

Financial statements

3rd quarter 2005

CONSOLIDATED STATEMENTS OF INCOME - USGAAP

| (in NOK million) | For the three months ended September 30, | | For the nine months ended September 30, | | For the year ended |
|---|---|-----------------|--|------------------|----------------------|
| | 2005 | 2004 | 2005 | 2004 | December 31, 2004 |
| REVENUES | | | | | |
| Sales | 104,895 | 81,623 | 283,999 | 218,664 | 303,756 |
| Equity in net income of affiliates | 233 | 204 | 987 | 708 | 1,209 |
| Other income | 9 | 221 | 76 | 1,011 | 1,253 |
| Total revenues | 105,137 | 82,048 | 285,062 | 220,383 | 306,218 |
| EXPENSES | | | | | |
| Cost of goods sold | (66,721) | (53,245) | (175,111) | (136,857) | (188,179) |
| Operating expenses | (7,331) | (6,291) | (21,661) | (19,878) | (27,350) |
| Selling, general and administrative expenses | (1,652) | (1,678) | (5,010) | (3,763) | (6,298) |
| Depreciation, depletion and amortization | (4,431) | (4,224) | (13,472) | (12,285) | (17,456) |
| Exploration expenses | (1,130) | (519) | (2,515) | (1,239) | (1,828) |
| Total expenses before financial items | (81,265) | (65,957) | (217,769) | (174,022) | (241,111) |
| Income before financial items, income taxes and minority interest | 23,872 | 16,091 | 67,293 | 46,361 | 65,107 |
| Net financial items | 543 | 1,685 | (2,064) | 526 | 5,739 |
| Income before income taxes and minority interest | 24,415 | 17,776 | 65,229 | 46,887 | 70,846 |
| Income taxes | (15,501) | (11,830) | (42,438) | (31,722) | (45,425) |
| Minority interest | (230) | (128) | (584) | (292) | (505) |
| Net income | 8,684 | 5,818 | 22,207 | 14,873 | 24,916 |
| Net income per ordinary share | 4.01 | 2.69 | 10.25 | 6.87 | 11.50 |
| Dividend declared per ordinary share | - | - | 5.30 | 2.95 | 2.95 |
| Weighted average number of ordinary shares outstanding | 2,165,642,030 | 2,166,143,715 | 2,165,832,864 | 2,166,143,715 | 2,166,142,636 |

See notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS - USGAAP

| (in NOK million) | At September 30, | | At December 31, |
|---|------------------|----------------|-----------------|
| | 2005 | 2004 | 2004 |
| ASSETS | | | |
| Cash and cash equivalents | 10,024 | 18,338 | 5,028 |
| Short-term investments | 5,606 | 4,707 | 11,621 |
| Cash, cash equivalents and short-term investments | 15,630 | 23,045 | 16,649 |
| Accounts receivable | 38,073 | 30,620 | 31,736 |
| Accounts receivable - related parties | 64 | 72 | 0 |
| Inventories | 8,388 | 6,811 | 6,971 |
| Prepaid expenses and other current assets | 9,275 | 8,271 | 9,713 |
| Total current assets | 71,430 | 68,819 | 65,069 |
| Investments in affiliates | 10,780 | 11,091 | 10,339 |
| Long-term receivables | 7,575 | 8,524 | 8,176 |
| Net property, plant and equipment | 178,162 | 152,197 | 152,916 |
| Other assets | 16,050 | 11,968 | 11,743 |
| TOTAL ASSETS | 283,997 | 252,599 | 248,243 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Short-term debt | 3,614 | 6,673 | 4,730 |
| Accounts payable | 21,796 | 18,995 | 19,282 |
| Accounts payable - related parties | 8,338 | 8,071 | 5,621 |
| Accrued liabilities | 12,605 | 11,730 | 12,385 |
| Income taxes payable | 39,171 | 30,809 | 19,117 |
| Total current liabilities | 85,524 | 76,278 | 61,135 |
| Long-term debt | 32,054 | 34,030 | 31,459 |
| Deferred income taxes | 42,851 | 39,496 | 44,270 |
| Other liabilities | 26,019 | 23,006 | 24,733 |
| Total liabilities | 186,448 | 172,810 | 161,597 |
| Minority interest | 1,611 | 1,436 | 1,616 |
| Common stock (NOK 2.50 nominal value), 2,189,585,600 shares authorized and issued | 5,474 | 5,474 | 5,474 |
| Treasury shares | (131) | (59) | (60) |
| Additional paid-in capital | 37,295 | 37,728 | 37,273 |
| Retained earnings | 56,879 | 36,110 | 46,153 |
| Accumulated other comprehensive income (loss) | (3,579) | (900) | (3,810) |
| Total shareholders' equity | 95,938 | 78,353 | 85,030 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 283,997 | 252,599 | 248,243 |

See notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS – USGAAP

| (in NOK million) | For the nine months ended September 30, 2005 | 2004 | For the year ended December 31, 2004 |
|--|--|----------|--|
| OPERATING ACTIVITIES | | | |
| Consolidated net income | 22,207 | 14,873 | 24,916 |
| <u>Adjustments to reconcile net income to net cash flows provided by operating activities:</u> | | | |
| Minority interest in income | 584 | 292 | 505 |
| Depreciation, depletion and amortization | 13,472 | 12,285 | 17,456 |
| Exploration expenditures written off | 155 | 68 | 110 |
| (Gains) losses on foreign currency transactions | 706 | 596 | (1,919) |
| Deferred taxes | (1,875) | 277 | 5,006 |
| (Gains) losses on sales of assets and other items | (148) | (1,220) | (1,531) |
| <u>Changes in working capital (other than cash and cash equivalents):</u> | | | |
| • (Increase) decrease in inventories | (1,417) | (1,485) | (1,645) |
| • (Increase) decrease in accounts receivable | (6,401) | (105) | (1,149) |
| • (Increase) decrease in prepaid expenses and other current assets | (3,643) | (1,597) | (4,590) |
| • (Increase) decrease in short-term investments | 6,015 | 4,607 | (2,307) |
| • Increase (decrease) in accounts payable | 5,302 | 2,232 | (147) |
| • Increase (decrease) in other payables | (3) | 400 | 1,449 |
| • Increase (decrease) in taxes payable | 20,054 | 13,079 | 1,387 |
| (Increase) decrease in non-current items related to operating activities | 1,251 | 65 | 1,266 |
| Cash flows provided by operating activities | 56,259 | 44,367 | 38,807 |
| INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | (36,306) | (24,642) | (31,800) |
| Exploration expenditures capitalized | (884) | (516) | (748) |
| Change in long-term loans granted and other long-term items | (596) | (3,151) | (2,650) |
| Proceeds from sale of assets | 748 | 1,266 | 3,239 |
| Cash flows used in investing activities | (37,038) | (27,043) | (31,959) |
| FINANCING ACTIVITIES | | | |
| New long-term borrowings | 412 | 4,599 | 4,599 |
| Repayment of long-term borrowings | (2,799) | (3,914) | (6,574) |
| Distribution to minority shareholders | (610) | (340) | (559) |
| Dividends paid | (11,481) | (6,390) | (6,390) |
| Net short-term borrowings, bank overdrafts and other | 386 | (237) | (131) |
| Cash flows used in financing activities | (14,092) | (6,282) | (9,055) |
| Net increase (decrease) in cash and cash equivalents | 5,129 | 11,042 | (2,207) |
| Effect of exchange rate changes on cash and cash equivalents | (133) | (20) | (81) |
| Cash and cash equivalents at the beginning of the period | 5,028 | 7,316 | 7,316 |
| Cash and cash equivalents at the end of the period | 10,024 | 18,338 | 5,028 |

Changes in balance sheet items resulting from the acquisition of the Statoil Detaljhandel Skandinavia in the third quarter of 2004 are excluded from Cash flows provided by operating activities and Cash flows used in financing activities, and classified as Additions to property, plant and equipment.

