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Dividends paid historically are not representative of dividends to be paid in the future. Dividends paid prior to 2002 include the impact of 100% of the cash flows from the SDFI assets transferred from the Norwegian State, and a percentage of net income after tax (calculated on a Norwegian GAAP basis) for all other activities. The following table shows the amounts paid to the Norwegian State on a per share basis and in the aggregate, for each of the past five fiscal years.

	Per Ordinary Share(1)		Total (in millions)	
Year	**NOK**	**US$(2)**	**NOK**	**US$(2)**
1997	4.94	0.55	9,751	1,087
1998	2.43	0.27	4,802	535
1999	3.47	0.39	6,853	764
2000	10.81	1.20	21,363	2,381
2001(3)	26.69	2.97	55,415	6,176

(1) Based on 2,076,180,942 shares in 2001 and 1,975,885,600 shares prior to 2001, being the weighted average number of ordinary shares for such years.
(2) The US$ amounts are based on the noon buying rate for Norwegian kroner on December 31, 2001, which was NOK 8.9724 to US$ 1.00.
(3) Total dividends paid in 2001 include a cash settlement for the SDFI assets amounting to NOK 19.65 (US$ 2.19) per share.

The increases in dividends for 2000 and 2001 were due to increase in cash flows generated from SDFI properties transferred from the Norwegian State and increased net income after tax for all other activities.

Dividends we paid in the past reflected our status as wholly owned by the Norwegian State and should not be considered indicative of our future dividend policy.

Because we will only pay dividends in Norwegian kroner, exchange rate fluctuations will affect the US dollar amounts received by holders of ADSs after the ADR depositary converts cash dividends into US dollars.

RISK FACTORS

Risks Related to Our Business

A substantial or extended decline in oil or natural gas prices would have a material adverse effect on us.

Historically, prices for oil and natural gas have fluctuated widely in response to changes in many factors. We do not and will not have control over the factors affecting prices for oil and natural gas. These factors include:

- global and regional economic and political developments in resource-producing regions, particularly in the Middle East;
- global and regional supply and demand;
- the ability of the Organization of Petroleum Exporting Countries and other producing nations to influence global production levels and prices;
- prices of alternative fuels which affect our realized prices under our long-term gas sales contracts;
- Norwegian and foreign governmental regulations and actions;
- global economic conditions;
- price and availability of new technology; and
- weather conditions.

It is impossible to predict future oil and natural gas price movements with certainty. Declines in oil and natural gas prices will adversely affect our business, results of operations and financial condition, liquidity and our ability to finance planned capital expenditures. For an analysis of the impact on income before financial items, taxes and minority interest from changes in oil and gas prices, see Item 5—Operating and Financial Review and Prospects—Operating Results—Factors Affecting Our Results of Operations. Lower oil and natural gas prices also may reduce the amount of oil and natural gas that we can produce economically or reduce the economic viability of projects planned or in development.

Our European long-term gas sales contracts are with approximately 20 to 25 customers. Approximately two-thirds of the volumes covered by our existing long-term gas sales contracts were eligible for potential price review in October 2001. Given the increasing demand for gas in the European market combined with the measures to create a single European gas market, it is difficult to predict the outcome of any price reviews that take place or the evolution of gas prices in European markets. See Item 4—Information on the Company—Operations—Natural Gas—Gas Sales Agreements.

Exploratory drilling involves numerous risks, including the risk that we will encounter no commercially productive oil or natural gas reservoirs, which could materially adversely affect our results.

We are exploring in various geographic areas, including new resource provinces such as the Norwegian Sea, the Barents Sea and deepwater offshore Angola, where environmental conditions are challenging and costs can be high. We are also considering exploration activities in additional international areas where costs may be high. In addition, our use of advanced technologies requires greater pre-drilling expenditures than traditional drilling strategies. The cost of drilling, completing and operating wells is often uncertain. As a result, we may incur cost overruns or may be required to curtail, delay, or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. For example, we have entered into long-term leases on drilling rigs which are not required for the originally intended operations and we cannot be certain that these rigs will be re-employed or at what rate they will be re-employed. Our overall drilling activity or drilling activity within a particular project area may be unsuccessful. Such failure will have a material adverse effect on our results of operations and financial condition.

If we fail to acquire or find and develop additional reserves, our reserves and production will decline materially from their current levels.

