performance in comparison with last year reflects better operations and margins at the Mongstad refinery as well as increased shipping results. Improved retail marketing results were recorded in Norway and Denmark, while figures in Sweden show a decline from last year.

During the third quarter, Statoil opened new petrol stations in Murmansk, Riga, Poland and eastern Germany.

On 30th September, Statoil acquired 200 service stations from BP in Sweden. The acquisition will be included in the fourth quarter group accounts. Rebranding and restructuring costs will significantly affect the business area's fourth quarter results.

PETROCHEMICALS & PLASTICS

The Petrochemicals & Plastics business area suffered a third-quarter operating loss of NOK 65 million.

Operating loss to 30th September this year was NOK 209 million excluding winding-up costs associated with the cancelled MTBE project at Kårstø, against a loss of NOK 278 million for the same period in 1992. The improvement from last year was due to slightly better margins and cost-curbing measures. After charges for investment and winding-up costs associated with the MTBE project, the operating loss for the first nine months was NOK 405 million.

Statoil and Finnish Neste are in the finishing stage of preparations to merge the two groups' petrochemical operations, at the same time as the final agreement base is being drawn up.

Statoil and Norsk Hydro have agreed to establish a plastics recycling plant in the Grenland area in eastern Norway. The fully developed plant will have an annual capacity of 8,000 tonnes, and will be the first of its kind in the utilisation of mixed plastic waste in Europe.

PROSPECTS

A dominant feature of the third quarter was falling oil prices and continued low prices for petrochemical products. There is still great uncertainty attached to the future market balance and price development, especially for crude oil.

The uncertain market situation makes it particularly important to secure high robustness in current and planned investment projects. The cost effectiveness programmes are important instruments to this end, and strengthen the group's competitive capacity.

Based on today's crude oil prices, the board anticipates lower operating results in the fourth than in the third quarter.

STAVANGER, 28th OCTOBER, 1993
THE BOARD OF DEN NORSKE STATS OLJESELSKAP A.S"

INTERIM INCOME STATEMENT

STATOIL GROUP

at 30th September, 1993

	3rd quarter 1993	*3rd quarter 1992*	*At 30 Sept 1993*	*At 30 Sept 1992*	*Total 1992*
			(NOK million)		
Operating revenue	20,791	20,724	63,349	61,085	79,431
Operating costs, excl depreciation	15,776	16,258	48,245	46,237	60,502
Depreciation	1,734	1,582	5,218	4,917	6,552
Operating profit	3,281	2,884	9,886	9,931	12,377
Share of profits of associated companies	29	27	105	73	7
Net financial items	325	(107)	430	(389)	(2,499)
Profit before taxation	3,635	2,804	10,421	9,615	9,885
Taxation	2,554	2,212	7,478	7,222	7,585
Net profit for the period	1,081	592	2,943	2,393	2,300

BUSINESS AREAS

Operating revenue					
Exploration & Production	6,403	6,180	19,841	19,708	26,820
Natural Gas	2,094	2,102	6,060	6,395	8,425
Refining & Marketing	15,612	15,769	47,706	45,484	58,126
Petrochemicals & Plastics	1,281	1,327	4,233	4,207	5,508
Other (incl inter-group transfers)	(4,599)	(4,654)	(14,491)	(14,709)	(19,448)
Operating profit/(loss)					
Exploration & Production	2,252	1,861	7,220	6,613	8,562
Natural Gas	793	908	2,426	2,931	3,716
Refining & Marketing	300	96	772	572	632
Petrochemicals & Plastics	(65)	(99)	(405) (209*)	(278)	(446)
Other	1	118	(127)	93	(87)

* Before charge of investment and winding-up costs associated with the cancelled MTBE project.

BALANCE SHEET

STATOIL GROUP

at 30th September, 1993

	At 30 Sept 1993	*At 30 Sept 1992*	*At 31 Dec 1992*
		(NOK million)	
Assets			
Fixed assets			
Property, plant and equipment	64,606	60,401	61,488
Long-term receivables and investments	2,901	2,667	2,578
Total fixed assets	67,507	63,068	64,066
Current assets			
Stocks	3,123	2,859	3,120
Short-term receivables	15,156	13,772	14,102
Cash and cash equivalents	6,340	5,033	5,120
Other liquid assets	2,954	1,895	2,157
Total current assets	27,573	23,559	24,499
Total assets	95,080	86,627	88,565
Liabilities and shareholder's equity			
Current liabilities, non-interest bearing	19,905	18,073	18,545
Current liabilities, interest bearing	3,336	2,740	2,311
Long-term liabilities, non-interest bearing	23,604	22,565	21,497
Long-term liabilities, interest bearing	21,368	17,644	22,007
Shareholder's equity	26,867	25,605	24,205
Total liabilities and shareholders's equity	95,080	86,627	88,565

