

## **Shareholders' Votes on Certain Reorganizations**

A decision to merge with another company or to demerge requires a resolution of our shareholders at a general meeting passed by a two-thirds majority of the aggregate votes cast as well as two-thirds of the aggregate share capital represented at the general meeting. A merger plan or demerger plan signed by the board of directors along with certain other required documentation would have to be sent to all shareholders at least one month prior to the shareholders' meeting.

Any agreement by which we acquire assets or services from a shareholder or a shareholder's related party against a consideration exceeding the equivalent of 5% of our share capital must be approved by the general meeting. This does not apply to acquisition of listed securities at market price or to agreements in the ordinary course of business entered into on normal commercial terms.

## **Liability of Directors**

Our directors, the Chief Executive Officer and the members of the corporate assembly owe a fiduciary duty to the company and its shareholders. Their fiduciary duty requires that they act in our best interests when exercising their functions and to exercise a general duty of loyalty and care toward us. Their principal task is to safeguard the interests of the company.

Our directors, the Chief Executive Officer and the members of the corporate assembly can each be held liable for any damage they negligently or willfully cause us. Norwegian law permits the general meeting to exempt any such person from liability, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was taken. If a resolution to grant such exemption from liability or to not pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend our articles of association, shareholders representing more than 10% of the share capital or (if there are more than 100 shareholders) more than 10% of the number of shareholders may pursue the claim on our behalf and in our name. The cost of any such action is not our responsibility, but can be recovered by any proceeds we receive as a result of the action. If the decision to grant exemption from liability or to not pursue claims is made by such a majority as is necessary to amend the articles of association, the minority shareholders cannot pursue the claim in our name.

## **Indemnification of Directors and Officers**

Neither Norwegian law nor our articles of association contain any provision concerning indemnification by us of our board of directors.

## **Distribution of Assets on Liquidation**

Under Norwegian law, a company may be wound-up by a resolution of the company's shareholders in a general meeting passed by both a two-thirds majority of the aggregate votes cast and two-thirds of the aggregate share capital represented at the meeting. The shares rank equal in the event of a return on capital by the company upon a winding-up or otherwise.

## **MATERIAL CONTRACTS**

See Item 7—Major Shareholders and Related Party Transactions.

## **EXCHANGE CONTROLS AND OTHER LIMITATIONS AFFECTING SHAREHOLDERS**

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval except for the physical transfer of payments in currency, which is restricted to licensed banks. This means that non-Norwegian resident shareholders may receive dividend payments without a Norwegian exchange control consent as long as the payment is made through a licensed bank.

There are presently no restrictions affecting the rights of non-residents or foreign owners to hold or vote our shares. However, in accordance with Norwegian law, the Norwegian Ministry of Trade and Industry must be notified upon the acquisition of shares or other ownership interests in companies in Norway, including us, which exceeds certain thresholds if a purchaser or group of purchasers acting in concert, regardless of nationality, becomes the owner of shares, other ownership interests or voting rights which, in the aggregate, meet or exceed the respective thresholds of one-third, one-half or two-thirds of the shares, other ownership interests or voting rights in such company. For acquisitions requiring this notification, the Norwegian Ministry of Trade and Industry may refuse to approve the acquisition or may approve it subject to certain conditions. These notification requirements apply to the acquisition of our shares.

## **TAXATION**

### **Norwegian Tax Matters**

This section describes the material Norwegian tax consequences that apply to shareholders resident in Norway as well as non-resident shareholders in connection with the acquisition, ownership, and disposition of the shares and ADSs. This section does not provide a complete description of all tax

regulations, which might be relevant (i.e., for investors for whom special regulations may be applicable). This section is based on current law and practice. Shareholders should consult their professional tax advisors for advice concerning individual tax consequences.

The Norwegian government appointed last year a commission to evaluate the Norwegian tax system. According to the commissions mandate a report shall be delivered during 2002. It is difficult to predict the substance of any new legislation that may be the result of the proposals of the commission.