The majority of our proved reserves are on the Norwegian Continental Shelf (NCS), a maturing resource province. Except to the extent we conduct successful exploration and development activities or acquire properties containing proved reserves, or both, our proved reserves will decline as reserves are produced. In addition, the volume of production from oil and natural gas properties generally declines as reserves are depleted. For example, two of our major fields, Statfjord and Gullfaks, are dependent on satellite fields to maintain production, and, unless improved efforts and development of satellite fields are successful, production will gradually decline. Our future production is highly dependent upon our success in finding or acquiring and developing additional reserves. If we are unsuccessful, we may not meet our production targets, and our total proved reserves and production will decline and adversely affect our results of operations and financial condition.

We encounter competition from other oil and natural gas companies in all areas of our operations, including the acquisition of licenses, exploratory prospects and producing properties.

The oil and gas industry is extremely competitive, especially with regard to exploration for, and exploitation and development of new sources of oil and natural gas. For example, we expect that Norway’s 17th licensing round, particularly in the Halten/Nordland area, one of our core areas, will be very competitive with many of the largest oil companies seeking to be awarded licenses for exploration.

Some of our competitors are much larger, well-established companies with substantially greater resources, and in many instances they have been engaged in the oil and gas business for much longer than we have. These larger companies, especially those created by recent mergers, are developing strong market power through a combination of different factors, including:

- diversification and reduction of risk;
- financial strength necessary for capital-intensive developments;
- exploitation of benefits of integration;
- exploitation of economies of scale in technology and organization;
- exploitation of mutual advantages of expertise, industrial infrastructure and reserves; and
- strengthening of positions as global players.

These companies may be able to pay more for exploratory prospects and productive oil and natural gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects, including operatorships and licenses, than our financial or human resources permit. For more information on the competitive environment, see Item 4—Information on the Company—Business Overview.

Our development projects involve many uncertainties and operating risks that can prevent us from realizing profits and can cause substantial losses.

Our development projects may be delayed or unsuccessful for many reasons, including cost overruns, lower oil and gas prices, equipment shortages, mechanical and technical difficulties and industrial action. These projects will also often require the use of new and advanced technologies, which can be expensive to develop, purchase and implement, and may not function as expected. In addition, some of our development projects will be located in deepwater or other hostile environments, such as the Barents Sea, or produced from challenging reservoirs, which can exacerbate such problems. For example, developing the large and complex facilities of the Åsgard chain has been one of the most demanding developments we have undertaken. We experienced substantial cost overruns caused by changes in the scope and magnitude of the project, delays in the final stages of the project, employee strikes and several unforeseen technical problems. As a result, we have problems associated with volume and regularity, and we have to fulfill our delivery commitments associated with Åsgard by providing the volumes required from other fields, which may not always be possible. There is a risk that other development projects that we undertake may suffer from similar or additional problems.

Our development projects on the NCS also face the challenge of remaining profitable where we are increasingly developing smaller satellite fields in mature areas and our projects are subject to the Norwegian State’s relatively high taxes on offshore activities. Our other development projects in mature fields in Western Europe also face potentially higher operating costs. In addition, our development projects, particularly those in remote areas, could become less profitable, or unprofitable, if we experience a prolonged period of low oil or gas prices.

Many of our mature fields are producing increasing quantities of water with oil and gas. Our ability to dispose of this water in acceptable ways may impact our oil and gas production.

We may not be able to produce some of our oil and gas economically due to a lack of necessary transportation infrastructure when a field is in a remote location.

Our ability to exploit economically any reserves discovered will be dependent upon, among other factors, the availability of the necessary infrastructure to transport oil and gas to potential buyers at a commercially acceptable price. Oil is usually transported by pipeline and tankers to refineries, and gas is usually transported by pipeline to processing plants and end-users. The transportation of oil and natural gas from our holdings in Azerbaijan face a number of significant obstacles that could prevent sales to international markets, including obtaining necessary approvals for pipelines from several governments which may not share a common development strategy, capacity constraints and general political and economic instability. In addition, we are currently exploring in the remote Barents Sea where there is no pipeline access. We may not be successful in our efforts to secure transportation and markets for all of our potential production.

Some of our international interests are located in politically, economically and socially unstable areas which could disrupt our operations.