CASH FLOW STATEMENT

	At 30 Sept 1993	At 30 Sept 1992	Total 1992
	(NOK million)		
Cash flow from/(to) operating activities:			
Cash receipts from operations	62,648	61,723	78,757
Disbursements to operations	(48,166)	(47,054)	(59,314)
Net financial disbursements	540	(508)	513
Taxes paid	(3,683)	(3,304)	(7,045)
Net cash flow from operating activities	11,339	10,857	12,911
Net cash flow to investing activities	(9,053)	(7,728)	(10,298)
Cash flow from/(to) financing activities:			
Change in current liabilities	1,427	578	212
Change in long-term liabilities	(446)	(672)	560
Change in cash equivalents	(796)	338	75
Dividend paid	(1,250)	(1,402)	(1,402)
Net cash flow from/(to) financing activities	(1,065)	(1,158)	(555)
Total net increase in cash and cash equivalents	1,220	1,971	2,058

The above figures are presented on the basis of International Accounting Standards (IAS). Below, the key figures are presented on the basis of Norwegian Generally Accepted Accounting Principles, NGAAP. The main differences between the two methods of reporting are the treatment of exploration costs (expensed under NGAAP), long-term monetary items in foreign currency (current rate of exchange used in IAS accounting) and the treatment of interest related to construction in progress (capitalised in IAS).

INCOME STATEMENT

STATOIL GROUP (NGAAP)

	At 30 Sept 1993	At 30 Sept 1992	Total 1992
	(NOK million)		
Operating revenue	63,349	61,085	79,430
Operating profit	9,992	10,034	12,517
Profit before taxation	9,759	8,889	10,956
Net profit for the period	2,583	2,204	2,490

BALANCE SHEET

STATOIL GROUP (NGAAP)

Fixed assets	60,530	56,670	57,529
Current assets	27,374	23,559	24,498
Total assets	87,904	80,229	82,027
Short-term liabilities	23,241	20,813	20,856
Long-term liabilities	39,900	35,953	38,741
Shareholder's equity	24,763	23,463	22,430
Total liabilities and shareholder's equity	87,904	80,229	82,027

The figures are not audited.

AUDITORS' REPORT FOR 1992

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 1992. The annual report and accounts, which comprise the Board of Directors' report, the income statement, balance sheet, cash flow statement, notes to the accounts and group 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 income 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 2,095 million for the parent company and a consolidated net profit for the year of NOK 2,489 million, have been prepared in accordance with the requirements of the Norwegian Companies Act and with Norwegian generally accepted accounting principles.

STAVANGER, 18TH FEBRUARY, 1993
ERNST & YOUNG & CO. AS

ERNST ALSAKER
STATE AUTHORISED PUBLIC ACCOUNTANT (NORWAY)

FINANCIAL STATEMENTS OF STATOIL

Profit and Loss Account

	Statoil group		*Statoil*	
	1992	*1991*	*1992*	*1991*
		(NOK million)		
Sales and other operating revenue (1)				
Operating revenue	91,172	88,807	64,097	63,145
Sales taxes, excise duties	11,742	10,515		
Net operating revenue	79,430	78,292	64,097	63,145
Operating costs				
Cost of sales	33,974	33,925	25,490	25,514
Payroll costs (2)	6,522	5,935	4,587	4,072
Other operating costs (1)	18,499	17,309	15,161	13,949
Exploration costs (3)	1,840	1,695	1,615	1,544
Depreciation (10)	6,078	5,872	5,148	5,043
Total operating costs	66,913	64,736	52,001	50,122
Operating profit	12,517	13,556	12,096	13,023
Share of profits of associated companies (9)	7	207		
Financial items (4, 17)	(1,568)	(1,001)	(1,528)	(788)
Profit before taxation	10,956	12,762	10,568	12,235
Taxation (5)	8,464	8,642	8,473	8,379
Minority shareholders' interest	3	5		
Net profit for the year	2,489	4,115	2,095	3,856
Allocation of profit for the financial year:				
Statutory reserve			447	725
Restricted equity reversing fund			(47)	215
Distributable reserve			922	1,516
Group contribution			(477)	
Dividend			1,250	1,400
			2,095	3,856