See notes to the consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

These consolidated interim USGAAP financial statements are unaudited, but reflect all adjustments that, in the opinion of management, are necessary to provide a fair presentation of the financial position, results of operations and cash flows for the dates and periods covered. All such adjustments are of normal and recurring nature. Interim period results are not necessarily indicative of results of operations or cash flows for a full-year period. The income statement and balance sheet as of and for the year ended December 31, 2004 have been derived from the audited financial statements at that date but do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Statoil's financial statements for the year ended December 31, 2004. Certain reclassifications have been made to prior periods' figures to be consistent with the current period's classifications.

Statoil adopted Financial Accounting Standard (FAS) 123 R Share-Based Compensation in the fourth quarter of 2004, as an employee share saving plan was introduced. Employees have the opportunity to buy shares in Statoil every year up to a ceiling of five per cent of their gross salary. For shares held for at least two calendar years, employees will receive one bonus share for every two purchased. The bonus element is valued at the grant day and amortized to income over the vesting period. The effect on the Consolidated Statements of Income and financial position is immaterial.

As of January 1, 2005, Statoil adopted Financial Accounting Standard Board (FASB) Staff Position FSP FAS 19-1, Accounting for Suspended Well Costs. Upon adoption of the FSP, the Company evaluated all existing capitalized exploratory well expenditures under the provisions of the FSP. The adoption did not have any effects on Statoil's Consolidated Statements of Income and financial position.

As of August 1, 2005 Statoil adopted FAS 153 Exchanges of Nonmonetary Assets. Before adoption of FAS 153 Statoil recognized some exchanges at book value. After adoption of FAS 153 only exchanges with lack of commercial substance will be recognized at book value. The pronouncement is only required to be recognized prospectively and therefore no cumulative effect is recognized.

The FASB issued in March 2005 Interpretation No. 47 (FIN 47), Accounting for Conditional Asset Retirement Obligations, to clarify the requirement to record liabilities stemming from a legal obligation to clean up and retire fixed assets, when a retirement depends on a future event. FIN 47 is effective for fiscal years ending after December 15, 2005, and we expect to adopt this in the fourth quarter of 2005. Statoil has not yet estimated the impact, if any, of the new interpretation.

Beginning January 1, 2006 Statoil will adopt FAS 154 Accounting Changes and Error Corrections as a replacement of APB Opinion No. 20 and FASB Statement No. 3. APB 20 required that most voluntary changes in accounting principle should be recognized in net income of the period of the change. The recognized effect should be the cumulative effect of changing to the new accounting principles. FAS 154, on the other hand, in general requires retrospective application to prior periods' financial statements of changes in accounting principles. This Statement also requires that a change in depreciation, amortization or depletion method for long-lived, nonfinancial assets be accounted for as a change in accounting estimate effected by a change in accounting principle.

2. ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Statoil operates in the worldwide crude oil, refined products, and natural gas markets and is exposed to fluctuations in hydrocarbon prices, foreign currency rates and interest rates that can affect the revenues and cost of operating, investing and financing. Statoil's management has used and intends to use financial and commodity-based derivative contracts to reduce the risks in overall earnings and cash flows. Statoil applies hedge accounting in certain circumstances using both cash flow hedges and fair value hedges as allowed by FAS 133, but also enters into derivatives which economically hedge certain of its risks even though hedge accounting is not allowed by FAS 133 or is not applied by Statoil.

Cash Flow Hedges

Statoil has designated certain derivative instruments as cash flow hedges to hedge against changes in the amount of future cash flows related to the sale of crude oil and petroleum products over a period not exceeding three months. Hedge ineffectiveness related to Statoil's outstanding cash flow hedges was NOK 32 million and recorded to earnings during the quarter ended September 30, 2005. The net change in Accumulated other comprehensive income associated with the current period hedging transactions was NOK 204 million after tax. The net amount reclassified into earnings during the quarter was NOK 134 million after tax. At September 30, 2005, the net deferred hedging loss in Accumulated other comprehensive income related to cash flow hedges was NOK 254 million after tax, all of which will affect earnings over the next 12 months. The unrealized loss component of derivative instruments excluded from the assessment of hedge effectiveness related to cash flow hedges during the quarter ended September 30, 2005 was immaterial.