We have assets located in unstable regions around the world. For example, there was war and civil strife in the Caspian region through much of the 1990s. In addition, the states bordering the Caspian Sea dispute ownership and distribution of proceeds from the Caspian's seabed and subsoil resources. Other countries, such as Venezuela, Nigeria and Angola, where we also have operations, have experienced expropriation or nationalization of property, civil strife, acts of war, guerilla activities and insurrections.

We are exposed to potentially adverse changes in the tax regimes of each jurisdiction in which we operate.

We operate in 25 countries around the world, and any of these countries could modify its tax laws in ways that would adversely affect us. Most of our operations are subject to changes in tax regimes in a similar manner as other companies in our industry. In addition, in the long-term, the marginal tax rate in the oil and gas industry tends to change in correlation with the price of crude oil. Significant changes in the tax regimes of countries in which we operate could have a material adverse affect on our liquidity and results of operation.

We are not insured against all potential losses and could be seriously harmed by natural disasters or operational catastrophes.

Exploration for and production of oil and natural gas is hazardous, and natural disasters, operator error or other occurrences can result in oil spills, blowouts, cratering, fires, equipment failure, and loss of well control, which can injure or kill people, damage or destroy wells and production facilities, and damage property and the environment. Offshore operations are subject to marine perils, including severe storms and other adverse weather conditions, vessel collisions, and governmental regulations as well as interruptions or termination by governmental authorities based on environmental and other considerations. Losses and liabilities arising from such events would significantly reduce our revenues or increase our costs and have a material adverse effect on our operations or financial condition.

The crude oil and natural gas reserve data in this Annual Report on Form 20-F are only estimates, and our actual production, revenues and expenditures with respect to our reserves may differ materially from these estimates.

The reliability of proved reserve estimates depends on:

- the quality and quantity of our geological, technical and economic data;
- whether the prevailing tax rules and other government regulations, contracts, oil, gas and other prices will remain the same as on the date estimates are made;
- the production performance of our reservoirs; and
- extensive engineering judgments.

Many of the factors, assumptions and variables involved in estimating reserves are beyond our control and may prove to be incorrect over time. Results of drilling, testing and production after the date of the estimates may require substantial upward or downward revisions in our reserve data. Any downward adjustment could lead to lower future production and thus adversely affect our financial condition, future prospects and market value.

We face foreign exchange risks which could adversely affect our results of operations.

Our business faces foreign exchange risks because a large percentage of our revenues and cash receipts are denominated in US dollars while a significant portion of our operating expenses and income taxes accrue in Norwegian kroner, reflecting our operations on the NCS. Movements between the US dollar and Norwegian kroner may adversely affect our business. While an increase in the value of the US dollar against the Norwegian kroner can be expected to increase our reported earnings, such an increase would also be expected to increase our operating expenses and the value of our debt, which would be recorded as a financial expense, and, accordingly, would adversely affect our net income. See Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Risk Management.

Risks Related to Legal Proceedings by the European Commission

The European Commission has commenced proceedings against us under EU/EEA competition laws, which, if determined against us, could have a material adverse impact on our natural gas business and our financial results.

On June 12, 2001, we received a statement of objections from the European Commission, Directorate-General Competition, commencing proceedings against us in relation to the arrangements for sale of natural gas from the NCS. The Commission has also adopted a statement of objections against 22 other producers of natural gas on the NCS. The European Commission has been investigating since 1996 the arrangements for the sale of gas from the NCS including the activities of the Gas Negotiation Committee, known as the Gassforhandligsutvalget or GFU under EU/European Economic Area, or EEA, competition laws. The Commission alleges these arrangements involve the joint sale of gas by producers on the NCS in contravention of EU/EEA competition laws. Working closely with the Norwegian State, we had been in discussions with the Commission to attempt to reach a mutually acceptable solution on these issues, but the settlement negotiations ended with no agreed solution reached. A hearing was held in December 2001, and we are awaiting their decision on the proceedings. If finally determined against Statoil, the Commission's proceedings could result in the imposition of a fine. Under the relevant EU regulation, the maximum fine that could be levied would be 10% of our worldwide revenues in the preceding financial year (e.g., up to NOK 23.6 billion based on year 2001 revenues). We may also be required to offer customers with existing gas sales agreements the opportunity to renegotiate or terminate those agreements. In addition, any finding of an infringement by us of the EU/EEA competition laws by the Commission or in other proceedings might also result in counterparties to our gas sales agreements challenging the validity of those agreements and possibly claiming substantial damages. See Item 8—Financial Information—Legal Proceedings and Item 4—Information on the Company—Regulation.