FINANCIAL STATEMENTS OF STATOIL

Balance Sheet

at 31st December, 1992

	Statoil group		*Statoil*	
	1992	*1991*	*1992*	*1991*
	(NOK million)			
Liabilities and shareholder's equity				
Current liabilities (11)				
Bank loans and overdrafts	584	269	378	71
Accounts payable	7,856	7,149	6,665	6,207
Taxes payable	3,802	3,384	3,712	3,213
Dividend payable	1,252	1,402	1,250	1,400
Inter-group payables			827	563
Other current liabilities	7,362	7,534	4,179	4,591
Total current liabilities	20,856	19,738	17,011	16,045
Long-term liabilities				
Long-term loans (12)	22,007	20,361	19,604	18,386
Inter-group loans			946	710
Other long-term liabilities (13,14)	3,045	2,535	499	274
Deferred taxation (5)	13,650	12,681	12,522	11,463
Total long-term liabilities	38,702	35,577	33,571	30,833
Minority shareholders' interest	39	36		
Shareholder's equity (18, 19)				
Share capital (49,397,140 shares at NOK 100 each)	4,940	4,940	4,940	4,940
Statutory reserve and restricted equity reversing fund	5,829	5,429	5,829	5,429
Distributable reserve	11,514	10,677	9,921	8,999
Foreign currency translation adjustment	147	213		
Total shareholder's equity	22,430	21,259	20,690	19,368
Total liabilities and shareholder's equity	82,027	76,610	71,272	66,246
Guarantees, secured liabilities, etc (15, 16)				

BALANCE SHEET

at 31st December, 1992

	Statoil group		*Statoil*	
	1992	*1991*	*1992*	*1991*
		(NOK million)		
ASSETS				
Fixed assets				
Property, plant and equipment (10)				
Production plants	36,981	37,744	32,029	33,456
Construction in progress	12,205	8,653	10,317	7,100
Land and buildings	4,679	4,262	1,790	1,754
Chartered vessels	721	809	721	809
Goodwill	365	304		
Long-term receivables and investments				
Investment in subsidiaries (7)			7,101	5,958
Investment in other companies (8)	1,078	1,539	1,042	1,443
Investment in associated companies (9)	338	352	135	154
Long-term investment (13)	1,162	1,030	659	302
Long-term inter-group receivables			925	750
Total fixed assets	57,529	54,693	54,719	51,726
Current assets				
Stocks				
Raw materials	1,257	807	677	477
Finished products	1,863	1,851	587	552
Short-term receivables				
Accounts receivable	11,011	10,338	7,381	7,027
Inter-group receivables			1,443	1,304
Other short-term receivables (6)	3,090	3,627	2,298	2,757
Cash and cash equivalents				
Cash, bank deposits (6)	7,277	5,294	4,167	2,403
Total current assets	24,498	21,917	16,553	14,520
Total assets	82,027	76,610	71,272	66,246

Stavanger, 18th February, 1993

Helge Kvamme	Arnfinn Hofstad	Else Bugge Fougner
Tormod Hermansen	Yngve Hågensen	Marit Reutz
Helge Kjørholt	Jetfred Sellevåg	Åse Simonsen

Harald Norvik
President
Statoil group

FINANCIAL STATEMENTS OF STATOIL

Cash Flow Statements

at 31st December, 1992

	Statoil group		*Statoil*	
	1992	*1991*	*1992*	*1991*
		(NOK million)		
Cash flow from/(to) operating activities				
Cash receipts from operations	78,757	79,443	63,743	63,861
Disbursements to operations	(59,562)	(59,627)	(45,282)	(46,105)
Net financial disbursements	(164)	(924)	(89)	(924)
Taxes paid	(7,045)	(8,227)	(6,915)	(7,855)
Net cash flow from operating activities	11,986	10,665	11,457	8,977
Cash flow from/(to) investment activities				
Acquisitions and additions to fixed assets	(9,684)	(9,705)	(9,043)	(8,167)
Sales of property, plant and equipment	311	518	291	323
Net cash flow to investment activities	(9,373)	(9,187)	(8,752)	(7,844)
Cash flow from/(to) financing activities				
Short-term financing:				
Change in short-term debt	212	199	91	692
Long-term financing:				
New long-term loans	3,331	1,473	3,052	710
Reduction in long-term debt	(2,771)	(2,583)	(2,684)	(2,555)
Shareholder's equity:				
Dividend paid	(1,402)	(1,500)	(1,400)	(1,500)
Net cash flow to financing activities	(630)	(2,411)	(941)	(2,653)
Total net change in cash and cash equivalents	1,983	(933)	1,764	(1,520)
Cash and cash equivalents at 1 Jan	5,294	6,227	2,403	3,923
Cash and cash equivalents at 31 Dec	7,277	5,294	4,167	2,403

