

DEN NORSKE STATS OLJESELSKAP A.S.
Euro 20,000,000
Step-up Notes due March 26, 2029 (the “Notes”)
Issued pursuant to its
U.S.\$ 2,000,000,000 Euro Medium Term Note Programme

Luxembourg Supplement to the Offering Circular dated 29 April, 1998
as supplemented (the “Offering Circular”), and Pricing Supplement
dated 22 March, 1999 for the purposes of listing the
Notes on the Luxembourg Stock Exchange
and to be read in conjunction with the
Offering Circular and the Pricing Supplement.

The date of this Supplement is 22 March, 1999

This Supplement to the Offering Circular dated 29 April, 1998 as supplemented (the “Offering Circular”) relating to the U.S.\$ 2,000,000,000 Euro Medium Term Note Programme of Den norske stats oljeselskap a.s. (the “Issuer”) and the pricing supplement dated 22 March, 1999 (the “Pricing Supplement”) relating to the Issuer’s Euro 20,000,000 Step up Notes due 26 March, 2029 (the “Notes”) has been prepared in connection with the application for listing on the Luxembourg Stock Exchange of the Notes. This Supplement is supplementary to, and should be read in conjunction with, the Offering Circular and the Pricing Supplement.

The Issuer is responsible for the information contained in this Supplement.

GENERAL INFORMATION

Listing of the Notes / Documents available

Application has been made to list the Notes on the Luxembourg Stock Exchange. So long as the Notes are listed on the Luxembourg Stock Exchange copies of the following documents must be made available for inspection at the office of the Paying Agent for the time being in Luxembourg:

- (i) the Articles of Association of the Issuer (with an English translation thereof);
- (ii) the most recently published consolidated and non-consolidated audited annual financial statements of the Issuer (with an English translation thereof);
- (iii) the most recently published interim financial statements (if any) of the Issuer (with an English translation thereof). These are published on a quarterly basis;
- (iv) the Agency Agreement (as supplemented from time to time);
- (v) the Offering Circular, this Supplement, the Pricing Supplement and any amendment or supplement thereto

and, in the case of numbers (ii), (iii) and (v) only, copies thereof may be obtained.

The legal notice relating to the Notes is being lodged with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*), where such document may be examined and copies obtained.

Documents incorporated by reference

The annual reports of Den norske stats oljeselskap a.s. for the fiscal years ended 31st December, 1997 and 31st December, 1998, and the audited consolidated and non-consolidated financial statements of Den norske stats oljeselskap a.s. for the fiscal years ended 31st December, 1997 and 31st December, 1998 are incorporated in, and form part of, this Supplement.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Cedelbank with Common Code 9516689. The ISIN is XS0095166897.

Notices

So long as the Notes are listed on the Luxembourg Stock Exchange and the Rules of that Exchange so require, notices relating to such Notes shall be published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the

“Luxemburger Wort”) or, if not practicable, any English language newspaper of general circulation in Europe.

Paying Agent

So long as the Notes are listed on the Luxembourg Stock Exchange there shall be a Paying Agent with a specified office located in Luxembourg.

Significant or Material Change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Group since 31st December, 1998 and there has been no material adverse change in the financial position or prospects of the Group since 31st December, 1998.

Litigation

There are no legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the past 12 months a significant effect on the financial position of the Group.

Use of Proceeds

The net proceeds from the issue of Notes will be applied by the Issuer for its general corporate purposes.

Consolidated Capitalisation of the Statoil Group

The following table sets out the current liabilities and capitalisation of the Statoil Group as at 31st December, 1998, derived from the audited, consolidated financial statements of the Statoil Group prepared in accordance with International Accounting Standards.

	At 31 st December 1998 <hr/> (NOK million)
Current liabilities, non-interest bearing	23,974
Current liabilities, interest bearing	<u>6,587</u>
Total current liabilities	<u>30,561</u>
Long-term liabilities, interest bearing	38,588
Long-term liabilities, non-interest-bearing	30,998
Shareholder's equity	
Authorised and issued share capital:	
49,397,140 ordinary shares, par value NOK 100 each	4,940
Retained earnings	35,502
Minority shareholders interest (1)	<u>1,341</u>
Total long-term liabilities and shareholder's equity	<u>111,369</u>

- (1) Refers to the equity interests held by minority shareholders in certain subsidiaries within the Statoil Group that are not wholly owned.

There has been no material change in the consolidated capitalisation of the Statoil Group since 31st December 1998.



STATOIL 1998 / ANNUAL ACCOUNTS

Income statement - Statoil group

Norwegian Accounting Standards			NOK million	International Accounting Standards		
1996	1997	1998		1998	1997	1996
			<u>Sales and other operating revenue</u>			
124 017	142 097	124 613	Operating revenue	124 735	142 046	124 017
(17 451)	(18 125)	(18 706)	Sales tax, excise duties	(18 706)	(18 125)	(17 451)
422	813	690	Share of net profit in associated companies (12)	680	805	415
106 988	124 785	106 597	Net operating revenue (2, 3)	106 709	124 726	106 981
			<u>Operating costs</u>			
54 883	67 206	56 525	Cost of goods sold (3)	56 525	67 206	54 883
23 100	28 492	28 894	Operating and administration costs (4)	28 894	28 492	23 100
1 644	3 473	3 433	Exploration costs (6)	3 302	2 285	1 277
8 828	9 175	10 206	Depreciation (7)	10 973	9 701	9 487
88 455	108 346	99 058	Total operating costs	99 694	107 684	88 747
18 533	16 439	7 539	Operating profit	7 015	17 042	18 234
(674)	(3 033)	(2 524)	Financial items (8, 9)	(2 310)	(3 053)	(310)
17 859	13 406	5 015	Profit before taxation (19)	4 705	13 989	17 924
12 752	9 630	5 014	Taxation (10)	4 515	9 644	12 627
16	34	(81)	Minority shareholders' interest	(81)	34	16
5 091	3 742	82	Net profit	271	4 311	5 281

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STATOIL 1998 / ANNUAL ACCOUNTS

Balance sheet - Statoil group**Norwegian Accounting Standards**

NOK million

International Accounting Standards

1996	1997	1998		1998	1997	1996
ASSETS						
<u>Current assets</u>						
Liquid assets (11)						
4 595	1 404	604	Bank deposits	604	1 404	4 595
5 754	5 076	6 002	Other liquid assets	6 122	5 537	6 055
Short-term receivables (11)						
18 007	19 879	16 295	Accounts receivable	16 295	19 879	18 007
1 865	2 149	4 270	Other receivables	4 407	2 149	1 868
Stocks (11)						
1 628	1 118	1 498	Raw materials	1 498	1 118	1 628
2 573	2 852	2 727	Finished products	2 727	2 852	2 573
34 422	32 478	31 396	Total current assets	31 653	32 939	34 726
<u>Fixed assets</u>						
Shares and long-term investments						
4 619	5 393	7 077	Associated companies (12)	7 113	5 440	4 673
1 771	1 900	3 511	Shares in other companies (12)	3 511	1 900	1 771
3 762	3 924	4 785	Investments (5)	4 785	3 924	3 762
69 691	77 843	86 264	Property, plant & equipm. (2, 6, 7)	94 868	86 394	77 448
79 843	89 060	101 637	Total fixed assets	110 277	97 658	87 654
114 265	121 538	133 033	Total assets	141 930	130 597	122 380
LIABILITIES AND EQUITY						
<u>Current liabilities</u>						
4 329	1 910	6 587	Interest-bearing debt (13)	6 587	1 910	4 329
12 702	14 269	12 525	Accounts payable	12 525	14 269	12 702
7 578	3 321	2 477	Taxes payable (10)	2 477	3 321	7 578
1 600	2 941	0	Dividend payable	0	2 941	1 600
8 294	9 951	8 972	Other current liabilities (13)	8 972	9 951	8 286
34 503	32 392	30 561	Total current liabilities	30 561	32 392	34 495
<u>Long-term liabilities</u>						
20 473	27 881	38 775	Loans (14)	38 588	27 612	19 554
6 121	6 605	7 410	Other long-term liabilities (15)	7 410	6 605	6 121
18 792	18 128	18 240	Deferred taxation (10)	23 588	23 962	24 925
45 386	52 614	64 425	Total long-term liabilities	69 586	58 179	50 600
143	1 548	1 341	Minority shareholders' interest	1 341	1 548	143
<u>Shareholder's equity (16, 19)</u>						
4 940	4 940	4 940	Share capital	4 940	4 940	4 940
29 293	30 044	31 766	Retained earnings	35 502	33 538	32 202

34 233	34 984	36 706	Total shareholder's equity	40 442	38 478	37 142
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114 265	121 538	133 033	Total liabilities and equity	141 930	130 597	122 380
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Guarantees and secured liabilities (17)

Other liabilities and commitments (18)

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STATOIL 1998 / ANNUAL ACCOUNTS

Income statement - Den norske stats oljeselskap a.s

NOK million	1998	1997
Operating revenue (2)	62 986	83 503
Operating costs		
Cost of goods sold	30 983	43 135
Operating and administration costs (3, 4, 11)	16 786	15 871
Exploration costs	1 351	1 593
Depreciation (5)	6 649	5 547
Total operating costs	55 769	66 146
Operating profit	7 217	17 357
Financial items (6, 7)	(935)	(3 099)
Extraordinary income (8)	-	3 656
Profit before taxation	6 282	17 914
Taxation (9)	4 726	9 516
Net profit	1 556	8 398
<u>Allocation of net profit:</u>		
Group contribution	135	516
Statutory reserve	-	2 450
Dividend	-	2 940
Distributable reserve	1 421	2 492
	1 556	8 398

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STATOIL 1998 / ANNUAL ACCOUNTS

Balance sheet - Den norske stats oljeselskap a.s

NOK million	1998	1997
ASSETS		
<u>Current assets</u>		
Liquid assets	851	649
Short-term receivables (10)		
Accounts receivable	7 498	11 192
Inter-group receivables	6 361	2 857
Other receivables	2 510	1 190
Stocks (10)		
Raw materials	793	764
Finished products	920	743
Total current assets	18 933	17 395
<u>Fixed assets</u>		
Long-term receivables and investments		
Shares in subsidiaries (11)	29 092	25 204
Shares in other companies (11)	3 471	1 865
Shares in associated companies (11)	1 092	752
Investments (4)	4 000	3 445
Inter-group receivables	4 606	6 071
Property, plant and equipment (5)	50 973	48 052
Total fixed assets	93 234	85 389
Total assets	112 167	102 784
LIABILITIES AND EQUITY		
<u>Current liabilities</u>		
Accounts payable	7 642	9 672
Taxes payable	2 188	3 150
Dividend payable	-	2 940
Inter-group payables	2 524	2 294
Other current liabilities (12)	10 694	5 788
Total current liabilities	23 048	23 844
<u>Long-term liabilities</u>		
Loans (13)	29 925	21 305
Inter-group loans	2 120	2 721
Other long-term liabilities (14)	2 160	1 562
Deferred taxation (9)	17 639	17 498
Total long-term liabilities	51 844	43 086
<u>Shareholder's equity</u>		
Share capital (49 397 140 shares at NOK 100 each)	4 940	4 940
Statutory reserve	11 123	11 207
Distributable reserve	21 212	19 707
Total shareholder's equity	37 275	35 854

Total liabilities and shareholder's equity	112 167	102 784
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Guarantees and secured liabilities (15)

Other liabilities and commitments (16)

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THE ISSUER

Registered Office

Den norske stats oljeselskap a.s.
Forusbeen 50
N-4035 Stavanger
Norway

AGENT

The Chase Manhattan Bank
Trinity Tower
9 Thomas More Street
London E1 9YT

PAYING AGENT

Chase Manhattan Bank Luxembourg S.A.
5 Rue Plaetis
L-2338 Luxembourg

LUXEMBOURG LISTING AGENT

Banque Générale du Luxembourg S.A.
50 avenue J.F. Kennedy
L-2951 Luxembourg

LEGAL ADVISERS

To the Issuer

as to Norwegian law
Jacob S. Middlethon
Statoil, Forusbeen 50
N-4035 Stavanger

as to English law
Clifford Chance
200 Aldersgate Street
GB-London EC1A 4JJ

To the Dealers as to English law
Allen & Overy
One New Change
GB-London EC4M 9QQ

March 22, 1999

PRICING SUPPLEMENT
(to the Offering Circular dated April 29, 1998)