Fair Value Hedges

Statoil has designated certain derivative instruments as fair value hedges to hedge against changes in the value of financial liabilities. There was no gain or loss component of a derivative instrument excluded from the assessment of hedge effectiveness related to fair value hedges during the quarter ended September 30, 2005. The net gain is recognized in Income before income taxes and minority interest during the quarter for ineffectiveness of fair value hedges was immaterial.

3. SEGMENTS

Statoil operates in four segments; Exploration and Production Norway, International Exploration and Production, Natural Gas and Manufacturing and Marketing.

Operating segments are determined based on differences in the nature of their operations, geographic location and internal management reporting. The composition of segments and measure of segment profit are consistent with that used by management in making strategic decisions.

Segment data for the three months ended September 30, 2005 and 2004 and the nine months ended September 30, 2005 and 2004 is presented below:

| (in NOK million) | Exploration and Production Norway | International Exploration and Production | Natural Gas | Manufacturing and Marketing | Other and eliminations | Total |
|--|---|--|---------------|--------------------------------|---------------------------|----------------|
| Three months ended September 30, 2005 | | | | | | |
| Revenues third party (including Other income) | 555 | 2,999 | 10,195 | 91,077 | 78 | 104,904 |
| Revenues inter-segment | 23,288 | 3,016 | 205 | 105 | (26,614) | 0 |
| Income (loss) from equity investments | 21 | 0 | 55 | 170 | (13) | 233 |
| Total revenues | 23,864 | 6,015 | 10,455 | 91,352 | (26,549) | 105,137 |
| Income before financial items, income taxes and minority interest | 18,016 | 3,675 | 794 | 1,391 | (4) | 23,872 |
| Imputed segment income taxes | (13,482) | (1,155) | (530) | (280) | 0 | (15,447) |
| Segment net income | 4,534 | 2,520 | 264 | 1,111 | (4) | 8,425 |
| Three months ended September 30, 2004 | | | | | | |
| Revenues third party (including Other income) | 372 | 951 | 6,595 | 73,527 | 399 | 81,844 |
| Revenues inter-segment | 17,791 | 2,004 | 91 | (150) | (19,736) | 0 |
| Income (loss) from equity investments | 23 | 0 | 46 | 149 | (14) | 204 |
| Total revenues | 18,186 | 2,955 | 6,732 | 73,526 | (19,351) | 82,048 |
| Income before financial items, income taxes and minority interest | 12,552 | 1,517 | 939 | 995 | 88 | 16,091 |
| Imputed segment income taxes | (9,353) | (466) | (625) | (235) | 0 | (10,679) |
| Segment net income | 3,199 | 1,051 | 314 | 760 | 88 | 5,412 |
| Nine months ended September 30, 2005 | | | | | | |
| Revenues third party (including Other income) | 1,523 | 5,939 | 29,279 | 247,086 | 248 | 284,075 |
| Revenues inter-segment | 67,215 | 7,519 | 485 | 177 | (75,396) | 0 |
| Income (loss) from equity investments | 79 | 0 | 194 | 758 | (44) | 987 |
| Total revenues | 68,817 | 13,458 | 29,958 | 248,021 | (75,192) | 285,062 |
| Income before financial items, income taxes and minority interest | 51,594 | 7,538 | 3,466 | 4,951 | (256) | 67,293 |
| Imputed segment income taxes | (38,740) | (2,363) | (2,344) | (1,027) | 0 | (44,474) |
| Segment net income | 12,854 | 5,175 | 1,122 | 3,924 | (256) | 22,819 |
| Nine months ended September 30, 2004 | | | | | | |
| Revenues third party (including Other income) | 984 | 2,387 | 22,653 | 192,552 | 1,099 | 219,675 |
| Revenues inter-segment | 51,407 | 4,578 | 238 | 42 | (56,265) | 0 |
| Income (loss) from equity investments | 54 | 0 | 157 | 544 | (47) | 708 |
| Total revenues | 52,445 | 6,965 | 23,048 | 193,138 | (55,213) | 220,383 |
| Income before financial items, income taxes and minority interest | 35,825 | 3,137 | 5,037 | 2,487 | (125) | 46,361 |
| Imputed segment income taxes | (26,647) | (979) | (3,245) | (534) | 0 | (31,405) |
| Segment net income | 9,178 | 2,158 | 1,792 | 1,953 | (125) | 14,956 |