FINANCIAL STATEMENTS OF STATOIL

Notes to the Financial Statements

STATEMENT OF ACCOUNTING POLICIES

The group (consolidated) 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)—as well as the subsidiaries and associated companies listed in notes 7 and 9 to the accounts.

Consolidation Policies

* Subsidiaries are defined as companies in which Statoil, directly or indirectly, has a majority voting interest. Shares in subsidiaries are eliminated against the cost of investment. Any assignable excess of purchase price over book value is assigned to the relevant assets and depreciated accordingly. Other excess value is classified as goodwill.
* Associated companies are defined as companies on which the group has a significant influence—normally between 20 and 50 per cent.—and where the ownership position is of a lasting and strategic nature. Shares in such companies are consolidated in accordance with the equity method.
* Inter-group transactions and unsettled balances are eliminated.

Accounting Policies

Research and development

Costs of research, studies and development are charged to expense as incurred.

Maintenance, replacements and site removal costs

Replacements and renewals which significantly increase the capacity or life of the asset are capitalised.

Purchases of spares are charged to expense.

Periodic maintenance programmes are charged to expense during the period until the implementation of the programme. Normal maintenance and repairs are charged to expense when performed.

Annual provisions are made in the financial statements for future site restoration and removal costs. The likelihood that the authorities will demand such removal is considered annually for each individual installation, and any provision is calculated in accordance with the unit of production method, based on the current price level and an anticipated removal concept.

Norm price and royalty

The authorities stipulate monthly norm prices for the production of crude oil on the Norwegian shelf. This norm price provides the fiscal basis and is also the price Statoil pays for the government's equity oil and royalty oil.

The government's royalty oil consists of royalty taken in kind from fields producing oil. The quantities delivered by Statoil as royalty for its participation in the various production licences are booked at the norm price and shown as income and operating costs respectively in the income statement.

Trading

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

As manager of the government's direct financial interest in the petroleum industry, Statoil markets and sells the government's share of production. The title to such oil when sold directly from a field to an external customer is not assigned to Statoil. The net result of this trading activity is included in operating revenue. The value of equity crude bought by Statoil for future sale to external customers or for refining is included in operating revenue and operating costs respectively. Statoil buys all oil received by the government as royalty in kind from fields on the Norwegian shelf. Statoil includes the costs of purchase and proceeds from the sale of this royalty oil in its operating costs and operating revenue respectively.

Unrealised loss on forward sales is charged to expense as incurred. Gains are taken to income when realised.

Depreciation

Ordinary depreciation of oil and gas production facilities and transport systems is calculated for each individual field or transport system, using the unit of production method.

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

Financial charges

Interest and other financial charges are expended as incurred.

Financial instruments

The group employs various financial instruments in the management of its foreign exchange and interest exposure. The following accounting policies are applied for the principal instruments:

Currency swap agreements

For long-term debt exchanged from the original foreign currency to another (open) currency at an agreed rate of exchange, the open currency position is applied when calculating average exchange rate of drawdowns and for allocation to the currency fluctuation reserve.

Hedging contracts

Unrealised gain or loss on hedging contracts is offset against loss or gain on the items hedged.

The interest element is allocated over the contract period.

Interest swap agreements

The net effect of income and costs related to interest swap agreements is allocated over the contract period.

Unrealised loss related to financial instruments used for trading purposes is charged to expense. Gains are recorded as income when realised.

Translation of foreign currency

Items in foreign currency are translated to 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 at 31st December.
* Long-term liabilities are translated at the exchange rates prevailing at drawdown. 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 provided unrealised losses. For long-term receivables, this policy is applied analogously.
* Consolidated income statements in foreign currency are translated at average rates of exchange for the year, while the corresponding balance sheets are translated at the rate prevailing at 31st December. Currency translation adjustments are entered against shareholder's equity in the balance sheet.