The outcome of any proceedings by the Commission, or the extent to which we may be required to terminate or renegotiate our existing gas sales agreements, could have a material adverse impact on our natural gas business and our financial results.

Risks Related to the Regulatory Regime

Competition is expected to increase in the European gas market, currently our main market for gas sales, as a result of new European Union, or EU, directives which could adversely affect our ability to expand or even maintain our current market position or result in reduction in prices in our gas sales contracts.

Fundamental changes are now taking place in the organization and operation of the European gas market, with the objective of opening national markets to competition and integrating them into a single market for natural gas. This process started with the EU Gas Directive, which became effective in August 2000. The directive requires EU member states to take certain minimum steps to open their gas markets to greater competition. Each member state must specify annually the wholesale and final gas customers inside its territory that have the legal capacity to contract for or be sold natural gas by the gas supplier of their choice.

These designated customers must result in an opening of that state’s gas market equal to at least 20% of the total annual gas consumption. This level must rise to 28% by 2003 and 33% by 2008. The directive also requires that eligible customers be given the right to negotiate agreements for using gas transport systems directly or rights of access based on tariffs or other mechanisms. A number of EU member states have already decided to exceed the minimum steps set out in the directive and to open their gas markets to a greater extent. In addition, new proposals are currently under discussion within the EU through which the process of market opening would be accelerated and new measures adopted to promote the process.

Most of our gas is sold under long-term gas contracts to customers in the EU, a gas market that will be affected by changes in EU regulations. Although not an EU member state, Norway and other European Free Trade Association, or EFTA, states may be bound to EU legislation if the EEA Joint Committee formally decides to include such legislation as a part of the EEA Agreement. No decision has yet been taken by the EEA Joint Committee to include the EU Gas Directive into the EEA Agreement. The Norwegian State has, however, stated its intention to accept the inclusion of the Directive into the EEA Agreement as soon as practicable.

We may incur material costs to comply with, or as a result of, health, safety and environmental laws and regulations.

Compliance with environmental laws and regulations in Norway and abroad could materially increase our costs. We incur and expect to continue to incur, substantial capital and operating costs to comply with increasingly complex laws and regulations covering the protection of the environment and human health and safety, including costs to reduce certain types of air emissions and discharges to the sea and to remediate contamination at various owned and previously-owned facilities and at third-party sites where our products or wastes have been handled or disposed.

In our capacity as holder of licenses on the NCS under the Norwegian Petroleum Act of November 29, 1996, we are subject to statutory strict liability in respect of losses or damages suffered as a result of pollution caused by spills or discharges of petroleum from petroleum facilities covered by any of our licenses. This means that anyone who suffers losses or damages as a result of pollution caused by operations at any of our NCS license areas can claim compensation from us without needing to demonstrate that the damage is due to any fault on our part. If the pollution is caused by a force majeure event, however, a Norwegian court may reduce the level of damages to the extent it considers reasonable.

New laws and regulations, the imposition of tougher requirements in licenses, increasingly strict enforcement of or new interpretations of existing laws and regulations, or the discovery of previously unknown contamination may require future expenditures to:

- modify operations;
- install pollution control equipment;
- perform site clean-ups; or
- curtail or cease certain operations.

In particular, we may be required to incur significant costs to comply with the 1997 Kyoto Protocol to the United Nations Framework Convention on Climate Change, known as the Kyoto Protocol, and other pending EU laws and directives. In addition, increasingly strict environmental requirements, including those relating to gasoline sulphur levels and diesel quality, affect product specifications and operational practices. Future expenditures to meet such specifications could have a material adverse effect on our operations or financial condition.

Political and economic policies of the Norwegian State could affect our business.

The Norwegian State plays an active role in the management of NCS hydrocarbon resources. In addition to its direct participation in petroleum activities through the SDFI and its indirect impact through tax and environmental laws and regulations, the Norwegian State awards licenses for reconnaissance, production and transportation and approves, among other things, exploration and development projects, gas sales contracts and applications for (gas) production rates for individual fields. The Norwegian State may also, if important public interests are at stake, direct us and other oil companies to reduce production of petroleum. Reductions of up to 7.5% have been imposed in the past. By a royal decree of December 19, 2001, the Norwegian government decided that Norwegian oil production will be reduced by 150,000 barrels per day from January 1, 2002 until June 30, 2002. This amounts to roughly a 5% reduction in output. The reductions will in principle be applied equally and in a non-discriminatory manner to all companies operating on the NCS. All oil producing fields will be subject to a proportional reduction in production, except all major gas producing fields, two fields that Norway shares with the United Kingdom in the North Sea (Statfjord and Murchison) and one field that is soon to terminate production (Varg). Further, in the production licenses in which the SDFI holds an interest, the Norwegian State retains the ability to direct petroleum licensees' actions in certain circumstances.