Borrowings are managed at a corporate level and interest expense is not allocated to segments. Income tax is calculated on Income before financial items, income taxes and minority interest. Additionally, income tax benefit on segments with net losses is not recorded. As such, Imputed segment income tax and Segment net income can be reconciled to Income taxes and Net income per the Consolidated Statements of Income as follows:

| (in NOK million) | For the three months ended September 30, | | For the nine months ended September 30, | |
|--|---|---------------|--|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Segment net income | 8,425 | 5,412 | 22,819 | 14,956 |
| Net financial items | 543 | 1,685 | (2,064) | 526 |
| Tax on financial items and other tax adjustments | (54) | (1,151) | 2,036 | (317) |
| Minority interest | (230) | (128) | (584) | (292) |
| Net income | 8,684 | 5,818 | 22,207 | 14,873 |
| Imputed segment income taxes | 15,447 | 10,679 | 44,474 | 31,405 |
| Tax on financial items and other tax adjustments | 54 | 1,151 | (2,036) | 317 |
| Income taxes | 15,501 | 11,830 | 42,438 | 31,722 |

4. INVENTORIES

Inventories are valued at the lower of cost or market. Costs of crude oil held at refineries and the majority of refined products are determined under the last-in, first-out (LIFO) method. Certain inventories of crude oil, refined products and non-petroleum products are determined under the first-in, first-out (FIFO) method. There have been no liquidations of LIFO layers which resulted in a material impact to Net income for the reported periods.

| (in NOK million) | At September 30, | | At December 31, |
|---|------------------|----------------|-----------------|
| | 2005 | 2004 | 2004 |
| Crude oil | 4,123 | 3,816 | 3,664 |
| Petroleum products | 6,306 | 3,761 | 3,344 |
| Other | 1,197 | 1,088 | 1,253 |
| Total - inventories valued on a FIFO basis | 11,626 | 8,665 | 8,261 |
| Excess of current cost over LIFO value | (3,238) | (1,854) | (1,290) |
| Total | 8,388 | 6,811 | 6,971 |

5. SHAREHOLDERS' EQUITY

For the period ended September 30, 2005 there have been the following changes in shareholders' equity:

| (in NOK million) | Total shareholders' equity |
|--|----------------------------|
| Shareholders' equity January 1, 2005 | 85,030 |
| Net income for the period | 22,207 |
| Dividends paid | (11,481) |
| Treasury shares acquired | (71) |
| Value of Stock compensation plan | 22 |
| Foreign currency translation adjustment | 408 |
| Derivatives designated as cash flow hedges | (177) |
| Shareholders' equity September 30, 2005 | 95,938 |

The following sets forth Statoil's Comprehensive income for the periods shown:

| (in NOK million) | For the three months ended September 30, | | For the nine months ended September 30, | |
|--|---|---------|--|--------|
| | 2005 | 2004 | 2005 | 2004 |
| Net income | 8,684 | 5,818 | 22,207 | 14,873 |
| Foreign currency translation adjustment | (243) | (1,356) | 408 | (150) |
| Derivatives designated as cash flow hedges | (70) | 44 | (177) | (154) |
| Comprehensive income | 8,371 | 4,506 | 22,438 | 14,569 |

6. FINANCIAL ITEMS

| (in NOK million) | For the three months ended September 30, | | For the nine months ended September 30, | |
|--|---|-------|--|-------|
| | 2005 | 2004 | 2005 | 2004 |
| Interest and other financial income | 242 | 320 | 1,010 | 847 |
| Currency exchange adjustments, net | 169 | 1,528 | (3,891) | (59) |
| Interest and other financial expenses | (209) | (184) | (259) | (471) |
| Realized and unrealized gain (loss) on securities, net | 341 | 21 | 1,076 | 209 |
| Net financial items | 543 | 1,685 | (2,064) | 526 |

7. COMMITMENTS AND CONTINGENT LIABILITIES

In 2004 Statoil, as an owner in BTC Co, entered into guarantee commitments for financing of the development of the BTC pipeline. At September 30, 2005 the maximum potential future amount of payment under these guarantee commitments amount to USD 110 million (NOK 0.7 billion), and are subject to the balance sheet recognition requirements of FIN 45. Since net present value of expected fees to be received exceeds the net present value of expected payments under the guarantees, no liability has been reflected in the Consolidated Balance Sheets related to these guarantee commitments.