DEN NORSKE STATS OLJESELSKAP A.S.
Euro 20,000,000 Step-up Notes 1999 due 2029
issued pursuant to its Euro Medium Term Note Programme

(Terms used herein shall be deemed to be defined as such for the purposes of the conditions)

TYPE OF NOTES

- | | | |
|----|---|----------------|
| 1. | Interest/Payment Basis: | Fixed Rate |
| 2. | If Instalment Note, insert Instalment Amount(s)/Instalment Date(s): | Not applicable |
| 3. | If Partly Paid Notes, insert amount of each instalment (expressed as a percentage of the nominal amount of each Note)/due dates for any subsequent instalments/consequences of failure to pay/rate of interest: | Not applicable |
| 4. | If Dual Currency Notes, insert the Rate of Exchange/calculation agent/fall back provisions/person at whose option Specified Currency is to be payable: | Not applicable |

DESCRIPTION OF THE NOTES

- | | | |
|----|---|--|
| 5. | Provisions for exchange of Notes: | Temporary Global Note exchangeable for Permanent Global Note |
| 6. | (a) Talons for future Coupons to be attached to Definitive Notes | No |
| | (b) Date(s) on which the Talons mature: | Not applicable |
| 7. | (a) Series Number: | 55 |
| | (b) Tranche Number: | Not applicable |
| | (c) Details (including the date, if any, on which the Notes become fully fungible) if forming part of an existing Series: | Not applicable |

- | | | | |
|-----|---|---|-----------------|
| 8. | (a) | Nominal Amount of Notes to be issued: | Euro 20,000,000 |
| | (b) | Aggregate nominal amount of Series (if more than one Tranche for the Series): | Not applicable |
| | (c) | Specified Currency (or Currencies in the case of Dual Currency Notes): | Euro |
| | (d) | Specified Denomination(s): | Euro 100,000 |
| 9. | Issue Price: | | 100 per cent. |
| 10. | Issue Date: | | March 26, 1999 |
| 11. | Interest Commencement Date: | | March 26, 1999 |
| 12. | Automatic/optional conversion from one Interest/Payment Basis to another: | | Not applicable |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

FIXED RATE NOTE

- | | | | |
|-----|-----|---|--|
| 13. | (a) | Fixed Rate(s) of Interest: | <ul style="list-style-type: none"> ▪ 0.50 per cent p.a.
from March 26, 1999 (including)
to March 26, 2004 (excluding)
payable annually in arrear ▪ 7.15 per cent p.a.
from March 26, 2004 (including)
to March 26, 2029 (excluding)
payable annually in arrear |
| | (b) | Fixed Interest Date(s): | March 26 of each year, the first Fixed Interest Date being March 26, 2000 |
| | (c) | Initial Broken Amount per denomination: | Not applicable |
| | (d) | Final Broken Amount per denomination: | Not applicable |

ZERO COUPON NOTES

- | | | | |
|-----|-----|------------------|----------------|
| 14. | (a) | Accrual Yield: | Not applicable |
| | (b) | Reference Price: | Not applicable |

- (c) Other formula or basis for determining Amortised Face Amount: Not applicable

FLOATING RATE NOTES OR INDEXED INTEREST NOTES

15. (a) Specified Period(s) or specified Interest Payment Date(s): Not applicable
- (b) Minimum Interest Rate (if any): Not applicable
- (c) Maximum Interest Rate (if any): Not applicable
- (d) Business Day Convention: Not applicable
- (e) Additional Business Centres: Not applicable
- (f) Other terms relating to the method of calculating interest (e.g. day count fraction, rounding up provision and if different from Condition 5(b)(iv) denominator for calculation of Interest): Not applicable

FLOATING RATE NOTES

16. (a) Margin(s): Not applicable
- (b) Manner in which Rate of Interest is to be determined: Not applicable
- (c) If ISDA Determination
- (i) Floating Rate Option: Not applicable
- (ii) Designated Maturity: Not applicable
- (iii) Reset Date(s): Not applicable
- (d) If Screen Rate Determination:
- (i) Reference Rate: Not applicable
- (ii) Interest Determination Date: Not applicable
- (iii) Relevant Screen Page: Not applicable
- (e) If Rate of Interest to be calculated otherwise than by reference to (c) or (d) above insert details, including Rate of Interest/Margin/fall back provisions: Not applicable

INDEXED INTEREST NOTES

17. Index/Formula: Not applicable

PROVISIONS REGARDING PAYMENTS

18. Definition of “Payment Day” for the purpose of Conditions if different to that set out in Condition 6(d): TARGET
A day in relation to Notes denominated in Euro, on which all relevant parts of the Trans European Automated Real Time Gross Settlement Express Transfer (“TARGET”) system are operational to effect the relevant payment.

PROVISIONS REGARDING REDEMPTION/MATURITY

19. Maturity Date: March 26, 2029
20. (a) Redemption at Issuer’s option: No
- (b) Redemption at Noteholder’s option: No
- (c) Minimum Redemption Amount/
Higher Redemption Amount: Not applicable
- (d) Other terms applicable on redemption: Not applicable
21. Final Redemption Amount for each Note, including the method, if any, of calculating the same: 100 per cent. of the Nominal Amount
22. Early Redemption Amount for each Note payable on redemption for taxation reasons or on an Event of Default and/or the method, if any, of calculating the same: Condition 7(e) applies

GENERAL PROVISIONS APPLICABLE TO THIS ISSUE OF NOTES

23. Other terms or special conditions:
- Day Count Fraction: actual/actual (following, unadjusted)
- Luxembourg Listing Agent: Banque Générale du Luxembourg S.A.

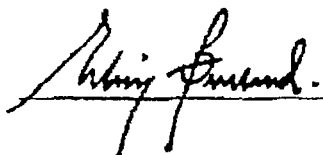
- | | |
|--|--|
| 24. Details of additional/alternative clearance system approved by the Issuer and the Agent: | Not applicable |
| 25. Additional selling restrictions: | None |
| 26. Method of distribution: | Non-syndicated |
| 27. Stabilising Dealer/Manager: | None |
| 28. (a) Notes to be listed: | Yes |
| (b) Stock Exchange(s): | Luxembourg |
| 29. Ratings: | As Offering Circular |
| ISIN: | XS009 516 689 7 |
| Common Code: | 951 668 9 |
| German Security Code: | 293 775 |
| Dealer's security account number: | Cedelbank 39616 of Bayerische Hypo- und Vereinsbank AG |

Acceptance on behalf of the
Issuer of the terms of the Pricing Supplement .

For and on behalf of

DEN NORSKE STATS OLJESELSKAP A.S.

By:

_____

OFFERING CIRCULAR



STATOIL

Den norske stats oljeselskap a.s

(incorporated with limited liability in the Kingdom of Norway)

U.S.\$2,000,000,000

Euro Medium Term Note Programme

On 21st March, 1997, Den norske stats oljeselskap a.s (the "Issuer") entered into a Euro Medium Term Note Programme (the "Programme") and issued an Offering Circular on that date describing the Programme. This Offering Circular supercedes the previous Offering Circular. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued prior to the date hereof.

Under this Programme, the Issuer may from time to time issue notes (the "Notes") denominated in any currency (including ECU) agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described herein). A description of the restrictions applicable at the date of this Offering Circular relating to the maturity of certain Notes is set out on page 7.

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 6 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together the "Dealers"). References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Application has been made to the London Stock Exchange Limited (the "London Stock Exchange") for Notes issued during the period of 12 months from the date of this Offering Circular to be admitted to the Official List and application may (in certain circumstances as described herein) also be made to list Notes denominated in French francs or denominated in another currency or currencies but linked, directly or indirectly, to French francs ("French Franc Notes") on the *Paris Bourse*. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined on page 20) of Notes will be set forth in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be admitted to the Official List of the London Stock Exchange will be delivered to the London Stock Exchange and, with respect to Notes to be listed on the *Paris Bourse* ("Paris Listed Notes"), will be delivered to the *Commission des Opérations de Bourse* (the "COB") in each case on or before the date of issue of the Notes of such Tranche.

Copies of this Offering Circular, which comprises the listing particulars approved by the London Stock Exchange as required by the Financial Services Act 1986 (the "Listing Particulars") in relation to Notes listed on the London Stock Exchange and issued during the period of 12 months from the date of this Offering Circular, have been delivered for registration to the Registrar of Companies in England and Wales as required by Section 149 of that Act. Copies of each Pricing Supplement (in the case of Notes to be admitted to the Official List of the London Stock Exchange) will be available from FT Business Research Centre operated by FT Electronic Publishing at Fitzroy House, B-17 Epworth Street, London EC2A 4DL and from the specified office set out below of each of the Paying Agents.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes. For the sole purpose of listing Notes on the *Paris Bourse*, this Offering Circular has been submitted to the clearance procedures of the COB and has been registered by the COB under no. P98-155 dated 27th April, 1998.

The Notes of each Tranche will initially be represented by a temporary global Note which will be deposited on the issue date thereof with a common depositary on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Cedel Bank, société anonyme ("Cedel Bank") and/or any other agreed clearance system (including, in the case of Notes listed on the *Paris Bourse*, *Sicovam S.A.* and the *Intermédiaires financiers habilités* authorised to maintain accounts therein (together "Sicovam")) and which will be exchangeable, as specified in the applicable Pricing Supplement, for either a permanent global Note or Notes in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A permanent global Note will be exchangeable for definitive Notes, upon request (unless otherwise specified in the applicable Pricing Supplement), all as further described in "Form of the Notes" below.

Unless otherwise specified in the applicable Pricing Supplement, Notes to be issued under the Programme will be rated Aa2 by Moody's Investors Service Limited and AA+ by Standard & Poor's Ratings Services.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes admitted to the Official List of the London Stock Exchange only) supplementary listing particulars or further listing particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arrangers

Merrill Lynch International

Merrill Lynch Capital Markets Bank Limited
Frankfurt/Main Branch

Merrill Lynch Finance SA

Dealers

Citibank International plc
Deutsche Bank AG London
Merrill Lynch Finance SA
J.P. Morgan Securities Ltd.

Credit Suisse First Boston
IBJ International plc
Merrill Lynch International
Morgan Stanley Dean Witter

The date of this Offering Circular is 29th April, 1998.

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below) (provided, however, that such incorporated documents do not form part of the Listing Particulars). This Offering Circular shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular but not part of the Listing Particulars.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, inter alia, the most recently published financial statements of the Issuer when deciding whether or not to purchase any Notes.

The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers (save for the approval of this document as listing particulars by the London Stock Exchange and delivery of copies of this document to the Registrar of Companies in England and Wales) which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, Japan, Norway, France and Germany (see "Subscription and Sale" below).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "Subscription and Sale" below).

All references in this document to "NOK" and "Norwegian Kronor" refer to the currency of Norway, those to "U.S. dollars", "U.S.\$" and "\$" and "U.S. cents" refer to the currency of the United States of America, those to "Japanese Yen" refer to the currency of Japan, those to "FRF" refer to the currency of France, those to "Sterling" and "£" refer to the currency of the United Kingdom, those to "Deutsche Marks" and "DM" refer to the currency of Germany and those to "ECU" refer to European Currency Units.