Stocks

Stocks are valued at the lower of acquisition costs as defined by the first-in-first-out principle and anticipated net sales price.

Acquisition costs consist of direct materials and direct wages together with allocated indirect production costs for produced goods and the cost price for purchased goods. Transport costs to storage facilities are also included.

Hedged stocks are valued at the lower of acquisition cost and hedged price.

Gas swapping

Gas swapping/loan agreements are accounted for based on the sales method, where the borrower enters the sale as income on delivery to the buyer. A simultaneous provision is made for the anticipated future costs of production and possible transport of the gas to be redelivered. When lending gas, the lower of the production cost and the estimated present value of future sales price is capitalised as prepaid cost.

Over/under-lifting of petroleum

When the volume of petroleum lifted from a field differs from the participating equity interest, the production cost is adjusted for the over/under-lift.

Exploration and development of offshore fields

All costs related to exploration and pre-production are charged to expense as incurred. When the field is declared commercial, costs incurred by the project organisation are capitalised. Once the plan for development and operation has been approved by the government, all field costs incurred until the field is brought on stream are capitalised.

Joint ventures

Statoil's share of the income, expenses, assets and liabilities of joint ventures is included under the appropriate headings of the company's income statement and balance sheet.

Changes in Accounting Policies

The income statement for 1991 and the balance sheet at 31st December 1991 have been restated in accordance with new policies. The key figures for 1990 and previous years have not been altered.

Leasing

Substantial lease agreements which are de facto finance leases are treated accordingly, and the leased assets are thus capitalised and depreciated over the lease term. The instalment element of the lease obligation is included as interest-bearing debt.

Pensions

In the past, the annual pension cost was based on historical data, while contributions to the premium fund were included in the balance sheet as long-term investment.

The amended policy is based on the present value of anticipated future benefits, calculated in accordance with standard actuarial practices. The difference between estimated incurred liability and the value of the pension funds is shown as long-term debt or investment as appropriate.

Deferred taxation

Because of changes in Norwegian accounting legislation, the tax expense in the income statement is calculated as the total of taxes payable on the proceeds of the year and the year's change in deferred taxation. The deferred taxation concept comprises both future taxes payable and tax calculated on assigned values added or reduced when consolidating subsidiaries in accordance with the acquisition method.

Full provision is made using closing date tax rates and undiscounted amounts.

NOTES ON ACCOUNTS

1. Operating revenues are analysed as follows:

	Statoil group		*Statoil*	
	1992	*1991*	*1992*	*1991*
		(NOK million)		
Crude oil	33,294	34,677	34,641	35,336
Transport tariff revenue	5,180	4,641	5,180	4,641
Gas	4,056	4,188	3,934	4,356
Refined products	22,635	22,074	10,537	10,797
Petrochemical products	5,464	5,902	2,574	2,761
Other revenue	8,801	6,810	7,231	5,254
Total net operating revenue	79,430	78,292	64,097	63,145
Foreign sales, included above:				
Crude oil	28,999	31,101	30,337	31,756
Gas	3,556	3,665	3,419	4,003
Refined products	18,016	17,380	7,902	8,368
Petrochemical products	4,522	5,469	827	2,245
Other revenue	2,092	2,587	1,250	886
Total foreign sales	57,185	60,202	43,735	47,258

Total crude oil availability includes purchased crude at NOK 19,556 million.

Group operating revenue includes royalties of NOK 2,930 million. A similar amount is included in other operating costs. Other group revenues include NOK 4,884 million from the sale of personnel services.

2. Total remuneration to the members of the corporate assembly amounts to NOK 295,000, to the board of directors NOK 980,000 and to the group president NOK 1,350,000. The parent company's auditing fee amounts to NOK 3,225,000 in 1992, including consultancy fees of NOK 275,000.

3. Exploration costs consist of direct costs related to exploration for commercially recoverable petroleum resources. NOK 516 million of the 1992 costs relates to exploration abroad.

4. Financial items

The net amount is analysed as follows:

	Statoil group		*Statoil*	
	1992	*1991*	*1992*	*1991*
		(NOK million)		
Dividend received	25	11	231	347
Interest received from subsidiaries	—	—	89	105
Interest and other financial income	1,381	1,146	933	677
Interest paid to subsidiaries	—	—	153	58
Interest and other financial charges	2,974	2,158	2,628	1,859
Net financial items	1,568	1,001	1,528	788

Other financial charges include a recorded loss of NOK 489 million on a holding in Saga Petroleum A/S, due to a drop in the share price.