Statoil Detaljhandel has issued guarantees amounting to a total of SEK 0.9 billion (NOK 0.7 billion), the main part of which relates to guarantee commitments to retailers. The liability recognized under FIN 45 in the Consolidated Balance Sheets related to these guarantee commitments is immaterial at period-end.

The price reviews for two long-term natural gas sales contracts are currently in arbitration. Contractual prices for a total volume of 2.9 billion cubic meters of gas delivered as of September 30, 2005 and for future deliveries under these contracts may be positively or negatively affected by the arbitration verdicts, the final outcome of which cannot be determined at this time.

The Ministry of Energy and Petroleum in Venezuela has challenged the production level and the royalty rates of the Sincor joint venture. Effective as of June 24, 2005 Sincor has been charged and has paid an increased royalty rate of 30 per cent related to production exceeding 114,000 barrels a day. Statoil and our partner have filed an administrative appeal to annul the demand for such payments, and are communicating with the Ministry to find an overall solution for Sincor.

During the normal course of its business Statoil is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability in respect of such litigation and claims cannot be determined at this time. Statoil has provided in its accounts for these items based on the Company's best judgment. Statoil does not expect that either the financial position, results of operations nor cash flows will be materially adversely affected by the resolution of these legal proceedings.

The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) has conducted an investigation concerning an agreement which Statoil entered into in 2002 with Horton Investments Ltd for consultancy services in Iran. On June 28, 2004 Økokrim informed Statoil that it had concluded that Statoil violated section 276c, first paragraph (b) of the Norwegian Penal Code, which became effective from July 4, 2003 and prohibits conferring on or offering to a middleman an improper advantage in return for exercising his influence with a decision-maker, without the decision-maker receiving any advantage, and imposed a penalty on Statoil of NOK 20 million. The Board of Statoil ASA decided on October 14, 2004 to accept the penalty without admitting or denying the charges by Økokrim.

The U.S. Securities and Exchange Commission (SEC) is also conducting a formal investigation into the Horton consultancy arrangement to determine if there have been any violations of U.S. federal securities laws, including the Foreign Corrupt Practices Act. The U.S. Department of Justice is conducting a criminal investigation of the Horton matter jointly with the Office of the United States Attorney for the Southern District of New York. The SEC Staff informed Statoil on September 24, 2004 that it is considering recommending that the SEC authorize a civil enforcement action in federal court against Statoil for violations of various U.S. federal securities laws, including the anti-bribery and books and records provisions of the Foreign Corrupt Practices Act. Statoil is continuing to provide information to the U.S. authorities to assist them in their ongoing investigations.

Iranian authorities have been carrying out inquiries into the matter. In April 2004 the Iranian Consultative Assembly initiated an official probe into allegations of corruption in connection with the Horton matter with Iran. The probe was finalized for the parliamentary session at the end of May 2004. It was reported in the international press that at such time no evidence of wrongdoing by the subjects of the probe in Iran had been revealed by the probe.

8. EMPLOYEE RETIREMENT PLANS

| (in NOK million) | For the three months ended September 30, | | For the nine months ended September 30, | | For the year ended |
|--|---|-------|--|-------|----------------------|
| | 2005 | 2004 | 2005 | 2004 | December 31, 2004 |
| Benefit earned during the period | 272 | 253 | 803 | 776 | 1,062 |
| Interest cost on prior periods' benefit obligation | 258 | 242 | 767 | 719 | 938 |
| Expected return on plan assets | (288) | (236) | (859) | (706) | (902) |
| Amortization of loss | 16 | 46 | 38 | 138 | 175 |
| Amortization of prior service cost | 8 | 9 | 28 | 27 | 34 |
| Net periodic benefit cost (defined benefit plans) | 266 | 314 | 777 | 954 | 1,307 |
| Defined contribution plans/Multiemployer plans | 29 | 26 | 52 | 42 | 55 |
| Total net pension cost for the period | 295 | 340 | 829 | 996 | 1,362 |