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In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement may over-allot or effect transactions which stabilise or maintain the market price of the Notes of the Series (as defined on page 20) of which such Tranche forms a part thereof at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. Such stabilising shall be in compliance with all relevant laws and regulations.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular (provided however that such incorporated documents do not form a part of the Listing Particulars):

- (a) the most recently published consolidated and non-consolidated audited annual financial statements and, if published later, the most recently published interim consolidated and non-consolidated financial statements (if any) of the Issuer; and
- (b) all supplements to this Offering Circular circulated by the Issuer from time to time in accordance with the provisions of the Programme Agreement described below,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular (but not the Listing Particulars) to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its registered office set out at the end of this Offering Circular. In addition, such documents will be available from the principal office in England of Merrill Lynch International in its capacity as listing agent (the "London Listing Agent") for Notes listed on the London Stock Exchange and, if and for so long as any Notes are listed on the *Paris Bourse*, from the principal office of Merrill Lynch Finance SA in its capacity as listing agent (the "Paris Listing Agent") for Paris Listed Notes.

The documents incorporated herein by reference have not been submitted to the clearance procedures of the COB.

The Issuer has undertaken to the Dealers in the Programme Agreement (as defined in "Subscription and Sale" below) to comply with section 147 of the Financial Services Act 1986.

The Issuer has given an undertaking to the COB that, if and for so long as any of the Notes are listed on the *Paris Bourse*, any material adverse change in the business or financial condition of the Issuer shall be notified to the COB and published in accordance with its rules.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as supplemented, inaccurate or misleading, a new offering circular will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency (including ECU) and having a minimum maturity of one month, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "Form of the Notes" below.

This Offering Circular and any supplement will only be valid for listing Notes on the London Stock Exchange during the period of 12 months from the date of this Offering Circular and/or the Paris *Bourse* in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$2,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement, see under "Form of the Notes" on page 14) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the U.S. dollar equivalent of Dual Currency Notes, Indexed Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement, see under "Form of the Notes" on page 13) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement, see under "Form of the Notes" on page 13) and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

SUMMARY OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuer: Den norske stats oljeselskap a.s

Description: Euro Medium Term Note Programme

Arrangers: Merrill Lynch International
Merrill Lynch Capital Markets Bank Limited,
Frankfurt/Main Branch
(for issues of Deutsche Mark denominated Notes)
Merrill Lynch Finance SA
(for issues of French Franc Notes)

Dealers: Citibank International plc
Credit Suisse First Boston (Europe) Limited
Deutsche Bank AG London
IBJ International plc
Merrill Lynch Finance SA
(in respect of French Franc Notes)
Merrill Lynch International
J.P. Morgan Securities Ltd.
Morgan Stanley & Co. International Limited

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale" on page 48).

Each issue of Notes denominated in Deutsche Marks will take place only in compliance with the guidelines applicable for the time being of the German Central Bank regarding the issue of Deutsche Mark denominated debt securities. Under current guidelines only credit institutions domiciled in Germany or German branches of foreign credit institutions can act as Dealers in relation to such Notes except in the case of an issue of Deutsche Mark denominated Notes in a syndicated transaction (which need only be lead managed by a credit institution domiciled in Germany or a German branch of a foreign credit institution).

Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November, 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the Lead Manager (the "Swiss Dealer"), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission

pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the Issue Date of the relevant Notes.

A credit establishment or investment institution established in a member state of the European Union which is authorised to lead-manage eurobond issues by the competent authority of its home state may (i) act as a Dealer in respect of issues of French Franc Notes and (ii) act as a lead manager of issues of French Franc Notes issued on a syndicated basis. The arranger for issues of French Franc Notes, the Dealers in respect of French Franc Notes and the Issuer must comply with the rules and regulations from time to time relating to the *Marché de l'Euro-franc* (the "Euro French Franc Regulations"). In the case of a public issue of French Franc Notes, the minimum aggregate principal amount for the issue shall be FRF300,000,000. In addition, Paris Listed Notes will be issued subject to the requirements of the *Paris Bourse*. Under the current regulations, private placements shall be construed as issues of Notes placed on a firm basis with a small number of predetermined non-French resident investors.

Issues of Notes denominated in Sterling shall comply with all applicable laws and regulations (as amended from time to time) of United Kingdom authorities. See "*Banking Act 1987 (Exempt Transactions) Regulations 1997*" under "General Information".

Issuing and Principal Paying Agent:

The Chase Manhattan Bank

Size:

Up to U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described herein on page 5) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. Placements of French Franc Notes are governed by the Euro French Franc Regulations.

Currencies:

Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Austrian Schillings, Canadian dollars, Danish kroner, Deutsche Marks, Dutch guilders, ECU, Finnish markkas, French Francs, Hong Kong dollars, Irish pounds, Italian lire, Japanese Yen, Luxembourg francs, New Zealand dollars, Norwegian Kroner, Portuguese escudos, South African Rand, Sterling, Swedish kronor, Swiss francs and United States dollars (as indicated in the applicable Pricing Supplement).

Maturities:

Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

At the date of this Offering Circular, the minimum maturity of all Notes is one month, except in the case of Notes denominated in Deutsche Marks where the minimum maturity is two years and except in the case of French Francs Notes where the minimum maturity is one year.

Issue Price: Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: Each Tranche of Notes will initially be represented by a temporary global Note which will be deposited on the relevant Issue Date with a common depository for Euroclear and Cedel Bank and/or any other agreed clearance system and which will be exchangeable, upon request, as described therein for either a permanent global Note or definitive Notes (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement) in each case not earlier than 40 days after the completion of distribution of all Notes upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. A permanent global Note will be exchangeable, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole but not in part for definitive Notes upon not less than 60 days' written notice to the Agent as described in "Form of the Notes" below. Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Cedel Bank and/or any other agreed clearance system, as appropriate.

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Pricing Supplement) and on redemption.

Interest will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each (or such other basis as may be agreed as indicated in the applicable Pricing Supplement).

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer,

as indicated in the applicable Pricing Supplement.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Indexed Notes: Payments of principal in respect of Indexed Redemption Amount Notes or of interest in respect of Indexed Interest Notes will be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer may agree (as indicated in the applicable Pricing Supplement).

Indexed Notes denominated in Deutsche Marks will be issued in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations.

Indexed Notes which are French Franc Notes will be issued in compliance with the *Principes Généraux* set by the COB and by any other applicable regulatory authority.

**Other provisions in relation to
Floating Rate Notes and
Indexed Interest Notes:**

Floating Rate Notes and Indexed Interest Notes may also have a maximum interest rate, a minimum interest rate or both, as indicated in the applicable Pricing Supplement.

Interest on Floating Rate Notes and Indexed Interest Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Pricing Supplement and will be calculated on the basis of the actual number of days in the Interest Period concerned divided by 360 (or such other denominator determined by the Agent to be customary for such calculation) unless otherwise indicated in the applicable Pricing Supplement.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree (as indicated in the applicable Pricing Supplement).

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.

Redemption:

The Pricing Supplement relating to each Tranche of Notes will indicate either that the Notes of such Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.

Under applicable laws and regulations at the date of this Offering Circular, Notes denominated in Deutsche Marks may not be redeemed (other than for taxation reasons or following an Event of Default) prior to two years from the relevant Issue Date and French Franc Notes may not be redeemed (other than for taxation reasons or following an Event of Default) prior to one year from the relevant Issue Date.

The Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.

Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their Issue Date and are to be listed on the London Stock Exchange.

Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom will have a minimum denomination of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their Issue Date and are to be listed on the London Stock Exchange.

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Norway, subject as provided in "Terms and Conditions of the Notes — Taxation".

Negative Pledge:

The terms of the Notes will contain a negative pledge provision, as further described in "Terms and Conditions of the Notes — Negative Pledge".

Cross Default:

The terms of the Notes will contain a cross-default provision as further described in "Terms and Conditions of the Notes — Events of Default".

Status of the Notes:

The Notes will constitute, subject to the provisions of the Negative Pledge, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject as provided above, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Substitution:

The terms of the Notes will contain a provision permitting the substitution, without the consent of Noteholders, of a subsidiary of the Issuer as principal debtor in respect of the relevant Series of Notes, subject to satisfaction of further conditions, as further described in "Terms and Conditions of the Notes — Substitution".

Rating:

Unless otherwise specified in the applicable Pricing Supplement, Notes to be issued under the Programme will be rated Aa2 by Moody's Investors Service and AA+ by Standard & Poor's Ratings Services.

Listing:

Application has been made to list the Notes on the London Stock Exchange. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. The Euro French Franc Regulations recommend the listing of French Franc Notes on the Paris *Bourse* where (i) such French Franc Notes are, or are intended to be, listed on any other stock exchange or (ii) such French Franc Notes are, or are intended to be, distributed as a public offer (within the meaning of the Euro French Franc Regulations).

Unlisted Notes may also be issued.

The Pricing Supplement relating to each Tranche of Notes will state whether or not and, if so, on which stock exchange(s) the Notes are to be listed.

Governing Law:

The Notes will be governed by, and construed in accordance with, English law.

Selling Restrictions:

There are selling restrictions in relation to the United States, the United Kingdom, Japan, Norway, France and Germany and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "Subscription and Sale" below.

FORM OF THE NOTES

1. General

Each Tranche of Notes will be initially represented by a temporary global Note without receipts, interest coupons or talons, which will be delivered to a common depository for Euroclear and Cedel Bank. Whilst any Note is represented by a temporary global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the temporary global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Cedel Bank and Euroclear and/or Cedel Bank, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Any reference in this section "Form of the Notes" to Euroclear and/or Cedel Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system (including Sicovam) approved by the Issuer and the Agent.

On and after the date (the "Exchange Date") which is 40 days after the completion of distribution of all the Notes is certified to the Agent, interests in any temporary global Note issued will be exchangeable (free of charge) upon a request as described therein either for interests in a permanent global Note without receipts, interest coupons or talons or for definitive Notes with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement) in each case against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a temporary global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless upon due certification exchange of the temporary global Note is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes" below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Cedel Bank which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days (as notified by the Agent to the relevant Dealer) after the completion of the distribution of the Notes of such Tranche.

Payments of principal and interest (if any) on a permanent global Note will be made through Euroclear and/or Cedel Bank against presentation or surrender (as the case may be) of the permanent global Note without any requirement for certification. Unless otherwise specified in the applicable Pricing Supplement, a permanent global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon not less than 60 days' written notice to the Agent as described therein. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all permanent global Notes, definitive Notes, receipts, interest coupons and talons:

"Any United States person who holds this 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 Internal Revenue Code."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in "Terms and Conditions of the Notes — Events of Default". In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to its securities account with Euroclear or Cedel Bank gives notice that it wishes to accelerate such Note, unless within a period of 7 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void. At the same time, holders of interests in such

global Note credited to their accounts with Euroclear or Cedel Bank will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Cedel Bank, on and subject to the terms of a deed of covenant (the "Deed of Covenant") dated 21st March, 1997, executed by the Issuer.

2. Form of Pricing Supplement

The Pricing Supplement applicable to each Tranche of Notes will be in the following form and will contain such information as is applicable in respect of such Notes (all references to numbered Conditions being to the Terms and Conditions of the relevant Notes):

[THE NOTES CONSTITUTE [COMMERCIAL PAPER/SHORTER TERM DEBT SECURITIES/LONGER TERM DEBT SECURITIES]¹ ISSUED IN ACCORDANCE WITH REGULATIONS MADE UNDER SECTION 4 OF THE BANKING ACT 1987. THE ISSUER IS DEN NORSKE STATS OLJESELSKAP A.S WHICH IS NEITHER AN AUTHORISED INSTITUTION NOR A EUROPEAN AUTHORISED INSTITUTION (AS SUCH TERMS ARE DEFINED IN THE BANKING ACT 1987 (EXEMPT TRANSACTIONS) REGULATIONS 1997). REPAYMENT OF THE PRINCIPAL AND PAYMENT OF ANY INTEREST OR PREMIUM IN CONNECTION WITH THESE NOTES HAS NOT BEEN GUARANTEED.]²

1. Include "commercial paper" if Notes must be redeemed before their first anniversary. Include "shorter term debt securities" if Notes may not be redeemed before their first anniversary but must be redeemed before their third anniversary. Include "longer term debt securities" if Notes may not be redeemed before their third anniversary.
2. Unless otherwise permitted, text to be included for all Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are accepted by the Issuer in the United Kingdom.