5. Taxes

The current year's taxable base is analysed as follows:

	Statoil group	*Statoil*
	(NOK million)	
Profit before taxation	10,956	10,568
Accelerated tax depreciation	(1,839)	(1,703)
Other temporary differences	832	319
Group contribution	—	477
Other permanent differences	65	159
Taxable base	10,014	9,820
The current year's taxes are analysed as follows:		
Ordinary corporation tax	2,852	2,749
Special tax	4,588	4,588
Adjustments of previous year	23	77
Total taxes payable	7,463	7,414
Deferred tax provision	1,001	1,059
Taxation for the year	8,464	8,473
Uplift for the year	—	1,402

Deferred taxes are calculated on the basis of temporary differences between financial and tax accounting at 31 December 1992.

	Basis	*Deferred tax*
	(NOK million)	
Accelerated tax depreciation, offshore	15,247	11,893
Accelerated tax depreciation, onshore	2,865	802
Other temporary differences	(959)	(173)
Total Statoil	17,153	12,522
Temporary differences Norwegian subsidiaries	311	80
Temporary differences foreign subsidiaries	3,524	1,048
Total group	20,988	13,650

Temporary differences in subsidiaries are primarily related to fixed assets.
Profit retained/losses carried forward in subsidiaries are not included in the tax calculations.

6. Cash and cash equivalents include bank deposits, certificates and bonds.
Statoil's bank deposits include restricted funds of NOK 150 million covering employee income tax withheld. The corresponding amount for the Statoil group is NOK 165 million.
Liquid assets of NOK 1,790 million in Statoil Forsikring a.s are included. There is a restriction on lending these assets to other companies in the Statoil group.
Short-term shareholdings are included under other short-term receivables, and amount to NOK 323 million for the group and NOK 192 million for the parent company.

7. Statoil's investment in subsidiaries:

	Book value NOK	*Par value*	*Equity interest*	*Total company share capital*
		(Amounts in millions)		
Statoil Norge A/S	692	NOK 290	100%	NOK 290
Statoil Forsikring a.s	100	NOK 100	100%	NOK 100
Norsk Undervannsteknologisk Center a.s	18	NOK 18	60%	NOK 30
Statoil Danmark A/S	2,149	DKK 700	100%	DKK 700
Statoil AB	1,550	SEK 800	100%	SEK 800
Statoil (UK) Ltd	1,058	GBP 93	100%	GBP 93
Statoil Deutschland GmbH	964	DEM 22	100%	DEM 22
Statoil North America Inc	42	USD 6	100%	USD 6
Statoil (Thailand) Ltd	239	THB 600	100%	THB 600
Statoil Investments Ireland Ltd	239	IEP 11	100%	IEP 11
Other subsidiaries	50			
Total Statoil	7,101			

Other subsidiaries include Statoil Coordination Centre NV, where Statoil AB has a holding of 98.3 per cent. and Statoil owns the remaining 1.7 per cent.

8. Investment in other companies totalling NOK 1,078 million includes ordinary shares in Saga Petroleum A/S valued at NOK 807 million. The holding in this company is 9.3 per cent. The holding of voting stock is 12.4 per cent. A five per cent. shareholding in Verbundnetz Gas AG is included at cost price, NOK 196 million.

9. Investment in associated companies is recorded in Statoil at historical cost and in the Statoil group in accordance with the equity method.

	Statoil group	*Statoil*	*Equity interest*	*Par value*	*Share capital*
		(Amounts in millions)			
Norpipe a.s	250	129	50%	129	257
Norpipe Petroleum UK Ltd	19		50%	GBP 2	GBP 4
Other companies	69	6			
Total, NOK	338	135			

10. Property, plant and equipment:

	Cost at 1.1.92	*Additions 1992*	*Deletions 1992*	*Transfers*	*Accumulated depreciation at 31 Dec 1992*	*Net book value at 31 Dec 1992*
				(NOK million)		
Statoil						
Production plants	69,720	1,518	7	2,070	41,272	32,029
Construction in progress	7,100	5,312	—	(2,095)	—	10,317
Land and buildings	2,091	71	9	25	388	1,790
Chartered vessels	1,169	—	—	—	448	721
Total	80,080	6,901	16	0	42,108	44,857
Statoil group						
Production plants	77,561	2,543	374	2,977	45,726	36,981
Construction in progress	8,846	6,434		(3,075)		12,205
Land and buildings	5,557	416	92	98	1,300	4,679
Chartered vessels	1,169				448	721
Goodwill	312	121	35		33	365
Total	93,445	9,514	501	0	47,507	54,951

Additions to and proceeds from sale (sales prices) of fixed assets during the last five years:

	1988	*1989*	*1990*	*1991*	*1992*
			(NOK million)		
Statoil					
Additions	9,165	4,751	5,265	5,717	6,901
Sales	464	1,992	173	323	16
Statoil group					
Additions	10,402	6,124	6,196	7,835	9,514
Sales	859	2,031	243	518	276

11. Current liabilities

Of the group's current liabilities, NOK 584 million in bank loans/overdraft facilities and NOK 1,730 million in other short-term debt are interest-bearing.

12. Long-term loans analysed by currency:

	Long-term loans	*Currency swap agreements*	*Currency position*	*Average rate of exchange*	*Book value NOK*
			(Amounts in millions)		
Statoil					
Norwegian kroner	144		144		144
US dollars	1,539	704	2,243	6.64	14,888
German marks	680	(307)	373	367.25	1,369
Japanese yen	57,640	(39,640)	18,000	4.44	799
French francs	696	(400)	296	104.74	310
Swiss francs	150		150	442.42	664
Danish kroner	400	(400)	0		0
European currency units	100	(100)	0		0
Currency fluctuation reserve					1,430
Total Statoil					19,604
Subsidiaries					
Belgian francs	10,347		10,347	20.43	2,114
Other currencies					289
Total Statoil group					22,007

The average remaining repayment term for the loan portfolio is 7.6 years.

The interest rate on long-term loans in 1992 was 4.4 per cent, excluding currency loss. Instalments due in 1993 amount to NOK 2,500 million.

The currency swap agreements referred to in the table convert loans in the original currencies to liabilities in USD. In addition to these agreements, the remaining long-term currency positions have been converted to USD using revolving forward contracts (see note 17).

Using long-term and short-term financial instruments, about two-thirds of the loan portfolio ran at a floating rate of interest at 31 December 1992.

Loan reserves at 31 December 1992 amounted to NOK 3,460 million.

13. Pensions

Most of the group's employees are covered by pension plans entitling them to defined future pension benefits. These benefits are mainly dependent on their years of pensionable service, final pensionable salary level and the size of National Insurance benefits. The parent company's employees are insured through Statoil Pensjonskasse (Pension Fund), which is organised as an independent trust. Its funds, which are mainly invested in state, county or municipal bonds, are valued at the lower of cost and market value at 31 December 1992.

The pension commitment at 31 December 1992 is analysed as follows (NOK million):

Vested pension rights earned	1,594
Non-vested early retirement rights	96
Pension funds in Statoil Pensjonskasse	2,240
Prepaid pension costs in Statoil	550

The calculated prepayment is included as a long-term investment under fixed assets. NOK 205 million and NOK 534 million from the subsidiaries' statements are included in the group balance sheet as long-term investment and long-term liabilities respectively.

The calculations assume a long-term return on the pension funds of about nine per cent, and an anticipated nominal growth in salaries of about 4.5 per cent.

14. Other long-term liabilities

This item includes provisions of NOK 1,922 million for various insurance funds in Statoil Forsikring a.s and NOK 435 million in accrued future site removal costs.

The current year's provision for site removal costs amounts to NOK 160 million.

15. Contingent liabilities and insurance

In common with other licensees, Statoil has unrestricted liability for possible claims for damages in connection with the company's offshore operations, including transport systems.

The company has taken out insurance to cover 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. Offshore installations are covered through Statoil Forsikring, which reinsures most of the risk in the international insurance market. The self-insurance ratio is about 10-15 per cent.

To finance pipelines and terminals tied back to the Ekofisk development, loan agreements were concluded between the owners of the installations and various banks. Statoil's total guarantee commitment under these agreements in NOK 115 million.

16. Commitments

Lease agreements

At 31 December 1992, Statoil had signed marine drilling contracts for three drilling rigs, with a combined remaining lease period of 4.5 years. The company leases one flotel, three helicopters and four supply/stand-by vessels on short-term charters varying from one to five years. In addition to the capitalised lease cost of chartered vessels, Statoil has chartered 18 tankers with remaining periods of hire ranging from one to 10 years.

Partnerships

As a participant in various partnerships, Statoil is jointly liable together with its partners for agreements incurred.

Under the licence terms, licensees are committed to drill a certain number of wells. At the end of the year, the company was committed to participate in 25 wells on the Norwegian shelf and 30 wells abroad, with an average equity interest of 20 per cent.

17. Forward currency contracts

Short-term forward contracts

Currency sold	*Amount*	*Currency bought*	*Amount*	*Average contract rate*	*Due*
			(Amounts in millions)		
DEM	31	USD	20	1.5526	9301
USD	580	DEM	940	1.6211	9301
NOK	69	USD	10	6.8960	9301
BEF	200	USD	6	32.881	9301
USD	11	DKK	68	6.2645	9301
SEK	210	USD	30	6.9765	9301
USD	429	NOK	2862	6.6723	9301-9304
FRF	13	USD	2	5.4571	9301
Unrealised loss excluding forward premium/discount at 31 December 1992					NOK 179 million

Long-term forward contracts

Currency sold	*Amount*	*Currency bought*	*Amount*	*Average contract rate*	*Due*
USD	225	DEM	373	1.6563	9302-9309
USD	311	BEF	10,200	32.796	9302-9303
USD	113	CHF	150	1.3226	9301
USD	54	FRF	296	5.4835	9303
USD	145	JPY	18,000	124.00	9303
USD	21	NOK	145	6.8955	9301-9306
Unrealised loss excluding forward premium/discount at 31 December 1992					NOK 163 million

These unrealised losses have been charged to expense in the current year's income statement.

18. Changes in accounting policies

Following fundamental changes in accounting policies, the group opening balance has been restated as follows:

	Shareholder's equity	*Deferred tax*
	(NOK million)	
According to last year's statements	13,804	312
—Temporary differences between financial statements and tax accounts at 31 December 1991	7,707	12,286
—Effect of change in policy for treatment of finance leases	(121)	(48)
—Effect of change in policy for treatment of pension obligations	(131)	131
Adjusted balance at 31 December 1991	21,259	12,681

19. Changes in group equity during 1992 (NOK million):

Shareholder's equity at 31 December 1991 (see note 18)	21,259
Net profit for the year	2,489
Dividend for the year	(1,252)
Change in foreign currency translation adjustment	(66)
Shareholder's equity at 31 December 1992	22,430

The restricted equity reversing fund of NOK 168 million is included in restricted equity

Group profit/(loss) by business areas and corporate units

	Operating revenue		*Operating profit/(loss)*	
	1992	*1991*	*1992*	*1991*
	(NOK million)			
Exploration & Production	26,820	25,843	8,583	9,292
Natural Gas	8,425	7,631	3,817	3,567
Refining & Marketing	58,126	58,644	642	670
Petrochemicals & Plastics	5,508	6,002	(438)	(30)
Corporate units	2,066	1,407	(87)	57
Inter-group transfers	(21,515)	(21,235)		
Total	79,430	78,292	12,517	13,556

Value added statement

	1992		*1991*	
	(NOK million)			
Operating revenue	91,172		88,807	
Consumption of purchased goods and services	50,912		49,709	
Gross value added from group activities	40,260		39,098	
Depreciation	6,078		5,872	
Net value added from group activities	34,182		33,226	
Net financial items, etc	(308)		1,003	
Value added available from group activities	33,874		34,229	
Which was utilised as follows:				
Employees				
Gross salaries and social benefits	6,522	19.2%	5,935	17.3%
Capital investors				
Interest, etc to lenders	1,253	3.7%	1,797	5.3%
Dividend	1,252	3.7%	1,402	4.1%
Central and local government				
Royalties, taxes, petrol tax, carbon tax	23,608	69.7%	22,377	65.4%
Retained in the group				
Retained value added	1,239	3.7%	2,718	7.9%
Total value added	33,874	100.0%	34,229	100.0%

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 31%.

SUBSCRIPTION AND SALE

Pursuant to a Purchase Agreement dated 20th December, 1993, 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 23rd June, 1993 of the Board of 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'Arrondissement 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 4790103 and XS 0047901037 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, 1992.

Exhibit A to Offering Circular

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 6½ per cent. Notes due 2023 (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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