If the Norwegian State were to take additional action pursuant to its extensive powers over activities on the NCS or to change laws, regulations, policies or practices relating to the oil and gas industry, our NCS exploration, development and production activities and results of operations could be materially and adversely affected. For more information about the Norwegian State's regulatory powers, see Item 4—Information on the Company—Regulation.

Risks Related to Our Ownership by the Norwegian State

The interests of our majority shareholder, the Norwegian State, may not always be aligned with the interests of our other shareholders, which may affect our decisions relating to the NCS.

The Norwegian Parliament, known as the Storting, and the Norwegian State have resolved that the Norwegian State's shares in Statoil and the SDFI's interests in NCS licenses must be managed pursuant to a coordinated ownership strategy for the Norwegian State's oil and gas interests. Under this strategy, the Norwegian State has required us to continue to market the Norwegian State's oil and gas together with our own as a single economic unit.

Pursuant to the coordinated ownership strategy for the Norwegian State's shares in us and the SDFI, the Norwegian State requires us in our activities on the NCS to take account of the Norwegian State's interests in all decisions which may affect the development and marketing of our own and the Norwegian State's oil and gas.

Following our initial public offering, the Norwegian State still holds more than a two-thirds majority of our shares. Accordingly, the Norwegian State continues to have the power to determine matters submitted for a vote of shareholders, including amending our articles of association and electing all of the members of the corporate assembly except employee representatives. The employees may claim the right to be represented with up to one third of the members of the board of directors as well as the corporate assembly. The corporate assembly has the power to elect our board of directors and communicates its recommendations concerning the board of directors' proposals about the annual accounts, balance sheets, allocation of profits and coverage of losses of our company to the general meeting. The interests of the Norwegian State in deciding these and other matters and the factors it considers in exercising its votes, especially pursuant to the coordinated ownership strategy for the SDFI and our shares held by the Norwegian State, could be different from the interests of our other shareholders. Accordingly, when making commercial decisions relating to the NCS, we will have to take into account the Norwegian State's coordinated ownership strategy and we may not be able to fully pursue our own commercial interests, including those relating to our strategy on development, production and marketing of oil and gas.

If the Norwegian State's coordinated ownership strategy is not implemented and pursued in the future, then our mandate to continue to sell the Norwegian State's oil and gas together with our own as a single economic unit is likely to be prejudiced. Loss of the mandate to sell the SDFI's oil and gas could have an adverse effect on our position in our markets. For further information about the Norwegian State's coordinated ownership strategy, see Item 7—Major Shareholders and Related Party Transactions—Major Shareholders.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 20-F contains forward-looking statements that involve risks and uncertainties, in particular under Item 4—Information on the Company and Item 5—Operating and Financial Review and Prospects. In some cases, we use words such as “believe”, “intend”, “expect”, “anticipate”, “plan”, “target” and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding our future financial position, business strategy, budgets, reserve information, projected levels of capacity and production, projected operating costs, estimates of capital expenditure, expected exploration and development activities and plans and objectives of management for future operations, are forward-looking statements. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described above, in Item 3—Key Information and below in Item 5—Operating and Financial Review and Prospects and elsewhere in this Annual Report on Form 20-F.

These forward-looking statements reflect current views with respect to future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including levels of industry product supply, demand and pricing; currency exchange rates; political stability and economic growth in relevant areas of the world; development and use of new technology; geological or technical difficulties; the actions of competitors; the actions of field partners; natural disasters and other changes to business conditions.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this Annual Report, either to conform them to actual results or to changes in our expectations.

Statements Regarding Competitive Position

Statements made in Item 4—Information on the Company, referring to Statoil’s competitive position, are based on our belief, and in some cases rely on a range of sources, including investment analysts’ reports, independent market studies and our internal assessments of market share based on publicly available information about the financial results and performance of market participants.