[Issue Date]

DEN NORSKE STATS OLJESELSKAP A.S
[Title of relevant Series of Notes (specifying type of Notes)]
issued pursuant to its Euro Medium Term Note Programme

(Terms used herein shall be deemed to be defined as such for the purposes of the Conditions)

[Include whichever of the following apply or specify items as "not applicable"]

TYPE OF NOTES

- | | | |
|----|---|--|
| 1. | Interest/Payment Basis: | Fixed Rate/Floating Rate/Zero
Coupon/Indexed Redemption
Amount/Indexed Interest/Dual
Currency/Partly-Paid/Instalment/Combination
/Other |
| 2. | If Instalment Note, insert Instalment Amount(s)/Instalment Date(s): | [] |
| 3. | If Partly Paid Notes, insert amount of each instalment (expressed as a percentage of the nominal amount of each Note)/due dates for any subsequent instalments/consequences of failure to pay/rate of interest: | [Insert details] |
| 4. | If Dual Currency Notes, insert the Rate of Exchange/calculation agent/fall back provisions/person at whose option Specified Currency is to be payable: | [The Rate(s) of Exchange is the exchange rate(s) or basis of calculating the exchange(s) to be used in determining the amounts of principal and/or interest payable in the Specified Currencies] |

DESCRIPTION OF THE NOTES

5. Provisions for exchange of Notes: [Temporary Global Note exchangeable for Permanent Global Note and further exchangeable into Definitive Notes if requested by the holder upon not less than 60 days' notice] [Temporary Global Note exchangeable into Definitive Notes] [other]
6. (a) Talons for future Coupons to be attached to Definitive Notes: [Yes/No]
- (b) Date(s) on which the Talons mature: [give details]
7. (a) Series Number: []
- [(b) Tranche Number: []]
- [(c)] Details (including the date, if any, on which the Notes become fully fungible) if forming part of an existing Series: [number and other details]
8. (a) Nominal Amount of Notes to be issued: []
- (b) Aggregate nominal amount of Series (if more than one Tranche for the Series): []
- (c) Specified Currency (or Currencies in the case of Dual Currency Notes): []
- (d) Specified Denomination(s): []
9. Issue Price: []
10. Issue Date: []
11. Interest Commencement Date: [Issue Date/other]
12. Automatic/optional conversion from one Interest/Payment Basis to another: [insert details]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

FIXED RATE NOTE

13. (a) Fixed Rate(s) of Interest: [] per cent. per annum
- (b) Fixed Interest Date(s): []
- (c) Initial Broken Amount per denomination: [specify amounts]
- (d) Final Broken Amount per denomination: [specify amounts]

ZERO COUPON NOTES

14. (a) Accrual Yield: [insert details]
- (b) Reference Price: [insert details]
- (c) Other formula or basis for determining Amortised Face Amount: [insert details]

FLOATING RATE NOTES OR INDEXED INTEREST NOTES

15. (a) Specified Period(s) or specified Interest Payment Date(s): [NB: specify either a period or periods where the Floating Rate Convention is used or a specific date or dates where any other business day convention is used]
- (b) Minimum Interest Rate (if any): []
- (c) Maximum Interest Rate (if any): []
- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other convention — insert details]
- (e) Additional Business Centres: []
- (f) Other terms relating to the method of calculating interest (e.g. day count fraction, rounding up provision and if different from Condition 5(b)(iv) denominator for calculation of Interest): [Condition 5(b)(iv) applies/other — insert details]

FLOATING RATE NOTES

16. (a) Margin(s): [plus/minus][] per cent. per annum
- (b) Manner in which Rate of Interest is to be determined: [ISDA Determination/Screen Rate Determination/other — insert details]
- (c) If ISDA Determination:
- (i) Floating Rate Option: []
- (ii) Designated Maturity: []
- (iii) Reset Date(s): []
- (d) If Screen Rate Determination:
- (i) Reference Rate: []
- (ii) Interest Determination Date: []
- (iii) Relevant Screen Page: []

- (e) If Rate of Interest to be calculated otherwise than by reference to (c) or (d) above insert details, including Rate of Interest/Margin/fall back provisions: []

INDEXED INTEREST NOTES

17. Index/Formula: [insert details of the index to which amounts payable in respect of interest are linked and/or the formula to be used in determining the rate of interest, together with details of the calculation agent and the fallback provisions]

PROVISIONS REGARDING PAYMENTS

18. Definition of "Payment Day" for the purpose of Conditions if different to that set out in Condition 6(d): [insert details]

PROVISIONS REGARDING REDEMPTION/MATURITY

19. Maturity Date: []
20. (a) Redemption at Issuer's option: [No/Yes]
[If Yes, insert Optional Redemption Date(s)/Optional Redemption Amounts: []]
- (b) Redemption at Noteholder's option: [No/Yes]
[If Yes, insert Optional Redemption Date(s)/Optional Redemption Amount(s): []]
- (c) Minimum Redemption Amount/Higher Redemption Amount: []
- (d) Other terms applicable on redemption: []
21. Final Redemption Amount for each Note, including the method, if any, of calculating the same: [insert amount or details including party responsible for calculation) (NB — fall back provisions must be inserted)]
22. Early Redemption Amount for each Note payable on redemption for taxation reasons or on an Event of Default and/or the method, if any, of calculating the same: [insert amount or details including party responsible for calculation]

GENERAL PROVISIONS APPLICABLE TO THIS ISSUE OF NOTES

23. Other terms or special conditions: [insert details]

24. Details of additional/alternative clearance system approved by the Issuer and the Agent: [insert details]
25. Additional selling restrictions: [insert details]
26. Method of distribution: [Non-syndicated] [Syndicated — please insert management group details here]
27. Stabilising Dealer/Manager: [insert details/None]
- 28 (a) Notes to be listed: [Yes/No]
- (b) Stock Exchange(s): [London Stock Exchange] [Paris *Bourse*] [Other — insert details]
29. Ratings: [As Offering Circular/other — specify]
- [30. If Paris *Bourse* listed, insert:
- (a) the number of Notes to be issued in each Specified Denomination: []
- (b) Sicovam SA number(s): []
- (c) Paying Agent in France: [insert name and address]
- (d) (i) address in Paris where relevant documents will be made available for inspection: [insert address]
- (ii) list of such documents available for inspection: [insert list]
- (e) Specialist broker: []
- (f) Responsibility statement:

**PERSONNES QUI ASSUMENT
LA RESPONSABILITE DE LA PRESENTE NOTE D'INFORMATION
COMPOSEE DE LA PRESENTE NOTE D'OPERATION (PRICING SUPPLEMENT)
[DE LA NOTE D'INFORMATION AYANT RECU DE LA COB LE VISA NO. []
DU [DATE]] ET DU DOCUMENT DE BASE (OFFERING CIRCULAR)**

1. *Au nom de l'émetteur*

A la connaissance de l'émetteur, les données de la présente Note d'Information sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Aucun élément nouveau (autres que ceux mentionnés dans la présente Note d'Opération) intervenu depuis :

— le 27 avril, 1998 date du no. P98-155 apposé par la Commission des Opérations de Bourse sur le Document de Base,

Acceptance on behalf of the
Issuer of the terms of the Pricing Supplement

For and on behalf of

DEN NORSKE STATS OLJESELSKAP A.S

By _____

[32. Listing

The above Pricing Supplement comprises the details required to list this issue of Notes pursuant to the listing of Den norske stats oljeselskap a.s's U.S.\$2,000,000,000 Euro Medium Term Note Programme (as from [*insert issue date for the Notes*]) for which purpose it is hereby submitted.

The Chase Manhattan Bank

(as Agent)]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note. Reference should be made to "Form of the Notes" above for a description of the content of Pricing Supplements which will include certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Den norske stats oljeselskap a.s (the "Issuer") pursuant to the Agency Agreement (as defined below).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency;
- (ii) definitive Notes issued in exchange for a global Note; and
- (iii) any global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an Agency Agreement (the "Agency Agreement") dated 21st March, 1997 and made among, the Issuer, The Chase Manhattan Bank as issuing and principal paying agent and agent bank (the "Agent", which expression shall include any successor agent specified in the applicable Pricing Supplement) and the other paying agents named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to "Noteholders" shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts and any reference herein to "Couponholders" shall mean the holders of any Coupons, and shall, unless the context otherwise requires, include the holders of any Talons.

As used herein, "Tranche" means all Notes with the same Issue Date and which are subject to the same Pricing Supplement and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "Deed of Covenant") dated 21st March, 1997 and made by the Issuer. The original of the

Deed of Covenant is held by a common depository on behalf of Euroclear (as defined below) and Cedel Bank (as defined below).

Copies of the Agency Agreement, the Pricing Supplement applicable to this Note and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agent and the other Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Pricing Supplement which are applicable to them.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Interest Note, an Indexed Redemption Amount Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note or a combination of any of the foregoing, depending upon the Interest/Payment Basis shown in the applicable Pricing Supplement.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and/or Cedel Bank, société anonyme ("Cedel Bank") each person (other than Euroclear or Cedel Bank or, in the case of Notes listed on the Paris *Bourse*, Sicovam (as defined below)) who is for the time being shown in the records of Euroclear or of Cedel Bank as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Cedel Bank as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Cedel Bank, as the case may be.

References to Euroclear and/or Cedel Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system including, in the case of Notes listed on the Paris *Bourse*, Sicovam SA and the *Intermédiaires financiers habilités* authorised to maintain accounts therein (together "Sicovam") approved by the Issuer and the Agent.

2. Status of the Notes

The Notes and the relative Receipts and Coupons (if any) constitute (subject to Condition 3) unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the relative Receipts and Coupons (if any) shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. Negative Pledge

(a) So long as any Note, Receipt or Coupon remains outstanding (as defined in the Agency Agreement):

- (i) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") upon the whole or any part of its undertaking, assets or revenues present or future to secure any of its Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt of any other person; or
- (ii) the Issuer will procure that no other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure any of the Issuer's Relevant Debt, or any guarantee of or indemnity in respect of any of the Issuer's Relevant Debt; or
- (iii) the Issuer will procure that no other person gives any guarantee of, or indemnity in respect of, any of its Relevant Debt,

unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Receipts and coupons (if any):

- (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be; or
- (bb) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

(b) For the purposes of this Condition:

"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market.

4. Value and Composition of the ECU

If the Notes are denominated in ECU, the value and composition of the ECU in which the Notes are denominated, or, if the Notes are Dual Currency Notes payable in ECU, the value and composition of the ECU in which the Notes are payable ("ECU"), will be the same as the value and composition of the European Currency Unit that is from time to time used as the unit of account of the European Communities (the "EC"). Changes to the ECU may be made by the EC in which event the ECU will change accordingly. References to the ECU shall be deemed to be references to the ECU as so changed from time to time.

5. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Fixed Interest Date(s) in each year and on the Maturity Date if that does not fall on a Fixed Interest Date.

The first payment of interest will be made on the Fixed Interest Date next following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not a Fixed Interest Date, will amount to the Initial Broken Amount.

If the Maturity Date is not a Fixed Interest Date, interest from (and including) the preceding Fixed Interest Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount.

If interest is required to be calculated for a period of other than a full year, such interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

(b) Interest on Floating Rate Notes and Indexed Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Indexed Interest Note bears interest on its nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Interest Payment Date(s) in each year (the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next Interest Payment Date each being an "Interest Period"); or
- (B) if no express Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an "Interest Payment Date") which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

If a business day convention is specified in the applicable Pricing Supplement and if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, "Business Day" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments in London and any Additional Business Centre specified in the applicable Pricing Supplement; and
- (B) either (1) in relation to interest payable in a Specified Currency other than ECU, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is New Zealand dollars shall be Auckland)

or (2) in relation to interest payable in ECU, an ECU Settlement Day (as defined in the 1991 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the "ISDA Definitions") but not including part (b) of such definition).

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than the London inter-bank offered rate, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) Minimum and/or Maximum Interest Rate

If the applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Indexed Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Indexed Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or Indexed Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the actual number of days in the Interest Period concerned divided by 360, or such other denominator determined by the Agent to be customary for such calculation, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined in Condition 6(c)) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14.

(vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

(d) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given in accordance with Condition 14.

6. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than ECU will be made by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be an authorised foreign exchange bank) in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is New Zealand dollars, shall be Auckland); and
- (ii) payments in ECU will be made by credit or transfer to an ECU account specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8. References to "Specified Currency" will include any successor currency under applicable law.

(b) Presentation of Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Indexed Redemption Amount Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the

sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Indexed Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent.

A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Cedel Bank as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Cedel Bank, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note.

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of this Note is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of this Note will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(c) Payment in a Component Currency

If any payment of principal or interest in respect of a Note, Receipt or Coupon is to be made in ECU and, on the relevant due date, the ECU is used neither as the unit of account of the EC nor as the currency of the European Union, the Agent shall, without liability on its part and without having regard to the interests of individual Noteholders, Receiptholders or Couponholders and after consultation, if practicable, with the Issuer choose a currency which was a component of the ECU when the ECU was most recently used as the unit of account of the EC (the "chosen currency") in which all payments due on that due date with respect to such Notes, Receipts and Coupons shall be made. Notice of the chosen currency selected by the Agent shall, where

practicable, be published in accordance with Condition 14. The amount of each payment in such chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this paragraph (c), as of the fourth London Business Day prior to the date on which such payment is due. For the purposes of this paragraph (c), the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

Without prejudice to the preceding paragraph, on the first London Business Day from which the ECU is used neither as the unit of account of the EC nor as the currency of the European Union, the Agent shall, without liability on its part and without having regard to the interests of individual Noteholders, Receiptholders or Couponholders and after consultation, if practicable, with the Issuer choose a currency which was a component of the ECU when the ECU was most recently used as the unit of account of the EC (also the "chosen currency") in which all payments with respect to Notes, Receipts and Coupons having a due date prior thereto but not yet presented for payment are to be made. The amount of each payment in such chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this paragraph (c), as of such first London Business Day.

The equivalent of the ECU in the relevant chosen currency as of any date (the "Day of Valuation") shall be determined on the following basis by the Agent. The component currencies of the ECU for this purpose (the "Components") shall be the currency amounts which were components of the ECU as of the last date on which the ECU was used as the unit of account of the EC.

The equivalent of the ECU in the chosen currency shall be calculated by first aggregating the U.S. dollar equivalents of the Components, and then, using the rate used for determining the U.S. dollar equivalent of the Component in the chosen currency as set forth below, calculating the equivalent in the chosen currency of such aggregate amount in U.S. dollars.

The U.S. dollar equivalent of each of the Components shall be determined by the Agent on the basis of the middle spot delivery quotations prevailing at 11.00 a.m. (London time) on the Day of Valuation, as obtained by the Agent from one or more leading banks as selected by the Agent in the country of issue of the Component in question.

If the official unit of any Component is altered by way of combination or subdivision, the number of units of that Component shall be divided or multiplied in the same proportion. If two or more Components are consolidated into a single currency, the amounts of those Components shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Components expressed in such single currency. If any Component is divided into two or more currencies, the amount of that Component shall be replaced by amounts of such two or more currencies each of which shall be equal to the amount of the former Component divided by the number of currencies into which that Component was divided.

If no direct quotations are available for a Component as of a Day of Valuation from any of the banks selected by the Agent for this purpose because foreign exchange markets are closed in the country of issue of that Component or for any other reason, the most recent direct quotations for that Component obtainable by the Agent shall be used in computing the U.S. dollar equivalent of the ECU on such Day of Valuation, provided, however, that such most recent quotations may be used only if they were prevailing in the country of issue of each Component not more than two London Business Days before such Day of Valuation. If the most recent quotations obtained by the Agent are those which were so prevailing more than two London Business Days before such Day of Valuation, the Agent shall determine the U.S. dollar equivalent of such Component on the basis of cross rates derived from the middle spot delivery quotations for such Component and for the U.S. dollar prevailing at 11.00 a.m. (London time) on such Day of Valuation, as obtained by the Agent from one or more leading banks, as selected by the Agent, in a country other than the country of issue of such Component. If such most recent quotations obtained by the Agent are those which were so prevailing not more than two London Business Days before such Day of Valuation, the Agent shall determine the U.S. dollar equivalent of such Component on the basis of such cross rates if it judges that the U.S. dollar equivalent so calculated is more representative than the U.S. dollar equivalent calculated on the basis of such most recent direct quotations. If there is more than one market for dealing in any Component by reason of foreign exchange regulations or for any other reason, the market to be referred to in respect of such Component shall be that upon which a non-resident issuer of securities denominated in such Component would ordinarily purchase such Component in order to make payments in respect of such securities.

All choices and determinations made by the Agent for the purposes of this paragraph (c) shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer and all Noteholders, Receiptholders and Couponholders.

Whenever a payment is to be made in a chosen currency as provided in this paragraph (c), such chosen currency shall be deemed to be the Specified Currency for the purposes of the other provisions of this Condition. From the start of the third stage of European monetary union, all payments in respect of any Notes denominated or payable in ECU will be payable in Euro at the rate then established in accordance the Treaty establishing the European Communities, as amended by the Treaty on European Union. This Condition 6(c) will not result in payment in a component currency in such circumstances.

(d) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation;
- (ii) a Business Day (as defined in Condition 5(b)(i)); and
- (iii) in relation to Notes denominated or payable in ECU, a day on which payments in ECU can be settled by commercial banks and in foreign exchange markets in which the relevant account for payment is located.

(e) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Indexed Interest Note) or on any Interest Payment Date (if this

Note is either a Floating Rate Note or an Indexed Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 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 the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days (or, in the case of Floating Rate Notes, a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Floating Rate Notes plus 60 days) prior to the earliest date on which the Issuer 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 Condition 7(b), the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer

If the Issuer is specified in the applicable Pricing Supplement as having an option to redeem, the Issuer shall, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

(which notices shall be irrevocable), redeem all or, if so specified in the applicable Pricing Supplement, some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Cedel Bank, in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders

If the Noteholders are specified in the applicable Pricing Supplement as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Pricing Supplement the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") equal to the sum of:
 - (A) the Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or such other calculation basis as may be specified in the applicable Pricing Supplement.

(f) Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(h) Purchases

The Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(j) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e) (iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Norway or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in receipt by the holders of the Notes, Receipts or Coupons of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (a) by, or on behalf of, a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or the deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (b) by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Kingdom of Norway other than the mere holding of such Note, Receipt or Coupon; or
- (c) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day.

"Relevant Date" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. Events of Default

If any one or more of the following events (each an "Event of Default") shall occur and is continuing:

- (a) the Issuer fails to pay any principal or interest on any of the Notes when due and such failure continues, in the case of interest, for a period of fourteen days; or
- (b) the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not remedied within 60 days after notice of such default shall have been given to the Agent at its specified office by any Noteholder; or
- (c)
 - (i) there shall have been accelerated because of default the maturity of any other present or future indebtedness in respect of moneys borrowed or raised of the Issuer; or
 - (ii) any such indebtedness is not paid at final maturity (as extended by any applicable grace period); or
 - (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds U.S.\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(c) operates);
- (d) the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
- (e) an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation:
 - (i) on terms approved by an Extraordinary Resolution of the Noteholders; or
 - (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer (as the case may be) or another of its Subsidiaries; or
- (f) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in (d) and (e) above any of the foregoing paragraphs,

then any Note may, by notice given in writing to the Agent at its specified office by the holder be declared immediately due and payable whereupon it shall become immediately due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without further formality unless such Event of Default shall have been remedied prior to the receipt of such notice by the Agent.

As used herein:

"Principal Subsidiary" means at any particular time, a Subsidiary whose total assets represent not less than 10 per cent. of the consolidated total assets of the Issuer and its consolidated Subsidiaries as shown by the latest consolidated balance sheet of the Issuer; and

"Subsidiary" means, at any particular time, a company of which the Issuer directly or indirectly owns or controls at least a majority of the outstanding voting stock giving power to elect a majority of the Board of Directors of such company.

11. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent or any Replacement Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Agent and Paying Agents

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe; and
- (iii) there will at all times be an Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

13. Exchange of Talons

On and after the Fixed Interest Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. Notices

All notices regarding the Notes shall be published (i) in a leading English language daily newspaper of general circulation in London and (ii) (in respect of any Notes listed on the *Paris Bourse* (so long as that exchange requires)) in a French language daily newspaper of general circulation in Paris. It is expected that such publication will be made in the *Financial Times* or any other daily newspaper in London and *Les Echos* in Paris. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange on which the Notes are for the time being listed. Any such notice

will be deemed to have been given on the date of the first publication or, where required to be published in both newspapers, on the date of the first publication in both such newspapers.

Except in the case of Paris listed Notes, until such time as any definitive Notes are issued, there may (provided that, in the case of Notes listed on any stock exchange, such stock exchange permits), so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and Cedel Bank, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Cedel Bank for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Cedel Bank.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Cedel Bank, as the case may be, in such manner as the Agent and Euroclear and/or Cedel Bank, as the case may be, may approve for this purpose.

15. Meetings of Noteholders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of interest on the Notes, (iii) to change the currency of payment of the Notes or the Receipts or Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Receiptholders or Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. Substitution

The Issuer, or any previously substituted company, may at any time, without the consent of the Noteholders, Receiptholders or the Couponholders, substitute for itself as principal debtor under the Notes, Receipts and the Coupons such company (the "Substitute") in the manner specified in the Agency Agreement, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "Deed Poll"), to be substantially in the form exhibited to the Agency Agreement, and may take place only if:

- (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder, Receiptholder and Couponholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and/or, if different, of its incorporation with respect to any Note, Receipt or Coupon and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
- (ii) the obligations of the Substitute under the Deed Poll, the Notes, Receipts and the Coupons shall be unconditionally and irrevocably guaranteed by Den norske stats oljeselskap a.s by means of the Deed Poll;
- (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts and Coupons represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect;
- (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (v) each stock exchange which has the Notes listed thereon shall have confirmed that following the proposed substitution of the Substitute the Notes would continue to be listed on such stock exchange;
- (vi) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this Condition 16 and the other matters specified in the Deed Poll; and
- (vii) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and the events listed in Condition 10, shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect and the provisions of Condition 10(c)-10(f) inclusive shall be deemed to apply in addition to the guarantor.

17. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. Governing law and submission to jurisdiction

(a) The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

(b) The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, Receipts or Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes, Receipts or Coupons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders, Receiptholders and Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) The Issuer irrevocably appoints Statoil (U.K.) Limited at its registered office in England at Statoil House, 11 Regent Street, London SW1Y 4ST to receive service of process in any Proceedings in England based on any of the Notes, Receipts or Coupons. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

STATOIL GROUP

General

Unless the context otherwise requires, references to "Statoil", the "Statoil group" or the "Group" are to the Issuer and its consolidated subsidiaries.

The Issuer was incorporated on 18th September, 1972 as a joint stock company under the Norwegian Companies Act. It is wholly owned by the Norwegian State represented by the Minister of Oil and Energy. Every second year Statoil prepares a plan for the following years. This plan, supplemented by the Ministry's comments, is presented to the Storting (the Norwegian Parliament).

Statoil's registered seat and headquarters are at Forusbeen 50, N-4035 Stavanger, Norway.

Statoil is a fully integrated oil and gas enterprise which operates commercially and is subject to all legal, regulatory and tax regimes applicable to privately owned Norwegian companies. Based on revenues, Statoil is Norway's largest group of companies. Group revenues in 1997 were approximately NOK 125 billion, operating profit NOK 17.1 billion, assets at the end of 1997 were approximately NOK 131 billion and proved reserves at the end of 1997 consisted of approximately 2.05 billion barrels of oil and 336 billion scm of natural gas. As of year end 1997, the Statoil group employed approximately 17,200 people and had business operations in 27 countries.

As an integrated part of its activities, Statoil manages the State's Direct Financial Involvement (the "SDFI"). Statoil is the leading producer of crude oil on the Norwegian Continental Shelf (the "NCS"). Including SDFI amounts, it is one of the largest net sellers of crude oil in the world.

As manager of the SDFI, Statoil buys from the Norwegian State oil produced under Norway's own licence interests and then markets and sells that oil for Statoil's own account. Statoil also markets SDFI gas. All SDFI gas volumes and most oil volumes are sold by Statoil from the field to third parties. Statoil does not take title to such volumes and only the net result of such trading is included in Statoil's financial statements. The balance of SDFI oil volumes is purchased by Statoil, either for future sale or for refining.

Operations

For external reporting purposes, the Statoil group divides its operations into four segments: Exploration and Production, Refining and Marketing, Petrochemicals and Other Operations.

Exploration and Production (E&P)

E&P, consisting of exploration, development and production operations in Norway and internationally and natural gas marketing, transportation and gas business development, is the cornerstone of Statoil's business. In 1997 E&P reported operating profit of NOK 15.4 billion or 90.5 per cent. out of the total Group operating profit. Statoil's E&P operations take place primarily on the NCS, where Statoil is involved in nearly all producing oil and gas fields and serves as operator in 11 of these. E&P operations also extend throughout the world. Abroad, Statoil held exploration and production licences in 14 countries in 1997, serving as operator in 6 of these countries.

Oil and Gas Reserves

As of the end of 1997, Statoil had a total of 2,051 million barrels of proved oil reserves and 366 billion scm of proved natural gas reserves. Based on production levels of 1997, and on 1997 year-end reserves in terms of oil equivalents, Statoil has an estimated reserve life of approximately 18 years. Most of Statoil's reserves are located on the NCS. Almost half of Statoil's total gas reserves are found in the Troll gas field. Troll Phase I came on stream in 1996 and has an estimated 100 million scm of gas production capacity per day. Statoil has an 11.88 per cent. interest in this field and manages the 62.7 per cent. SDFI interest.

Statoil's proved and probable non-NCS reserves amounted to 748 million barrels of oil equivalents at the end of 1997.

Licensing rounds in Norway

Contrary to what has been the case during the history of NCS exploration and production when preferential treatment was provided to Norwegian companies by the Norwegian government, Statoil now competes for NCS business on equal terms with other companies, and must maintain and develop its position through professional ability and competitiveness. In the 15th licensing round, the first based on open competition among all participants, including Statoil, Statoil secured interests of between 15 and 40 per cent. in eight new licences and was awarded the operatorship for three of its new licences, one in the North Sea and two in the Norwegian Sea. Statoil's new operatorships involve it in deepwater exploration in the North Sea close to the mid-Norwegian coast and in deepwater areas of the Norwegian Sea.

Exploration

Statoil has been engaged in exploration and drilling since 1975.

In 1997, Statoil as operator drilled and spudded 14 wells and made five new discoveries on the NCS. Ten discoveries were made in partner operated licences.

Statoil's principal international exploration activities are currently in the U.K., Ireland, Denmark, Nigeria, Thailand, Vietnam, Kazakhstan, Azerbaijan, Angola and the Gulf of Mexico. Since 1990, Statoil and BP have worked together in a strategic alliance mainly involving joint exploration and development efforts in some of the areas above.

Off the coast of Angola the Girassol oil discovery was declared commercial in 1997. Three other oil discoveries have been made in Angolan blocks. Statoil participates with 13.33 per cent. A production sharing agreement for the offshore blocks in the Kazakh part of the Caspian Sea was signed in 1997. Statoil participates with 4.76 per cent. in the consortium. Statoil has over the last year been awarded exploration rights in the Gulf of Mexico, as well as further exploration rights, including 5 operatorships on the UK continental shelf.

Development

Statoil expends substantial efforts and resources in order to make new discoveries and licence areas into producing oil and gas fields.

Norway. Statoil is currently the operator of three development projects on the NCS; the Gullfaks Satellites, the North flank of Statfjord and Asgard.

Gullfaks Satellites. The development, the cost of which has been estimated at NOK 7.4 billion is proceeding satisfactorily. Production is planned to start in late 1998. In addition to serving as operator, Statoil holds a 12 per cent. interest and manages the SDFI's 73 per cent. interest.

Asgard. The field will be developed with two floating installations, a production ship for oil due to come on stream early 1999 and a semi-submersible for gas production due to come on stream in 2000. Production will come from 59 subsea-completed wells. Field development costs including transport and onshore terminal facilities are currently estimated at approximately NOK 50 billion. In addition to serving as operator, Statoil holds a 13.55 per cent. interest. The SDFI holds a 46.95 per cent. interest. Planned plateau production for the fields is 260,000 barrels of oil per day and 50 million scm of gas production per day.

In addition, Statoil participates in a number of other NCS development projects, including Troll, Visund and Njord.

International. In Azerbaijan a plan for a complete development of the ACG-field (Statoil share 8.56 per cent.) was approved by the authorities at the end of 1997. A final decision to start the development may be taken at the end of 1998.

Statoil is a 15 per cent. partner in the Sincor heavy oil project in Venezuela. This project is planning to upgrade and produce 170 000 barrels/day of light crude oil (syncrude). The decision on a possible development will be taken during 1998.

Vietnamese authorities have approved BP/Statoil's plans for developing the gas discovery Lan Tay and Lan Do in the Nam Con Son basin including field development, pipeline terminal, a gas power plant and a fertiliser factory.

In Denmark the development of the Siri field is in progress and production start-up will take place in 1998.

Production

In 1997, Statoil's equity oil production was 150 million barrels and its equity gas sales were just over 8 billion scm. It participates in more than 40 fields in the NCS and is the production operator for 11 of them.

Producing Fields, Norway

Statfjord. Statoil operates the large Statfjord oil and gas field (which crosses into U.K. waters) and has a 42.73 per cent. interest in its production. Statfjord is the largest field on the NCS in terms of original reserves. The Statfjord field consists of three fully integrated platforms (Statfjord A, B and C), and had a plateau production in excess of 700,000 barrels of oil per day in 1992. Two satellite fields Statfjord East and Statfjord North have been developed. Through the application of Statoil's technical expertise in production recovery, Statfjord's recovery factor is now 65 per cent., making the field a top performer internationally. The decrease in production is slower than earlier anticipated.

Gullfaks. Statoil operates the Gullfaks field, in which it has a 12 per cent. interest, and manages the SDFI's 73 per cent. interest. The field came on stream in 1986. The field consists of two fully integrated platforms and a drilling, processing and living quarters platform, all of which are interlinked. The satellite field Gullfaks West has been developed. Peak production was reached in 1995.

In 1997 the daily oil and gas production from the Statfjord area and Gullfaks was approximately 544,000 and 414,000 barrels and 10 and 4.7 million scm, respectively.

Sleipner East. The Sleipner East field began production in October 1993. Statoil has a 20 per cent. interest, manages the SDFI's 29.6 per cent. interest and serves as operator of the field. Production for 1997 was approximately 22 million scm of gas and 104,500 barrels of condensate per day.

Sleipner West. The Sleipner West field began gas production in late 1996. In addition to serving as operator, Statoil holds a 17.13 per cent. interest. The SDFI holds a 32.37 per cent. interest. The 1997 production for the field was 18.8 million scm of gas and 50,500 barrels of condensate per day.

Heidrun. Production on the Heidrun field, located in the Halten bank region of the Norwegian Sea, began in 1995, with Statoil as operator. Statoil has an 11.87 per cent. interest in the field and manages the 65 per cent. SDFI interest. Oil production from the field was 233,000 barrels of oil per day in 1997.

Troll. Statoil resumed operatorship of Troll, a large gas field, in 1996. Production from Troll was approximately 39 million scm per day in 1997. Production of oil from Troll Phase II is operated by Norsk Hydro. Statoil holds an 11.88 per cent. interest in the Troll field as a whole and the SDFI holds a 62.7 per cent. interest.

Norne. Norne is Norway's northernmost oil field in production. A development philosophy based on simplification, standardisation and extensive co-operation with suppliers leading to substantially reduced investment costs was applied for Norne. Production started in November 1997. In addition to serving as operator, Statoil holds a 15 per cent. interest in Norne and manages the SDFI's 55 per cent. interest. Planned plateau production for the field is 220,000 barrels of oil per day.

Oseberg. Statoil has a 14 per cent. interest in the Oseberg field and manages SDFI's 50.8 per cent. interest. The field operator is Norsk Hydro. Statoil's share of the production was approximately 79,000 barrels of oil per day in 1997.

Snorre. Statoil has a 10 per cent. interest in the Snorre field in the northern part of the North Sea, and manages the 31.4 per cent. SDFI interest. The field operator is Saga Petroleum. Average daily production in 1997 was 195,000 barrels per day.

Producing Fields, International

Petroleum production by the Group outside Norway amounted to 47,000 barrels of oil equivalents per day in 1997 and came from several fields in the UK sector of the North Sea, the Bonkot field in Thailand, the Lufeng field in China, where the production started at the end of 1997 and from the USA. In addition Statoil participates in an early production project from the Azeri/Chirag field in the Azerbaijan region of the Caspian Sea, in which it has an 8.56 per cent. interest. Production is now 25,000 barrels/day and will increase to 100,000 barrels/day. In Venezuela Statoil has in the third reactivation round in 1997 obtained a 30 per cent. interest in the LL 652 oil and gas field in Lake Maracaibo. The field production of 10,000 barrels/day is planned to increase to 115,000 barrels/day within the next three to four years.

Gas Marketing and Transportation

Statoil holds a number of important positions in the Norwegian natural gas industry. It is the largest equity producer of natural gas on the NCS following the SDFI, whose gas production it also manages, and the largest owner of interests in the extensive gas pipeline systems that carry NCS gas to continental Europe. Statoil chairs the Norwegian Gas Negotiation Committee (the "GNC"), a body established by the Norwegian government in 1986 and charged with conducting all negotiations for the sale of NCS gas (although producers can sell gas outside of GNC arrangements). Statoil also chairs the Norwegian Gas Supply Committee (the "GSC"), which advises the Norwegian Ministry of Industry and Energy on the development and exploitation of gas fields on the NCS in order to source the gas sold pursuant to the contracts negotiated by the GNC.

Of the 42 billion scm of gas exported from the NCS in 1997, Statoil's equity share was 15 per cent., while the SDFI's share was an additional 33 per cent. The principal export markets for NCS gas are in Germany, France, The Netherlands and Belgium. In 1997 important contracts have been signed with two new countries, Italy and the Czech Republic.

Virtually all gas sales are made through long-term take-or-pay contracts negotiated by the GNC. Generally, Statoil and other gas producers do not develop natural gas fields for production until after contractual commitments have been secured for the purchase of the gas expected to be produced.

Prices in Statoil's long-term gas sales contracts are generally tied to a formula based on a market value principle whereby the natural gas price relates to prevailing prices of competing fuels in the end user market.

In order to transport Norwegian natural gas to European customers, Norwegian gas producers have built and now operate an extensive gas pipeline system connecting gas fields, the Norwegian mainland and continental Europe.

Statoil is the operator and 58.3 per cent. owner of Statpipe, a gas transmission system that takes gas from Statfjord, Gullfaks, Heimdal and other neighbouring fields to the Norpipe system. Statoil has a 20 per cent. participation in the Norpipe oil system and 50 per cent. in the gas system running from the Ekofisk area to Teesside, England and Emden, Germany respectively. Statoil owns 100 per cent. of the Ula pipeline carrying oil from the Ula and Gyda fields to Ekofisk. It operates and holds a 15 per cent. interest in both the Zeepipe system, which connects the Troll Terminal at Kollsnes with the Sleipner fields for transportation of gas to Zeebrugge, Belgium and the Europipe system, which transports gas from the Draupner riser platform to Emden, Germany. The Zeepipe system is, at 1,285 kilometres, the longest submarine gas pipe in the world.

Statoil has a 14 per cent. interest in the Oseberg transport system for oil from the Oseberg field to the crude oil terminal at Sture near Bergen.

Statoil is operator and an 11.9 per cent. interest owner of the Haltenpipe system, which transports gas from the Heldrun field to the methanol plant at Tjeldbergodden. In order to meet delivery commitments to the European continent, a pipeline to Dunkerque, France, the NorFra pipeline, is under construction and due for completion in 1998. Statoil's share in NorFra is 9.7 per cent. A Europipe II pipeline from the Kårstø gas terminal to Emden in Germany is under construction.

Gas Business Development

Statoil owns about 99 per cent. of the Eastern Group, a U.S. gas and electricity production and distribution company. In 1997 Eastern took over Blazer Energy Corporation, the U.S. E&P assets of Ashland Inc. for about NOK 4 billion. Statoil also holds an 18.75 per cent. stake in the Norddeutsche Erdgas-Transversale ("Netra") gas transmission pipeline in Germany and a 5 per cent. stake in Verbundnetzgas, a German gas merchant company.

Alliance Gas Ltd., wholly owned by Statoil, which operates in the market for gas supplies to the industry and service sector in the UK, has a market share of 6 per cent.

Statoil owns approximately 17 per cent. of the voting stock of the Norwegian hydropower producing company Hafslund ASA and 14.5 per cent. of the Swedish gas distribution company Vattenfall Naturgass AB.

Norsk Hydro and Statoil have stated that their plans for investing in two new gas-fired power stations through the subsidiary Naturkraft AS, jointly owned with Statkraft, will be put on hold until it has been clarified whether a gas power project based on a hydrogen based technology recently presented by Norsk Hydro can be realized. The time needed for such clarification could be six to twelve months.

Refining and Marketing

The Refining and Marketing business segment includes the Statoil group's refinery business, the retail marketing of oil products, the trading of crude oil, NGLs and refined products and oil shipping.

Refining

Statoil owns and operates the Mongstad refinery in Norway, and the Kalundborg refinery in Denmark, with crude oil distillation capacities of 150,000 and 100,000 barrels per day, respectively. Mongstad is a major European export refinery and has considerable flexibility in producing finished products to different specifications. In order to meet the expected EU 2000 product specifications a gasoil desulphurization unit and a new naphtha splitter (allowing production of gasoline with max 1% benzene) has been installed.

The Kalundborg refinery was purchased by Statoil in 1986 from Exxon and in 1995 was expanded by a one million tonnes per year condensate facility. Kalundborg currently supplies refined products to markets in Denmark, Sweden and the Baltic region. The condensate facility enables Statoil to process condensate from the Sleipner fields.

Both refineries currently receive crude oil principally from the North Sea. North Sea crudes are generally lighter crude oils, but the refineries are sufficiently flexible to process heavier sweet crudes as well. Refinery margins generally improved in 1996 and 1997.

The Statoil group has a 15 per cent. interest in the expansion of an existing refinery in Melaka, Malaysia, to begin production in autumn 1998.

Retail Marketing

Statoil is the largest retail marketer of oil products in Scandinavia. The business consists primarily of sales of gasoline and consumer oil products through service stations, but also includes sales of distillates, LPG and aviation and marine fuels. In 1997, the Statoil group retained about 24 per cent. of the Scandinavian and approximately 23 per cent. of the Irish retail gasoline market. In general, Statoil is focused on defending its market position in the Scandinavian countries, which are mature markets with limited growth opportunities, and concentrating its expansion efforts in non-Scandinavian markets, particularly in Poland and the Baltic states where the development of the marketing network has continued at a high pace. An oil terminal is under construction in Latvia. Statoil has approximately 2,000 service stations in 9 countries.

Oil Trading and Supply

Statoil is one of the largest net sellers of crude oil in the world and is operating out of trading offices in Stavanger; London; Singapore; and Stamford, Connecticut, trading crude oil and also NGLs and refined products. In 1997, Statoil sold 756 million barrels of crude, more than 2 million barrels per day, including to its

own refineries. Although Statoil's main crude market is in northwestern Europe, an increasing part of Statoil's crudes are now being marketed in additional markets such as North America, and Asia. Approximately 18 per cent. of the volumes sold by Statoil in 1997 constituted equity volumes, with the balance being made up of SDFI and royalty volumes and volumes purchased from third parties for resale.

In 1997, Statoil's traders sold approximately 20 million tonnes of refined oil products to customers outside its own retail marketing system, most of which was output from Statoil's refineries at Mongstad and Kalundborg and approximately 60 million tonnes of NGLs. The main markets for Statoil's refined products, NGLs and condensate are in northwestern Europe and the countries around the Baltic Sea rim.

Statoil is one of the largest suppliers of the condensate market in Europe, providing this very light crude oil to refiners and the petrochemical industry. An increasing number of condensate cargoes are sold in the US market.

Oil Shipping.

On 1 October 1997, Statoil's Shipping & Maritime Technology was incorporated in Navion AS ("Navion"), owned 80 percent by Statoil and 20 percent by the Rasmussen Group. Navion operates a fleet of more than 50 ships with a total capacity of 4.9 million dead-weight tonnes and turnover in 1997 was 5.7 billion kroner.

Navion is the largest transporter of crude oil in the North Sea and a leading operator of shuttle tankers loading from production facilities offshore. The Navion fleet consists of conventional crude oil tankers, specially built offshore shuttle tankers, product tankers and gas tankers. The average age of the fleet is considerably below the average age of the world's tanker fleet.

Navion has substantial experience with offshore loading, to which it brings a high degree of technological expertise. Operating in the rough waters of Norway and the UK, the company has developed its own offshore loading and production technology, Submerged Turret Loading and Submerged Turret Production ("STL" and "STP"). These technologies have helped to develop the Multipurpose Shuttle Tanker ("MST"), a combination storage vessel, transport vessel and floating production facility. The first MST Berge Hugin, owned jointly with the Norwegian shipowner Bergesen d.y. ASA, will be in operation on the Pierce field (UK), while Navion Munin (a second MST) is already in operation for Statoil at the Lufeng field (China).

Petrochemicals

Borealis

Other than its methanol activities, Statoil's petrochemical activities are merged on a 50/50 basis with those of Neste Oy of Finland, into Borealis. However, in 1997, Neste announced that it had signed a letter of intent whereby it will sell its 50 per cent. share in Borealis to OMV AG, Austria and International Petroleum Investment Company of Abu Dhabi. Each will take 25 per cent. In a related deal, Statoil will purchase OMV's polyolefin Company PCD. Borealis is a stand-alone company managed independently by its Supervisory Board, Executive Board and its own professional management.

Borealis' output covers an integrated mix of petrochemicals, polyolefins and specialty products. The company ranks as one of the leading petrochemicals operations in Europe. It is also currently the largest polyolefin producer in Europe and the fifth largest polyolefin producer in the world. Borealis' headquarters is in Copenhagen, Denmark and it has production facilities in eight countries. In addition the company will have a 40 per cent. share and is co-operating with the state oil company of Abu Dhabi to construct three petrochemical plants. Borealis has approximately 5,000 employees. In 1997 total turnover was approximately 19 billion Danish Kroner.

Methanol

A methanol plant at Tjeldbergodden in which Statoil has approximately an 82 per cent. interest started production in the spring of 1997. The plant has annual capacity of approximately 850,000 tonnes of methanol,

which corresponds to around 25 per cent. of total European production capacity and 14 per cent. of European consumption.

Other Operations

Statoil's other operations include the activities of three business units, Statoil Financial Services, Industrial Development and Information Technology. Statoil Financial Services is responsible for the Group's management of financial assets and risks as well as its financing and insurance. Statoil Financial Services includes the operation of a wholly-owned Co-ordination Centre n.v. in Belgium, which engages in certain financial co-ordination activities for the entire Group and of Statoil Forsikring a.s, a wholly-owned insurance subsidiary of Statoil. Statoil Forsikring carries principally captive risk associated with Statoil's offshore activities and related pollution liability. Approximately 42 per cent. of the sum insured, which totals approximately NOK 69 billion, is retained for its own account. The balance is reinsured.

Other assets of the Statoil group include 8.8 per cent. of the equity holdings, corresponding to 11.7 per cent. of the voting rights, in Saga Petroleum, a publicly listed Norwegian E&P company.

Technology, Research and Development

Statoil's R&D activities have a strong link towards the Group's ambitions to find, produce, transport and refine petroleum. Health, the environment and safety have a high priority, and are taken into account in all research assignments. R&D in Statoil is pursued in close cooperation with universities, research institutions and the supplies industry, both in Norway and internationally.

The technology portfolio in Statoil is structured into separate strategic and technological programmes. With a long time horizon, the strategic programme aims to advance Statoil's technology front. Its results will in turn form the basis for the technological programme, which is intended to secure financial gains by qualifying the technology through the final phase to practical application.

The NCS is characterised by harsh weather, deep water and relatively complex reservoir structures. Statoil has built up a technology-base expertise in such areas as deepwater drilling, horizontal drilling, the multiphase flow of oil and gas, subsea technology, 3D/4D seismic technology, offshore loading technology, floating production systems, enhanced oil recovery and the transportation and processing of natural gas. Research and development in these and other areas is ongoing at Statoil's research centre in Trondheim.

Board of Directors

The following are the names of the members of the Board of Directors of the Issuer, their function on the Board and details of any significant business activities outside the Statoil Group:

<u>Name</u>	<u>Function</u>	<u>Outside Activities</u>
Kjell O. Kran	Chairman	President and Chief Executive Officer of Union Bank of Norway
Ellen Mo	Deputy Chairman	Attorney at Law, qualified to plead cases in the Supreme Court, Partner Law Firm Hauge & Co.
Helge Midttun	Board member	President, Stento ASA
Yngve Hågensen	Board member	General Secretary of Norwegian Confederation of Trade Unions
Gunn Wærsted	Board member	President; Vital Forsikring ASA
Tormod Hermansen	Board member	Chief Executive Officer of Telenor (Norwegian Telecom)
Mauritz Sahlin	Board member	Member of the Boards of Directors of Investor AB, Sandvik AB, Scania AB, The Federation of Swedish Industries and SKF AB
Lill-Heidi Bakkerød	Employees' representative	None
Jetfred Seilevåg	Employees' representative	None
Bjorn Erik Egeland	Employees' representative	None

The business address of each of the Directors is Forusbeen 50, N-4035 Stavanger, Norway.

Dividends

Dividends have been as follows (in millions of NOK):

<u>For the Year</u>	<u>Amount</u>
1993	1,076
1994	1,615
1995	1,851
1996	1,600
1997	2,941

CONSOLIDATED CAPITALISATION OF THE STATOIL GROUP

The following table sets out the current liabilities and capitalisation of the Statoil Group as at 31st December, 1997, derived from the audited, consolidated financial statements of the Statoil Group prepared in accordance with International Accounting Standards.

										At 31st December, 1997
										<u>Actual</u>
										(NOK million)
Current liabilities, non-interest bearing..	..	..	..	..	..	..	..	..	..	30,482
Current liabilities, interest bearing ..	..	..	..	..	..	..	..	..	..	<u>1,910</u>
Total current liabilities .. ..	..	..	..	..	..	..	..	..	..	<u>32,392</u>
Long-term liabilities, interest bearing ..	..	..	..	..	..	..	..	..	..	27,612
Long-term liabilities, non-interest bearing ..	..	..	..	..	..	..	..	..	..	30,567
Stockholder's equity										
Authorised and issued share capital:										
49,397,140 ordinary shares, par value NOK 100 each ..	..	..	..	..	..	..	..	..	..	4,940
Retained earnings .. ..	..	..	..	..	..	..	..	..	..	33,538
Minority shareholder's equity(1) ..	..	..	..	..	..	..	..	..	..	<u>1,548</u>
Total long-term liabilities and shareholders' equity ..	..	..	..	..	..	..	..	..	..	<u>93,265</u>

(1) Refers to the equity interests held by minority shareholders in certain subsidiaries within the Statoil Group that are not wholly owned.

(2) There has been no material change in the consolidated capitalisation of the Statoil Group since 31st December, 1997.

NORWEGIAN TAXATION

The following summary is based on current Norwegian law and practice, which is subject to changes that could prospectively or retrospectively modify or adversely affect the stated tax consequence. Prospective purchasers of Notes should consult their own professional advisers as to their respective tax positions.

Payments made by the Issuer under Notes to persons who are not Norwegian residents for tax purposes ("Non-residents"), whether in respect of principal or interest on Notes, are not subject to any tax imposed by Norway or any political subdivision thereof or therein except for payments attributable to such a person's branch, permanent establishment or operation in Norway that may be subject to tax imposed by Norway or any political subdivision thereof or therein.

In the event that any withholding is subsequently imposed with respect to any such payment as described in "Terms and Conditions of the Notes — Taxation", the Issuer will (subject to certain exceptions and limitations) pay such additional amounts under the Notes as will result (after deduction of said withholding tax) in the payment of the amounts which would otherwise have been payable in respect of such Notes had there been no such withholding tax.

In addition, no income, capital gains, transfer or similar tax is currently imposed by Norway or any political subdivision thereof or therein on a sale, redemption or other disposition of Notes, except for payments attributable to a non-resident's branch, permanent establishment or operation in Norway that may be subject to tax imposed by Norway or any political subdivision thereof or therein.

SUBSCRIPTION AND SALE

The Dealers have in a programme agreement (the "Principal Programme Agreement") dated 21st March, 1997 as supplemented by a First Supplemental Programme Agreement dated 28th April, 1998 (the "First Supplemental Programme Agreement" and, together with the Principal Programme Agreement, the "Programme Agreement" agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells 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. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, an 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.

The Notes 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 United States 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.

Each issue of Indexed Notes and Dual Currency Notes shall be subject to such additional U.S. sales restrictions as the Issuer and the relevant Dealer shall agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to Notes which have a maturity of one year or more and which are to be listed on the London Stock Exchange, it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part IV of the Financial Services Act 1986 (the "FSA") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the FSA;
- (ii) in relation to Notes which have a maturity of one year or more and which are not to be listed on the London Stock Exchange, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the

United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

- (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of any Notes other than, in relation to any Notes to be listed on the London Stock Exchange, any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the FSA, to a person who is of a kind described in Article 11 (3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on; and
- (iv) it has complied and will comply with all applicable provisions of the FSA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except in compliance with the Securities and Exchange Law and any other applicable laws and regulations of Japan.

Norway

No offering material in relation to the Programme or any Notes has been or will be approved by the Oslo Stock Exchange. Accordingly, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that no Notes may be the subject of a public offer in Norway.

France

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that French Franc Notes will be issued outside France and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France, and that it has not distributed and will not distribute or cause to be distributed to the public in France this Offering Circular or any other offering material relating to any Notes.

The Issuer has undertaken that it will not offer any Notes, directly or indirectly, to the public in France.

Germany

In connection with the initial placement of any Notes in Germany, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer and sell Notes (i) unless otherwise provided in the relevant subscription agreement or applicable Pricing Supplement in the case of an issue made on a syndicated basis, only for an aggregate purchase price per purchaser of at least DM 80,000 (or the foreign currency equivalent) or such other amount as may be stipulated from time to time by applicable German law or (ii) as may otherwise be permitted in accordance with applicable German law.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or

distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Without prejudice to the obligations of the Dealers set out above, neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement and/or the Subscription Agreement (as defined in the Programme Agreement).

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 21st November, 1996 and 18th February, 1998.

Listing of Notes on the London Stock Exchange

The listing of Notes on the London Stock Exchange will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List of the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a temporary global Note initially representing the Notes of such Tranche. The listing of the Programme in respect of Notes is expected to be granted on or before 1st May, 1998.

Listing of Notes on the Paris Bourse

The Euro French Franc Regulations recommend the listing of French Franc Notes on the *Paris Bourse* where either (a) such French Franc Notes are, or are intended to be, listed on any other stock exchange or (b) such French Franc Notes are, or are intended to be, distributed as a public offer (within the meaning of the Euro French Franc Regulations). The following procedures will apply, *inter alia*, to Paris Listed Notes: —

(i) *Commission des Opérations de Bourse (COB)*

Prior to the listing of any Notes on the *Paris Bourse* such issue of Notes is currently required to be approved at the time of the relevant issue. The relevant approval will be evidenced by the issue of a *visa* by the COB. The *visa* number will be disclosed in the Pricing Supplement applicable to the relevant Notes.

(ii) *Bulletin des Annonces Légales Obligatoires (BALO)*

Notes to be listed on the *Paris Bourse* may not be offered in France and the publication of the Pricing Supplement applicable thereto will not be made before details of the relevant Notes (in the form of a *notice légale*) have been published in the BALO.

(iii) *SBF — Bourse de Paris (SBF)*

The listing of Notes on the *Paris Bourse* is subject to approval by the SBF. Such approval will be evidenced by publication in the *Bulletin de la SBF — Bourse de Paris*.

(iv) *Filing of Constitutive Documents*

Prior to the listing on the *Paris Bourse* of any Notes, a French translation of the Issuer's constitutive documents will be filed with the *Grefe du Tribunal de Commerce* of Paris.

(v) *Documents available for inspection*

In the case of Paris Listed Notes, the applicable Pricing Supplement will specify the additional places in Paris at which documents incorporated herein by reference (or otherwise required to be made available for inspection) may be inspected during normal business hours. The Issuer has undertaken to make such documents available as so required.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Agent in London and, so long as any of the Notes is listed on the Paris Bourse, the specified office in Paris of the Paris Listing Agent:

- (i) the constitutional documents (with an English translation thereof) of the Issuer;

- (ii) the consolidated and non-consolidated audited financial statements of the Issuer in respect of the financial years ended 31st December, 1996 and 31st December, 1997 (with an English translation thereof);
- (iii) the most recently published consolidated and non-consolidated audited annual financial statements of the Issuer and the most recently published interim financial statements (if any) of the Issuer (with an English translation thereof);
- (iv) the Programme Agreement, the Agency Agreement, the forms of the Temporary Global Notes, the Permanent Global Notes, the Definitive Notes, the Receipts and the Coupons, the Talons and the Deed of Covenant;
- (v) a copy of this Offering Circular;
- (vi) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent or the Paris Listing Agent, as the case may be, as to the identity of such holder) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Cedel Bank. The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Cedel Bank will be specified in the relevant Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system (including Sicovam) the appropriate information will be specified in the relevant Pricing Supplement.

Significant or Material Change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Group since 31st December, 1997 and there has been no material adverse change in the financial position or prospects of the Group since 31st December, 1997.

Litigation

There are no legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the past 12 months a significant effect on the financial position of the Group.

Auditors

The auditors of the Issuer are Ernst & Young & Co. AS, independent certified public accountants, who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the Kingdom of Norway for each of the financial periods ending 31st December, 1995, 1996 and 1997 respectively.

ECU

Under Article 109G of the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "Treaty"), the currency composition of the ECU may not be changed. The Treaty contemplates that European economic and monetary union will occur in three stages, the second of which began on 1st January, 1994 with the entry into force of the Treaty on European Union. The Treaty provides that the third stage of European economic and monetary union will start on 1st January, 1999 and on that date the value of the ECU as against the currencies of the member states participating in the third stage will be irrevocably fixed and the ECU will become a currency in its own right. On 17th June, 1997, the Council of the European Union adopted Council Regulation (EC) No. 1103/97, which recites that the name of that

currency will be the euro and that, in accordance with the Treaty, references to the ECU will be replaced by references to the euro at the rate of one euro for one ECU. From the start of the third stage of European economic and monetary union, all payments in respect of the Notes denominated or payable in ECU will be payable in euro at the rate of one euro for one ECU.

Banking Act 1987 (Exempt Transactions) Regulations 1997

Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom and which are issued pursuant to an exempt transaction under regulation 13(1) or (3) of the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the "*Regulations*") will constitute commercial paper, shorter term debt securities or longer term debt securities (in each case as defined in the Regulations), as specified in the applicable Pricing Supplement, in each case issued in accordance with regulations made under section 4 of the Banking Act 1987. The Issuer is not an authorised institution or a European authorised institution (as such terms are defined in the Regulations) and repayment of the principal and payment of any interest or premium in connection with such Notes will not be guaranteed.

In relation to any Notes which are issued pursuant to an exempt transaction under regulation 13(3) of the Regulations where such Notes would fall within regulation 13(4)(a) of the Regulations, the Issuer confirms that:

- (a) as at the date hereof, it has complied with its obligations under the relevant rules (as defined in the Regulations) in relation to the admission to and continuing listing of the Programme and of any previous issues made under it and listed on the same exchange as the Programme;
- (b) it will have complied with its obligations under the relevant rules in relation to the admission to listing of such Notes by the time when such Notes are so admitted; and
- (c) as at the date hereof, it has not, since the last publication, if any, in compliance with the relevant rules of information about the Programme, any previous issues made under it and listed on the same exchange as the Programme, or any Notes falling within regulation 13(4)(a) of the Regulations, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as issuer in respect of such Notes as they fall due.

PARIS BOURSE RESPONSIBILITY STATEMENT

PERSONNES QUI ASSUMENT LA RESPONSABILITE DU DOCUMENT DE BASE EN CE QUI CONCERNE LES TITRES QUI SERONT ADMIS A LA NEGOCIATION DE LA BOURSE DE PARIS, COMPARTIMENT INTERNATIONAL AU PREMIER MARCHE

1. Au nom de l'émetteur

A la connaissance de l'émetteur, les données du présent Document de Base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Den norske stats oljeselskap a.s

Erling Overland
Executive Vice President

2. Au nom de la banque présentatrice

A la connaissance de la banque présentatrice, les données du présent Document de Base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Merrill Lynch Finance SA

Bruno de Pampelonne
Directeur General

COMMISSION DES OPERATIONS DE BOURSE

En vue de la cotation à Paris des obligations éventuellement émises dans le cadre de ce Programme, et par application des articles 6 et 7 de l'ordonnance no. 67-833 du 28 septembre 1967, la Commission des Opérations de Bourse a enregistré le présent Document de Base sous le no. P98-155 du 27 avril, 1998.

THE ISSUER

Registered Office

Den norske stats oljeselskap a.s
Forusbeen 50
N-4035 Stavanger
Norway

AGENT

The Chase Manhattan Bank
Trinity Tower
9 Thomas More Street
London E1 9YT

PAYING AGENTS

Chase Manhattan Bank Luxembourg S.A.
5 Rue Plaetis
L-2338 Luxembourg

LEGAL ADVISERS

To the Issuer

as to Norwegian law
Jacob S. Middlethun
Statoil, Forusbeen 50
N-4035 Stavanger
Norway

as to English law
Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

To the Dealers as to English law

Allen & Overy
One New Change
London EC4M 9QQ

AUDITORS

Ernst & Young & Co. AS
Fridtjof Nansens Vei 48
N-4019 Stavanger
Norway

DEALERS

Citibank International plc
Citibank House
336 Strand
London WC2R 1HB

Credit Suisse First Boston (Europe) Limited
One Cabot Square
London E14 4QJ

Deutsche Bank AG London
6 Bishopsgate
London EC2P 2AT

IBJ International plc
Bracken House
One Friday Street
London EC4M 9JA

Merrill Lynch Finance SA
112, avenue Kléber
75761
Paris Cedex 16

Merrill Lynch International
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

J.P. Morgan Securities Ltd.
60 Victoria Embankment
London EC4Y 0JP

Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA

LONDON LISTING AGENT

Merrill Lynch International
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

PARIS LISTING AGENT

Merrill Lynch Finance SA
112 avenue Kléber
75761
Paris Cedex 16