9. SUBSEQUENT EVENTS AND SIGNIFICANT BUSINESS DEVELOPMENT TRANSACTIONS

On April 27, 2005 Statoil entered into an agreement to acquire assets from EnCana Corporation's Gulf of Mexico subsidiary amounting to USD 2.0 billion plus the balance of costs incurred between effective date January 1, 2005 and closing date. The acquisition includes working interests in six discoveries, including a 25 per cent interest in the Tahiti discovery currently in the early development stage, and an average 40 per cent working interest in 239 gross blocks covering approximately 1.4 million acres (5,665 square km). The closing of the transaction took place May 26, 2005. The investment is recognized in the segment International Exploration and Production.

In June 2005 Statoil agreed to sell its 50 per cent holding in Borealis A/S to IOB Holding A/S, a company jointly owned by International Petroleum Investment Company and OMV Aktiengesellschaft. Borealis' activity consists primarily of production of olefins and polyolefins as feedstock for plastic products. Including a dividend of EUR 80 million, the sales price amounts to EUR 1 billion. Statoil's book value of the investment in Borealis is NOK 6.3 billion as per September 30, 2005. The transaction was closed on October 13, 2005 and the gain of approximately NOK 1.5 billion will therefore be recorded in the fourth quarter of 2005 and recognized in the Manufacturing and Marketing segment.

10. RECONCILIATION BETWEEN USGAAP AND NGAAP

| (in NOK million) | For the three months ended September 30, | | For the nine months ended September 30, | | For the year ended |
|---|---|-------|--|--------|----------------------|
| | 2005 | 2004 | 2005 | 2004 | December 31, 2004 |
| Net income for the period per USGAAP | 8,684 | 5,818 | 22,207 | 14,873 | 24,916 |
| a) Inventory adjustment, from LIFO to FIFO, before tax | 954 | 649 | 1,948 | 1,120 | 556 |
| b) Other adjustments, before tax | (419) | (381) | (442) | (423) | (844) |
| c) Tax impact of the above adjustments, and other tax adjustments | (114) | (93) | (370) | (201) | 118 |
| Net income for the period per NGAAP | 9,105 | 5,993 | 23,343 | 15,369 | 24,746 |

| (in NOK million) | At September 30, | | At December 31, |
|--|------------------|--------|-----------------|
| | 2005 | 2004 | 2004 |
| Shareholders' equity per USGAAP | 95,938 | 78,353 | 85,030 |
| Minority interests per USGAAP | 1,611 | 1,436 | 1,616 |
| a) Inventory adjustment, from LIFO to FIFO, before tax | 3,238 | 1,854 | 1,290 |
| b) Other adjustments, before tax | (829) | 29 | (395) |
| c) Tax impact of the above adjustments, and other tax adjustments | (753) | (697) | (375) |
| d) Other comprehensive income: Deferred changes in minimum pension obligations and derivatives (after tax) | 390 | 271 | 225 |
| e) Accrued dividends payable | 0 | 0 | (11,481) |
| Shareholders' equity per NGAAP | 99,595 | 81,246 | 75,910 |

a) Per NGAAP the inventories are valued using the FIFO principle. Under USGAAP the inventory is partly valued using LIFO.

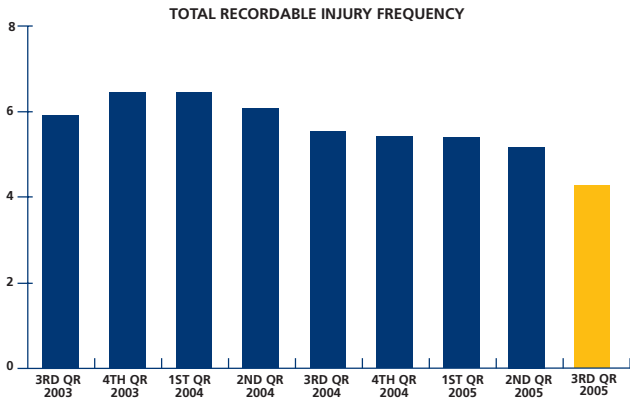
b) Other adjustments are mainly unrealized gains on non-exchange traded (OTC) derivatives.

c) Changes in deferred tax expense and deferred tax liability primarily consist of taxes on the above adjustments.

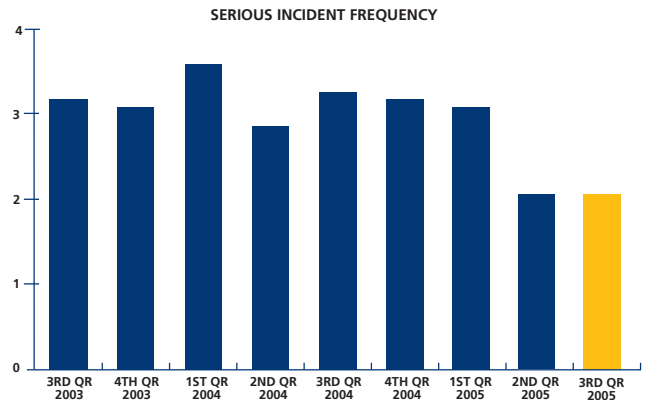
d) Other comprehensive income includes certain gains and losses related to pensions and unrealized derivative hedge positions which have been deferred and reflected directly in equity under USGAAP.

e) Per NGAAP dividends relating to current year's net income are reflected as a liability as of year-end. Under USGAAP dividends are not accrued until approved by the shareholders.

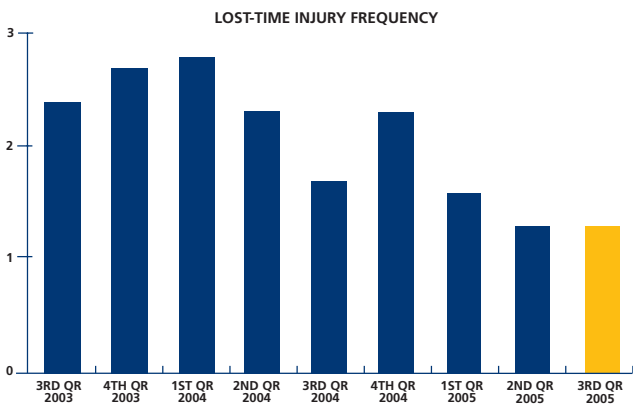
HSE ACCOUNTING



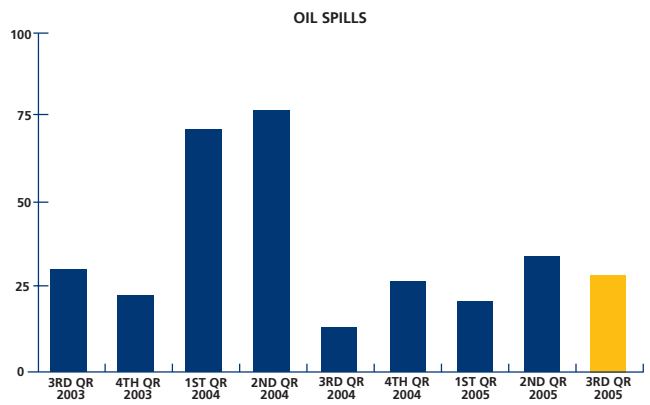
The total recordable injury frequency specifies the number of injuries (lost-time injuries, injuries requiring alternative work and other injuries excluding first-aid cases) per million working hours. Statoil and contractor employees are included.



The serious incident frequency specifies the number of incidents with a very serious nature per million working hours. Statoil and contractor employees are included.



The lost-time injury frequency specifies the number of total recordable injuries causing loss of time at work per million working hours. Statoil and contractor employees are included.



Oil spills (scm) cover unintentional oil spills to the external environment from Statoil operations (in cubic metres). All unintentional oil spills are included in the figures with the exception of those collected inside a facility (platform/plant) and which accordingly cause no harm to the surrounding environment. However, such spills are included for downstream market operations.