#### *Taxation of Dividends*

Dividends distributed are subject to taxation in Norway as general income at a flat rate, currently 28%. Shareholders that are residents of Norway for tax purposes are entitled to a tax credit ('godtgjørelse') against the Norwegian tax levied on dividends distributed from Norwegian companies equal to the tax to be levied on the dividends received, and will effectively not be subject to tax on dividend distributions from Norwegian companies.

Non-resident shareholders are subject to a withholding tax at a rate of 25% on dividends distributed by Norwegian companies. The withholding rate of 25% is often reduced in tax treaties between Norway and the country in which the shareholder is resident. Generally, the treaty rate does not exceed 15%, and in cases where a corporate shareholder holds a qualifying percentage of the shares of the distributing company, the withholding tax rate on dividends may be further reduced. The treaty rate in the treaty between the United States and Norway is 15% in all cases. The withholding tax does not apply to shareholders that carry on business activities in Norway and whose shares are effectively connected to such activities. In that case, the rules described in the foregoing paragraph apply. We are obliged by law to deduct any applicable withholding tax when paying dividends to non-resident shareholders.

The 15% withholding rate under the tax treaty between Norway and the United States will apply to dividends paid on shares held directly by holders properly demonstrating to the company that they are entitled to the benefits of the tax treaty.

Dividends paid to the depositary for redistribution to shareholders holding ADSs will at the outset be subject to a withholding tax of 25%. The beneficial owners will in this case have to apply with the Norwegian Directorate of Taxes for refund of the excess amount of tax withheld. As yet there is no standardized application form to obtain a refund of Norwegian withholding tax. An application must contain the following information:

1. the company from which dividends were received and the date and amount of payment, the exact number of shares, the amount of tax withheld by Norway and the amount claimed for refund from Norway. All amounts are to be stated in Norwegian kroner;
2. confirmation from a central tax authority stating that, in the year the dividends were declared or received, the refund claimant was resident for tax purposes in the country with respect to which such claimant claims the benefits of a tax treaty with Norway, and original documentation that the claimant was the beneficial owner of the shares when the dividends were declared; and
3. evidence that the dividends were actually received by the applicant and the rate at which Norwegian withholding tax was withheld on the dividends.

The application must be signed by the applicant. If the application is signed by proxy, a copy of the letter of authorization must be enclosed.

However, pursuant to agreements with the Norwegian Banking, Insurance and Securities Commission and the Norwegian Directorate of Taxes, The Bank of New York, acting as depositary, is entitled to receive dividends from us for redistribution to a beneficial owner of shares or ADSs at the applicable treaty withholding rate, provided the beneficial holder has furnished The Bank of New York appropriate certification to establish such holder's eligibility for the benefits under an applicable tax treaty with Norway.

#### *Wealth Tax*

The shares are included when computing the wealth tax imposed on individuals who for tax purposes are considered resident in Norway. Norwegian joint stock companies and certain other similar entities are not subject to wealth tax. Currently, the marginal wealth tax rate is 1.1% of the value assessed. The value for assessment purposes for shares listed on the Oslo Stock Exchange is 100% of the listed value of such shares as of January 1 in the year of assessment. Non-resident shareholders are not subject to wealth tax in Norway for shares in Norwegian joint stock companies unless the shareholder is an individual and the shareholding is effectively connected with his business activities in Norway.

#### *Inheritance Tax and Gift Tax*

When shares or ADSs are transferred, either through inheritance or as a gift, such transfer may give rise to inheritance tax in Norway if the deceased, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway. If a Norwegian citizen at the time of death, however, is not a resident of Norway, Norwegian inheritance tax will not be levied if an inheritance tax or a similar tax is levied by the country of residence. Irrespective of citizenship, Norwegian inheritance tax may be levied if the shares or ADSs are effectively connected with the conduct of a trade or business through a permanent establishment in Norway.

#### *Taxation upon Disposition of Shares*

A shareholder who is resident for tax purposes in Norway will realize a taxable gain or loss upon a sale, redemption or other disposition of shares. Such capital gain or loss is included in or deducted upon computation of general income in the year of disposal. General income is taxed at a flat tax rate of 28%. The gain is subject to tax and the loss is deductible irrespective of the length of the ownership and the number of shares disposed of.

The taxable gain or loss is computed as the sales price adjusted for transactional expenses less the taxable basis. A shareholder's tax basis is normally equal to the acquisition costs of the shares. The tax basis is adjusted according to the so-called RISK-rules (RISK is the Norwegian abbreviation for the

variation in the company's retained earnings after tax during the ownership of the shareholder). The RISK amount is computed at the end of each fiscal year. If the shareholder owns shares acquired at different times, the shares that were acquired first will be regarded as the first to be sold for the purpose of calculating capital gains or losses.

Shareholders not resident in Norway are generally not subject to tax in Norway on capital gains, and losses are not deductible upon sale, redemption or other disposition of shares or ADSs in Norwegian companies, unless the shareholder has been resident for tax purposes in Norway and the disposal takes place within five years after the end of the calendar year in which the shareholder ceased to be a resident of Norway for tax purposes, or, alternatively, the shareholder is carrying on business activities in Norway and such shares or ADSs are or have been effectively connected with such activities.

#### *Transfer Tax*

There is no transfer tax imposed in Norway in connection with the sale or purchase of shares.

### **United States Tax Matters**

#### *General*

This section describes the material United States federal income tax consequences of owning shares or ADSs. It applies to you only if you hold your shares or ADSs as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- dealers in securities;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- tax-exempt organizations;
- life insurance companies;
- persons liable for alternative minimum tax;
- persons that actually or constructively own 10% or more of the voting stock of Statoil;
- persons that hold shares or ADSs as part of a straddle or a hedging or conversion transaction; or
- persons whose functional currency is not the US dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, and the Convention between the United States of America and the Kingdom of Norway for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Property (the "Treaty"). These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of the depository and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. For United States federal income tax purposes, if you hold ADRs evidencing ADSs, you generally will be treated as the owner of the ordinary shares represented by those ADSs.

Exchanges of shares for ADSs, and ADSs for shares generally will not be subject to United States federal income tax. You are a "US holder" if you are a beneficial owner of shares or ADSs and you are:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

*You should consult your own tax advisor regarding the United States federal, state and local and other tax consequences of acquiring, owning and disposing of shares and ADSs in your particular circumstances.*

#### *Taxation of Dividends*

If you are a US holder, you must include in your gross income the gross amount of any dividend paid by Statoil out of its current or accumulated earnings and profits (as determined for United States federal income tax purposes). You must include any Norwegian tax withheld from the dividend payment in this gross amount even though you do not in fact receive the amount withheld as tax. The dividend is ordinary income that you must include in income when you, in the case of shares, or the depository, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations.

The amount of the dividend distribution that you must include in your income as a US holder will be the US dollar value of the Norwegian kroner payments made, determined at the spot Norwegian kroner/US dollar rate on the date the dividend distribution is included in your income, regardless of whether the payment is in fact converted into US dollars. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your tax basis in the shares or ADSs and, to the extent in excess of your tax basis, will be treated as capital gain.

Subject to certain limitations, the 15% Norwegian tax withheld in accordance with the Treaty and paid over to Norway will be creditable against your United States federal income tax liability. Dividends will be income from sources outside the United States, but generally will be "passive income" or "financial services income" which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you.

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Alternatively, you may elect to claim a US tax deduction, instead of a foreign tax credit, for such Norwegian tax, but only for a year in which you elect to do so with respect to all foreign income taxes.

Any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into US dollars generally will be treated as ordinary income or loss. Such gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

### *Taxation of Capital Gains*

If you are a US holder and you sell or otherwise dispose of your shares or ADSs, you generally will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the US dollar value of the amount that you realize and your tax basis, determined in US dollars, in your shares or ADSs. Capital gain of a non-corporate US holder is generally taxed at a maximum rate of 20% where the property has been held for more than one year, and 18% where the property has been held for more than five years. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

If you receive any foreign currency on the sale of shares or ADSs, you may recognize ordinary income or loss from sources within the United States as a result of currency fluctuations between the date of the sale of the shares or ADSs and the date the sales proceeds are converted into US dollars.

### **DOCUMENTS ON DISPLAY**

It is possible to read and copy documents referred to in this Annual Report on Form 20-F that have been filed with the SEC at the SEC's public reference room located at 450 Fifth Street, NW, Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges.