2013

Statutory report

Statoil

2013

Statutory report

in accordance with Norwegian authority requirements

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Cover photo: Harald Pettersen

Statutory report 2013

Board of directors report

The industry is facing demanding challenges and we address these from a position of strength. We have a competitive resource base, a robust financial position and a competent organisation recognised for its technological and operational experience.

Sound safety and sustainability performance is a prerequisite for our long-term success, and we strive to ensure safe operations that protect people, the environment, communities and material assets. The terrorist attack on In Amenas in 2013 demonstrated our vulnerability and the importance of building a strong and robust security culture.

Statoil's financial results in 2013 were influenced by lower prices and decreased production, mainly due to expected decline, divestments and redeterminations. Operational performance was good, with safety improvements, production as expected and strong project execution. Leading exploration results strengthened our resource base.

Net operating income was NOK 155.5 billion in 2013, down 25% compared to NOK 206.6 billion in 2012.

The 25% decrease was mainly attributable to reduced production, lower prices measured in NOK, increased operating expenses and lower fair value of derivatives. Increased impairment losses and provisions related to onerous contracts and a redetermination process, added to the decrease and were only partly offset by higher gains from sales of assets.

Total equity liquids and gas production was 1,940 mboe per day in 2013, compared to 2,004 mboe per day in 2012.

Statoil`s cash flows in 2013 reflect a high investment level, continued portfolio optimisation and issuance of new debt resulting in an increase in cash and cash equivalents and short-term financial investments.

Statoil's safety results with respect to serious incidents have been improved over the recent years. The overall Serious Incident Frequency (SIF) improved from 1.0 in 2012 to 0.8 in 2013.

Statoil announced divestments in 2013 with net proceeds worth a total of more than USD 4 billion, including the divestments of assets on the UK and Norwegian continental shelves to OMV and the agreement to reduce ownership in the Shah Deniz project in Azerbaijan and the South Caucasus Pipeline. The OMV transaction was closed in October 2013, recognising a gain of NOK 10.1 billion. The Shah Deniz transaction will be reflected in the financial statements in 2014. Please see note 4 *Acquisitions and dispositions* to the Consolidated financial statements for further details on these agreements.

Through effective resource management and the maturing of new projects, Statoil achieved a reserve replacement ratio (RRR) of 128% in 2013. Organic RRR was 147%, which is a record since 1999. The reserves added in 2013 is primarily due to positive revisions on several of our producing fields due to good production performance and continued improved oil recovery (IOR) efforts, sanctioning new field developments in Norway, Azerbaijan and Angola, and continued drilling in our US onshore assets Bakken, Eagle Ford and Marcellus. The effect of the reduced equity share in Shah Deniz will be included in 2014 and will reduce the proved reserves at year end 2014.

Statoil maintained strong project execution through 2013 with projects delivered on cost and ahead of schedule, with strong safety performance. The successful exploration results achieved in 2012 continued into 2013, adding 1.25 billion barrels of oil equivalents from exploration to the resource base.

Statoil's strategy for value creation and growth remains firm, but we are making some important changes. Stricter project prioritisation and a comprehensive efficiency program will improve cash flow and profitability. The strong balance sheet enables prioritisation of capital distribution to shareholders. The ambition is to grow equity production around 2% in 2013-14 and around 3% organic Compound Annual Growth Rate (CAGR) from 2013-16 from a rebased equity production of 1,850 mboe per day in 2013.

Organic capital expenditures (excluding acquisitions and financial leases) amounted to USD 19 billion for the year ended 31 December 2013, in line with our guidance for 2013 of around USD 19 billion. Statoil expects to invest around USD 20 billion on average per year 2014-16. This will be a reduction of 8% from previous estimates, mainly due to strict prioritisation and increased capital efficiency.

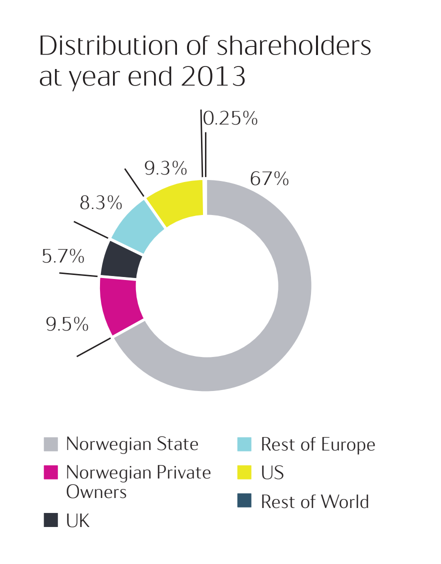
In the 2014-16 period, Statoil expects to maintain return on average capital employed (ROACE) around the 2013 level based on an oil price of USD 100 per barrel (real 2013).

During 2013, Statoil completed 59 exploration wells, 26 of which were discoveries. Statoil will continue to mature the large portfolio of exploration assets and expects to complete around 50 wells in 2014 with a total exploration expenditure level at around USD 3.5 billion, excluding signature bonuses.

Statoil continues to optimise projects in order to increase returns. Our ambition is to continue to keep our unit of production cost in the top quartile of our peer group. Through a comprehensive improvement programme, Statoil expects to realise annual savings of USD 1.3 billion per year from 2016.

The Statoil share

The board of directors propose for approval at the annual general meeting an ordinary dividend of NOK 7.00 per share for 2013, an aggregate total of NOK 22.3 billion.



Statoil's ambition is to grow the annual cash dividend, measured in NOK per share, in line with long-term underlying earnings. Changes in the Norwegian company act, in effect from 1 July 2013, allow for dividend payments, based on the company's latest approved annual accounts, to be decided by the board of directors pursuant to an authorisation from the general meeting. The board of directors of Statoil will propose that the shareholders provide such authorisation to the board of directors at the annual general meeting to be held 14 May 2014. Based on such authorisation, Statoil will implement quarterly dividend payments from first quarter 2014, whereby the board approves first, second and third quarter interim dividends, while the annual general meeting approves the fourth quarter and annual dividend based on a proposal from the board. When deciding the interim dividends and recommending the total annual dividend level, the board will take into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. In addition to cash dividend, Statoil might buy back shares as part of total distribution of capital to the shareholders.

Implementation of the new dividend policy is conditional upon the general meeting authorising the board of directors to decide payment of quarterly dividends. Such authorisation must be renewed at the annual general meeting in order to remain valid.

In 2012, the ordinary dividend was NOK 6.75 per share, an aggregate total of NOK 21.5 billion.

The Statoil share, listed on the Oslo Stock Exchange under the ticker code STL, increased during 2013, starting out 2 January 2013 at NOK 139.00, ending up at NOK 147.00 at the end of 2013. Statoil is also listed on the New York Stock Exchange under the ticker code STO.

Our business

Statoil is a technology-driven energy company primarily engaged in oil and gas exploration and production activities.

Statoil ASA is a public limited liability company organised under the laws of Norway and subject to the provisions of the Norwegian Public Limited Liability Companies Act. The Norwegian State is the largest shareholder in Statoil ASA, with a direct ownership interest of 67%.

Statoil has business operations in 33 countries and territories, and has more than 23,400 employees worldwide. The headquarter is located in Stavanger, Norway. Statoil is the leading operator on the Norwegian continental shelf (NCS).

Since 2000, our business has grown as a result of substantial investments both on the NCS and internationally. Statoil is present in several of the most important oil and gas provinces in the world. In 2013, 37% of Statoil's equity production came from international activities. Statoil also holds operatorships internationally.

Statoil is among the world's largest net sellers of crude oil and condensate, and is the second largest supplier of natural gas to the European market. Processing and refining are also part of our operations. Statoil is also participating in projects that focus on other forms of energy, such as offshore wind and carbon capture and storage, in anticipation of the need to expand energy production, strengthen energy security and combat adverse climate change.

Statoil aims to grow and enhance value through its technology-focused upstream strategy, supplemented by selective positions in the midstream and in low-carbon technologies. Statoil's immediate priorities remain to conduct safe, reliable operations with zero harm to people and the environment, and to deliver profitable production growth through disciplined investments and prudent financial management with competitive redistribution of capital to shareholders. To succeed going forward, we continue to focus strategically on the following:

- Sustaining leading exploration company performance
- Take out the full value potential of the Norwegian Continental Shelf (NCS)
- Strengthen global offshore positions
- Maximise the value of our onshore positions
- Creating value from a superior gas position
- Continuing portfolio management to enhance value creation
- Utilising oil and gas expertise and technology to open new renewable energy opportunities

Statoil's operations are managed through the following business areas:

Development and Production Norway (DPN)
DPN comprises our upstream activities on the NCS. DPN operates both developed fields and a significant number of exploration licences. Acting as an operator, Statoil is responsible for approximately 69% of all oil and gas production on the NCS.

Development and Production International (DPI)
DPI comprises our worldwide upstream activities that are not included in the DPN and Development and Production North America business areas. DPI's ambition is to build a large and profitable international production portfolio comprising activities ranging from accessing new opportunities to delivering on existing projects and managing a production portfolio.

Development and Production North America (DPNA)
DPNA comprises our upstream activities in North America. DPNA's ambition is to develop a material and profitable position in North America, including the deepwater regions of the Gulf of Mexico and unconventional oil and gas, and oil sands in the US and Canada. In this connection, we aim to further strengthen our capabilities in deepwater and unconventional oil and gas operations.

Marketing, Processing and Renewable Energy (MPR)
MPR comprises our marketing and trading of oil products and natural gas, and is responsible for marketing and trading of crude oil, natural gas, liquids and refined products, for transportation and processing, and for developing business opportunities in renewables. MPR markets Statoil's own volumes, and the Norwegian state's direct financial interest (SDFI) equity production of crude oil and related gas supplies.

Exploration (EXP)
EXP is responsible for creating a global centre for exploration and deploying resources to priority activities across the portfolio. Main focus areas are accessing high potential new acreage in priority basins, globally prioritising and drilling more significant wells in growth and frontier basins, delivering near-field exploration on the NCS and other select areas, and achieving step change improvements in performance.

Technology, Projects and Drilling (TPD)
TPD's main focus areas is to provide safe, efficient and cost-competitive global well, project delivery, technological excellence, and research and development. Cost-competitive procurement is an important contributory factor, although group-wide procurement services are also expected to help to drive down costs in the group.

Global Strategy and Business Development (GSB)
GSB sets Statoil's corporate strategy, business development, and merger and acquisition activities (M&A). The ambition of the GSB business area is to closely link corporate strategy, business development and M&A activities to actively drive Statoil's corporate development.

Group profit and loss analysis

Net operating income was NOK 155.5 billion in 2013, down 25% compared to 2012, impacted by reduced production, lower prices measured in NOK, higher operating expenses and lower fair value of derivatives. Increased impairment losses and provisions related to onerous contracts and a redetermination process, added to the decrease and were only partly offset by higher gains from sales of assets.

OPERATIONAL REVIEW

Operational data	For the year ended 31 December 2013	2012	13-12 change
Average liquids price (USD/bbl)	100.0	103.5	(3%)
USDNOK average daily exchange rate	5.88	5.82	1%
USDNOK period-end exchange rate	6.08	5.57	9%
Average liquids price (NOK/bbl)	588	602	(2%)
Average invoiced gas prices (NOK/scm)	2.01	2.19	(8%)
Refining reference margin (USD/bbl)	4.1	5.5	(25%)
Production (mboe per day)			
Entitlement liquids production	964	966	(0%)
Entitlement gas production	792	839	(6%)
Total entitlement liquids and gas production	1,756	1,805	(3%)
Total entitlement liquids and gas production - net of US royalties	1,719	1,778	(3%)
Equity liquids production	1,115	1,137	(2%)
Equity gas production	825	867	(5%)
Total equity liquids and gas production	1,940	2,004	(3%)
Liftings (mboe per day)			
Liquids liftings	950	959	(1%)
Gas liftings	792	839	(6%)
Total liquids and gas liftings	1,742	1,797	(3%)
Production cost (NOK/boe, last 12 months)			
Production cost entitlement volumes	50	48	5%
Production cost equity volumes	44	42	5%

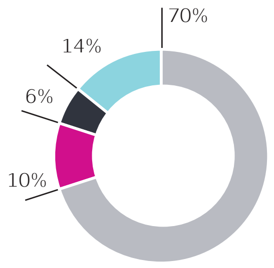
Total equity liquids and gas production was down 3% to 1,940 mboe per day in 2013, primarily due to expected natural decline on mature fields, divestments and redeterminations, and decreased gas deliveries from the NCS. The decrease was partly offset by start-up and ramp-up of production on various fields.

Total entitlement liquids and gas production - net of US royalties decreased 3% to 1,719 mboe per day in 2013, impacted by the decrease in equity production as described above, and a relatively lower negative effect from Production Sharing Agreements (PSA effect).

Production cost per boe of entitlement volumes was NOK 50 and NOK 48 for the 12 months ended 31 December 2013 and 2012, respectively. Based on equity volumes, the production cost per boe was NOK 44 and NOK 42 for the 12 months ended 31 December 2013 and 2012, respectively. The 5% increase was mainly related to lower equity volumes and slightly higher production cost.

Exploration expenditures (including capitalised exploration expenditures) were up NOK 0.9 billion to NOK 21.8 billion in 2013. Increased drilling activity on the NCS and increased field development costs were only partly offset by lower seismic expenditures and lower drilling activity internationally.

Distribution of proved reserves



The reserve replacement ratio (**RRR**) was 1.28 in 2013, of which the organic RRR was 1.47. **Proved reserves** at the end of 2013 were estimated to be 2,318 mmboe of oil and 3,282 mmboe of natural gas, corresponding to aggregate proved reserves of 5,600 mmboe.

FINANCIAL REVIEW

Income statement under IFRS (in NOK billion)	For the year ended 31 December 2013	2012	13-12 change
Revenues	619.4	704.3	(12%)
Net income from associated companies	0.1	1.7	(92%)
Other income	17.8	16.0	11%
Total revenues and other income	637.4	722.0	(12%)
Purchases [net of inventory variation]	(307.5)	(364.5)	(16%)
Operating expenses and selling, general and administrative expenses	(84.1)	(72.3)	16%
Depreciation, amortisation and net impairment losses	(72.4)	(60.5)	20%
Exploration expenses	(18.0)	(18.1)	(1%)
Net operating income	155.5	206.6	(25%)
Net financial items	(17.0)	0.1	>(100%)
Income before tax	138.4	206.7	(33%)
Income tax	(99.2)	(137.2)	(28%)
Net income	39.2	69.5	(44%)

Revenues were down 12% to NOK 619.4 billion in 2013. Revenues are generated from both the sale of lifted crude oil, natural gas and refined products produced and marketed by Statoil, and from the sale of liquids and gas purchased from third parties. In addition, we market and sell the Norwegian State's share of liquids from the NCS. All purchases and sales of the Norwegian State's production of liquids are recorded as purchases [net of inventory variation] and revenues, respectively, while sales of the Norwegian State's share of gas from the NCS are recorded net.

The 12% decrease was mainly attributable to reduced volumes of liquids and gas sold. Lower liquids and gas prices measured in NOK, lower unrealised gains on derivatives and the drop in revenues due to the divestment of the Fuel and Retail segment in the second quarter of 2012, added to the decrease. Increased volumes of third party gas sold, partly offset the decrease in revenues.

Other income was up NOK 1.8 billion to NOK 17.8 billion in 2013. The increase was mainly due to higher gains from divestments, mainly related to the sales of assets to OMV and Wintershall in 2013.

Purchases [net of inventory variation] include the cost of liquids purchased from the Norwegian State, which is pursuant to the Owner's Instruction, and the cost of liquids and gas purchased from third parties. Purchases [net of inventory variation] were down 16% to NOK 307.5 billion in 2013, mainly related to lower SDFI volumes purchased and lower liquids and gas prices. The drop in purchases as a result of the divestment of the Fuel and Retail segment in second quarter of 2012, added to the decrease. Increased volumes of third party gas purchased, partly offset the decrease.

Operating expenses and selling, general and administrative expenses were up 16% to NOK 84.1 billion, mainly due to increased operating plant cost from start-up and ramp-up of production on various fields, higher royalty expenses, and an onerous contract provision. In addition, a reclassification of purchase expenses to operating expenses in the first quarter of 2013, added to the increase. Reversal of a provision related to the discontinued part of the early retirement pension recorded in 2012, also contributed to the increase.

Depreciation, amortisation and net impairment losses were up 20% to NOK 72.4 billion in 2013. The increase was mainly due to higher impairment losses related to refineries and certain other assets, start-up on new fields with higher depreciation cost per unit, ramp-up of production from various fields, and higher investments on producing fields. The increase was partly offset by reduced depreciation due to the lower production volumes, increased reserve estimates, divestments and redeterminations.

The **exploration expenses** decreased by NOK 0.1 billion to NOK 18.0 billion. The 1% decrease was mainly due to a higher portion of exploration expenditures being capitalised due to commercial wells in 2013, a lower portion of exploration expenditures capitalised in previous periods being expensed in 2013 and lower spending on seismic. Increased drilling activity and field development costs and a higher portion of exploration expenditures capitalised in previous periods being impaired, partly offset the decrease.

Exploration expenses	For the year ended 31 December		
(in NOK billion)	2013	2012	13-12 change
Exploration expenditures (activity)	**21.8**	20.9	4%
Expensed, previously capitalised exploration expenditures	**1.9**	2.7	(30%)
Capitalised share of current period's exploration activity	**(6.9)**	(5.9)	16%
Impairments, net of reversal	**1.2**	0.4	>100%
Exploration expenses	**18.0**	18.1	(1%)

As a result of the above, **net operating income** was NOK 155.5 billion in 2013, compared to NOK 206.6 billion in 2012.

Net financial items amounted to a loss of NOK 17.0 billion in 2013, compared to a gain of NOK 0.1 billion in 2012. The decrease was mainly due to negative changes in currency derivatives used for currency and liquidity risk management as a result of changes in underlying currency positions together with a strengthening of USD towards NOK of 9.3% in 2013 compared to a weakening of USD towards NOK of 7.1% in 2012. In addition a negative fair value change on interest rate swap positions relating to the interest rate management of non-current bonds due to an increase in long term USD interest rates by an average of 1.0% in 2013 compared to a decrease in 2012 by an average of 0.2%. This was offset by increased interest income and other financial items mainly due to reduced impairment loss related to financial investment, as well as decreased interest and other finance expenses.

Income taxes were NOK 99.2 billion in 2013, equivalent to an effective tax rate of 71.7%, compared to NOK 137.2 billion in 2012, equivalent to an effective tax rate of 66.4%. The increase in the effective tax rate from 2012 to 2013 was mainly due to higher impairment losses, onerous contract provisions and increased losses on financial items, all with lower than average tax rates. This was partly offset by increased capital gains with lower than average tax rates and relatively lower income from the NCS in 2013. Income from the NCS is subject to a higher than average tax rate.

The **effective tax rate** is calculated as income taxes divided by income before taxes. Fluctuations in the effective tax rates from year to year are principally the result of non-taxable items (permanent differences) and changes in the relative composition of income between Norwegian oil and gas production, taxed at a marginal rate of 78%, and income from other tax jurisdictions. Other Norwegian income, including the onshore portion of net financial items, is taxed at 28% (27% as from 2014), and income in other countries is taxed at the applicable income tax rates in those countries.

In 2013, the **non-controlling interest** in net profit was negative NOK 0.6 billion, compared to positive NOK 0.6 billion in 2012. The non-controlling interest was primarily related to the ownership share in Mongstad crude oil refinery, being 79% throughout 2013. After acquiring the remaining 21% from Shell, transaction effective 1 January 2014, Statoil is the 100% owner of the Mongstad refinery.

In 2013, **net income** decreased by 44% to NOK 39.2 billion, mainly due to the decrease in net operating income, increased loss on net financial items and the increase in the effective tax rate as described above.

Return on average capital employed (ROACE) was 11.3% in 2013 compared to 18.7% in 2012. The reduction is due to a 35% decrease in net income adjusted for financial items, combined with an increase in average capital employed.

Statoil's board of directors will propose to the Annual General Meeting an **ordinary dividend** of NOK 7.00 per share for 2013, at an aggregate total of NOK 22.3 billion. The remaining net income in the parent company will be allocated to reserve for valuation variances and retained earnings with NOK 15.5 billion and NOK 1.7 billion, respectively. For 2012, Statoil paid an ordinary dividend of NOK 6.75 per share.

The Financial Supervisory Authority (FSA) of Norway has conducted a review of our 2012 financial statements. There is no numerical effect on the financial statements for 2013 and prior years. Statoil has filed an appeal with the Ministry of Finance and has been granted a stay for one of the FSA's conclusions. See note 27 *Subsequent events* to the Consolidated financial statements for more information.

In accordance with §3-3 of the Norwegian Accounting Act, the board of directors confirms that the financial statements have been prepared on the basis of the going concern assumption.

Cash flows

Statoil`s cash flows in 2013 reflect a high investment level, continued portfolio optimisation and issuance of new debt resulting in an increase in cash and cash equivalents and short-term financial investments.

The most significant drivers of **cash flows provided by operations** are the level of production and prices for liquids and natural gas that impact revenues, purchases [net of inventory valuation], taxes paid and changes in working capital items. Cash flows provided by operations amounted to NOK 101.3 billion in 2013, a decrease of NOK 26.7 billion compared to 2012. The decrease was largely driven by decreased profitability mainly caused by lower volumes of liquids and gas sold and lower liquids and gas prices in 2013 compared to 2012. Changes in working capital had a negative impact of NOK 7.9 billion, partly offset by lower taxes paid of NOK 5.7 billion.

Cash flows used in investing activities increased by NOK 13.8 billion from 2012 to 2013. The increase was mainly due to higher additions to financial investments of NOK 11.1 billion. Proceeds from sales decreased by NOK 2.7 billion, and for the year ended 2013 the proceeds were mainly related to the sale of assets to OMV and Wintershall. For the year ended 2012, the proceeds from sales were mainly related to payments from the sale of interest in Gassled, the sale of NCS assets to Centrica and the sale of the 54% shareholding in Statoil Fuel and Retail ASA.

Cash flows provided by (used in) financing activities. Net cash flows provided by financing activities amounted to NOK 26.6 billion in 2013, an increase of NOK 44.8 billion compared to 2012. The increase was mainly due to an increase in net finance debt of NOK 54.6 billion, partially offset by a decrease in current loans and other of NOK 8.9 billion.

Liquidity and capital resources

Statoil has a strong balance sheet and considerable financial flexibility. The net debt ratio before adjustments was 14.0% at the end of 2013. Net interest-bearing debt increased by NOK 18.7 billion to NOK 58.1 billion at the end of 2013.

Financial position and liquidity

Statoil's financial position is strong although net debt ratio before adjustments at year end increased from 10.9% in 2012 to 14.0% in 2013. Net interest-bearing debt increased from NOK 39.3 billion to NOK 58.1 billion. During 2013 Statoil's total equity increased from NOK 319.9 billion to NOK 356.0 billion. From 2012 to 2013 cash flows provided by operations are reduced and cash flows used in investments are increased. Statoil paid a dividend of NOK 6.75 per share for 2012.

We believe that, given the current liquidity reserves, including committed credit facilities of USD 3.0 billion and very good access to various capital markets, Statoil will have sufficient capital available.

Our general policy is to keep a liquidity reserve in the form of cash and cash equivalents or other short-term financial investments in our balance sheet, as well as committed, unused credit facilities and credit lines in order to ensure that we have sufficient financial resources to meet our short-term requirements. Long-term funding is raised when we identify a need for such financing based on our business activities, cash flows and required financial flexibility when market conditions are considered to be favourable.

The group's borrowing needs are usually covered through the issuing of short-term and long-term securities, including utilisation of a US Commercial Paper Program (program limit USD 4.0 billion) and a Shelf Registration Statement (unlimited) filed with the Securities and Exchange Commission (SEC) in the United States as well as through issues under a Euro Medium-Term Note (EMTN) Programme (program limit USD 12.0 billion) listed on the London Stock Exchange. Committed credit facilities and credit lines may also be utilised. After the effect of currency swaps, the major part of our borrowings is in USD.

Financial indicators

Financial indicators (in NOK billion)	For the year ended 31 December 2013	2012
Gross interest-bearing debt	182.5	119.4
Net interest-bearing debt before adjustments	58.1	39.3
Net debt to capital employed ratio	14.0%	10.9%
Net debt to capital employed ratio adjusted	15.2%	12.4%
Cash and cash equivalents	85.3	65.2
Current financial investments	39.2	14.9

Gross interest-bearing debt were NOK 182.5 billion and NOK 119.4 at 31 December 2013 and 2012, respectively. The NOK 63.1 billion increase from 2012 to 2013 was due to a decrease in current finance debt of NOK 1.3 billion and an increase in non-current finance debt of NOK 64.5 billion.

Net interest-bearing debt before adjustments were NOK 58.1 billion and NOK 39.3 billion at 31 December 2013 and 2012, respectively. The increase of NOK 18.8 billion from 2012 to 2013 was mainly related to an increase in gross interest-bearing debt of NOK 63.1 billion in addition to an increase in cash and cash equivalents and current financial investments of NOK 44.4 billion, reflecting increased level of bond issues and active portfolio management (proceeds from sales of assets).

The net debt to capital employed ratio before adjustments (net debt divided by capital employed) was 14.0% and 10.9% in 2013 and 2012, respectively. The net debt to capital employed ratio adjusted (certain adjustments are done to better reflect the underlying exposure in the group) was 15.2% and 12.4% in 2013 and 2012, respectively. The 2.8 percentage points increase in net debt to capital employed ratio adjusted from 2012 to 2013 was mainly related to an increase in net interest-bearing debt adjusted of NOK 18.6 billion in combination with an increase in capital employed adjusted of NOK 54.7 billion.

Cash and cash equivalents were NOK 85.3 billion and NOK 65.2 billion at 31 December 2013 and 2012, respectively. The increase reflects the proceeds from sales of assets as well as increased level of bond issues.

Current financial investments, which are part of our liquidity management, amounted to NOK 39.2 billion and NOK 14.9 billion at 31 December 2013 and 2012, respectively.

Group outlook

Equity production for the period 2013 - 2016 is estimated to be around 3% Compound Annual Growth Rate (CAGR) from a 2013 level rebased for divestments and redeterminations. Organic capital expenditures for 2014 are estimated at around USD 20 billion.

Organic capital expenditures for 2014 (i.e. excluding acquisitions and capital leases), are estimated at around USD 20 billion.

Statoil will continue to mature the large portfolio of exploration assets and expects to complete around 50 wells in 2014 with a total **exploration expenditure** level at around USD 3.5 billion, excluding signature bonuses.

Statoil continues to focus on value creation and **RoACE** is expected to stabilise at the 2013 level, based on an oil price of USD 100 per barrel (real 2013).

Our ambition for the **unit of production cost** continues to keep our position in the top quartile of our peer group.

For the period 2013 - 2016 organic growth is expected to come from new projects resulting in around 3% CAGR from a 2013 level rebased for divestments and redeterminations.

The **equity production for 2014** is estimated to be around 2% CAGR from a 2013 level rebased for divestments and redeterminations.

Scheduled maintenance is planned to have a negative impact on quarterly equity production of approximately 10 mboe per day in the first quarter of 2014. This is mainly outside the NCS. In total, maintenance is estimated to have a negative impact on equity production of around 55 mboe per day for the full year 2014, of which the majority is liquids.

Deferral of gas production to create value, gas off-take, timing of new capacity coming on stream and operational regularity represent the most significant risks related to the production guidance.

These forward-looking statements reflect current views about 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.

Risk review

The results of our operations depend on a number of factors, most significantly those affecting prices received in Norwegian kroner (NOK) for our products.

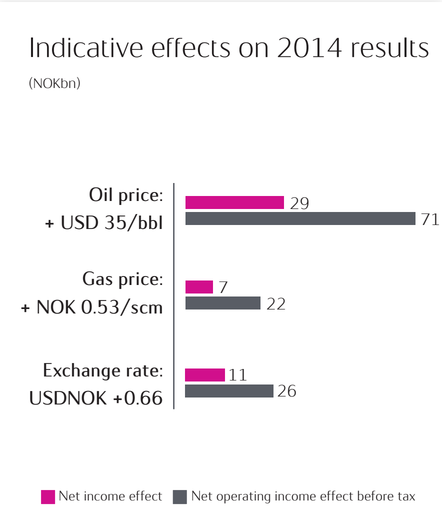
Market risk

The factors that influence the results of our operations include: the level of crude oil and natural gas prices, trends in the exchange rate between the US dollar (USD), in which the trading price of crude oil is generally stated and to which natural gas prices are frequently related, and NOK, in which our accounts are reported and a substantial proportion of our costs are incurred, our oil and natural gas production volumes, which in turn depend on entitlement volumes under Product Sharing Agreements (PSAs) and available petroleum reserves, and our own, as well as our partners' expertise and cooperation in recovering oil and natural gas from those reserves, and changes in our portfolio of assets due to acquisitions and disposals.

Our results will also be affected by trends in the international oil industry, including possible actions by governments and other regulatory authorities in the jurisdictions in which we operate, or possible or continued actions by members of the Organization of Petroleum Exporting Countries (OPEC) that affect price levels and volumes, refining margins, costs of oilfield services, supplies and equipments, competition for exploration opportunities and operatorships, and deregulation of the natural gas markets, all of which may cause substantial changes to the existing market structures and to the overall level and volatility of prices.

The following table shows the yearly averages for quoted Brent Blend crude oil prices, average invoiced gas prices, reference refining margins and the USDNOK average daily exchange rates for 2013, 2012 and 2011.

Yearly average	2013	2012	2011
Crude oil (USD/bbl Brent blend)	108.7	111.5	111.4
Average invoiced gas price (NOK/scm)	2.0	2.2	2.1
Refining reference margin (USD/bbl)	4.1	5.5	2.3
USDNOK average daily exchange rate	5.9	5.8	5.6



The sensitivity analysis shows the estimated 12 months effect of 1 standard deviation change in parameters.

The illustration shows the indicative full-year effect on the financial result 2014 given certain changes in the crude oil prices, natural gas contract prices and the USDNOK exchange rates. The estimated sensitivity of our financial results to each of the factors has been estimated based on the assumption that all other factors remain unchanged.

Our oil and gas price hedging policy is designed to support our long-term strategic development and our attainment of targets by protecting financial flexibility and cash flows.

Our products are marketed and traded worldwide and therefore subject to competition and antitrust laws at the supranational and national level in multiple jurisdictions. We are exposed to investigations from competition and antitrust authorities, and violations of the applicable laws and regulations may lead to substantial fines. In May 2013, the EFTA Surveillance Authority conducted an unannounced inspection at our main office in Stavanger, Norway, on behalf of the European Commission. The authorities suspected participation by several companies, including Statoil, in anti-competitive practices and/or market manipulation related to the Platts' Market-On-Close price assessment process. The investigation is not finalised and no conclusions have been made. The products in scope in the investigation are traded worldwide and there is a risk that authorities in other jurisdictions could also bring similar proceedings.

Fluctuating foreign exchange rates can have a significant impact on our operating results. Our revenues and cash flows are mainly denominated in or driven by USD, while our operating expenses and income taxes payable largely accrue in NOK. We seek to manage this currency mismatch by issuing or swapping non-current financial debt in USD. This long-term funding policy is an integrated part of our total risk management programme. We also engage in foreign currency management in order to cover our non-USD needs, which are primarily in NOK. In general, an increase in the value of USD in relation to NOK can be expected to increase our reported earnings.

Liquidity risk
Liquidity risk is the risk that Statoil will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity management is to make certain that Statoil has sufficient funds available at all times to cover its financial obligations.

Statoil manages liquidity and funding at the corporate level, ensuring adequate liquidity to cover Statoil's operational requirements. Statoil has a high focus and attention on credit and liquidity risk. In order to secure necessary financial flexibility, which includes meeting Statoil's financial obligations, Statoil maintains a conservative liquidity management policy. To identify future long-term financing needs, Statoil carries out three-year cash forecasts at least monthly. During 2013 Statoil's overall liquidity was further strengthened.

The main cash outflows are the annual dividend payment and tax payments. If the monthly cash flow forecast shows that the liquid assets one month after tax and dividend payments will fall below the defined policy level, new long-term funding will be considered.

Mainly all of Statoil's financial liabilities related to derivative financial instruments, both exchange traded and non-exchange traded commodity-based derivatives together with financial derivatives, with the exception of some interest rate derivatives classified as non-current in the balance sheet, fall due within one year, based on the underlying delivery period of the contracts included in the portfolio. The interest rate derivatives classified as non-current in the balance sheet fall due from 2016 till 2043.

Credit risk
Credit risk is the risk that Statoil's customers or counterparties will cause the company financial loss by failing to honour their obligations. Credit risk arises from credit exposures with customer accounts receivables as well as from financial investments, derivative financial instruments and deposits with financial institutions.

Key elements of the credit risk management approach include:
- A global credit risk policy
- Credit mandates
- Internal credit rating process
- Credit risk mitigation tools
- A continuous monitoring and managing of credit exposures

Prior to entering into transactions with new counterparties, the credit policy requires all counterparties to be formally identified and approved. In addition all sales, trading and financial counterparties are assigned internal credit ratings as well as exposure limits. Once established, all counterparties are re-assessed minimum annually and continuously monitored. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial and other relevant business information. In addition, Statoil evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect Statoil's assessment of the counterparties' credit risk. Exposure limits are determined based on assigned internal credit ratings combined with other factors, such as expected transaction and industry characteristics. Credit mandates define acceptable credit risk thresholds and are endorsed by management and regularly reviewed with regard to changes in market conditions.

Statoil uses risk mitigation tools to reduce or control credit risk both on a counterparty and portfolio level. The main tools include bank and parental guarantees, prepayments and cash collateral. For bank guarantees only investment grade international banks are accepted as counterparties.

Statoil has pre-defined limits for the minimum average credit rating allowed at any given time on the group portfolio level as well as maximum credit exposures for individual counterparties. Statoil monitors the portfolio on a regular basis and individual exposures versus limits on a daily basis. The total credit exposure portfolio of Statoil is geographically diversified among a number of counterparties within the oil and energy sector, as well as larger oil and gas consumers and financial counterparties. The majority of the company's credit exposure is with investment grade counterparties.

For further information about financial risk management and derivatives, see note 3 *Financial risk management and derivatives* to the financial statements of Statoil ASA.

Safety, security and sustainability

Safety and sustainability must go to the core of our business. The safety and security of people who work for us is our first priority. In 2013 Statoil experienced the worst terrorist attack in the history of the oil and gas industry.

Sound safety and sustainability performance is a prerequisite for our long-term success. Statoil strives to ensure safe operations that protect people, the environment, communities and material assets. The In Amenas incident in 2013 demonstrated our vulnerability and the importance of building a strong and robust security culture.

In Amenas

Forty innocent people were killed, including five Statoil employees, in the brutal terrorist attack on In Amenas 16 January. Following the attack, on 26 February 2013 the Board of Directors commissioned an investigation of the attack. The main objectives of the investigation were to clarify the chain of events and to facilitate learning and further improvements within risk assessment, security and emergency preparedness.

The investigation team submitted its report on 9 September 2013. The report was discussed by the Board of Directors on 11 September and made public the following day. The main conclusions of the investigation were:

On the attack:

- The sum of outer and inner security measures failed to protect the people at the site from the attack on In Amenas on 16 January. The Algerian military were not able to detect or prevent the attackers from reaching the site. Security measures at the site were not constructed to withstand or delay an attack of this scale, and relied on military protection working effectively.
- Neither Statoil nor the joint venture could have prevented the attack, but there is reason to question the extent of their reliance on Algerian military protection. Neither of them conceived of a scenario where a large force of armed attackers reached the facility.
- The joint venture incident management team led the civilian crisis response, supported by Sonatrach and many other agencies on the ground. Statoil's contribution to the overall emergency response was effective and professional. The investigation team has not identified areas where a different response by Statoil could have changed the outcome.

On security in Statoil:

- Statoil has established a security risk management system, but the company's overall capabilities and culture must be strengthened to respond to the security risks associated with operations in volatile and complex environments.

The report gave 19 recommendations within the areas of security at In Amenas and other facilities in Algeria, organisation and capabilities, security risk management systems, emergency preparedness and response, and cooperation and networks. A new corporate unit for *Security and emergency preparedness* and a security improvement programme with a dedicated programme manager has been established in order to strengthen the security area and execute on the recommendations in the report. The company will now ensure that the recommendations are integrated and a prioritized part of the initiated improvement programme in the security area. The Board of Directors has endorsed the improvement programme, and will continuously follow up the implementation and consider the need for further measures.

The investigation report is available at Statoil.com.

Safety and security

Statoil aims to be recognised for our sound safety performance and to be a driving force for improving safety and security standards. Our ambition is to be an industry leader in safety. Everyone working for us, and in the joint ventures we operate, is required to comply with our safety and security standards and intervene in unsafe situations. We also actively engage with companies we contract with, as well as joint ventures we do not control, to encourage them to embed safety cultures in their workforces.

Four focus areas have guided our safety work in 2013: *Compliance & Leadership* (a structured way of working that focuses on understanding tasks, risks and requirements), simplification of the management system, risk management, and technical integrity.

We are working closely with industry peers on prevention and emergency preparedness. Our industry is determined to learn from incidents and accidents to prevent similar occurrences in the future. We believe that accidents can be prevented. However, we recognise the risks associated with our business and are prepared to handle situations that require immediate action to save lives and protect the environment, facilities, equipment and any third parties who may be affected. As such, Statoil holds regular emergency response courses, exercises and also travel and hostage survival courses.

Statoil uses SIF (serious incident frequency) as a key indicator to monitor safety performance. This indicator (number of serious incidents, including near misses, per million hours worked) combines both actual consequences of incidents and the potential for incidents to develop into serious or major accidents. The overall serious incident frequency (SIF) improved from 1.0 in 2012 to 0.8 in 2013.

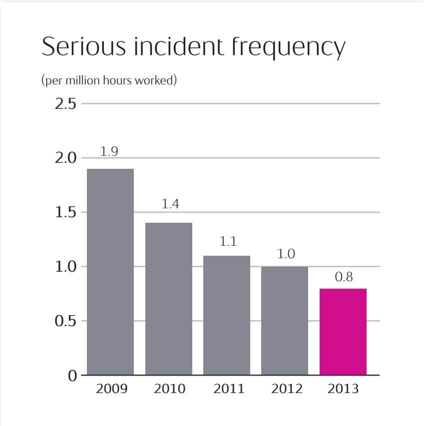
The number of total recordable injuries per million work hours (TRIF) remained stable at 3.8 in 2013, and the lost-time injury frequency remained stable at 1.4. A further breakdown shows that the TRIF for our employees decreased from 2.7 in 2012 to 2.0 in 2013, whereas the TRIF for our contractors increased from 4.3 in 2012 to 4.7 in 2013. There were no fatalities among contractors working at Statoil-operated activities in 2013.

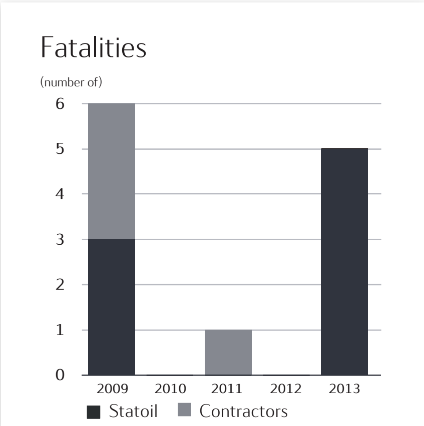
Oil and gas leakages are a main contributor to major accident risk. As part of our risk management, we closely monitor the key performance indicator "Oil and gas leakages" (leakages above 0.1 kg/sec). Following a period of decrease from 2008 to 2012, the number of oil and gas leakages increased in 2013. The main causes of leakages were technical failure and human error. Key focus areas going forward will be to further enhance technical integrity and to continue to implement the *Compliance and Leadership* programme, which focuses on strengthening safety culture and behaviour.

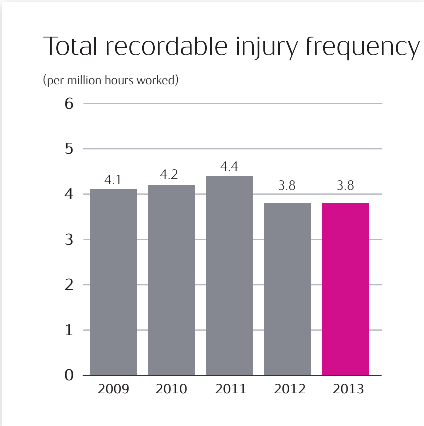
The number of unintentional oil spills was 219 in 2013, compared to 306 in 2012. The volume of spills increased from 52 cubic metres in 2012 to 69 cubic metres in 2013. The main contributor to the overall volume for 2013 was a discharge of 20 m^3 diesel oil from the Glitne field, due to a malfunctioning valve combined with human error.

The number of other unintentional spills was 181 in 2013, compared with 180 in 2012. The volume of other unintentional spills in 2013 was 1,500 cubic metres compared with 501 cubic metres in 2012. The largest spill was from injected chemicals from Statfjord B, accidentally released to sea due to loss of integrity in an injection well.

In 2013, it was discovered that chemicals had been leaking into the Norwegian Sea from an injection well at the Njord field over a period of six years (2000-2006). Statoil has completed an internal investigation of this incident, and a dialogue with the Norwegian Environment Agency has been established regarding further follow-up of these discharges and future operations on the Njord field.







Note: We report health and safety incident data for all of our operated assets, facilities and vessels, including all subsidiaries and operations where we are the technical service provider. By using a risk-based approach, we extend the scope of reporting to cover contracted drilling rigs, floatels and vessels, projects and modifications and the transportation of personnel and products according to defined inclusion criteria.

Health and working environment

We are committed to ensuring a healthy working environment for our people. We make systematic efforts to design and improve the working environment in order to prevent occupational accidents, work-related diseases and sickness absence. We emphasise the psychosocial aspects of the working environment and promote the good health and well-being of all of our employees.

Our priority areas within health and working environment are health risk on travel, workload and psychosocial work environment, ergonomics, noise and exposure to chemicals. We focus on proactive management of risks, risk-based health surveillance and analyse and follow-up work-related illness cases. Hearing reduction, ergonomic strains and psychosocial factors were the most significant types of exposure causing work-related illnesses in 2013. These illness categories are followed-up through specific monitoring tools. In 2013, specific attention was given to collaboration with contractors to reduce the noise burden. Statoil continued to fund noise research projects on hearing protection and noise exposure.

The sickness absence rate in Statoil increased slightly from 3.7% in 2012 to 3.9% in 2013. The sickness absence is followed closely by managers at all levels.

Environment and climate

Our business decisions are being shaped in the light of climate change. We expect and prepare for increased CO_2 prices and stricter climate regulations. The world will depend on oil and gas as primary energy sources for decades to come. In its newly published World Energy Outlook 2013 the International Energy Agency (IEA) projects global energy demand to rise one-third by 2035. Fossil fuels presently comprise 82% of world energy demand. Renewable energy will only reduce our reliance on fossil fuels to 76% by 2035. We prepare for a future of growing energy needs and an ever-increasing focus on efficiency and emission reductions.

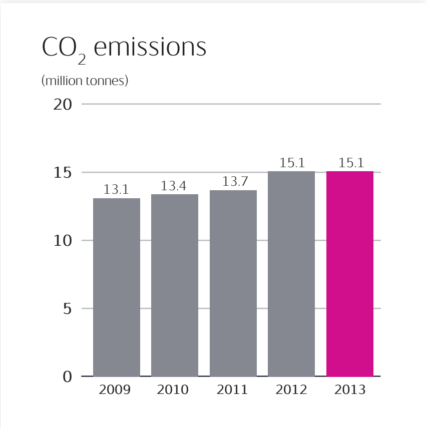
External benchmarks, such as the Carbon Disclosure Project *Global 500 Climate Change Report 2013*, document that Statoil is currently one of the most carbon efficient international oil and gas companies. However, the emissions from our activities are expected to grow, driven by production growth and maturing assets on the Norwegian continental shelf. Our ability to manage this development will be a critical success factor for our business.

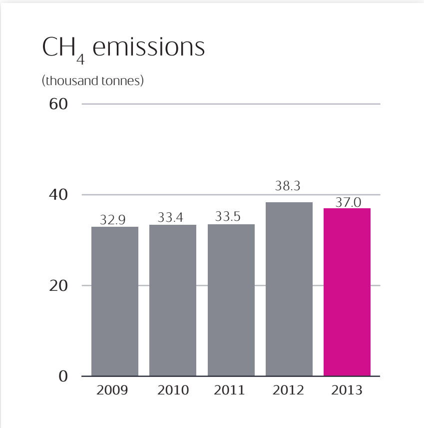
In 2012, we publicly shared our positions on climate change, available at Statoil.com. Our major contribution is the supply of clean, affordable and abundant natural gas. As the second largest supplier of natural gas to Europe, we provide low carbon energy that offers a golden opportunity to reduce emissions. Our ambition is to be an industry leader in carbon efficiency. As part of our response to the climate challenge, we have established 2020 carbon intensity targets per production segment. More information about these targets is available in the *2013 Sustainability Report*.

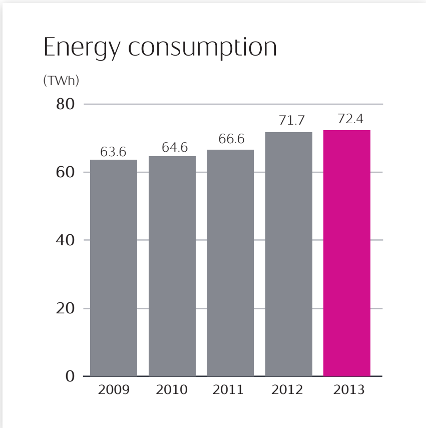
Beyond our core operations, we work with governments, businesses, peers and civil society to facilitate the development of viable global policies and regulatory frameworks, including implementation of carbon pricing tools. We advocate for a global price on carbon reflecting the real impact of emissions, in order to stimulate technologies that can deliver energy with minimum carbon footprint. Recently we have increased our focus on methane emissions. We partner with the Norwegian government as an associate member of the Global Methane Initiative.

We safeguard the environment by reducing emissions and discharges. Ensuring an efficient use of natural resources is an important part of our environmental performance management. We promote the responsible use of water, from sourcing to disposal. We protect biodiversity through research, improved cleaning technologies and risk and impact management. We work together with our suppliers to limit emissions and air pollution, minimise invasive aquatic species and reduce risks pertaining to accidental spills related to shipping transportation.

The Statoil-operated activities that had the most significant impact on our overall environmental performance in 2013 were our offshore production installations on the Norwegian continental shelf (NCS), where the majority of our producing assets are located.







Note: We report environmental data for all of Statoil-operated assets, facilities and vessels, including all subsidiaries and operations where we are the technical service provider. Environmental data are reported on a 100% basis for companies and joint ventures where we are the operator. Environmental data are for our direct emissions unless otherwise stated.

Emissions of CO_2 were 15.1 million tonnes in 2013, in line with 2012 emissions. The emissions in 2013 were mainly impacted by reduced production on the NCS, offset by an increase in CO_2 emissions from our onshore activities in the US and Canada.

Methane (CH_4) emissions decreased from 38.3 thousand tonnes in 2012 to 37.0 thousand tonnes in 2013. The decrease was mainly driven by reduced methane emissions per unit of gas flared in our US onshore operations.

In 2013, total energy consumption was 72.4 TWh, an increase of 0.7 TWh compared to 2012. The increase was mainly driven by an increase in energy consumption at our onshore assets in the US and Canada, partially offset by a decrease in energy consumption at our offshore operations on the NCS as a result of planned maintenance and unplanned production stops.

Nitrogen oxide (NO_x) emissions from Statoil-operated assets increased from 45.2 thousand tonnes in 2012 to 46.1 thousand tonnes in 2013. The increase was mainly caused by an increase in exploration activities in 2013 compared with 2012 and an increase in the production from our US onshore operations.

Total emissions of non-methane volatile organic compounds (nmVOC) decreased from 59.8 thousand tonnes in 2012 to 57.6 thousand tonnes in 2013. The decrease was mainly attributed to more efficient flares at our US onshore operations in 2013.

The total volume of sulphur oxide (SO_x) emissions from Statoil-operated assets increased from 1.8 thousand tonnes in 2012 to 2.0 thousand tonnes in 2013. The increase was largely caused by operational challenges at our refining facilities and increased diesel usage in our oil sands operations.

In 2013, the volume of total waste increased from 274.7 thousand tonnes to 320.5 thousand tonnes. This was mainly due to higher drilling activity and consequently an increase in hazardous waste, predominantly on the NCS.

The non-hazardous waste recovery rate increased slightly from 41.9% in 2012 to 43% in 2013. The hazardous waste recovery rate decreased from 15.2% in 2012 to 12.8% in 2013. The decrease can largely be attributed to increased amounts of non-recovered drilling waste.

Human rights and labour standards

We make efforts to operate our business in a way that respects human rights and labour standards. We promote respect for fundamental labour rights and standards, such as decent wages, the regulation of working hours, the prohibition on child or forced labour, and freedom of association and collective bargaining. Our commitment to respect human rights and labour standards is based on the International Bill of Human Rights, including the Universal Declaration of Human Rights and the International Labour Organization's (ILO) 1998 Declaration on Fundamental Rights and Principles at Work, and the UN Guiding Principles on Business and Human Rights. We endorse the United Nations Global Compact Principles and the OECD Guidelines for Multinational Enterprises.

Statoil is amongst the founding members of Voluntary Principles on Security and Human Rights (VPSHR). Our commitment to the Voluntary Principles is reflected in our corporate-wide policies and security procedures. These procedures outline how security resources are managed and deployed, and underscore how important it is that all security personnel working on Statoil's behalf display universal respect for human rights, act within the law and comply with the company's rules.

In 2013, we continued to focus on efforts to implement our responsibility to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights and our values and policies. Key improvement initiatives included further work on integrating human rights into risk and impact assessments, developing incorporation of human rights clauses into joint venture agreements, improving implementation of labour standards in our supply chain management and further work on our group-wide improvement initiative on community grievance mechanisms.

We conduct human rights due diligence reviews of our new business opportunities and ongoing activities, including assessment of supplier and partners. This approach addresses social, environmental, political and integrity risks. As part of the pre-qualification process, suppliers are screened for material integrity risks, and, as relevant, subject to a more extensive integrity due diligence (IDD) review. The IDD requirement covers, among other topics, human rights and labour standards.

All potential suppliers for contracts worth more than NOK 7 million are required to sign our Supplier Declaration in the pre-qualification phase. The signed Supplier Declaration is incorporated in the contract. In addition to minimum standards for ethics and anti-corruption, safety and environment, the Declaration commits our suppliers to respecting human rights, core labour standards and employment conditions, as well as to promoting these principles among their own sub-suppliers.

Transparency and anti-corruption

We believe that transparency is a cornerstone of good governance. It allows businesses to prosper in a predictable environment, contributes to a level playing field and enables citizens to hold governments accountable. We have zero tolerance for corruption in our operations.

Our business generates significant revenues for governments. In 2013, we paid NOK 118 billion in direct taxes, including in-kind taxes of NOK 4 billion, NOK 38.1 billion in profit oil in kind, NOK 6.4 billion in indirect taxes and NOK 2.7 billion in signature bonuses. Transparency is vital to ensuring that the wealth derived from the energy we produce is put to effective and equitable use.

"Open" is one of our four company values. We were one of the first major oil and gas companies to voluntarily start disclosing all revenues and payments to governments in the countries where we operate. We welcome initiatives to strengthen and harmonise global revenue transparency legislation, including project-by-project disclosure of payments, as laid out in the EU Directive and a similar Norwegian legislation that is effective from 1 January 2014. For Statoil, it is important that revenue transparency regulation applies globally, is effective, and creates a level playing field for all companies, communities and governments.

Statoil is against all forms of corruption, including facilitation payments. We believe that ethical conduct is a necessary condition for a sustainable business. Our Ethics Code of Conduct reflects the high ethical standard that we are committed to wherever we operate. The Ethics Code of Conduct describes our commitment and requirements connected to ethical issues related to business practice and personal conduct. It requires Statoil to comply with all applicable laws and regulations and to act in an ethical, sustainable and socially responsible manner. The Ethics Code of Conduct applies to the whole organisation and its employees, including the chief executive officer, board members, hired personnel and consultants, and to intermediaries, lobbyists and others who act on Statoil's behalf. The Ethics Code of Conduct is available at Statoil.com and in local languages in all countries where Statoil has operations.

We have implemented a company-wide anti-corruption compliance programme. Compliance officers, who are responsible for ensuring that ethics and anti-corruption considerations are integrated into our business activities, constitute an important part of the programme. The programme manual is available at Statoil.com.

Our main focus in 2013 was the continued development of our anti-corruption compliance programme to ensure alignment with external legal requirements and reflecting international best practices, as well as providing training and raising awareness among our employees. We implemented an internal requirement for all employees to certify their knowledge of the Ethics Code of Conduct and to make a commitment to comply with the code.

Statoil seeks and develops relations with suppliers and partners that uphold a commitment to our values and operational integrity. New investments, partners, suppliers and contractors are screened for material integrity risks, and may also, based on risk, be subjected to a more extensive IDD review. The IDD requirements cover integrity, human rights and labour standards. The follow-up of the specific contract or investment shall include any required mitigating measures.

Other relevant reports

Some of the most significant safety and sustainability performance indicators at group level are presented above. More information about Statoil's safety and sustainability policies, activities, plans and performance is available in the *2013 Sustainability Report*, based on the Global Reporting Initiative (GRI) reporting guidelines.

People and organisation

Statoil's overall strategic objective is to build a globally competitive company and to be an exceptional place to perform and develop.

Ware committed to attracting and selecting the right people and providing opportunities for people to grow. Our global people policy is the most important guideline for our people processes, together with our values and Ethics Code of Conduct. The policy is available in *The Statoil Book* at Statoil.com.

At Statoil we encourage our employees to take responsibility for their own learning and development and continuously build new skills and share knowledge, supported by our Corporate University LEAP (Learn, Engage, Achieve, Perform). We develop and deploy our people through the People@Statoil process, our common annual platform for measuring performance, rewards, development and deployment. The process is described in The Statoil Book. We endeavour to ensure a good match between employees' professional interests and business goals and needs.

We promote diversity among our employees. The importance of diversity is stated explicitly in Statoil's values and Ethics Code of Conduct. We try to create the same opportunities for everyone and do not tolerate discrimination or harassment of any kind in our workplace. In 2013, we continued to focus on strengthening women in leadership and professional positions and on building broad international experience in our workforce. Our commitment to diversity and inclusion was demonstrated in the 2013 Global People Survey, where we maintained our high score of 5.1 (6 being the highest) for the existence of zero tolerance for discrimination and harassment within the workplace.

In 2013, the overall percentage of women in the company was 31% - and 50% of the members of the board of directors were women, as were 11% of the corporate executive committee. We pay close attention to male-dominated positions and discipline areas, and in 2013 the proportion of female engineers increased by 1% point to 27% in Statoil ASA. Among staff engineers with up to 20 years' experience, the proportion of women was 30%. We continue to strive to increase the number of female managers through our development programmes, and in 2013 the total proportion of female managers in Statoil remained stable at 27%.

Statoil works systematically with recruitment and development programmes in order to build a diverse workforce by attracting, recruiting and retaining people of both genders and different nationalities and age groups across all types of positions. The intake of apprentices in Norway is an important part of the company's recruitment of skilled workers and commitment to the education and training of young technicians and operators in the oil and gas industry. In 2013, apprenticeships were given to 168 new students; of these 58 were female. The total number of apprentices in Statoil is 343.

In 2013, 21% of employees and 22% of our managerial staff held nationalities other than Norwegian. That is an increase of 1% point for employees and 2% point for managerial staff from 2012. Outside Norway, Statoil aims to increase the number of people and managers who are locally recruited and to reduce the long-term, extensive use of expats in business operations. In 2013, 48% of new hires in Statoil were non-Norwegians and 34% were women.

At Statoil we reward our people on the basis of their performance, giving equal emphasis to delivery and behaviour. Our rewards approach is adapted to local market conditions at the locations in which we operate and is transparent, non-discriminatory and supports equal opportunities. Given the same position, experience and performance, our employees will be at the same remuneration level relative to the local market. This is demonstrated in the salary ratio between women and men at different levels in Statoil ASA. In 2013 this ratio remained very high, with an average of 98%.

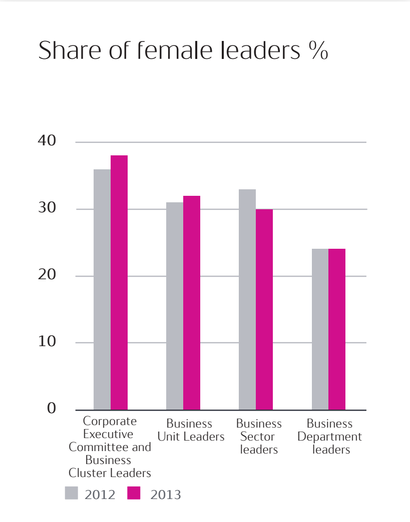
In 2013, management and employee representatives collaborated closely, in particular on the follow-up of the In Amenas terrorist attack, safety incidents on the Norwegian continental shelf and the review of staff and service functions. In addition, the European Works Council continued to be an important channel of communication between the company and employees. We promote good employee and industrial relations practices through various networks and forums, including IndustriALL.

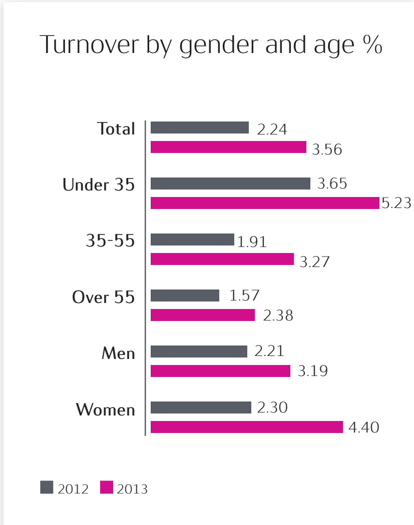
We believe Statoil's low turnover rates reflect a high level of satisfaction and engagement among its employees, which is also supported by the results of the annual organisational and working environment survey. In Statoil, the total turnover rate for 2013 was 3.6%. On 31 December 2013, the Statoil group employed 23,413 permanent employees and 3% of the workforce worked part-time.

About our People data

Our people performance data relates to permanent employees in our direct employment, except for the table on total workforce, which provides the number of permanent employees and consultants. Statoil defines consultants as contracted personnel that are mainly based in our offices. Temporary employees and enterprise personnel are not included in the workforce table. Enterprise personnel are defined as third party service providers and work on our on-shore and off-shore operations. These were roughly estimated to be around 46,000 in 2013. The information about people policies applies to Statoil and its subsidiaries.

More information about Statoil's approach to People and Organisation is available in the *2013 Sustainability Report*.





Total workforce by region, gender, employment type, and new hires (headcount)

	Permanent employees		Women (%)		Consultants		Total Workforce*		Consultants (%)		Part time (%)		New hires	
Geographical Region	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Norway	20,336	20,186	30%	30%	1,826	2,549	22,162	22,735	8%	11%	3%	3%	923	1,661
Rest of Europe	935	925	30%	30%	145	165	1,080	1,090	13%	15%	2%	1%	72	100
Africa	140	116	33%	25%	30	53	170	169	18%	31%	NA	NA	34	15
Asia	140	157	53%	56%	11	14	151	171	7%	8%	NA	NA	26	31
North America	1,559	1,378	35%	34%	7	54	1,566	1,432	0.50%	4%	NA	NA	303	344
South America	303	266	38%	38%	103	148	406	414	25%	36%	NA	NA	56	69
TOTAL	23,413	23,028	31%	31%	2,122	2,983	25,535	25,129	8%	11%	3%	3%	1414	2220
non-OECD	690	653	39%	39%	146	230	836	993	17%	26%	NA	NA	119	120

* The total workforce consists of permanent employees and consultants. Enterprise personnel are not included in the figures. Enterprise personnel are defined as third-party service providers and work on our onshore and offshore operations. These were roughly estimated to be around 46,000 in 2013.

Research and development

Statoil is a technology-intensive company and research and development is an integral part of our strategy. Innovation and technological development are essential to achieve safe and efficient operations and deliver on our strategic objectives.

Statoil's corporate technology strategy sets the strategic direction for how technology development and implementation can address the challenges and contribute to achieving the corporate ambitions for 2014-2016.

A world-class research and development organisation is crucial in order to support Statoil's growth ambition and to solve complex technology challenges on the Norwegian continental shelf and internationally. Statoil's Research, Development and Innovation business cluster (RDI) is responsible for carrying out research to meet Statoil's business needs and is organised in four programmes: Unconventionals, Frontier developments, Mature area developments & IOR and Exploration. They cover the main upstream building blocks where Statoil is growing. The RDI organisation operates and further develops laboratories and large-scale test facilities and has an academia programme that addresses cooperation with universities and research institutes.

Statoil has four research centres in Norway, a heavy oil technology centre in Canada and representatives in offices in Beijing (China), Rio de Janeiro (Brazil), Houston (US) and St. John's (Canada), close to many of our international operations.

The business potential of technologies that addresses increased recovery is significant. Statoil is focusing specifically on the challenge of resource and reserve replacement. Moving the barrels faster from resources to production and maintaining current production levels requires a combination of innovative technologies and simple and smart solutions.

Research and development expenditures were NOK 3.2 billion and NOK 2.8 billion in 2013 and 2012, respectively.

Board developments

Statoil's board of directors consists of 10 members.

The composition of the board has been changed during 2013. James Mulva, Catherine Hughes, Ingrid Elisabeth di Valerio (employee-elected) and Stig Lægreid (employee-elected) are new members of the board of Statoil ASA since 1 July 2013. Mulva and Lægreid are also members of the board's safety, sustainability and ethics committee, and Hughes and di Valerio are also members of the board's audit committee. Mulva, Hughes, di Valerio and Lægreid replaced Lady Barbara Judge, Roy Franklin, Morten Svaan and Einar Arne Iversen in the board. Børge Brende left the board as he was appointed Minister of Foreign Affairs in the Norwegian government.

The board held eight ordinary board meetings and six extraordinary board meetings in 2013. The average attendance at these board meetings was 99%.

The board's audit committee held six meetings in 2013. The attendance at the committee's meetings was 100%.

The board's compensation and executive development committee held six meetings in 2013. The attendance at the committee's meetings was 100%.

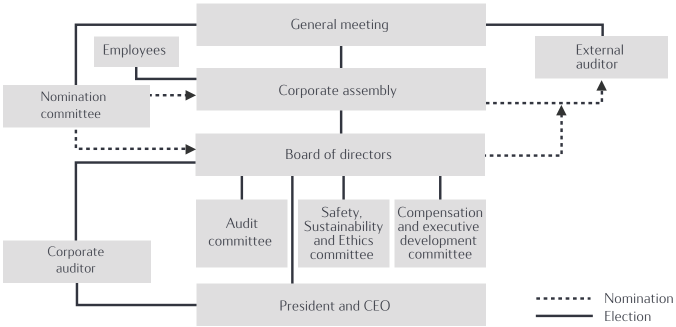
The board's safety, sustainability and ethics committee held five meetings in 2013. The attendance at the committee's meetings was 95%.

In 2013, some board members visited the combined heat and power plant at Mongstad, Norway and Statoil's offices in London, United Kingdom. The entire board, or part of it, regularly visits several Statoil locations, and a board trip to an international location is normally made on a semi-annual basis. In visiting Statoil locations globally, the board emphasises the importance of improving its insight into, and knowledge about, Statoil's commercial activities as well as the company's local organisations.

Board statement on corporate governance

To ensure sound corporate practice, Statoil's organisation is structured and managed in accordance with the Norwegian Code of Practice for Corporate Governance.

Nominations and elections - Statoil ASA



Statoil's board of directors actively adheres to good corporate governance standards and will at all times ensure that Statoil either complies with the Norwegian Code of Practice for Corporate Governance (the "Code") or explains possible deviations from the Code. The topic of corporate governance is subject to regular assessment and discussion by the board. The Code can be found at www.nues.no.

The Code covers 15 topics, and the board statement covers each of these topics and describes Statoil's adherence to the Code. The statement describes the foundation and principles for Statoil's corporate governance structure, while more detailed factual information can be found on our website, in our annual report on form 20-F, and in our sustainability report. Links to relevant information at our website are included in the statement.

The statement from the board of directors is provided as a separate report available on statoil.com.

Stavanger, 14 March 2014

THE BOARD OF DIRECTORS OF STATOIL ASA

SVEIN RENNEMO
CHAIR

GRACE REKSTEN SKAUGEN
DEPUTY CHAIR

BJØRN TORE GODAL

LILL-HEIDI BAKKERUD

JAMES MULVA

CATHERINE HUGHES

STIG LÆGREID

MARIA JOHANNA OUDEMAN

JAKOB STAUSHOLM

INGRID ELISABETH DI VALERIO

HELGE LUND
PRESIDENT AND CEO

Statement on compliance

Today, the board of directors, the chief executive officer and the chief financial officer reviewed and approved the board of directors' report and the Statoil ASA consolidated and separate annual financial statements as of 31 December 2013.

To the best of our knowledge, we confirm that:

- the Statoil ASA consolidated annual financial statements for 2013 have been prepared in accordance with IFRSs and IFRICs as adopted by the European Union (EU), IFRSs as issued by the International Accounting Standards Board (IASB) and additional Norwegian disclosure requirements in the Norwegian Accounting Act, and that
- the separate financial statements for Statoil ASA for 2013 have been prepared in accordance with the Norwegian Accounting Act and Norwegian Accounting Standards, and that
- the board of directors' report for the group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian Accounting Standard no 16, and that
- the information presented in the financial statements gives a true and fair view of the company's and the group's assets, liabilities, financial position and results for the period viewed in their entirety, and that
- the board of directors' report gives a true and fair view of the development, performance, financial position, principle risks and uncertainties of the company and the group.

Stavanger, 14 March 2014

THE BOARD OF DIRECTORS OF STATOIL ASA

SVEIN RENNEMO
CHAIR

GRACE REKSTEN SKAUGEN
DEPUTY CHAIR

BJØRN TORE GODAL

LILL-HEIDI BAKKERUD

JAMES MULVA

CATHERINE HUGHES

STIG LÆGREID

MARIA JOHANNA OUDEMAN

JAKOB STAUSHOLM

INGRID ELISABETH DI VALERIO

TORGRIM REITAN
CHIEF FINANCIAL OFFICER

HELGE LUND
PRESIDENT AND CEO

Consolidated financial statements Statoil

CONSOLIDATED STATEMENT OF INCOME

		For the year ended 31 December		
(in NOK billion)	Note	2013	2012	2011
Revenues		619.4	704.3	645.4
Net income from associated companies		0.1	1.7	1.3
Other income	4	17.8	16.0	23.3
Total revenues and other income	3	637.4	722.0	670.0
Purchases [net of inventory variation]		(307.5)	(364.5)	(320.1)
Operating expenses		(75.0)	(61.2)	(59.7)
Selling, general and administrative expenses		(9.2)	(11.1)	(13.2)
Depreciation, amortisation and net impairment losses	11, 12	(72.4)	(60.5)	(51.4)
Exploration expenses	12	(18.0)	(18.1)	(13.8)
Net operating income	3	155.5	206.6	211.8
Net financial items	8	(17.0)	0.1	2.0
Income before tax		138.4	206.7	213.8
Income tax	9	(99.2)	(137.2)	(135.4)
Net income		39.2	69.5	78.4
Attributable to equity holders of the company		39.9	68.9	78.8
Attributable to non-controlling interests		(0.6)	0.6	(0.4)
Basic earnings per share (in NOK)	10	12.53	21.66	24.76
Diluted earnings per share (in NOK)	10	12.50	21.60	24.70

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in NOK billion)	Note	For the year ended 31 December 2013	2012	2011
Net income		39.2	69.5	78.4
Actuarial gains (losses) on defined benefit pension plans	19	(5.9)	5.5	(7.4)
Income tax effect on income and expense recognised in OCI		1.5	(1.5)	2.0
Items that will not be reclassifed to statement of income		(4.4)	4.0	(5.4)
Foreign currency translation differences		22.9	(11.9)	6.1
Change in fair value of available for sale financial assets		0.0	0.0	(0.2)
Items that may be subsequently reclassified to statement of income		22.9	(11.9)	5.9
Other comprehensive income		18.5	(7.9)	0.5
Total comprehensive income		57.7	61.6	78.9
Attributable to equity holders of the company		58.3	61.0	79.3
Attributable to non-controlling interests		(0.6)	0.6	(0.4)

CONSOLIDATED BALANCE SHEET

(in NOK billion)	Note	At 31 December 2013	2012
ASSETS			
Property, plant and equipment	11	487.4	439.1
Intangible assets	12	91.5	87.6
Investments in associated companies		7.4	8.3
Deferred tax assets	9	8.2	3.9
Pension assets	19	5.3	9.4
Derivative financial instruments	25	22.1	33.2
Financial investments	13	16.4	15.0
Prepayments and financial receivables	13	8.5	4.9
Total non-current assets		646.8	601.4
Inventories	14	29.6	25.3
Trade and other receivables	15	81.8	74.0
Derivative financial instruments	25	2.9	3.6
Financial investments	13	39.2	14.9
Cash and cash equivalents	16	85.3	65.2
Total current assets		238.8	183.0
Total assets		885.6	784.4
EQUITY AND LIABILITIES			
Shareholders' equity		355.5	319.2
Non-controlling interests		0.5	0.7
Total equity	17	356.0	319.9
Finance debt	18, 22	165.5	101.0
Deferred tax liabilities	9	71.0	81.2
Pension liabilities	19	22.3	20.6
Provisions	20	101.7	95.5
Derivative financial instruments	25	2.2	2.7
Total non-current liabilities		362.7	301.0
Trade and other payables	21	95.6	81.8
Current tax payable		52.8	62.2
Finance debt	18	17.1	18.4
Derivative financial instruments	25	1.5	1.1
Total current liabilities		166.9	163.5
Total liabilities		529.6	464.5
Total equity and liabilities		885.6	784.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in NOK billion)	Share capital	Additional paid-in capital	Retained earnings	Available for sale financial assets	Currency translation adjustments	Shareholders' equity	Non-controlling interests	Total equity
At 31 December 2010	8.0	40.8	164.9	0.2	5.6	219.5	6.9	226.4
Net income for the period			78.8			78.8	(0.4)	78.4
Other comprehensive income			(5.4)	(0.2)	6.1	0.5		0.5
Dividends paid			(19.9)			(19.9)		(19.9)
Other equity transactions		(0.1)	0.1			0.0	(0.2)	(0.2)
At 31 December 2011	8.0	40.7	218.5	0.0	11.7	278.9	6.3	285.2
Net income for the period			68.9			68.9	0.6	69.5
Other comprehensive income			4.0		(11.9)	(7.9)		(7.9)
Dividends paid			(20.7)			(20.7)		(20.7)
Other equity transactions		(0.1)	0.1			0.0	(6.2)	(6.2)
At 31 December 2012	8.0	40.6	270.8	0.0	(0.2)	319.2	0.7	319.9
Net income for the period			39.9			39.9	(0.6)	39.2
Other comprehensive income			(4.4)		22.9	18.5		18.5
Dividends paid			(21.5)			(21.5)		(21.5)
Other equity transactions		(0.3)	(0.3)			(0.6)	0.4	(0.2)
At 31 December 2013	8.0	40.3	284.5	0.0	22.7	355.5	0.5	356.0

Refer to note 17 *Shareholders' equity*.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in NOK billion)	Note	For the year ended 31 December 2013	2012	2011
Income before tax		138.4	206.7	213.8
Depreciation, amortisation and net impairment losses	11,12	72.4	60.5	51.4
Exploration expenditures written off		3.1	3.1	1.5
(Gains) losses on foreign currency transactions and balances		4.8	3.3	4.2
(Gains) losses on sales of assets and other items	4	(19.9)	(21.9)	(27.4)
(Increase) decrease in non-current items related to operating activities		8.8	(7.4)	(0.7)
(Increase) decrease in net derivative financial instruments	25	11.7	(1.1)	(12.8)
Interest received		2.1	2.6	2.7
Interest paid		(2.5)	(2.5)	(3.1)
Taxes paid		(114.2)	(119.9)	(112.6)
Adjustments for working capital items				
(Increase) decrease in inventories		(1.1)	0.8	(4.1)
(Increase) decrease in trade and other receivables		(11.9)	10.8	(14.3)
Increase (decrease) in trade and other payables		9.7	(7.0)	20.4
Cash flows provided by operating activities		101.3	128.0	119.0
Additions through business combinations		0.0	0.0	(25.7)
Additions to property, plant and equipment		(103.3)	(94.8)	(84.2)
Capitalised interest paid		(1.1)	(1.2)	(0.9)
Exploration expenditures capitalised and additions in other intangibles		(10.0)	(16.4)	(7.2)
(Increase) decrease in financial investments		(23.2)	(12.1)	3.8
(Increase) decrease in non-current loans granted and other non-current items		0.0	(1.9)	(0.5)
Proceeds from sales of assets and businesses	4	27.1	29.8	29.8
Cash flows used in investing activities		(110.4)	(96.6)	(84.9)
New finance debt		62.8	13.1	10.1
Repayment of finance debt		(7.3)	(12.2)	(7.4)
Dividends paid	17	(21.5)	(20.7)	(19.9)
Net current finance debt and other		(7.3)	1.6	4.5
Cash flows provided by (used in) financing activities		26.6	(18.2)	(12.7)
Net increase (decrease) in cash and cash equivalents		17.5	13.2	21.4
Effect of exchange rate changes on cash and cash equivalents		2.9	(1.9)	(0.2)
Cash and cash equivalents at the beginning of the year (net of overdraft)	16	64.9	53.6	32.4
Cash and cash equivalents at the end of the year (net of overdraft)	16	85.3	64.9	53.6

Cash and cash equivalents include a net bank overdraft rounded to zero at 31 December 2013, NOK 0.3 billion at 31 December 2012 and NOK 1.7 billion at 31 December 2011.

Notes to the Consolidated financial statements

1 Organisation

Statoil ASA, originally Den Norske Stats Oljeselskap AS, was founded in 1972 and is incorporated and domiciled in Norway. The address of its registered office is Forusbeen 50, N-4035 Stavanger, Norway.

The Statoil group's business consists principally of the exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products and other forms of energy.

Statoil ASA is listed on the Oslo Stock Exchange (Norway) and the New York Stock Exchange (USA).

All the Statoil group's oil and gas activities and net assets on the Norwegian continental shelf (NCS) are owned by Statoil Petroleum AS, a 100% owned operating subsidiary. Statoil Petroleum AS is co-obligor or guarantor of certain debt obligations of Statoil ASA.

The Consolidated financial statements of Statoil for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the board of directors on 14 March 2014.

2 Significant accounting policies

Statement of compliance
The Consolidated financial statements of Statoil ASA and its subsidiaries (Statoil) have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and also comply with IFRSs as issued by the International Accounting Standards Board (IASB).

Basis of preparation
The financial statements are prepared on the historical cost basis with some exceptions, as detailed in the accounting policies set out below. These policies have been applied consistently to all periods presented in these Consolidated financial statements. Certain amounts in the comparable years have been restated to conform to current year presentation.

Operating related expenses in the Consolidated statement of income are presented as a combination of function and nature in conformity with industry practice. *Purchases [net of inventory variation]* and *Depreciation, amortisation and net impairment losses* are presented in separate lines by their nature, while *Operating expenses* and *Selling, general and administrative expenses* as well as *Exploration expenses* are presented on a functional basis. Significant expenses such as salaries, pensions, etc. are presented by their nature in the notes to the Consolidated financial statements.

Standards and interpretations issued but not yet adopted
At the date of these Consolidated financial statements, the following standard amendments and interpretation applicable to Statoil have been issued, but were not yet effective, and will be adopted by Statoil on 1 January 2014. The amendments and interpretation will not materially impact Statoil's financial statements upon adoption. They require retrospective implementation, but are immaterial in regard to the impact on Statoil's accounts for previous reporting periods.

- The amendments to IAS 32 *Financial Instruments: Presentation*, issued in December 2011, clarify the requirements for offsetting financial assets and financial liabilities in the financial statements.
- IFRIC 21 *Levies*, issued in May 2013, addresses the accounting for liabilities to pay levies that are within the scope of IAS 37 *Provisions, contingent liabilities and contingent assets*.

At the date of these Consolidated financial statements the following further standards and amendments applicable to Statoil have been issued, but were not yet effective nor adopted by Statoil:

- IFRS 9 *Financial Instruments*, issued for the first part in November 2009, for the second part in October 2010, and for the third part in November 2013, and with amendments issued in December 2011, covers the classification and measurement of financial assets and financial liabilities as well as hedge accounting. The IASB has not yet established a mandatory effective date for IFRS 9, which also includes amendments to various other IFRSs that will be effective from the same date. Statoil has not yet determined its adoption date for the standard and is still evaluating its potential impact.
- *The Annual Improvements* to IFRSs *2010 - 2012 Cycle* and *2011 - 2013 Cycle* both were issued in December 2013, and include amendments to a number of accounting standards, and are effective after 1 July 2014 or for annual periods beginning after that date, depending on the standard involved. Statoil is still evaluating the potential impact of the Improvement Cycle amendments.

Other standards, amendments and interpretations currently in issue but not yet effective are not expected to be relevant to Statoil's Consolidated financial statements upon adoption.

Significant changes in accounting policies in the current period
The accounting standards and standard amendments applicable to Statoil and listed in the following two paragraphs were implemented on 1 January 2013. None of these standards and amendments has materially impacted Statoil's Consolidated financial statements upon implementation, although certain line items have been affected. Except for IFRS 13 *Fair Value Measurement,* the standards and amendments required retrospective implementation, but were assessed to be immaterial as regards their impact on Statoil's financial statements for previous reporting periods. Consequently prior periods' information has not been restated to reflect the impact of the implemented standards and amendments. The following paragraphs describe relevant information directly related to the implementation in Statoil's financial statements. Description of the actual principles applied by Statoil in accordance with standards and amendments implemented as of 1 January 2013 are included in the relevant principle specific sections of this note.

IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, their respective transition guidance amendments and the amendments to IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* were implemented simultaneously by Statoil. EU endorsement of these standards and amendments establishes an effective date of 1 January 2014, however, Statoil has in this instance elected early adoption of the standards as of 1 January 2013, which is the IASB's effective date of the standards. Adoption of IFRS 10 has not led to significant changes in entities deemed to be controlled by Statoil, nor has Statoil identified significant entities or activities within the scope of IFRS 11 that are accounted for differently under the new standard.

IFRS 13 *Fair Value Measurement*, the amendments to IAS 19 *Employee benefits,* the amendments to IAS 1 *Presentation of Financial Statements*, and the *Annual Improvements to IFRSs (2009 - 2011)* have also been implemented without material impact for these Consolidated financial statements. Disclosures as required by the amendments to IFRS 7 *Financial Instruments: Disclosures* are included in Note 5 *Financial risk management*.

There have been no other significant accounting policy changes in 2013 compared to the annual financial statements for 2012. Relevant sections of this note have been updated to further clarify Statoil's accounting policies in certain areas commented upon by the Norwegian Financial Supervisory Authority (the FSA) in their review of Statoil's Consolidated financial statements for 2012. Reference is made to Note 28 *Subsequent events* for further information on the FSA review.

Changes in accounting policies in 2012
In 2012 Statoil changed its policy for classification of short-term financial investments with less than three months to maturity from *Financial investments* to *Cash and cash equivalents* in the balance sheet. At the same time, Statoil changed its policy for presentation of changes in current financial investments from *Cash flows provided by operating activities* to *Cash flows used in investing activities* in the statement of cash flows. The policy change was retrospectively applied in the 2011 Consolidated financial statements. As a consequence, the line item *Net increase (decrease) in cash and cash equivalents* in the 2011 Consolidated statement of cash flows changed from NOK 10.0 billion to NOK 21.4 billion primarily caused by an increase in *Cash flows provided by operating activities* from NOK 111.5 billion to NOK 119.0 billion and a decrease in *Cash flows used in investing activities* from NOK 88.7 billion to NOK 84.9 billion. *Cash and cash equivalents at the beginning of the year (net of overdraft)* changed from NOK 29.1 billion to NOK 32.4 billion and *Cash and cash equivalents at the end of the year (net of overdraft)* changed from NOK 38.8 billion to NOK 53.6 billion.

Basis of consolidation
Subsidiaries
The Consolidated financial statements include the accounts of Statoil ASA and its subsidiaries. Entities are determined to be controlled by Statoil, and consolidated in Statoil's financial statements, when Statoil has power over the entity, ability to use that power to affect the entity's returns, and exposure to, or rights to, variable returns from its involvement with the entity.

All intercompany balances and transactions, including unrealised profits and losses arising from Statoil's internal transactions, have been eliminated in full. Non-controlling interests are presented separately within equity in the balance sheet.

Joint operations and similar arrangements, joint ventures and associates
An arrangement to which Statoil is party is defined as jointly controlled when the sharing of control is contractually agreed, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Such joint arrangements are classified as either joint operations or joint ventures.

The parties to a joint operation have rights to the assets and obligations for the liabilities, relating to their respective share of the joint arrangement. In determining whether the terms of contractual arrangements and other facts and circumstances lead to a classification as joint operations, Statoil in particular considers the nature of products and markets of the arrangement and whether the substance of their agreements is that the parties involved have rights to substantially all the arrangement's assets. Statoil accounts for the assets, liabilities, revenues and expenses relating to its interests in joint operations in accordance with the principles applicable to those particular assets, liabilities, revenues and expenses. Normally this leads to accounting for the joint operation in a manner similar to the previous proportionate consolidation method.

Those of Statoil's exploration and production licence activities that are within the scope of IFRS 11 *Joint Arrangements* have been classified as joint operations. A considerable number of Statoil's unincorporated joint exploration and production activities are conducted through arrangements that are not jointly controlled, either because unanimous consent is not required among all parties involved, or no single group of parties has joint control over the activity. Licence activities where control can be achieved through agreement between more than one combination of involved parties are considered to be outside the scope of IFRS 11, and these activities are accounted for on a pro-rata basis using Statoil's ownership share. In determining whether each separate arrangement related to Statoil's unincorporated joint exploration and production licence activities is within or outside the scope of IFRS 11, Statoil considers the terms of relevant licence agreements, governmental concessions and other legal arrangements impacting how and by whom each arrangement is controlled. Subsequent changes in the ownership shares and number of licence participants, transactions involving licence shares, or changes in the terms of relevant agreements may lead to changes in Statoil's evaluation of control and impact a licence arrangement's classification in relation to IFRS 11 in Statoil's Consolidated financial statements. Currently there are no significant differences in Statoil's accounting for unincorporated licence arrangements whether in scope of IFRS 11 or not.

Joint ventures, in which Statoil has rights to the net assets, are accounted for using the equity method.

Investments in companies in which Statoil has neither control nor joint control, but has the ability to exercise significant influence over operating and financial policies, are classified as associates and are accounted for using the equity method.

Statoil as operator of joint operations and similar arrangements

Indirect operating expenses such as personnel expenses are accumulated in cost pools. These costs are allocated on an hours incurred basis to operating segments and Statoil operated joint operations under IFRS 11 and to similar arrangements (licences) outside the scope of IFRS 11. Costs allocated to the other partners' share of operated joint operations and similar arrangements reduce the costs in the Consolidated statement of income. Only Statoil's share of the statement of income and balance sheet items related to Statoil operated joint operations and similar arrangements are reflected in the Consolidated statement of income and the Consolidated balance sheet.

Reportable segments

Statoil identifies its operating segments on the basis of those components of Statoil that are regularly reviewed by the chief operating decision maker, Statoil's corporate executive committee (CEC). Statoil combines operating segments when these satisfy relevant aggregation criteria.

Statoil's accounting policies as described in this note also apply to the specific financial information included in reportable segments related disclosure in these Consolidated financial statements.

Foreign currency translation

In preparing the financial statements of the individual entities, transactions in foreign currencies (those other than functional currency) are translated at the foreign exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Consolidated statement of income as foreign exchange gains or losses within *Net financial items*. Foreign exchange differences arising from the translation of estimate-based provisions, however, generally are accounted for as part of the change in the underlying estimate and as such may be included within the relevant operating expense or income tax sections of the Consolidated statement of income depending on the nature of the provision. Non-monetary assets that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Presentation currency

For the purpose of the Consolidated financial statements, the statement of income and the balance sheet of each entity are translated from the functional currency into the presentation currency, Norwegian kroner (NOK). The assets and liabilities of entities whose functional currencies are other than NOK, including Statoil's parent company Statoil ASA whose functional currency is USD, are translated into NOK at the foreign exchange rate at the balance sheet date. The revenues and expenses of such entities are translated using the foreign exchange rates on the dates of the transactions. Foreign exchange differences arising on translation from functional currency to presentation currency are recognised separately in OCI.

Business combinations

Determining whether an acquisition meets the definition of a business combination requires judgement to be applied on a case by case basis. Acquisitions are assessed under the relevant IFRS criteria to establish whether the transaction represents a business combination or an asset purchase. Depending on the specific facts, acquisitions of exploration and evaluation licences for which a development decision has not yet been made, have largely been concluded to represent asset purchases.

Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method of accounting. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the date of the acquisition. Acquisition costs incurred are expensed under *Selling, general and administrative expenses*.

Revenue recognition

Revenues associated with sale and transportation of crude oil, natural gas, petroleum products and other merchandise are recognised when risk passes to the customer, which is normally when title passes at the point of delivery of the goods, based on the contractual terms of the agreements.

Revenues from the production of oil and gas properties in which Statoil shares an interest with other companies are recognised on the basis of volumes lifted and sold to customers during the period (the sales method). Where Statoil has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where Statoil has lifted and sold less than the ownership interest, costs are deferred for the underlift.

Revenue is presented net of customs, excise taxes and royalties paid in-kind on petroleum products. Revenue is presented gross of in-kind payments of amounts representing income tax.

Sales and purchases of physical commodities, which are not settled net, are presented on a gross basis as *Revenues* and *Purchases [net of inventory variation]* in the statement of income. Activities related to trading and commodity-based derivative instruments are reported on a net basis, with the margin included in *Revenues*.

Transactions with the Norwegian State

Statoil markets and sells the Norwegian State's share of oil and gas production from the Norwegian continental shelf (NCS). The Norwegian State's participation in petroleum activities is organised through the State's direct financial interest (SDFI). All purchases and sales of the SDFI's oil production are classified as *Purchases [net of inventory variation]* and *Revenues*, respectively. Statoil ASA sells, in its own name, but for the Norwegian State's account and risk, the State's production of natural gas. This sale, and related expenditures refunded by the Norwegian State, are presented net in the Consolidated financial statements. Sales made by Statoil subsidiaries in their own name, and related expenditure, are however presented gross in the Consolidated financial statements where the applicable subsidiary is considered the principal when selling natural gas on behalf of the Norwegian State. In accounting for these sales activities, the Norwegian State's share of profit or loss is reflected in Statoil's *Selling, general and administrative expenses* as expenses or reduction of expenses, respectively.

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of Statoil.

Research and development

Statoil undertakes research and development both on a funded basis for licence holders and on an unfunded basis for projects at its own risk. Statoil's own share of the licence holders' funding and the total costs of the unfunded projects are considered for capitalisation under the applicable IFRS requirements. Subsequent to initial recognition, any capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.

Income tax

Income tax in the Consolidated statement of income comprises current and deferred tax expense. Income tax is recognised in the Consolidated statement of income except when it relates to items recognised in OCI.

Current tax consists of the expected tax payable on the taxable income for the year and any adjustment to tax payable for previous years. Uncertain tax positions and potential tax exposures are analysed individually, and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually certain amount for assets to be received (disputed tax positions for which payment has already been made) in each case is recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recognised in the period in which they are earned or incurred, and are presented within *Net financial items* in the Consolidated statement of income.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable income, convincing evidence is required, taking into account the existence of contracts, production of oil or gas in the near future based on volumes of proved reserves, observable prices in active markets, expected volatility of trading profits and similar facts and circumstances.

A petroleum tax, currently levied at a rate of 50% (51% from 2014), is levied on profits derived from petroleum production and pipeline transportation on the NCS. The petroleum tax is applied to relevant income in addition to the standard 28% income tax (27% from 2014), resulting in a 78% marginal tax rate on income subject to Norwegian petroleum tax. The basis for computing the petroleum tax is the same as for income subject to ordinary corporate income tax, except that onshore losses are not deductible against the petroleum tax, and a tax-free allowance (uplift) is computed on the basis of the original capitalised cost of offshore production installations at a rate of 5.5% per year. The uplift may be deducted from taxable income for a period of four years, starting in the year in which the capital expenditures are incurred. The uplift benefit is recognised when the deduction is included in the current year tax return and impacts taxes payable. Unused uplift may be carried forward indefinitely.

Oil and gas exploration and development expenditures

Statoil uses the successful efforts method of accounting for oil and gas exploration costs. Expenditures to acquire mineral interests in oil and gas properties and to drill and equip exploratory wells are capitalised as exploration and evaluation expenditures within *Intangible assets* until the well is complete and the results have been evaluated. If, following the evaluation, the exploratory well has not found proved reserves, the previously capitalised costs are evaluated for derecognition or tested for impairment. Geological and geophysical costs and other exploration expenditures are expensed as incurred.

Capitalised exploration and evaluation expenditures, including expenditures to acquire mineral interests in oil and gas properties, related to offshore wells that find proved reserves are transferred from Exploration expenditures and Acquisition costs - oil and gas prospects (*Intangible assets*) to *Property, plant and equipment* at the time of sanctioning of the development project. For onshore wells where no sanction is required, the transfer of Acquisition cost - oil and gas prospects (*Intangible assets*) to *Property, plant and equipment* occurs at the time when a well is ready for production.

For exploration and evaluation asset acquisitions (farm-in arrangements) in which Statoil has made arrangements to fund a portion of the selling partner's (farmor's) exploration and/or future development expenditures (carried interests), these expenditures are reflected in the Consolidated financial statements as and when the exploration and development work progresses. Statoil reflects exploration and evaluation asset dispositions (farm-out arrangements), when the farmee correspondingly undertakes to fund carried interests as part of the consideration, on a historical cost basis with no gain or loss recognition.

A gain or loss related to a post-tax based disposition of assets on the NCS includes the release of tax liabilities previously computed and recognised related to the assets in question. The resulting gross gain or loss is recognised in full in *Other income* in the Consolidated statement of income.

Exchanges (swaps) of exploration and evaluation assets are accounted for at the carrying amounts of the assets given up with no gain or loss recognition.

Property, plant and equipment

Property, plant and equipment is reflected at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation, if any, and, for qualifying assets, borrowing costs. Property, plant and equipment include assets acquired under the terms of profit sharing agreements (PSAs) in certain countries, and which qualify for recognition as assets of Statoil. State-owned entities in the respective countries, however, normally hold the legal title to such PSA-based property, plant and equipment.

Exchanges of assets are measured at the fair value of the asset given up, unless the fair value of neither the asset received nor the asset given up is reliably measurable.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to Statoil, the expenditure is capitalised. Inspection and overhaul costs, associated with regularly scheduled major maintenance programs planned and carried out at recurring intervals exceeding one year, are capitalised and amortised over the period to the next scheduled inspection and overhaul. All other maintenance costs are expensed as incurred.

Capitalised exploration and evaluation expenditures, development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, and field-dedicated transport systems for oil and gas are capitalised as producing oil and gas properties within *Property, plant and equipment*. Such capitalised costs are depreciated using the unit of production method based on proved developed reserves expected to be recovered from the area during the concession or contract period. Capitalised acquisition costs of proved properties are depreciated using the unit of production method based on total proved reserves. Depreciation of other assets and transport systems used by several fields is calculated on the basis of their estimated useful lives, normally using the straight-line method. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. For exploration and production assets, Statoil has established separate depreciation categories which as a minimum distinguish between platforms, pipelines and wells.

The estimated useful lives of property, plant and equipment are reviewed on an annual basis, and changes in useful lives are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in *Other income* or *Operating expenses*, respectively, in the period the item is derecognised.

Leases

Leases for which Statoil assumes substantially all the risks and rewards of ownership are reflected as finance leases. When an asset leased by a joint operation or similar arrangement to which Statoil is a party qualifies as a finance lease, Statoil reflects its proportionate share of the leased asset and related obligations. Finance leases are classified in the Consolidated balance sheet within *Property, plant and equipment* and *Finance debt*. All other leases are classified as operating leases, and the costs are charged to the relevant operating expense related caption on a straight line basis over the lease term, unless another basis is more representative of the benefits of the lease to Statoil.

Statoil distinguishes between lease and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time, while capacity contracts confer on Statoil the right to and the obligation to pay for certain volume capacity availability related to transport, terminal use, storage, etc. Such capacity contracts that do not involve specified assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered by Statoil to qualify as leases for accounting purposes. Capacity payments are reflected as *Operating expenses* in the Consolidated statement of income in the period for which the capacity contractually is available to Statoil.

Intangible assets including goodwill

Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses. Intangible assets include acquisition cost for oil and gas prospects, expenditures on the exploration for and evaluation of oil and natural gas resources, goodwill and other intangible assets.

Expenses related to the drilling of exploration wells are initially capitalised as intangible assets pending determination of whether potentially economic oil and gas reserves have been discovered by the drilling effort. This evaluation is normally finalised within one year after well completion. Exploration wells that discover potentially economic quantities of oil and natural gas remain capitalised as intangible assets during the evaluation phase of the find, see further information under the Oil and gas exploration and development expenditures section above.

Intangible assets relating to expenditures on the exploration for and evaluation of oil and natural gas resources are not amortised. When the decision to develop a particular area is made, its intangible exploration and evaluation assets are reclassified to *Property, plant and equipment*.

Goodwill is initially measured at the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interest over the fair value of the identifiable assets acquired and liabilities assumed in a business combination at the acquisition date. Goodwill acquired is allocated to each cash generating unit, or group of units, expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Financial assets
Financial assets are initially recognised at fair value when Statoil becomes a party to the contractual provisions of the asset. For additional information on fair value methods, refer to the Measurement of fair values section below. The subsequent measurement of the financial assets depends on which category they have been classified into at inception.

At initial recognition, Statoil classifies its financial assets into the following three main categories: Financial investments at fair value through profit or loss, loans and receivables, and available-for-sale (AFS) financial assets. The first main category, financial investments at fair value through profit or loss, further consists of two sub-categories: Financial assets held for trading and financial assets that on initial recognition are designated as fair value through profit and loss. The latter approach may also be referred to as the fair value option.

Cash and cash equivalents include cash in hand, current balances with banks and similar institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and have a maturity of three months or less from the acquisition date.

Trade receivables are carried at the original invoice amount less a provision for doubtful receivables which is made when there is objective evidence that Statoil will be unable to recover the balances in full.

A significant part of Statoil's investments in treasury bills, commercial papers, bonds and listed equity securities is managed together as an investment portfolio of Statoil's captive insurance company and is held in order to comply with specific regulations for capital retention. The investment portfolio is managed and evaluated on a fair value basis in accordance with an investment strategy and is accounted for using the fair value option with changes in fair value recognised through profit or loss.

Financial assets are presented as current if they contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if they are held for the purpose of being traded. Financial assets and financial liabilities are shown separately in the Consolidated balance sheet, unless Statoil has both a legal right and a demonstrable intention to net settle certain balances payable to and receivable from the same counterparty, in which case they are shown net in the balance sheet.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses.

Impairment
Impairment of property, plant and equipment and intangible assets
Statoil assesses individual assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Assets are grouped into cash generating units (CGUs) which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets. Normally, separate CGUs are individual oil and gas fields or plants. Each unconventional asset play is considered a single CGU when no cash inflows from parts of the play can be reliably identified to be largely independent of the cash inflows from other parts of the play. In impairment evaluations, the carrying amounts of CGUs are determined on a basis consistent with that of the recoverable amount.

In Statoil's line of business, judgement is involved in determining what constitutes a CGU. Development in production, infrastructure solutions, markets, product pricing, management actions and other factors may over time lead to changes in CGUs such as the division of one original CGU into several.

In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. Frequently the recoverable amount of an asset proves to be Statoil's estimated value in use, which is determined using a discounted cash flow model. The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the assets, as set down in Statoil's most recently approved long-term plans. Statoil's long-term plans are reviewed by corporate management and updated at least annually. The plans cover a 10-year period and reflect expected production volumes for oil and natural gas in that period. For assets and CGUs with an expected useful life or timeline for production of expected reserves extending beyond 10 years, the related cash flows include project or asset specific estimates reflecting the relevant period. Such estimates are established on the basis of Statoil's principles and assumptions consistently applied.

In performing a value-in-use-based impairment test, the estimated future cash flows are adjusted for risks specific to the asset and discounted using a real post-tax discount rate which is based on Statoil's post-tax weighted average cost of capital (WACC). The use of post-tax discount rates in determining value in use does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Unproved oil and gas properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, and at least once a year. Exploratory wells that have found reserves, but where classification of those reserves as proved depends on whether major capital expenditure can be justified or where the economic viability of that major capital expenditure depends on the successful completion of further exploration work, will remain capitalised during the evaluation phase for the exploratory finds. Thereafter it will be considered a trigger for impairment evaluation of the well if no development decision is planned for the near future and there are no concrete plans for future drilling in the licence.

Impairments are reversed, as applicable, to the extent that conditions for impairment are no longer present. Impairment losses and reversals of impairment losses are presented in the Consolidated statement of income as *Exploration expenses* or *Depreciation, amortisation and net impairment losses*, on the basis of their nature as either exploration assets (intangible exploration assets) or development and producing assets (property, plant and equipment and other intangible assets), respectively.

Impairment of goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the CGU, or group of units, to which the goodwill relates. Where the recoverable amount of the CGU, or group of units, is less than the carrying amount, an impairment loss is recognised. Once recognised, impairments of goodwill are not reversed in future periods.

Financial liabilities

Financial liabilities are initially recognised at fair value when Statoil becomes a party to the contractual provisions of the liability. The subsequent measurement of financial liabilities depends on which category they have been classified into. The categories applicable for Statoil are either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost using the effective interest method. The latter applies to Statoil's non-current bank loans and bonds.

Financial liabilities are presented as current if the liability is due to be settled within 12 months after the balance sheet date, or if they are held for the purpose of being traded. Financial liabilities are derecognised when the contractual obligations expire, are discharged or cancelled. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised either in Interest income and other financial items or in Interest and other finance expenses within *Net financial items*.

Derivative financial instruments

Statoil uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through profit and loss. The impact of commodity-based derivative financial instruments is recognised in the Consolidated statement of income under *Revenues*, as such derivative instruments are related to sales contracts or revenue-related risk management for all significant purposes. The impact of other financial instruments is reflected under *Net financial items*.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets or liabilities expected to be recovered, or with the legal right to be settled more than 12 months after the balance sheet date are classified as non-current, with the exception of derivative financial instruments held for the purpose of being traded.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments. However, contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with Statoil's expected purchase, sale or usage requirements, also referred to as own-use, are not accounted for as financial instruments. This is applicable to a significant number of contracts for the purchase or sale of crude oil and natural gas, which are recognised upon delivery.

Derivatives embedded in other financial instruments or in non-financial host contracts are recognised as separate derivatives and are reflected at fair value with subsequent changes through profit and loss, when their risks and economic characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value. Where there is an active market for a commodity or other non-financial item referenced in a purchase or sale contract, a pricing formula will, for instance, be considered to be closely related to the host purchase or sales contract if the price formula is based on the active market in question. A price formula with indexation to other markets or products will however result in the recognition of a separate derivative. Where there is no active market for the commodity or other non-financial item in question, Statoil assesses the characteristics of such a price related embedded derivative to be closely related to the host contract if the price formula is based on relevant indexations commonly used by other market participants. This applies to a number of Statoil's long-term natural gas sales agreements.

Pension liabilities

Statoil has pension plans for employees that either provide a defined pension benefit upon retirement or a pension dependent on defined contributions. For defined benefit schemes, the benefit to be received by employees generally depends on many factors including length of service, retirement date and future salary levels.

Statoil's proportionate share of multi-employer defined benefits plans are recognised as liabilities in the balance sheet to the extent that sufficient information is available and a reliable estimate of the obligation can be made.

Statoil's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date, reflecting the maturity dates approximating the terms of Statoil's obligations. The discount rate for the main part of the pension obligations has been established on the basis of Norwegian mortgage covered bonds, which are considered high quality corporate bonds. The cost of pension benefit plans is expensed over the period that the employees render services and become eligible to receive benefits. The calculation is performed by an external actuary.

The net interest related to defined benefit plans is calculated by applying the discount rate to the net defined benefit liability (asset). The interest cost element is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The interest income on plan assets is determined by applying the discount rate to the opening present value of the plan assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The resulting net interest element is presented in the statement of income as part of net pension cost within *Net operating income*. The difference between net interest income and actual return is recognised in OCI.

Periodic pension cost is accumulated in cost pools and allocated to operating segments and Statoil operated joint operations (licences) on an hours incurred basis and recognised in the statement of income based on the function of the cost.

Past service cost is recognised when a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or curtailment (a significant reduction by the entity in the number of employees covered by a plan) occurs, or when recognising related restructuring costs or termination benefits. The obligation and related plan assets are re-measured using current actuarial assumptions, and the gain or loss is recognised in the statement of income. Actuarial gains and losses are recognised in full in the Statement of comprehensive income in the period in which they occur, while actuarial gains and losses related to provision for termination benefits are recognised in the Statement of income in the period in which they occur. Due to the parent company Statoil ASA's functional currency being USD, the significant part of Statoil's pension obligations will be payable in a foreign currency (i.e. NOK). As a consequence, actuarial gains and losses related to the parent company's pension obligation include the impact of exchange rate fluctuations.

Contributions to defined contribution schemes are recognised in the statement of income in the period in which the contribution amounts are earned by the employees.

Onerous contracts

Statoil recognises as provisions the net obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received in relation to the contract. A contract which forms an integral part of the operations of a CGU whose assets are dedicated to that contract, and for which the economic benefits cannot be reliably separated from those of the CGU, is included in impairment considerations for the applicable CGU.

Asset retirement obligations (ARO)

Provisions for ARO costs are recognised when Statoil has an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reliable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditures determined in accordance with local conditions and requirements. Cost is estimated based on current regulations and technology, considering relevant risks and uncertainties. The discount rate used in the calculation of the ARO is a risk-free rate based on the applicable currency and time horizon of the underlying cash flows, adjusted for a credit premium which reflects Statoil's own credit risk. Normally an obligation arises for a new facility, such as an oil and natural gas production or transportation facility, upon construction or installation. An obligation may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations, or be based on commitments associated with Statoil's ongoing use of pipeline transport systems where removal obligations rest with the volume shippers. The provisions are classified under *Provisions* in the Consolidated balance sheet. Refining and processing plants that are not limited by licence periods are deemed to have indefinite lives and, in consequence, no ARO has been recognised.

When a provision for ARO cost is recognised, a corresponding amount is recognised to increase the related property, plant and equipment and is subsequently depreciated as part of the costs of the facility or item of property, plant and equipment. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding property, plant and equipment. Removal provisions associated with Statoil's role as shipper of volumes through third party transport systems are expensed as incurred.

Measurement of fair values

Quoted prices in active markets represent the best evidence of fair value and are used by Statoil in determining the fair values of assets and liabilities to the extent possible. Financial instruments quoted in active markets will typically include commercial papers, bonds and equity instruments with quoted market prices obtained from the relevant exchanges or clearing houses. The fair values of quoted financial assets, financial liabilities and derivative instruments are determined by reference to mid-market prices, at the close of business on the balance sheet date.

Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's-length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and pricing models and related internal assumptions. In the valuation techniques, Statoil also takes into consideration the counterparty and its own credit risk. This is either reflected in the discount rate used or through direct adjustments to the calculated cash flows. Consequently, where Statoil reflects elements of long-term physical delivery commodity contracts at fair value, such fair value estimates to the extent possible are based on quoted forward prices in the market and underlying indexes in the contracts, as well as assumptions of forward prices and margins where observable market prices are not available. Similarly, the fair values of interest and currency swaps are estimated based on relevant quotes from active markets, quotes of comparable instruments, and other appropriate valuation techniques.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that Statoil has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition - gross versus net presentation of traded SDFI volumes of oil and gas production
As described under Transactions with the Norwegian State above, Statoil markets and sells the Norwegian State's share of oil and gas production from the NCS. Statoil includes the costs of purchase and proceeds from the sale of the SDFI oil production in *Purchases [net of inventory variation]* and *Revenues*, respectively. In making the judgement, Statoil considered the detailed criteria for the recognition of revenue from the sale of goods and, in particular, concluded that the risk and reward of the ownership of the oil had been transferred from the SDFI to Statoil.

Statoil sells, in its own name, but for the Norwegian State's account and risk, the State's production of natural gas. These gas sales, and related expenditures refunded by the State, are shown net in Statoil's Consolidated financial statements. In making the judgement, Statoil considered the same criteria as for the oil production and concluded that the risk and reward of the ownership of the gas had not been transferred from the SDFI to Statoil.

Key sources of estimation uncertainty
The preparation of the Consolidated financial statements requires that management make estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis considering the current and expected future market conditions.

Statoil is exposed to a number of underlying economic factors which affect the overall results, such as liquids prices, natural gas prices, refining margins, foreign exchange rates and interest rates as well as financial instruments with fair values derived from changes in these factors. In addition, Statoil's results are influenced by the level of production, which in the short term may be influenced by, for instance, maintenance programmes. In the long term, the results are impacted by the success of exploration and field development activities.

The matters described below are considered to be the most important in understanding the key sources of estimation uncertainty that are involved in preparing these Consolidated financial statements and the uncertainties that could most significantly impact the amounts reported on the results of operations, financial position and cash flows.

Proved oil and gas reserves. Proved oil and gas reserves may materially impact the Consolidated financial statements, as changes in the proved reserves, for instance as a result of changes in prices, will impact the unit of production rates used for depreciation and amortisation. Proved oil and gas reserves have been estimated by internal qualified professionals on the basis of industry standards and governed by criteria established by regulations of the SEC, which require the use of a price based on a 12-month average for reserve estimation, and which are to be based on existing economic conditions and operating methods and with a high degree of confidence (at least 90% probability) that the quantities will be recovered. The Financial Accounting Standards Board (FASB) requirements for supplemental oil and gas disclosures align with the SEC regulations. Reserves estimates are based on subjective judgements involving geological and engineering assessments of in-place hydrocarbon volumes, the production, historical recovery and processing yield factors and installed plant operating capacity. For future development projects, proved reserves estimates are included only where there is a significant commitment to project funding and execution and when relevant governmental and regulatory approvals have been secured or are reasonably certain to be secured. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons. An independent third party has evaluated Statoil's proved reserves estimates, and the results of this evaluation do not differ materially from Statoil's estimates. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations. Unless evidence indicates that renewal is reasonably certain, estimates of economically producible reserves only reflect the period before the contracts providing the right to operate expire. The project to extract the hydrocarbons must have commenced, or the operator must be reasonably certain that it will commence within a reasonable time.

Expected oil and gas reserves. Expected oil and gas reserves may materially impact the Consolidated financial statements, as changes in the expected reserves, for instance as a result of changes in prices, will impact asset retirement obligations and impairment testing of upstream assets, which in turn may lead to changes in impairment charges affecting operating income. Expected oil and gas reserves are the estimated remaining, commercially recoverable quantities, based on Statoil's judgement of future economic conditions, from projects in operation or justified for development. Recoverable oil and gas quantities are always uncertain, and the expected value is the weighted average, or statistical mean, of the possible outcomes. Expected reserves are therefore typically larger than proved reserves as defined by the SEC rules. Expected oil and gas reserves have been estimated by internal qualified professionals on the basis of industry standards and are used for impairment testing purposes and for calculation of asset retirement obligations. Reserves estimates are based on subjective judgements involving geological and engineering assessments of in-place hydrocarbon volumes, the production, historical recovery and processing yield factors, installed plant operating capacity and operating approval limits. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons.

Exploration and leasehold acquisition costs. Statoil capitalises the costs of drilling exploratory wells pending determination of whether the wells have found proved oil and gas reserves. Statoil also capitalises leasehold acquisition costs and signature bonuses paid to obtain access to undeveloped oil and gas acreage. Judgements as to whether these expenditures should remain capitalised or written down due to impairment losses in the period may materially affect the operating income for the period.

Impairment/reversal of impairment. Statoil has significant investments in property, plant and equipment and intangible assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, requiring the carrying amount to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgement and may to a large extent depend upon the selection of key assumptions about the future.

Unproved oil and gas properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, and at least annually. If, following evaluation, an exploratory well has not found proved reserves, the previously capitalised costs are tested for impairment. Subsequent to the initial evaluation phase for a well, it will be considered a trigger for impairment testing of a well if no development decision is planned for the near future and there is no concrete plan for future drilling in the licence. Impairment of unsuccessful wells is reversed, as applicable, to the extent that conditions for impairment are no longer present.

Estimating recoverable amounts involves complexity in estimating relevant future cash flows, based on assumptions about the future, discounted to their present value. Impairment testing requires long-term assumptions to be made concerning a number of often volatile economic factors such as future market prices, refinery margins, currency exchange rates and future output, discount rates and political and country risk among others, in order to establish relevant future cash flows. Impairment testing frequently also requires judgement regarding probabilities and probability distributions as well as levels of sensitivity inherent in the establishment of recoverable amount estimates. Long-term assumptions for major economic factors are made at a group level, and there is a high degree of reasoned judgement involved in establishing these assumptions, in determining other relevant factors such as forward price curves, in estimating production outputs and in determining the ultimate terminal value of an asset.

Employee retirement plans. When estimating the present value of defined benefit pension obligations that represent a long-term liability in the Consolidated balance sheet, and indirectly, the period's net pension expense in the Consolidated statement of income, management make a number of critical assumptions affecting these estimates. Most notably, assumptions made about the discount rate to be applied to future benefit payments and plan assets, and the annual rate of compensation increase, have a direct and potentially material impact on the amounts presented. Significant changes in these assumptions between periods can have a material effect on the Consolidated financial statements.

Asset retirement obligations. Statoil has significant obligations to decommission and remove offshore installations at the end of the production period. It is difficult to estimate the costs of these decommissioning and removal activities, which are based on current regulations and technology and consider relevant risks and uncertainties. Most of the removal activities are many years into the future and the removal technology and costs are constantly changing. The estimates include assumptions of the time required and the day rates for rigs, marine operations and heavy lift vessels that can vary considerably depending on the assumed removal complexity. As a result, the initial recognition of the liability and the capitalised cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement.

Derivative financial instruments. When not directly observable in active markets, the fair value of derivative contracts must be computed internally based on internal assumptions as well as directly observable market information, including forward and yield curves for commodities, currencies and interest rates. Changes in internal assumptions, forward and yield curves could materially impact the internally computed fair value of derivative contracts, particularly long-term contracts, resulting in a corresponding impact on income or loss in the Consolidated statement of income.

Income tax. Every year Statoil incurs significant amounts of income taxes payable to various jurisdictions around the world and recognises significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws, regulations and relevant court decisions. The quality of these estimates is highly dependent upon management's ability to properly apply at times very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

3 Segments

Statoil's operations are managed through the following operating segments: Development and Production Norway (DPN), Development and Production North America (DPNA), Development and Production International (DPI), Marketing, Processing and Renewable Energy (MPR) and Other. The Fuel and Retail segment (FR) was sold on 19 June 2012.

The development and production operating segments, which are organised based on a regional model with geographical clusters or units, are responsible for the commercial development of the oil and gas portfolios within their respective geographical areas: DPN on the Norwegian continental shelf, DPNA in North America including offshore and onshore activities in the USA and Canada and DPI worldwide outside of North America and Norway.

Exploration activities are managed by a separate business unit, which has the global responsibility across the group for discovery and appraisal of new resources. Exploration activities are allocated to and presented in the respective development and production operating segments.

The MPR segment is responsible for marketing and trading of oil and gas commodities (crude, condensate, gas liquids, products, natural gas and liquefied natural gas), electricity and emission rights, as well as transportation, processing and manufacturing of the above mentioned commodities, operations of refineries, terminals, processing and power plants, wind parks and other activities within renewable energy.

Statoil reports its business through reporting segments which correspond to the operating segments, except for the operating segments DPI and DPNA which have been aggregated into one reporting segment, Development and Production International. This aggregation has its basis in similar economic characteristics, the nature of products, services and production processes, the type and class of customers and the methods of distribution.

The Other reporting segment includes activities within Global Strategy and Business Development, Technology, Projects and Drilling and the Corporate staffs and services.

In the second quarter 2012, Statoil divested its FR segment through Statoil ASA's sale of its 54% shareholding in Statoil Fuel & Retail ASA (SFR). A gain of NOK 5.8 billion was recognised on the sale. In the segment reporting, the gain has been presented in the FR segment as Revenues and other income - third party. The FR segment marketed fuel and related products principally to retail consumers.

The Eliminations section includes the elimination of inter-segment sales and related unrealised profits, mainly from the sale of crude oil and products. Inter-segment revenues are based upon estimated market prices.

Segment data for the years ended 31 December 2013, 2012 and 2011 is presented below. The measurement basis of segment profit is *Net operating income*. In the tables below, deferred tax assets, pension assets and non-current financial assets are not allocated to the segments. Also, the line Additions to PP&E, intangibles and associated companies is excluding movements due to changes in asset retirement obligations.

(in NOK billion)	Development and Production Norway	Development and Production International	Marketing, Processing and Renewable Energy	Other	Fuel and Retail	Eliminations	Total
Year ended 31 December 2013							
Revenues third party and Other income	9.4	16.5	610.3	1.0	-	-	637.2
Revenues inter-segment	192.7	65.4	1.0	0.1	-	(259.1)	0.0
Net income (loss) from associated companies	0.1	0.0	0.1	0.0	-	-	0.1
Total revenues and other income	202.2	81.9	611.4	1.0	-	(259.1)	637.4
Net operating income	137.1	16.4	2.6	(1.1)	-	0.4	155.5
Significant non-cash items recognised							
- Depreciation and amortisation	31.6	29.8	2.7	1.2	-	-	65.4
- Provisions	0.8	4.6	4.1	0.0	-	-	9.5
- Net impairment losses (reversals)	0.6	2.1	4.3	0.0	-	-	7.0
- Unrealised (gain) loss on commodity derivatives	5.6	0.0	(0.1)	0.0	-	-	5.5
- Exploration expenditures written off	0.3	2.8	0.0	0.0	-	-	3.1
Investments in associated companies	0.2	4.8	2.3	0.2	-	-	7.4
Non-current segment assets	247.6	286.5	39.3	5.6	-	-	578.9
Non-current assets, not allocated to segments							60.5
Total non-current assets							646.8
Additions to PP&E, intangibles and associated companies	57.3	52.9	5.9	1.3	-	-	117.4

(in NOK billion)	Development and Production Norway	Development and Production International	Marketing, Processing and Renewable Energy	Other	Fuel and Retail	Eliminations	Total
Year ended 31 December 2012							
Revenues third party and Other income	7.7	24.3	646.8	1.3	40.2	-	720.3
Revenues inter-segment	213.0	54.5	22.2	0.0	1.5	(291.2)	0.0
Net income (loss) from associated companies	0.1	1.2	0.4	0.0	0.0	-	1.7
Total revenues and other income	220.8	80.0	669.4	1.3	41.7	(291.2)	722.0
Net operating income	161.7	21.5	15.5	2.6	6.9	(1.6)	206.6
Significant non-cash items recognised							
- Depreciation and amortisation	29.2	26.2	2.4	0.9	0.6	-	59.3
- Net impairment losses (reversals)	0.6	0.0	0.6	0.0	0.0	-	1.2
- Unrealised (gain) loss on commodity derivatives	1.4	0.0	1.8	0.0	0.0	-	3.2
- Exploration expenditures written off	0.8	2.3	0.0	0.0	0.0	-	3.1
Investments in associated companies	0.2	4.8	3.2	0.1	-	-	8.3
Non-current segment assets	235.4	248.3	38.5	4.5	-	-	526.7
Non-current assets, not allocated to segments							66.4
Total non-current assets							601.4
Additions to PP&E, intangibles and associated companies	48.6	54.6	6.2	3.0	0.9	-	113.3

(in NOK billion)	Development and Production Norway	Development and Production International	Marketing, Processing and Renewable Energy	Other	Fuel and Retail	Eliminations	Total
Year ended 31 December 2011							
Revenues third party and Other income	7.9	25.0	564.1	1.0	70.8	-	668.8
Revenues inter-segment	204.2	44.3	45.7	0.0	2.9	(297.1)	0.0
Net income (loss) from associated companies	0.1	0.9	0.2	0.1	0.0	-	1.3
Total revenues and other income	212.2	70.2	610.0	1.1	73.7	(297.1)	670.1
Net operating income	152.7	32.8	24.8	(0.3)	1.9	(0.1)	211.8
Significant non-cash items recognised							
- Depreciation and amortisation	29.5	15.9	2.8	0.8	1.2	-	50.2
- Net impairment losses (reversals)	0.0	(2.1)	3.3	0.0	0.0	-	1.2
- Unrealised (gain) loss on commodity derivatives	(5.6)	0.0	(3.6)	0.0	0.0	-	(9.2)
- Exploration expenditures written off	1.0	0.5	0.0	0.0	0.0	-	1.5
Investments in associated companies	0.2	5.5	2.7	0.8	-	-	9.2
Non-current segment assets	211.6	239.4	34.5	4.0	10.8	-	500.3
Non-current assets, not allocated to segments							61.0
Total non-current assets							570.5
Additions to PP&E, intangibles and associated companies	41.4	84.4	4.6	1.7	1.5	-	133.6

Effective from the fourth quarter of 2013, upstream revenues in the DPI segment originating from the USA are reported net of royalty interest. This change does not result in a change in the *Net operating income*. Historical information has been aligned to the current presentation.

In 2013 Statoil recognised impairment losses related to refinery assets in the MPR segment of NOK 4.3 billion. The basis for the impairment losses is value in use estimates triggered by lower future expected refining margins. The impairment losses have been presented as Net impairment losses (reversals).

In 2011 Statoil recognised impairment losses related to refinery assets in the MPR segment of NOK 3.8 billion. The basis for the impairment losses was value in use estimates triggered by lower future expected refining margins. The impairment losses have been presented as Net impairment losses (reversals).

In 2011 Statoil also recognised a reversal of impairment losses related to assets in the Gulf of Mexico in the DPI segment of NOK 2.6 billion. The basis for the reversal was value in use estimates triggered by changes in cost estimates and market conditions.

See note 4 *Acquisitions and dispositions* for information on gains and losses on transactions that affect the different segments.

See note 20 *Provisions* for information on provisions that have influenced the segments for DPN and MPR.

See note 23 *Other commitments and contingencies* for information on contingencies that have influenced the DPI segment.

Geographical areas
Statoil has business operations in 33 countries. When attributing revenues from third parties to the country of the legal entity executing the sale, Norway constitutes 76%, and the USA constitutes 15%.

Non-current assets by country

(in NOK billion)	2013	At 31 December 2012	2011
Norway	269.6	258.7	249.2
USA	159.2	134.6	112.6
Angola	45.9	42.5	43.6
Brazil	24.5	23.2	26.0
Canada	19.9	17.2	17.3
Azerbaijan	19.0	16.7	17.8
UK	13.6	11.1	8.9
Algeria	9.0	8.7	9.6
Other countries	25.6	22.3	24.5
Total non-current assets*	586.3	535.0	509.5

*Excluding deferred tax assets, pension assets and non-current financial assets.

Revenues by product type

(in NOK billion)	2013	For the year ended 31 December 2012	2011
Crude oil	321.5	367.2	315.0
Refined products	118.9	140.9	128.8
Natural gas	113.2	118.5	98.9
Natural gas liquids	64.5	65.7	62.3
Other	1.3	12.0	40.4
Total revenues	619.4	704.3	645.4

4 Acquisitions and dispositions

2013

Sale of interests in exploration and production licences on the Norwegian continental shelf to Wintershall
In July 2013 a sales transaction with Wintershall, entered into in October 2012, for certain ownership interests in licences on the Norwegian continental shelf (NCS) was closed. Statoil recognised a gain of NOK 6.4 billion. The gain has been presented in the line item *Other income* in the Consolidated statement of income. In the segment reporting, the gain has been presented in the Development and Production Norway (DPN) segment in Revenues third party and Other income. The transaction was tax exempt under the rules in the Norwegian petroleum tax system. Proceed from the sale was NOK 4.7 billion.

Sale of interests in exploration and production licences on the Norwegian continental shelf and the United Kingdom continental shelf to OMV
In October 2013 a sales transaction with OMV, entered into in August 2013, to sell certain ownership interests in licences on the NCS and United Kingdom continental shelf was closed. Statoil recognised a gain of NOK 10.1 billion. The gain has been presented in the line item *Other income* in the Consolidated statement of income. In the segment reporting, the gain has been presented in the DPN segment and in the Development and Production International (DPI) segment in Revenues third party and Other income with NOK 6.6 billion and NOK 3.5 billion, respectively. The part of the transaction covering assets on the NCS was tax exempt under the rules in the Norwegian petroleum tax system. Proceed from the sale was NOK 15.9 billion.

Agreement for sale of interests in the Shah Deniz and the South Caucasus Pipeline with SOCAR and BP
In December 2013 Statoil entered into an agreement with SOCAR and BP to divest a 10% working interest in the Shah Deniz and the South Caucasus Pipeline reducing its current 25.5% working interest to 15.5%. SOCAR and BP will pay a cash consideration of NOK 8.8 billion (USD 1.45 billion). The transactions will be recognised in the Marketing, Processing and Renewable Energy (MPR) and DPI segments at the time of closing, which is expected to be in the first half of 2014. Statoil expects to recognise a gain from the transactions in the range of NOK 5.5 to 7.0 billion, to be adjusted for activity between 1 January 2014 and the transaction date.

2012

Sale of interests in exploration and production licences on the Norwegian continental shelf

In April 2012 Statoil closed an agreement with Centrica, entered into in November 2011, to sell interests in certain licences on the NCS for a total consideration of NOK 8.6 billion. The consideration included a cash payment of NOK 7.1 billion and a contingent element relating to production in a four year period, capped at NOK 0.6 billion. A gain of NOK 7.5 billion was recognised in the DPN segment in the second quarter 2012 and presented as Revenues third party and Other income. The net book value of the assets taken over by Centrica was NOK 2.0 billion. The transaction was tax exempt under the rules in the Norwegian petroleum tax system and the gain included a release of deferred tax liabilities of NOK 0.9 billion related to the transaction.

Divestment of shares in Statoil Fuel & Retail ASA

On 19 June 2012 Statoil ASA sold its 54% shareholding in Statoil Fuel & Retail ASA (SFR) to Alimentation Couche-Tard for a cash consideration of NOK 8.3 billion. Until the transaction date SFR was fully consolidated in the Statoil group with a 46% non-controlling interest. Statoil recognised a gain of NOK 5.8 billion on the transaction, presented as *Other income* in the Consolidated financial statements. The gain was tax exempt and presented in the Fuel and Retail segment. The net book value of the assets derecognised as part of the divestment was NOK 7.5 billion.

Acquisition of mineral right leases in the Marcellus shale formation in the United States

In December 2012 Statoil closed an agreement to acquire mineral right leases covering 70,000 net acres in the Marcellus shale area in the northeastern part of the United States (US). Statoil became the operator of the licences and holds a 100% working interest in these mineral right leases. The transaction was accounted for as an asset acquisition within the DPI segment, with a total consideration of NOK 3.3 billion (USD 0.6 billion).

2011

Acquisition of Brigham Exploration Company

On 17 October 2011, Statoil and Brigham Exploration Company (Brigham) entered into an agreement for Statoil to acquire all outstanding shares of Brigham through an all-cash tender offer. Brigham was an independent exploration, development and production company and was listed on the NASDAQ in the US before the acquisition. It explored for, developed and produced US domestic onshore crude oil and natural gas reserves. Brigham's exploration and development activities were focused in the areas of the Williston Basin, targeting primarily the Bakken and Three Forks formations in North Dakota and Montana.

Statoil obtained control over Brigham on 1 December 2011, which was the acquisition and valuation date for purchase price allocation (PPA) purposes. At year end 2011, Statoil had obtained ownership of all shares in Brigham. The total cost of the business combination was NOK 26.0 billion. The acquisition was accounted for as a business combination using the acquisition method, where the acquired assets and liabilities were measured at fair value at the date of acquisition. The acquisition was recognised in the DPI segment. The fair value of net identifiable assets of Brigham was NOK 19.1 billion, consisting of total assets of NOK 34.3 billion and total liabilities of NOK 15.2 billion. In addition, goodwill of NOK 6.9 billion was recognised from the transaction. The goodwill was attributed to Statoil's US onshore operations on the basis of expected synergies and other benefits to Statoil from Brigham's assets and activities and was not deductible for tax purposes. The 2011 Consolidated financial statements included results of Brigham for the one-month period from the acquisition date.

Acquisition of exploration rights offshore Angola

On 20 December 2011 Statoil was awarded operatorship and a 55% share of blocks 38 and 39 and partner position with 20% interests in blocks 22, 25 and 40 in the Kwanza basin offshore Angola. The joint ventures were sat up as production sharing agreements (PSAs) in which the national oil company of Angola, Sonangol, participated with a carried interest of 30% in all five blocks during the exploration phase. By entering into the PSAs Statoil incurred total future commitments of NOK 8.4 billion (USD 1.4 billion), which included signature bonuses and minimum work commitments for all the blocks. As at 31 December 2011 a total of NOK 5.2 billion was recognised in the DPI segment and presented as *Intangible assets*.

Sale of interests in Gassled, Norway

On 5 June 2011 Statoil entered into an agreement with Solveig Gas Norway AS to sell a 24.1% ownership interest in the Gassled joint venture (Gassled). Statoil continued to hold a 5% interest in the joint venture after the divestment date 30 December 2011. Solveig Gas Norway AS paid a consideration of NOK 13.9 billion in cash in January 2012 for the 24.1% ownership interest in the joint venture. The transaction was principally tax exempt under the rules in the Norwegian petroleum tax system, however, a portion was taxable under the ordinary Norwegian tax system. Statoil recognised a pre-tax gain of NOK 8.4 billion from the transaction in the fourth quarter 2011, which included a release of deferred tax liabilities related to the tax exempted portion of the transaction. The transaction was recognised in the MPR segment and presented as Revenues third party and Other income.

5 Financial risk management

General information relevant to financial risks

Statoil's business activities naturally expose Statoil to financial risk. Statoil's approach to risk management includes identifying, evaluating and managing risk in all activities using a top-down approach. Statoil utilises correlations between the most important market risks, such as oil and natural gas prices, refined oil product prices, currencies, and interest rates, to calculate the overall market risk and thereby take into account the hedges inherent in Statoil's portfolio. Simply adding the different market risks without considering these correlations would overestimate Statoil's total market risk. This approach allows Statoil to reduce the number of risk management transactions and thereby reduce transaction costs and avoid sub-optimisation.

An important element in risk management is the use of centralised trading mandates. All major strategic transactions are required to be co-ordinated through Statoil's corporate risk committee. Mandates delegated to the trading organisations within crude oil, refined products, natural gas and electricity are relatively small compared to the total market risk of Statoil.

The corporate risk committee, which is headed by the chief financial officer and includes representatives from the principal business segments, is responsible for defining, developing and reviewing Statoil's risk policies. The chief financial officer, assisted by the committee, is also responsible for overseeing and developing Statoil's Enterprise-Wide Risk Management and proposing appropriate measures to adjust risk at the corporate level. The committee meets at least six times per year and regularly receives risk information relevant to Statoil.

Financial risks
Statoil's activities expose Statoil to the following financial risks:

- Market risk (including commodity price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

Market risk
Statoil operates in the worldwide crude oil, refined products, natural gas and electricity markets and is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates, interest rates and electricity prices that can affect the revenues and costs of operating, investing and financing. These risks are managed primarily on a short-term basis with a focus on achieving the highest risk-adjusted returns for Statoil within the given mandate. Long-term exposures, defined as having a time horizon of six months or more, are managed at the corporate level while short-term exposures are managed at segment and lower levels according to trading strategies and mandates approved by Statoil's corporate risk committee.

For the marketing of Statoil's commodities, Statoil has established guidelines for entering into derivative contracts in order to manage commodity price, foreign currency rate and interest rate risks. Statoil uses both financial and commodity-based derivatives to manage the risks in revenues, financial items and the present value of future cash flows.

For more information on sensitivity analysis of market risk, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

Commodity price risk
Commodity price risk represents Statoil's most important short-term market risk. To manage short-term commodity risk, Statoil enters into commodity-based derivative contracts, including futures, options, over-the-counter (OTC) forward contracts, market swaps and contracts for differences related to crude oil, petroleum products, natural gas and electricity.

Derivatives associated with crude oil and refined oil products are traded mainly on the Inter Continental Exchange (ICE) in London, the New York Mercantile Exchange (NYMEX), the OTC Brent market, and crude and refined products swaps markets. Derivatives associated with natural gas and electricity are mainly OTC physical forwards and options, NASDAQ OMX Oslo forwards and futures traded on the NYMEX and ICE.

The term of crude oil and refined oil products derivatives is usually less than one year, and the term for natural gas and electricity derivatives is usually three years or less. For more detailed information about Statoil's commodity based derivative financial instruments, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

Currency risk
Statoil's operating results and cash flows are affected by foreign currency fluctuations and the most significant currency is NOK against USD. Statoil manages its currency risk from operating activities with USD as the functional currency. Foreign exchange risk is managed at corporate level in accordance with established policies and mandates.

Statoil's cash flows from operating activities deriving from oil and gas sales, operating expenses and capital expenditures are mainly in USD, but taxes and dividends are mainly in NOK. Accordingly, Statoil's currency management is primarily linked to mitigate currency risk related to tax and dividend payments in NOK. This means that Statoil regularly purchases substantial NOK amounts on a forward basis using conventional derivative instruments.

Interest rate risk
Bonds are normally issued at fixed rates in a variety of local currencies (among others USD, EUR and GBP). Bonds may be converted to floating USD bonds by using interest rate and currency swaps. Statoil manages its interest rates exposure on its bond debt based on risk and reward considerations from an enterprise risk management perspective. This means that the fix/floating mix on interest rate exposure may vary from time to time. During 2013 Statoil adopted a higher share of fixed interest rate exposure on its bond debt. For more detailed information about Statoil's long-term debt portfolio see note 18 *Finance debt.*

Liquidity risk
Liquidity risk is the risk that Statoil will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity management is to make certain that Statoil has sufficient funds available at all times to cover its financial obligations.

Statoil manages liquidity and funding at the corporate level, ensuring adequate liquidity to cover Statoil's operational requirements. Statoil has a high focus and attention on credit and liquidity risk. In order to secure necessary financial flexibility, which includes meeting the financial obligations, Statoil maintains a conservative liquidity management policy. To identify future long-term financing needs, Statoil carries out three-year cash forecasts at least monthly. During 2013 Statoil's overall liquidity was further strengthened.

The main cash outflows are the annual dividend payment and Norwegian petroleum tax payments paid six times per year. If the monthly cash flow forecast shows that the liquid assets one month after tax and dividend payments will fall below the defined policy level, new long-term funding will be considered.

Short-term funding needs will normally be covered by the USD 4.0 billion US Commercial Papers Programme (CP) which is backed by a revolving credit facility of USD 3.0 billion, supported by 20 core banks, maturing in 2017. The facility supports secure access to funding, supported by the best available short-term rating. It has not been drawn.

Statoil raises debt in all major capital markets (USA, Europe and Japan) for long-term funding purposes. The policy is to have a smooth maturity profile with repayments not exceeding five per cent of capital employed in any year for the nearest five years. Statoil's non-current financial liability has a weighted average maturity of approximately ten years.

For more information about Statoil's non-current financial liabilities, see note 18 *Finance debt*.

The table below shows a maturity profile, based on undiscounted contractual cash flows, for Statoil's financial liabilities.

	At 31 December	
(in NOK billion)	2013	2012
Due within 1 year	103.6	102.8
Due between 1 and 2 years	30.5	28.6
Due between 3 and 4 years	41.7	21.0
Due between 5 and 10 years	71.0	44.9
Due after 10 years	94.4	55.0
Total specified	341.2	252.3

Credit risk

Credit risk is the risk that Statoil's customers or counterparties will cause Statoil financial loss by failing to honour their obligations. Credit risk arises from credit exposures with customer accounts receivables as well as from financial investments, derivative financial instruments and deposits with financial institutions.

Key elements of the credit risk management approach include:

- A global credit risk policy
- Credit mandates
- An internal credit rating process
- Credit risk mitigation tools
- A continuous monitoring and managing of credit exposures

Prior to entering into transactions with new counterparties, Statoil's credit policy requires all counterparties to be formally identified and approved. In addition, all sales, trading and financial counterparties are assigned internal credit ratings as well as exposure limits. Once established, all counterparties are re-assessed regularly and continuously monitored. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements and other relevant business information. In addition, Statoil evaluates any past payment performance, the counterparties' size and business diversification and the inherent industry risk. The internal credit ratings reflect Statoil's assessment of the counterparties' credit risk. Exposure limits are determined based on assigned internal credit ratings combined with other factors, such as expected transaction and industry characteristics. Credit mandates define acceptable credit risk thresholds and are endorsed by management and regularly reviewed with regard to changes in market conditions.

Statoil uses risk mitigation tools to reduce or control credit risk both on a counterparty and portfolio level. The main tools include bank and parental guarantees, prepayments and cash collateral. For bank guarantees, only investment grade international banks are accepted as counterparties.

Statoil has pre-defined limits for the absolute credit risk level allowed at any given time on Statoil's portfolio level as well as maximum credit exposures for individual counterparties. Statoil monitors the portfolio on a regular basis and individual exposures against limits on a daily basis. The total credit exposure portfolio of Statoil is geographically diversified among a number of counterparties within the oil and energy sector, as well as larger oil and gas consumers and financial counterparties. The majority of Statoil's credit exposure is with investment grade counterparties.

The following table contains the carrying amount of Statoil's financial receivables and derivative financial instruments that are neither past due nor impaired split by Statoil's assessment of the counterparty's credit risk. Only non-exchange traded instruments are included in derivative financial instruments.

(in NOK billion)	Non-current financial receivables	Trade and other receivables	Non-current derivative financial instruments	Current derivative financial instruments
At 31 December 2013				
Investment grade, rated A or above	0.9	17.2	12.5	1.2
Other investment grade	0.8	45.8	9.3	1.6
Non-investment grade or not rated	2.8	12.6	0.3	0.1
Total financial assets	4.5	75.5	22.1	2.9
At 31 December 2012				
Investment grade, rated A or above	0.9	16.4	17.9	1.6
Other investment grade	0.2	26.0	15.3	1.9
Non-investment grade or not rated	1.4	21.3	0.0	0.1
Total financial assets	2.5	63.7	33.2	3.6

At 31 December 2013, NOK 7.4 billion of cash was held as collateral to mitigate a portion of Statoil's credit exposure. At 31 December 2012, NOK 12.4 billion was held as collateral. The collateral cash is received as a security to mitigate credit exposure related to positive fair values on interest rate swaps, cross currency swaps and foreign exchange swaps. Cash is called as collateral in accordance with the master agreements with the different counterparties when the positive fair values for the different swap agreements are above an agreed threshold.

Under the terms of various master netting agreements for derivative financial instruments as of 31 December 2013, NOK 2.0 billion presented as liabilities do not meet the criteria for offsetting. At 31 December 2012, NOK 2.5 billion was not offset. The collateral received and the amounts not offset from derivative financial instrument liabilities, reduces the credit exposure in the derivative financial instruments presented in the table above as they will offset each other in a potential default situation for the counterparty.

6 Remuneration

	For the year ended 31 December		
(in NOK billion, except average number of man-labour years)	2013	2012	2011
Salaries	23.5	22.7	21.1
Pension costs	4.6	(0.6)	3.8
Payroll tax	3.4	3.3	3.3
Other compensations and social costs	2.5	2.8	2.5
Total payroll costs	34.0	28.2	30.7
Average number of man-labour years	23,115	26,728	29,378

Total payroll expenses are accumulated in cost-pools and partly charged to partners of Statoil operated licences on an hours incurred basis.

The negative pension cost in 2012 was primarily caused by a curtailment gain recognised on the basis of Statoil's discontinuance of the supplementary (gratuity) part of the early retirement scheme. For further information, see note 19 *Pensions*.

Compensation to the board of directors (BoD) and the corporate executive committee (CEC)
Remuneration to members of the BoD and the CEC during the year was as follows:

	For the year ended 31 December		
(in NOK million)	2013	2012	2011
Current employee benefits	77.7	81.1	59.4
Post-employment benefits	12.1	13.6	12.0
Other non-current benefits	0.1	0.1	0.1
Share based payment benefits	1.2	1.3	1.0
Total	91.1	96.1	72.5

At 31 December 2013, 2012 and 2011, there are no loans to the members of the BoD or the CEC.

Share-based compensation
Statoil's share saving plan provides employees with the opportunity to purchase Statoil shares through monthly salary deductions and a contribution by Statoil. If the shares are kept for two full calendar years of continued employment, the employees will be allocated one bonus share for each one they have purchased.

Estimated compensation expense including the contribution by Statoil for purchased shares, amounts vested for bonus shares granted and related social security tax was NOK 0.6 billion, NOK 0.5 billion and NOK 0.5 billion related to the 2013, 2012 and 2011 programs, respectively. For the 2014 program (granted in 2013), the estimated compensation expense is NOK 0.6 billion. At 31 December 2013, the amount of compensation cost yet to be expensed throughout the vesting period is NOK 1.2 billion.

7 Other expenses

Auditor's remuneration

	For the year ended 31 December		
(in NOK million, excluding VAT)	2013	2012	2011
Audit fee	38	44	63
Audit related fee	8	9	7
Tax fee	0	2	0
Other service fee	0	2	3
Total	46	57	73

In addition to the figures in the table above, the audit fees and audit related fees related to Statoil operated licences amount to NOK 6 million, NOK 7 million and NOK 9 million for 2013, 2012 and 2011, respectively.

Research and development expenditures
Research and development (R&D) expenditures were NOK 3.2 billion, NOK 2.8 billion and NOK 2.2 billion in 2013, 2012 and 2011, respectively. R&D expenditures are partly financed by partners of Statoil operated licences. Statoil's share of the expenditures has been recognised as expense in the Consolidated statement of income.

8 Financial items

(in NOK billion)	For the year ended 31 December 2013	2012	2011
Foreign exchange gains (losses) derivative financial instruments	(4.1)	2.1	1.6
Other foreign exchange gains (losses)	(4.5)	(1.3)	(2.2)
Net foreign exchange gains (losses)	(8.6)	0.8	(0.6)
Dividends received	0.1	0.1	0.1
Gains (losses) financial investments	1.9	0.6	(0.4)
Interest income financial investments	0.6	0.6	0.5
Interest income non-current financial receivables	0.1	0.1	0.1
Interest income current financial assets and other financial items	0.9	0.4	1.9
Interest income and other financial items	3.6	1.8	2.2
Interest expense bonds and bank loans and net interest on related derivatives	(1.5)	(2.5)	(2.2)
Interest expense finance lease liabilites	(0.2)	(0.5)	(0.6)
Capitalised borrowing costs	1.1	1.2	0.9
Accretion expense asset retirement obligations	(3.2)	(3.0)	(2.8)
Gains (losses) derivative financial instruments	(7.4)	3.0	6.9
Interest expense current financial liabilities and other finance expense	(0.8)	(0.7)	(1.8)
Interest and other finance expenses	(12.0)	(2.5)	0.4
Net financial items	(17.0)	0.1	2.0

Statoil's main financial items relate to assets and liabilities categorised in the held for trading category and the amortised cost category. For more information about financial instruments by category see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

The line item Interest expense bonds and bank loans and net interest on related derivatives primarily includes interest expenses of NOK 5.4 billion, NOK 5.0 billion and NOK 4.7 billion from the financial liabilities at amortised cost category, partly offset by net interest on related derivatives from the held for trading category, NOK 3.9 billion, NOK 2.5 billion and NOK 2.5 billion for 2013, 2012 and 2011, respectively.

The line item Gains (losses) derivative financial instruments primarily includes fair value loss from the held for trading category of NOK 7.6 billion, gain of NOK 2.9 billion and gain of NOK 6.8 billion for 2013, 2012 and 2011, respectively.

In addition, net exchange loss of NOK 4.9 billion, gain of NOK 4.2 billion and gain of NOK 3.3 billion from the held for trading category is included in the line item Foreign exchange gains (losses) derivative financial instruments for 2013, 2012 and 2011, respectively.

An impairment loss of NOK 0.4 billion, NOK 2.1 billion and NOK 0.5 billion recognised for an investment classified in the available for sale category is included in Interest income current financial assets and other financial items in 2013, 2012 and 2011, respectively.

9 Income taxes

Significant components of income tax expense

(in NOK billion)	For the year ended 31 December 2013	2012	2011
Current income tax expense in respect of current year	111.6	138.1	131.5
Prior period adjustments	1.3	(0.5)	0.2
Current income tax expense	112.9	137.6	131.7
Origination and reversal of temporary differences	(13.4)	0.3	7.0
Recognition of previously unrecognised deferred tax assets	0.0	(3.0)	(3.1)
Change in tax regulations	0.1	2.3	0.0
Prior period adjustments	(0.4)	0.0	(0.2)
Deferred tax expense	(13.7)	(0.4)	3.7
Income tax expense	99.2	137.2	135.4

Reconciliation of nominal statutory tax rate to effective tax rate

(in NOK billion)	For the year ended 31 December 2013	2012	2011
Income before tax	138.4	206.7	213.8
Calculated income tax at statutory rate*	42.4	62.9	64.0
Calculated Norwegian Petroleum tax**	71.7	87.4	84.9
Tax effect of uplift**	(5.2)	(5.3)	(5.1)
Tax effect of permanent differences	(16.1)	(6.3)	(5.7)
Recognition of previously unrecognised deferred tax assets	0.0	(3.0)	(3.1)
Change in valuation allowance	3.9	0.3	(0.3)
Change in tax regulations	0.1	2.3	0.0
Prior period adjustments	0.9	(0.5)	0.0
Other items	1.5	(0.6)	0.7
Income tax expense	99.2	137.2	135.4
Effective tax rate	71.7 %	66.4 %	63.3 %

* The weighted average of statutory tax rates was 30.7% in 2013, 30.4% in 2012 and 29.9% in 2011. The increase from 2012 to 2013 was principally due to a change in the geographic mix of income, with a higher proportion of income in 2013 arising in jurisdictions subject to relatively higher tax rates. The increase from 2011 to 2012 was also due to such changes.

** When computing the petroleum tax of 50% (51% from 2014) on income from the Norwegian continental shelf, a tax-free allowance, or uplift, is granted at a rate of 7.5% per year for investments made prior to 5 May 2013. For investments made from 5 May 2013 the rate is 5.5% per year. Transitional rules apply to investments covered by among others Plans for development and operation (PDOs) or Plans for installation and operation (PIOs) submitted to the Ministry of Oil and Energy prior to 5 May 2013. The uplift is computed on the basis of the original capitalised cost of offshore production installations. The uplift may be deducted from taxable income for a period of four years, starting in the year in which the capital expenditure is incurred. Unused uplift may be carried forward indefinitely. At year end 2013 and 2012, unrecognised uplift credits amounted to NOK 19.2 billion and NOK 17.5 billion, respectively.

Deferred tax assets and liabilities comprise

(in NOK billion)	Tax losses carried forward	Property, plant and equipment	Intangible assets	ARO	Pensions	Derivatives	Other	Total
Deferred tax at 31 December 2013								
Deferred tax assets	15.5	11.8	0.0	63.8	6.4	0.0	12.2	109.7
Deferred tax liabilities	0.0	(129.3)	(26.8)	0.0	0.0	(11.3)	(5.1)	(172.5)
Net asset (liability) at 31 December 2013	15.5	(117.5)	(26.8)	63.8	6.4	(11.3)	7.1	(62.8)
Deferred tax at 31 December 2012								
Deferred tax assets	10.7	7.7	0.0	63.4	5.6	0.0	9.6	97.0
Deferred tax liabilities	0.0	(127.5)	(20.9)	0.0	0.0	(18.1)	(7.8)	(174.3)
Net asset (liability) at 31 December 2012	10.7	(119.8)	(20.9)	63.4	5.6	(18.1)	1.8	(77.3)

Changes in net deferred tax liability during the year were as follows:

(in NOK billion)	2013	2012	2011
Net deferred tax liability at 1 January	77.3	76.8	76.2
Charged (credited) to the Consolidated statement of income	(13.7)	(0.4)	3.7
Other comprehensive income	(1.5)	1.7	(2.0)
Translation differences and other	0.7	(0.8)	(1.1)
Net deferred tax liability at 31 December	62.8	77.3	76.8

Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority, and there is a legally enforceable right to offset current tax assets against current tax liabilities. After netting deferred tax assets and liabilities by fiscal entity, deferred taxes are presented on the balance sheet as follows:

(in NOK billion)	At 31 December 2013	2012
Deferred tax assets	8.2	3.9
Deferred tax liabilities	71.0	81.2

Deferred tax assets are recognised based on the expectation that sufficient taxable income will be available through reversal of taxable temporary differences or future taxable income. At year end 2013 the deferred tax assets of NOK 8.2 billion are primarily recognised in Norway and Angola. At year end 2012 the deferred tax assets of NOK 3.9 billion were primarily recognised in the USA and Angola. In 2013 deferred tax assets in the USA are set-off against deferred tax liabilities.

Unrecognised deferred tax assets

(in NOK billion)	At 31 December 2013	2012
Deductible temporary differences	0.6	1.0
Tax losses carried forward	11.0	7.8

Approximately 27% of the unrecognised losses carry-forwards may be carried forward indefinitely. The majority of the remaining part of the unrecognised tax losses expire after 2023. The unrecognised deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because currently there is insufficient evidence to support that future taxable profits will be available to secure utilisation of the benefits.

10 Earnings per share

The weighted average number of ordinary shares is the basis for computing the basic and diluted earnings per share as disclosed in the Consolidated statement of income.

(in millions)	2013	At 31 December 2012	2011
Weighted average number of ordinary shares	3,180.7	3,181.5	3,182.1
Weighted average number of ordinary shares, diluted	3,188.9	3,190.2	3,190.0

11 Property, plant and equipment

(in NOK billion)	Machinery, equipment and transportation equipment, including vessels	Production plants and oil and gas assets	Refining and manufacturing plants	Buildings and land	Assets under development	Total
Cost at 31 December 2012	18.4	816.4	56.6	7.4	99.0	997.8
Additions and transfers	1.6	77.0	3.0	0.8	36.7	119.0
Disposals at cost	(0.5)	(43.7)	(1.1)	(0.1)	(6.0)	(51.4)
Effect of changes in foreign exchange	1.6	20.3	1.6	0.4	5.8	29.7
Cost at 31 December 2013	21.1	869.9	60.2	8.4	135.5	1,095.1
Accumulated depreciation and impairment losses at 31 December 2012	(12.7)	(501.2)	(39.9)	(2.9)	(2.0)	(558.7)
Depreciation	(1.3)	(61.6)	(2.1)	(0.3)	0.0	(65.3)
Impairment losses	(0.9)	(1.1)	(2.7)	(0.5)	(2.0)	(7.2)
Reversal of impairment losses	0.0	0.0	0.0	0.0	0.2	0.2
Accumulated depreciation and impairment disposed assets	0.5	33.5	0.3	0.0	0.3	34.6
Effect of changes in foreign exchange	(1.1)	(9.7)	(0.5)	(0.1)	0.2	(11.3)
Accumulated depreciation and impairment losses at 31 December 2013	(15.5)	(540.1)	(44.9)	(3.8)	(3.3)	(607.7)
Carrying amount at 31 December 2013	5.6	329.8	15.2	4.6	132.2	487.4
Estimated useful lives (years)	3 - 20	*	15 - 20	20 - 33		

(in NOK billion)	Machinery, equipment and transportation equipment, including vessels	Production plants and oil and gas assets	Refining and manufacturing plants	Buildings and land	Assets under development	Total
Cost at 31 December 2011	23.2	750.5	53.6	16.9	97.7	941.9
Additions and transfers	1.3	100.0	7.8	1.5	6.7	117.3
Disposals at cost	(4.8)	(19.1)	(3.8)	(10.7)	(1.5)	(39.9)
Effect of changes in foreign exchange	(1.3)	(15.0)	(1.0)	(0.3)	(3.9)	(21.5)
Cost at 31 December 2012	18.4	816.4	56.6	7.4	99.0	997.8
Accumulated depreciation and impairment losses at 31 December 2011	(15.5)	(469.1)	(40.7)	(7.2)	(1.8)	(534.3)
Depreciation	(1.4)	(55.1)	(1.9)	(0.5)	(0.2)	(59.1)
Impairment losses	0.0	(0.7)	(0.6)	0.0	0.0	(1.3)
Reversal of impairment losses	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation and impairment disposed assets	3.4	16.7	2.8	4.7	0.0	27.6
Effect of changes in foreign exchange	0.8	7.0	0.5	0.1	0.0	8.4
Accumulated depreciation and impairment losses at 31 December 2012	(12.7)	(501.2)	(39.9)	(2.9)	(2.0)	(558.7)
Carrying amount at 31 December 2012	5.7	315.2	16.7	4.5	97.0	439.1
Estimated useful lives (years)	3 - 20	*	15 - 20	20 - 33		

* Depreciation according to unit of production method, see note 2 *Significant accounting policies*.

In 2013 a redetermination of the Ormen Lange Unit was concluded and as a result Statoil's ownership share was reduced by 3.57% to 25.35%. The effects of the redetermination on *Property, plant and equipment* are included on the Additions and transfers line.

The carrying amount of assets transferred to *Property, plant and equipment* from *Intangible assets* amounted to NOK 7.0 billion in both 2013 and 2012.

In assessing the need for impairment of the carrying amount of a potentially impaired asset, the asset's carrying amount is compared to its recoverable amount. The recoverable amount is the higher of fair value less cost of disposal and estimated value in use. The base discount rate for value in use calculations is 6.5% real after tax. The discount rate is derived from Statoil's weighted average cost of capital. A derived pre-tax discount rate would generally be in the range of 8-12%, depending on asset specific characteristics, such as specific tax treatments, cash flow profiles and economic life. For certain assets a pre-tax discount rate could be outside this range, mainly due to special tax elements (for example permanent differences) affecting the pre-tax equivalent. See note 2 *Significant accounting policies* for further information regarding impairment on property, plant and equipment. Also see note 3 *Segments* for further information on impairment losses recognised.

Statoil's unconventional activities in the US and Canada comprise cash generating units (CGUs) with a total carrying amount (*Property, plant and equipment* and *Intangible assets*) of approximately NOK 120 billion (including a goodwill amount of NOK 7 billion) which are sensitive to changes in oil and natural gas prices. A decrease in the long-term price assumptions would lead to the goodwill being impaired in full and also to a certain impairment of the individual CGUs' carrying values. For further description of how the group establishes recoverable amounts, reference is made to note 2 *Significant accounting policies*.

12 Intangible assets

(in NOK billion)	Exploration expenditures	Acquisition costs - oil and gas prospects	Goodwill	Other	Total
Cost at 31 December 2012	18.6	57.3	9.7	2.7	88.3
Additions	6.3	2.0	0.0	0.3	8.7
Disposals at cost	(1.1)	(0.5)	0.0	0.0	(1.6)
Transfers	(2.9)	(4.0)	0.0	(0.1)	(7.0)
Expensed exploration expenditures previously capitalised	(1.9)	(1.2)	0.0	0.0	(3.1)
Effect of changes in foreign exchange	1.2	4.9	0.7	0.2	6.9
Cost at 31 December 2013	20.3	58.6	10.5	3.1	92.4
Accumulated amortisation and impairment losses at 31 December 2012			0.0	(0.7)	(0.7)
Amortisation and impairments for the year			0.0	(0.1)	(0.1)
Effect of changes in foreign exchange			0.0	(0.1)	(0.1)
Accumulated amortisation and impairment losses at 31 December 2013			0.0	(0.9)	(0.9)
Carrying amount at 31 December 2013	20.3	58.6	10.5	2.2	91.5

(in NOK billion)	Exploration expenditures	Acquisition costs - oil and gas prospects	Goodwill	Other	Total
Cost at 31 December 2011	19.7	59.9	11.4	3.1	94.1
Additions	5.6	6.4	0.0	0.6	12.6
Disposals at cost	(0.5)	(0.1)	(1.2)	(0.8)	(2.6)
Transfers	(2.6)	(4.4)	0.1	(0.1)	(7.0)
Expensed exploration expenditures previously capitalised	(2.7)	(0.4)	0.0	0.0	(3.1)
Effect of changes in foreign exchange	(0.9)	(4.1)	(0.6)	(0.1)	(5.7)
Cost at 31 December 2012	18.6	57.3	9.7	2.7	88.3
Accumulated amortisation and impairment losses at 31 December 2011			(0.4)	(1.0)	(1.4)
Amortisation and impairments for the year			0.0	(0.1)	(0.1)
Amortisation and impairment losses disposed intangible assets			0.4	0.4	0.8
Accumulated amortisation and impairment losses at 31 December 2012			0.0	(0.7)	(0.7)
Carrying amount at 31 December 2012	18.6	57.3	9.7	2.0	87.6

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised systematically over their estimated economic lives, ranging between 10-20 years.

Impairment losses and reversals of impairment losses are presented as *Exploration expenses* and *Depreciation, amortisation and net impairment losses* on the basis of their nature as exploration assets (intangible assets) and other intangible assets, respectively. The impairment losses and reversal of impairment losses are based on recoverable amount estimates triggered by changes in reserve estimates, cost estimates and market conditions. See note 11 *Property, plant and equipment* for further information on the basis for impairment assessments.

The table below shows the aging of capitalised exploration expenditures.

(in NOK billion)	Amount capitalised
Less than one year	7.3
Between one and five years	11.6
Between five and nine years	1.4
Total	20.3

The table below shows the components of the exploration expenses.

	For the year ended 31 December		
(in NOK billion)	2013	2012	2011
Exploration expenditures	21.8	20.9	18.8
Expensed exploration expenditures previously capitalised	3.1	3.1	1.5
Capitalised exploration	(6.9)	(5.9)	(6.5)
Exploration expenses	18.0	18.1	13.8

13 Financial investments and non-current prepayments

Non-current financial investments

	At 31 December	
(in NOK billion)	2013	2012
Bonds	10.0	8.9
Listed equity securities	5.6	4.9
Non-listed equity securities	0.9	1.2
Financial investments	16.4	15.0

Bonds and Listed equity securities relate to investment portfolios which are held by Statoil's captive insurance company and accounted for using the fair value option.

Non-current prepayments and financial receivables

	At 31 December	
(in NOK billion)	2013	2012
Financial receivables interest bearing	4.5	2.5
Prepayments and other non-interest bearing receivables	4.1	2.4
Prepayments and financial receivables	8.5	4.9

Financial receivables interest bearing primarily relate to loans to employees and project financing of subcontractors.

Current financial investments

(in NOK billion)	At 31 December 2013	2012
Bonds and time deposits	6.0	1.0
Treasury bills and commercial papers	33.2	13.9
Financial investments	39.2	14.9

At 31 December 2013 current *Financial investments* include NOK 5.3 billion investment portfolios which are held by Statoil's captive insurance company and accounted for using the fair value option. The corresponding balance at 31 December 2012 was NOK 5.4 billion.

For information about financial instruments by category, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

14 Inventories

(in NOK billion)	At 31 December 2013	2012
Crude oil	15.2	13.7
Petroleum products	7.4	9.8
Other	7.0	1.8
Inventories	29.6	25.3

Other inventory consists mainly of spare parts and operational materials, including drilling and well equipment.

15 Trade and other receivables

(in NOK billion)	At 31 December 2013	2012
Trade receivables	64.9	55.3
Current financial receivables	2.4	1.0
Joint venture receivables	7.8	6.9
Associated companies and other related party receivables	0.4	0.5
Total financial trade and other receivables	75.6	63.7
Non-financial trade and other receivables	6.2	10.3
Trade and other receivables	81.8	74.0

For more information about the credit quality of Statoil's counterparties, see note 5 *Financial risk management*. For currency sensitivities, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

16 Cash and cash equivalents

(in NOK billion)	At 31 December 2013	2012
Cash at bank available	8.5	7.3
Time deposits	37.1	21.4
Money market funds	6.1	2.8
Treasury bills and commercial papers	31.4	31.4
Restricted cash, including collateral deposits	2.3	2.3
Cash and cash equivalents	85.3	65.2

Restricted cash at 31 December 2013 and at 31 December 2012 includes collateral deposits of NOK 1.9 billion related to trading activities. Collateral deposits are related to certain requirements set out by exchanges where Statoil is participating. The terms and conditions related to these requirements are determined by the respective exchanges.

17 Shareholders' equity

At 31 December 2013 and 2012, Statoil's share capital of NOK 7,971,617,757.50 comprised 3,188,647,103 shares at a nominal value of NOK 2.50.

Statoil ASA has only one class of shares and all shares have voting rights. The holders of shares are entitled to receive dividends as and when declared and are entitled to one vote per share at general meetings of the company.

Dividends declared and paid per share were NOK 6.75 in 2013, NOK 6.50 in 2012 and NOK 6.25 in 2011. A dividend of NOK 7.00 per share, amounting to a total dividend of NOK 22.3 billion, will be proposed at the annual general meeting in May 2014. The proposed dividend is not recognised as a liability in the Consolidated financial statements.

Total equity in the parent company Statoil ASA provides the basis for distribution of dividend to shareholders. As of 31 December 2013 total equity in Statoil ASA amounted to NOK 321.3 billion, of which NOK 112.2 billion is restricted equity. Total equity in the parent company as of 31 December 2012 was NOK 280.6 billion, of which NOK 105.5 billion was restricted equity. Restricted equity for 2013 is presented in accordance with the requirements in the Norwegian Limited Liabilities Companies Act effective 1 July 2013.

During 2013 a total of 3,937,641 treasury shares were purchased for NOK 0.5 billion. In 2012 a total of 3,278,561 treasury shares were purchased for NOK 0.5 billion. At 31 December 2013 Statoil had 9,734,733 treasury shares and at 31 December 2012 8,675,317 treasury shares, all of which are related to Statoil's share saving plan.

18 Finance debt

Capital management

The main objectives of Statoil's capital management policy are to maintain a strong financial position and to ensure sufficient financial flexibility. One of the key ratios in the assessment of Statoil's financial robustness is Net interest-bearing debt adjusted (ND) to capital employed adjusted (CE). ND is defined as Statoil's interest bearing financial liabilities less cash and cash equivalents and current financial investments, adjusted for collateral deposits and balances held by Statoil's captive insurance company (an increase of NOK 7.1 billion and NOK 7.3 billion for 2013 and 2012, respectively), balances related to the SDFI (a decrease of NOK 1.3 billion and NOK 1.2 billion for 2013 and 2012, respectively) and project financing exposure that does not correlate to the underlying exposure (a decrease of NOK 0.2 billion and NOK 0.3 billion for 2013 and 2012, respectively). CE is defined as Statoil's total equity (including non-controlling interests) and ND.

(in NOK billion)	At 31 December 2013	2012
Net interest-bearing debt adjusted (ND)	63.7	45.1
Capital employed adjusted (CE)	419.7	365.0
Net debt to capital employed (ND/CE)	15.2 %	12.4 %

Non-current finance debt

Finance debt measured at amortised cost

	Weighted average interest rates in %		Carrying amount in NOK billion at 31 December		Fair value in NOK billion at 31 December	
	2013	2012	2013	2012	2013	2012
Unsecured bonds						
US dollar (USD)	3.76	4.52	117.4	69.9	118.4	80.2
Euro (EUR)	4.02	4.99	33.6	18.4	37.7	22.8
Great Britain pound (GBP)	6.08	6.71	13.8	9.2	17.7	13.8
Norwegian kroner (NOK)	4.18	-	3.0	-	3.1	-
Total			167.8	97.5	176.8	116.8
Unsecured loans						
US dollar (USD)	-	0.47	-	2.4	-	2.5
Japanese yen (JPY)	4.30	4.30	0.6	0.7	0.8	0.7
Euro (EUR)	3.35	-	1.3	-	1.3	-
Secured bank loans						
US dollar (USD)	4.52	4.33	0.2	0.4	0.2	0.4
Norwegian kroner (NOK)	3.20	3.57	0.2	0.1	0.2	0.1
Finance lease liabilities			5.0	5.6	5.0	5.6
Total			7.3	9.2	7.5	9.3
Total finance debt			175.0	106.7	184.3	126.1
Less current portion			9.6	5.7	9.6	5.9
Non-current finance debt			165.5	101.0	174.7	120.2

Unsecured bonds amounting to NOK 117.4 billion are denominated in USD and unsecured bonds amounting to NOK 37.9 billion are swapped into USD. Two bonds denominated in EUR and amounting to NOK 12.5 billion are not swapped. The table does not include the effects of agreements entered into to swap the various currencies into USD. For further information see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

Weighted average interest rates are calculated based on the contractual rates on the loans per currency at 31 December and do not include the effect of swap agreements.

The fair value of the non-current financial liabilities is determined using a discounted cash flow model. Interest rates used in the model are derived from the LIBOR and EURIBOR forward curves and will vary based on the time to maturity for the non-current financial liabilities. The credit premium used is based on indicative pricing from external financial institutions.

Substantially all unsecured bond and unsecured bank loan agreements contain provisions restricting future pledging of assets to secure borrowings without granting a similar secured status to the existing bondholders and lenders.

Statoil's secured bank loans in USD have been secured by mortgage of shares in a subsidiary with a book value of NOK 1.8 billion, in addition, security includes Statoil's pro-rata share of income from a project. The secured bank loan in NOK has been secured by real estate and land with a total book value of NOK 0.4 billion.

In 2013 Statoil issued the following bonds:

Issuance date	Amount	Interest rate	Maturity date
15 May 2013	USD 0.75 billion	1.15%	May 2018
15 May 2013	USD 0.50 billion	floating	May 2018
15 May 2013	USD 0.90 billion	2.65%	January 2024
15 May 2013	USD 0.85 billion	3.95%	May 2043
27 August 2013	USD 0.30 billion	floating	August 2020
10 September 2013	EUR 0.85 billion	2.00%	September 2020
10 September 2013	EUR 0.65 billion	2.88%	September 2025
10 September 2013	GBP 0.35 billion	4.25%	April 2041
16 September 2013	NOK 2.00 billion	4.13%	September 2025
16 September 2013	NOK 1.00 billion	4.27%	September 2033
8 November 2013	USD 0.75 billion	1.95%	November 2018
8 November 2013	USD 0.75 billion	floating	November 2018
8 November 2013	USD 0.75 billion	2.90%	November 2020
8 November 2013	USD 1.00 billion	3.70%	March 2024
8 November 2013	USD 0.75 billion	4.80%	November 2043
12 December 2013	EUR 0.15 billion	3.35%	December 2033

Out of Statoil's total outstanding unsecured bond portfolio, 43 bond agreements contain provisions allowing Statoil to call the debt prior to its final redemption at par or at certain specified premiums if there are changes to the Norwegian tax laws. The carrying amount of these agreements is NOK 166.0 billion at the 31 December 2013 closing exchange rate.

For more information about the revolving credit facility, maturity profile for undiscounted cash flows and interest rate risk management, see note 5 *Financial risk management*.

Non-current finance debt maturity profile

(in NOK billion)	At 31 December 2013	2012
Year 2 and 3	18.2	19.1
Year 4 and 5	30.1	10.8
After 5 years	117.1	71.1
Total repayment of non-current finance debt	165.5	101.0
Weighted average maturity (years)	10	9
Weighted average annual interest rate (%)	4.06	4.74

More information regarding finance lease liabilities is provided in note 22 *Leases*.

Current finance debt

(in NOK billion)	At 31 December 2013	2012
Collateral liabilities	7.4	12.4
Non-current finance debt due within one year	9.6	5.7
Other including bank overdraft	0.1	0.3
Total current finance debt	17.1	18.4
Weighted average interest rate (%)	2.12	1.02

Collateral liabilities relate to cash received as security for a portion of Statoil's credit exposure.

19 Pensions

The Norwegian companies in the group are subject to the requirements of the Mandatory Company Pensions Act, and the company's pension scheme follows the requirements of the Act.

The main pension schemes in Norway are managed by Statoil Pensjon (Statoil's pension fund - hereafter "Statoil Pension"). Statoil Pension is an independent pension fund that covers the employees in Statoil's Norwegian companies. The purpose of Statoil Pension is to provide retirement and disability pension to members and survivor's pension to spouses, registered partners, cohabitants and children. The pension fund's assets are kept separate from the company's and group companies' assets. Statoil Pension is supervised by the Financial Supervisory Authority of Norway ("Finanstilsynet") and is licensed to operate as a pension fund.

Statoil ASA and a number of its subsidiaries have defined benefit retirement plans, which cover substantially all of their employees.

The Norwegian National Insurance Scheme ("Folketrygden") provides pension payments (social security) to all retired Norwegian citizens. Such payments are calculated by references to a base amount ("Grunnbeløpet" or "G") annually approved by the Norwegian parliament. Statoil's plan benefits are generally based on a minimum of 30 years of service and 66% of the final salary level, including an assumed benefit from the Norwegian National Insurance Scheme.

Due to national agreements in Norway, Statoil is a member of both the previous "agreement-based early retirement plan (AFP)" and the new AFP scheme applicable from 1 January 2011. Statoil will pay a premium for both AFP schemes until 31 December 2015. After that date, premiums will only be due on the new AFP scheme. The premium in the new scheme is calculated on the basis of the employees' income between 1 and 7.1 G. The premium is payable for all employees until age 62. Pension from the new AFP scheme will be paid from the AFP plan administrator to employees for their full lifetime. Statoil has determined that its obligations under this multi-employer defined benefit plan can be estimated with sufficient reliability for recognition purposes. Accordingly, the estimated proportionate share of the AFP plan has been recognised as a defined benefit obligation.

Following the implementation of the amendment to IAS19 *Employee benefits*, the main change for Statoil is that expected return on plan assets should be set equal to the discount rate and is therefore no longer reflected in the pension assumptions. For more information, see note 2 *Significant accounting policies*.

The present values of the defined benefit obligation and the related current service cost and past service cost are measured using the projected unit credit method. The assumptions for salary increases, increases in pension payments and social security base amount are based on agreed regulation in the plans, historical observations, future expectations of the assumptions and the relationship between these assumptions. At 31 December 2013 the discount rate for the defined benefit plans in Norway is established on the basis of seven years' mortgage covered bonds interest rate extrapolated on a 22.2 year yield curve which matches the duration of Statoil's payment portfolio for earned benefits.

Social security tax is calculated based on a pension plan's net funded status and is included in the defined benefit obligation.

Statoil has more than one defined benefit plan, but the disclosure is made in total since the plans are not subject to materially different risks. Pension plans outside Norway are insignificant and are not disclosed separately.

Some Statoil companies have defined contribution plans. The period's contributions are recognised in the Consolidated statement of income as pension cost for the period.

Net pension cost

(in NOK billion)	For the year ended 31 December 2013	2012	2011
Current service cost	4.0	3.8	3.6
Interest cost	2.5	2.2	2.7
Interest (income) on plan asset	(2.1)	(2.5)	(2.9)
Losses (gains) from curtailment or settlement	0.0	(4.3)	0.0
Actuarial (gains) losses related to termination benefits	0.0	0.0	0.1
Defined benefit plans	4.4	(0.8)	3.5
Defined contribution plans	0.2	0.2	0.2
Multi-employer plans (previous AFP)	0.0	0.0	0.1
Total net pension cost	4.6	(0.6)	3.8

Pension cost includes associated social security tax and is partly charged to partners of Statoil operated licences.

In 2012 a curtailment gain of NOK 4.3 billion was recognised in the Consolidated statement of income following Statoil's decision to discontinue Statoil's supplementary (gratuity) part of the early retirement scheme for employees born after 1953, including NOK 0.5 billion related to Statoil Fuel and Retail ASA's redesign of its defined benefit plans.

(in NOK billion)	2013	2012
Defined benefit obligations (DBO)		
At 1 January	68.7	75.0
Current service cost	4.0	3.8
Interest cost	2.5	2.2
Actuarial (gains) losses - Demographic assumptions	5.8	0.0
Actuarial (gains) losses - Financial assumptions	4.8	(6.8)
Actuarial (gains) losses - Experience	(1.1)	3.4
Benefits paid	(2.0)	(1.8)
Losses (gains) from curtailment or settlement	0.0	(4.7)
Acquisition and sale	0.0	(2.4)
Foreign currency translation	0.1	0.0
At 31 December	82.8	68.7
Fair value of plan assets		
At 1 January	57.5	51.9
Interest Income	2.1	2.5
Return on plan assets (excluding interest income)	4.0	1.9
Company contributions (including social security tax)	3.1	4.2
Benefits paid	(1.1)	(0.7)
(Losses) gains from curtailment or settlement	0.0	(0.1)
Acquisition and sale	0.0	(2.2)
Foreign currency translation	0.2	0.0
At 31 December	65.8	57.5
Net benefit liability at 31 December	17.0	11.2
Represented by:		
Asset recognised as non-current pension assets (funded plan)	5.3	9.4
Liability recognised as non-current pension liabilities (unfunded plans)	22.3	20.6
DBO specified by funded and unfunded pension plans	82.8	68.7
Funded	60.6	48.1
Unfunded	22.3	20.6
Actual return on assets	6.1	4.4

The tables above for DBO and Fair value of plan assets do not include currency effects for Statoil ASA.

Actuarial losses and gains recognised directly in Other comprehensive income (OCI)

	For the year ended 31 December		
(in NOK billion)	2013	2012	2011
Net actuarial losses (gains) recognised during the year	5.5	(5.3)	7.4
Actuarial losses (gains) related to currency effects on net obligation and foreign exhange translation	0.4	(0.2)	0.0
Recognised directly in OCI during the year	(5.9)	5.5	(7.4)
Cumulative actuarial losses (gains) recognised directly in OCI net of tax	15.4	11.6	16.3

The net actuarial loss for 2013 is mainly related to an updated assessment of the demographic assumptions to be used for pension obligations in Norway.

In the table above, Actuarial losses (gains) related to currency effects on net obligation and foreign exchange translation include the translation of the net pension obligation in NOK to the functional currency USD for the parent company, Statoil ASA and the translation of the net pension obligation from the functional currency USD to Statoil's presentation currency NOK.

Actuarial assumptions

	Assumptions used to determine benefit costs in %		Assumptions used to determine benefit obligations in %	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
Discount rate	3.75	3.25	4.00	3.75
Rate of compensation increase	3.25	3.00	3.50	3.25
Expected rate of pension increase	1.75	2.00	2.50	1.75
Expected increase of social security base amount (G-amount)	3.00	2.75	3.25	3.00
Weighted-average duration of the defined benefit obligation			22.2	21.9

The assumptions presented are for the Norwegian companies in Statoil which are members of Statoil's pension fund. The defined benefit plans of other subsidiaries are immaterial to the consolidated pension assets and liabilities.

Expected attrition at 31 December 2013 was 2.5%, 3.0%, 1.5%, 0.5% and 0.1% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively. Expected attrition at 31 December 2012 was 2.5%, 2.0%, 1.0%, 0.5% and 0.1% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively.

Due to increased life expectancy in the Norwegian population, new mortality tables (K2013) for collective pension funds have been issued by The Financial Supervisory Authority of Norway ("Finanstilsynet"). Statoil has assessed that applying the new mortality tables represents the best estimate when calculating pension liabilities for plans in Norway. Implementation of the new tables has resulted in a gross increase in defined benefit obligation in 2013 of NOK 7.4 billion. Previously, the mortality table K2005 including the minimum requirements from The Financial Supervisory Authority of Norway ("Finanstilsynet") was used.

For 2013 Statoil has implemented new disability tables for plans in Norway. Analyses done in 2013 indicates that actual disabilities for Statoil in Norway are lower than the expectations reflected in the previous table. The new disability tables have been developed by the actuary and represents the best etimate when calculating pension liabilities for plans in Norway. The implementation of these disability tables resulted in a decrease in defined benefit obligation of NOK 1.6 billion. The previous disability table, KU, was developed by the insurance company Storebrand.

Sensitivity analysis

The table below presents an estimate of the potential effects of changes in the key assumptions for the defined benefit plans. The following estimates are based on facts and circumstances as of 31 December 2013. Actual results may materially deviate from these estimates.

	Discount rate		Rate of compensation increase		Social security base amount		Expected rate of pension increase	
(in NOK billion)	0.50 %	-0.50 %	0.50 %	-0.50 %	0.50 %	-0.50 %	0.50 %	-0.50 %
Changes in:								
Defined benefit obligation								
at 31 December 2013	(7.7)	8.6	4.0	(4.0)	(0.7)	0.8	4.8	(4.8)
Service cost 2014	(0.6)	0.7	0.4	(0.4)	(0.1)	0.1	0.3	(0.3)

The sensitivity of the financial results to each of the key assumptions has been estimated based on the assumption that all other factors would remain unchanged. The estimated effects on the financial result would differ from those that would actually appear in the Consolidated financial statements because the Consolidated financial statements would also reflect the relationship between these assumptions.

Pension assets

The plan assets related to the defined benefit plans were measured at fair value at 31 December 2013 and 2012. Statoil Pension invests in both financial assets and real estate.

Real estate properties owned by Statoil Pension amounted to NOK 3.1 billion and NOK 2.1 billion of total pension assets at 31 December 2013 and 2012, respectively, and are rented to Statoil companies.

The table below presents the portfolio weighting as approved by the board of the Statoil Pension for 2013. The portfolio weight during a year will depend on the risk capacity.

	Pension assets on investments classes		Portfolio weight*	
(in %)	2013	2012		
Equity securities	39.6	38.8	40.0	(+/-5)
Bonds	37.6	41.5	45.0	(+/-5)
Money market instruments	17.2	15.0	15.0	(+/-15)
Real estate	5.1	3.9		
Other assets	0.5	0.8		
Total	100.0	100.0	100.0	

* The interval in brackets expresses the scope of tactical deviation by Statoil Kapitalforvaltning ASA (the asset manager).

In 2013 100% of the equity securities, 84% of bonds and 96% of money marked instruments had quoted market prices in an active market (Level 1). In 2012 100% of the equity securities, 34% of bonds and 90% of money marked instruments had quoted market prices in an active market. Statoil does not have any equity securities, bonds or money market instruments classified in Level 3. Real Estate is classified as Level 3. For definition of the various levels, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk.*

No company contribution is expected to be paid to Statoil Pension in 2014.

20 Provisions

(in NOK billion)	Asset retirement obligations	Other provisions	Total
Non-current portion at 31 December 2012	89.0	6.5	95.5
Current portion at 31 December 2012 reported as trade and other payables	1.3	7.1	8.4
Provisions at 31 December 2012	90.3	13.6	103.9
New or increased provisions	19.8	12.1	32.0
Unused amounts reversed	(1.2)	0.0	(1.1)
Amounts charged against provisions	(1.2)	(0.9)	(2.0)
Effects of change in the discount rate	(16.2)	(0.1)	(16.3)
Reduction due to divestments	(5.0)	(0.3)	(5.3)
Accretion expenses	3.2	0.0	3.2
Reclassification and transfer	0.0	(0.1)	(0.1)
Currency translation	1.7	1.3	3.0
Provisions at 31 December 2013	91.6	25.6	117.2
Current portion at 31 December 2013 reported as trade and other payables	2.1	13.3	15.4
Non-current portion at 31 December 2013	89.5	12.3	101.7

Expected timing of cash outflows

(in NOK billion)	Asset retirement obligations	Other provisions	Total
2014 - 2018	10.2	21.2	31.4
2019 - 2023	9.3	0.2	9.5
2024 - 2028	19.6	0.1	19.7
2029 - 2033	20.4	0.2	20.6
Thereafter	32.1	3.9	36.0
At 31 December 2013	91.6	25.6	117.2

The increase in the asset retirement obligations is mainly due to increase in the expected plugging and abandonment expense, additional wells drilled during the year, increased inflation and change in expected removal year.

The timing of cash outflows related to asset retirement obligations primarily depend on when the production ceases at the various facilities.

In the first quarter of 2013 Statoil entered into an agreement for early termination of certain US-based terminal capacity contracts. In combination with the fact that the unfavourable development in the US gas market and Statoil's expectation of no future utilisation of certain US-based terminal capacity contracts for the remaining contract term have been sustained over a period of time, this led to the recognition of an onerous contract provision of NOK 4.9 billion within *Net operating income* in the Consolidated statement of income. NOK 4.1 billion of the provisions were recognised within the Marketing, Processing and Renewable Energy (MPR) segment and NOK 0.8 billion within the Development and Production Norway (DPN) segment. At 31 December 2013, the non-current portion of NOK 3.0 billion has been reflected within *Provisions* in the Consolidated balance sheet, and the current portion of NOK 1.3 billion has been reflected in *Trade and other payables*. No tax asset was recognised for the MPR related provisions. As a result of the recognition of the onerous contract provisions, all the US-based terminal capacity related contract commitments previously included in Statoil's year end disclosure of long-term commitments are now provided for in the Consolidated balance sheet.

The other provisions category mainly relates to expected payments on unresolved claims. The timing and amounts of potential settlements in respect of these provisions are uncertain and dependent on various factors that are outside management's control.

See also comments on provisions in note 23 *Other commitments and contingencies*.

For further information of methods applied and estimates required, see note 2 *Significant accounting policies*.

21 Trade and other payables

(in NOK billion)	At 31 December 2013	2012
Trade payables	28.3	25.9
Non-trade payables and accrued expenses	19.0	17.1
Joint venture payables	22.4	19.8
Associated companies and other related party payables	9.5	9.4
Total financial trade and other payables	79.2	72.2
Current portion of provisions and other payables	16.4	9.6
Trade and other payables	95.6	81.8

Included in Current portion of provisions and other payables are certain provisions that are further described in note 20 *Provisions* and note 23 *Other commitments and contingencies*. For information regarding currency sensitivities, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*. For further information on payables to associated companies and other related parties, see note 24 *Related parties*.

22 Leases

Statoil leases certain assets, notably drilling rigs, vessels and office buildings.

In 2013, net rental expenses were NOK 17.4 billion (NOK 17.6 billion in 2012 and NOK 13.7 billion in 2011) of which minimum lease payments were NOK 21.2 billion (NOK 20.0 billion in 2012 and NOK 16.0 billion in 2011) and sublease payments received were NOK 3.8 billion (NOK 2.4 billion in both 2012 and 2011). No material contingent rent payments have been expensed in 2013, 2012 or 2011.

The information in the table below shows future minimum lease payments due and receivable under non-cancellable operating leases at 31 December 2013.

	Operating leases					
(in NOK billion)	Rigs	Vessels	Other	Total	Sublease	Net total
2014	21.0	4.0	1.4	26.4	(3.7)	22.7
2015	18.1	3.0	1.6	22.7	(2.0)	20.7
2016	12.8	2.5	1.3	16.6	(1.7)	14.8
2017	6.4	1.9	1.3	9.6	(0.8)	8.8
2018	4.9	1.7	1.1	7.8	(0.7)	7.1
Thereafter	13.9	5.2	9.9	29.0	(2.3)	26.7
Total future minimum lease payments	77.2	18.2	16.6	112.1	(11.3)	100.8

Statoil had certain operating lease contracts for drilling rigs at 31 December 2013. The remaining significant contracts' terms range from three months to eight years. Certain contracts contain renewal options. Rig lease agreements are for the most part based on fixed day rates. Certain rigs have been subleased in whole or for part of the lease term mainly to Statoil operated licences on the Norwegian continental shelf. These leases are shown gross as operating leases in the table above.

Statoil has a long-term time charter agreement with Teekay for offshore loading and transportation in the North Sea. The contract covers the lifetime of applicable producing fields and at year end 2013 included four crude tankers. The contract's estimated nominal amount was approximately NOK 4.6 billion at year end 2013, and it is included in Vessels in the table above.

The category Other operating leases includes future minimum lease payments of NOK 4.6 billion related to the lease of two office buildings located in Bergen and owned by Statoil Pension, one of which is currently under construction. These operating lease commitments to a related party extend to the year 2034. NOK 3.6 billion of the total is payable after 2018.

Statoil had finance lease liabilities of NOK 5.0 billion at 31 December 2013. The nominal minimum lease payments related to these finance leases amount to NOK 7.3 billion. *Property, plant and equipment* includes NOK 4.9 billion for finance leases that have been capitalised at year end (NOK 4.4 billion in 2012), also presented mainly within the category Machinery, equipment and transportation equipment including vessels in note 11 *Property, plant and equipment*.

23 Other commitments and contingencies

Contractual commitments

Statoil had contractual commitments of NOK 70.2 billion at 31 December 2013. The contractual commitments reflect Statoil's share and mainly comprise construction and acquisition of property, plant and equipment.

As a condition for being awarded oil and gas exploration and production licences, participants may be committed to drill a certain number of wells. At the end of 2013, Statoil was committed to participate in 61 wells, with an average ownership interest of approximately 38%. Statoil's share of estimated expenditures to drill these wells amounts to NOK 13.7 billion. Additional wells that Statoil may become committed to participating in depending on future discoveries in certain licences are not included in these numbers.

Other long-term commitments

Statoil has entered into various long-term agreements for pipeline transportation as well as terminal use, processing, storage and entry/exit capacity commitments and commitments related to specific purchase agreements. The agreements ensure the rights to the capacity or volumes in question, but also impose on Statoil the obligation to pay for the agreed-upon service or commodity, irrespective of actual use. The contracts' terms vary, with durations of up to 30 years.

Take-or-pay contracts for the purchase of commodity quantities are only included in the tables below if their contractually agreed pricing is of a nature that will or may deviate from the obtainable market prices for the commodity at the time of delivery.

Obligations payable by Statoil to entities accounted for using the equity method are included gross in the tables below. For assets (for example pipelines) that Statoil accounts for by recognising its share of assets, liabilities, income and expenses (capacity costs) on a line-by-line basis in the Consolidated financial statements, the amounts in the table include the net commitment payable by Statoil (i.e. gross commitment less the non-Statoil share).

Nominal minimum other long-term commitments at 31 December 2013:

(in NOK billion)	
2014	12.6
2015	12.4
2016	11.8
2017	12.3
2018	11.9
Thereafter	170.6
Total	231.6

In connection with the final investment decision in December 2013 for the stage 2 development of the Shah Deniz gas field in Azerbaijan, the BP-operated consortium has entered into long-term agreements for pipeline transportation. Statoil's 25.5% share of the nominal minimum commitments as of 31 December 2013 was NOK 81.1 billion (USD 13.3 billion). The sale of Statoil's ownership interests in Shah Deniz, reducing the ownership share from 25.5% to 15.5% announced in December 2013, will reduce the commitment by NOK 31.8 billion (USD 5.2 billion).

Contingencies

A number of Statoil's long-term gas sales agreements contain price review clauses. Certain counterparties have requested arbitration in connection with price review claims. The related exposure for Statoil has been estimated to an amount equivalent to approximately NOK 6.9 billion for gas delivered prior to year end 2013. Statoil has provided for its best estimate related to these contractual gas price disputes in the Consolidated financial statements, with the impact to the Consolidated statement of income reflected as revenue reduction.

During the annual audits of Statoil's participation in Block 4, Block 15, Block 17 and Block 31 offshore Angola, the Angolan Ministry of Finance has assessed additional profit oil and taxes due on the basis of activities that currently include the years 2002 up to and including 2010. Statoil disputes the assessments and is pursuing these matters in accordance with relevant Angolan legal and administrative procedures. On the basis of the assessments and continued activity on the four blocks up to and including 2013, the exposure for Statoil at year end 2013 is estimated at USD 0.9 billion (NOK 5.5 billion), the most significant part of which relates to profit oil elements. Statoil has provided in the financial statements for its best estimate related to the assessments, reflected in the Consolidated statement of income mainly as a revenue reduction, with additional amounts reflected as interest expenses and tax expenses, respectively.

There is a dispute between the Nigerian National Petroleum Corporation (NNPC) and the partners (Contractor) in Oil Mining Lease (OML) 128 of the unitised Agbami field concerning interpretation of the terms of the OML 128 Production Sharing Contract (PSC). The dispute relates to the allocation between NNPC and Contractor of cost oil, tax oil and profit oil volumes. NNPC claims that in aggregate from the year 2009 to 2013, Contractor has lifted excess volumes compared to the PSC terms, and consequently NNPC has increased its lifting of oil. The Contractor disputes NNPC's position. Arbitration has been initiated in the matter in accordance with the terms of the PSC. NNPC and the Nigerian Federal Inland Revenue Service are contesting the legality of the arbitration process as far as resolving tax related disputes goes, and are actively pursuing this view through the channels of the Nigerian legal system. The exposure for Statoil at year end 2013 is mainly related to cost oil and profit oil volumes and has been estimated at USD 0.3 billion (NOK 1.7 billion). Statoil has provided in the Consolidated financial statements for its best estimate related to the claims, which has been reflected in the Consolidated statement of income as a reduction of revenue.

Through its ownership in OML 128 in Nigeria, Statoil is party to an ownership interest redetermination process for the Agbami field for which the outcome is uncertain. Statoil has disputed certain aspects of the basis for the redetermination, and an arbitration process has been initiated in the fourth quarter of 2013. The exposure for Statoil at year end 2013 has been estimated to approximately USD 0.7 billion (NOK 4.3 billion). Statoil has made provisions based on its best estimate for the redetermination process. The provision has been reflected within *Provisions* in the Consolidated balance sheet at year end 2013.

During the normal course of its business, Statoil is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability or asset, in respect of such litigation and claims cannot be determined at this time. Statoil has provided in its Consolidated financial statements for probable liabilities related to litigation and claims based on its best estimate. Statoil does not expect that its financial position, results of operations or cash flows will be materially affected by the resolution of these legal proceedings.

Statoil is actively pursuing the above disputes through the contractual and legal means available in each case, but the timing of the ultimate resolutions and related cash flows, if any, cannot at present be determined with sufficient reliability.

Provisions related to claims and disputes are reflected within note 20 *Provisions*.

24 Related parties

Transactions with the Norwegian State
The Norwegian State is the majority shareholder of Statoil and also holds major investments in other Norwegian companies. As of 31 December 2013 the Norwegian State had an ownership interest in Statoil of 67% (excluding Folketrygdfondet (Norwegian national insurance fund) of 3.4%). This ownership structure means that Statoil participates in transactions with many parties that are under a common ownership structure and therefore meet the definition of a related party. All transactions are considered to be on an arm's length basis.

Total purchases of oil and natural gas liquids from the Norwegian State amounted to NOK 92.5 billion, NOK 96.6 billion and NOK 95.5 billion in 2013, 2012 and 2011, respectively. Purchases of natural gas regarding the Tjelbergodden methanol plant from the Norwegian State amounted to NOK 0.5 billion in 2013 and NOK 0.4 billion in both 2012 and 2011. The most significant items included in the line item Associated companies and other related party payables in note 21 *Trade and other payables*, are amounts payable to the Norwegian State for these purchases.

Other transactions
In relation to its ordinary business operations such as pipeline transport, gas storage and processing of petroleum products, Statoil also has regular transactions with certain entities in which Statoil has ownership interests. Such transactions are carried out on an arm's length basis and are included within the applicable captions in the Consolidated statement of income.

For information concerning certain lease arrangements with Statoil Pension, see note 22 *Leases*.

Related party transactions with management are presented in note 6 *Remuneration*. Management remuneration for 2013 is presented in note 5 *Remuneration* in the financial statements of the parent company, Statoil ASA.

25 Financial instruments: fair value measurement and sensitivity analysis of market risk

Financial instruments by category

The following tables present Statoil's classes of financial instruments and their carrying amounts by the categories as they are defined in IAS 39 *Financial Instruments: Recognition and Measurement*. All financial instruments' carrying amounts are measured at fair value or their carrying amounts reasonably approximate fair value except non-current financial liabilities. See note 18 *Finance debt* for fair value information of non-current bonds, bank loans and finance lease liabilities.

See note 2 *Significant accounting policies* for further information regarding measurement of fair values.

				Fair value through profit or loss			
(in NOK billion)	Note	Loans and receivables	Available-for-sale	Held for trading	Fair value option	Non-financial assets	Total carrying amount
At 31 December 2013							
Assets							
Non-current derivative financial instruments		0.0	0.0	22.1	0.0	0.0	22.1
Non-current financial investments	13	0.0	0.9	0.0	15.6	0.0	16.4
Prepayments and financial receivables	13	4.5	0.0	0.0	0.0	4.1	8.5
Trade and other receivables	15	75.5	0.0	0.0	0.0	6.2	81.8
Current derivative financial instruments		0.0	0.0	2.9	0.0	0.0	2.9
Current financial investments	13	0.0	0.0	33.9	5.3	0.0	39.2
Cash and cash equivalents	16	47.9	0.0	37.4	0.0	0.0	85.3
Total		127.9	0.9	96.3	20.9	10.3	256.2

				Fair value through profit or loss			
(in NOK billion)	Note	Loans and receivables	Available-for-sale	Held for trading	Fair value option	Non-financial assets	Total carrying amount
At 31 December 2012							
Assets							
Non-current derivative financial instruments		0.0	0.0	33.2	0.0	0.0	33.2
Non-current financial investments	13	0.0	1.2	0.0	13.8	0.0	15.0
Prepayments and financial receivables	13	2.5	0.0	0.0	0.0	2.4	4.9
Trade and other receivables	15	63.7	0.0	0.0	0.0	10.3	74.0
Current derivative financial instruments		0.0	0.0	3.6	0.0	0.0	3.6
Current financial investments	13	0.0	0.0	9.5	5.4	0.0	14.9
Cash and cash equivalents	16	31.0	0.0	34.2	0.0	0.0	65.2
Total		97.2	1.2	80.5	19.2	12.7	210.8

(in NOK billion)	Note	Amortised cost	Fair value through profit or loss	Non-financial liabilities	Total carrying amount
At 31 December 2013					
Liabilities					
Non-current finance debt	18	165.5	0.0	0.0	165.5
Non-current derivative financial instruments		0.0	2.2	0.0	2.2
Trade and other payables	21	79.2	0.0	16.4	95.6
Current finance debt	18	17.1	0.0	0.0	17.1
Current derivative financial instruments		0.0	1.5	0.0	1.5
Total		261.8	3.7	16.4	281.9

(in NOK billion)	Note	Amortised cost	Fair value through profit or loss	Non-financial liabilities	Total carrying amount
At 31 December 2012					
Liabilities					
Non-current finance debt	18	101.0	0.0	0.0	101.0
Non-current derivative financial instruments		0.0	2.7	0.0	2.7
Trade and other payables	21	72.2	0.0	9.6	81.8
Current finance debt	18	18.4	0.0	0.0	18.4
Current derivative financial instruments		0.0	1.1	0.0	1.1
Total		191.6	3.8	9.6	205.0

Fair value hierarchy

The following table summarises each class of financial instruments which are recognised in the balance sheet at fair value, split by Statoil's basis for fair value measurement.

(in NOK billion)	Non-current financial investments	Non-current derivative financial instruments-assets	Current financial investments	Current derivative financial instruments-assets	Cash equivalents	Non-current derivative financial instruments-liabilities	Current derivative financial instruments-liabilities	Net fair value
At 31 December 2013								
Level 1	14.2	0.0	4.9	0.0	0.0	0.0	0.0	19.1
Level 2	1.4	10.1	34.3	1.6	37.4	(2.2)	(1.5)	81.1
Level 3	0.9	12.0	0.0	1.3	0.0	0.0	0.0	14.2
Total fair value	16.4	22.1	39.2	2.9	37.4	(2.2)	(1.5)	114.4
At 31 December 2012								
Level 1	8.1	0.0	4.7	0.0	0.0	0.0	0.0	12.8
Level 2	5.7	16.6	10.2	2.2	34.2	(2.7)	(1.1)	65.1
Level 3	1.2	16.6	0.0	1.4	0.0	0.0	0.0	19.2
Total fair value	15.0	33.2	14.9	3.6	34.2	(2.7)	(1.1)	97.1

Level 1, fair value based on prices quoted in an active market for identical assets or liabilities, includes financial instruments actively traded and for which the values recognised in the Consolidated balance sheet are determined based on observable prices on identical instruments. For Statoil this category will, in most cases, only be relevant for investments in listed equity securities and government bonds.

Level 2, fair value based on inputs other than quoted prices included within Level 1, which are derived from observable market transactions, includes Statoil's non-standardised contracts for which fair values are determined on the basis of price inputs from observable market transactions. This will typically be when Statoil uses forward prices on crude oil, natural gas, interest rates and foreign exchange rates as inputs to the valuation models to determining the fair value of its derivative financial instruments.

Level 3, fair value based on unobservable inputs, includes financial instruments for which fair values are determined on the basis of input and assumptions that are not from observable market transactions. The fair values presented in this category are mainly based on internal assumptions. The internal assumptions are only used in the absence of quoted prices from an active market or other observable price inputs for the financial instruments subject to the valuation.

The fair value of certain earn-out agreements and embedded derivative contracts are determined by the use of valuation techniques with price inputs from observable market transactions as well as internally generated price assumptions and volume profiles. The discount rate used in the valuation is a risk-free rate based on the applicable currency and time horizon of the underlying cash flows adjusted for a credit premium to reflect either Statoil's credit premium, if the value is a liability, or an estimated counterparty credit premium if the value is an asset. In addition a risk premium for risk elements not adjusted for in the cash flow may be included when applicable. The fair values of these derivative financial instruments have been classified in their entirety in the third category within Current and Non-current derivative financial instruments - assets in the above table. Another reasonable assumption, that could have been applied when determining the fair value of these contracts, would be to extrapolate the last observed forward prices with inflation. Had Statoil applied this assumption, the fair value of the contracts included would have decreased by approximately NOK 0.5 billion at end of 2013 and decreased by NOK 1.6 billion at end of 2012 and impacted the Consolidated statement of income with corresponding amounts.

The reconciliation of the changes in fair value during 2013 and 2012 for all financial assets classified in the third level in the hierarchy are presented in the following table.

(in NOK billion)	Non-current financial investments	Non-current derivative financial instruments-assets	Current derivative financial instruments-assets	Total amount
For the year ended 31 December 2013				
Opening balance	1.2	16.6	1.4	19.2
Total gains and losses recognised				
- in statement of income	(0.4)	(5.4)	1.3	(4.5)
- in other comprehensive income	0.0	0.0	0.0	0.0
Purchases	0.3	0.0	0.0	0.3
Sales	0.0	0.7	0.0	0.7
Settlement	(0.3)	0.0	(1.4)	(1.7)
Foreign currency translation differences	0.1	0.0	0.0	0.1
Closing balance	0.9	12.0	1.3	14.2
For the year ended 31 December 2012				
Opening balance	2.7	17.7	1.5	21.9
Total gains and losses recognised				
- in statement of income	(2.0)	(1.2)	1.4	(1.8)
- in other comprehensive income	0.0	0.0	0.0	0.0
Purchases	0.5	0.1	0.0	0.6
Settlement	0.0	0.0	(1.5)	(1.5)
Transfer into level 3	0.2	0.0	0.0	0.2
Foreign currency translation differences	(0.2)	0.0	0.0	(0.2)
Closing balance	1.2	16.6	1.4	19.2

The assets within Level 3 during 2013 have had a net decrease in the fair value of NOK 5.0 billion. Of the NOK 4.5 billion recognised in the Consolidated statement of income during 2013, NOK 4.1 billion is related to changes in fair value of certain earn-out agreements. Related to the same earn-out agreements, NOK 1.4 billion included in the opening balance for 2013 has been fully realised as the underlying volumes have been delivered during 2013 and the amount is presented as settled in the above table.

Substantially all gains and losses recognised in the Consolidated statement of income during 2013 are related to assets held at the end of 2013.

Sensitivity analysis of market risk

Commodity price risk
The table below contains the fair value and related commodity price risk sensitivities of Statoil's commodity based derivatives contracts. For further information related to the type of commodity risks and how Statoil manages these risks, see note 5 *Financial risk management*.

Statoil's assets and liabilities resulting from commodity based derivatives contracts are mainly related to non-exchange traded derivative instruments, including embedded derivatives that have been bifurcated and recognised at fair value in the Consolidated balance sheet.

Price risk sensitivities at the end of 2013 and 2012 have been calculated assuming a reasonably possible change of 40% in crude oil, refined products, electricity and natural gas prices.

Since none of the derivative financial instruments included in the table below are part of hedging relationships, any changes in the fair value would be recognised in the Consolidated statement of income.

(in NOK billion)	-40% sensitivity	40% sensitivity
At 31 December 2013		
Crude oil and refined products net gains (losses)	(6.6)	6.6
Natural gas and electricity net gains (losses)	(0.2)	0.2
At 31 December 2012		
Crude oil and refined products net gains (losses)	(7.9)	7.9
Natural gas and electricity net gains (losses)	1.1	(1.0)

Currency risk
Currency risks constitute significant financial risks for Statoil. In accordance with approved strategies and mandates total exposure is managed at a portfolio level on a regular basis. For further information related to the currency risks and how Statoil manages these risks, see note 5 *Financial risk management*.

The following currency risk sensitivities at the end of 2013 and 2012 have been calculated by assuming a 9% reasonably possible change in the main foreign exchange rates that Statoil is exposed to. An increase in the foreign exchange rates by 9% means that the transaction currency has strengthened in value. The estimated gains and the estimated losses following from a change in the foreign exchange rates would impact the Consolidated statement of income.

(in NOK billion)	- 9% sensitivity	9% sensitivity
At 31 December 2013		
USD net gains (losses)	8.7	(8.7)
NOK net gains (losses)	(8.0)	8.0
At 31 December 2012		
USD net gains (losses)	8.4	(8.4)
NOK net gains (losses)	(7.7)	7.7

Interest rate risk
Interest rate risks constitute significant financial risks for Statoil. In accordance with approved strategies and mandates total exposure is managed at a portfolio level on a regular basis. For further information related to the interest risks and how Statoil manages these risks, see note 5 *Financial risk management*.

The following interest rate risk sensitivity has been calculated by assuming a 1.0 percentage point reasonably possible changes in the interest rates at the end of 2013. At the end of 2012 a change of 0.7 percentage points in the interest rates were viewed as reasonably possible changes. The estimated gains following from a decrease in the interest rates and the estimated losses following from an interest rate increase would impact the Consolidated statement of income.

(in NOK billion)	Gains	Losses
At 31 December 2013		
Interest rate risk (1.0 percentage point sensitivity)	6.1	(6.1)
At 31 December 2012		
Interest rate risk (0.7 percentage point sensitivity)	4.2	(4.2)

26 Supplementary oil and gas information (unaudited)

In accordance with Financial Accounting Standards Board Accounting Standards Codification "Extractive Activities - Oil and Gas" (Topic 932), Statoil is reporting certain supplemental disclosures about oil and gas exploration and production operations. While this information is developed with reasonable care and disclosed in good faith, it is emphasised that some of the data is necessarily imprecise and represents only approximate amounts because of the subjective judgement involved in developing such information. Accordingly, this information may not necessarily represent the present financial condition of Statoil or its expected future results.

For further information regarding the reserves estimation requirement, see note 2 *Significant accounting policies* - Critical accounting judgements and key sources of estimation uncertainty - Proved oil and gas reserves.

No new events have occurred since 31 December 2013 that would result in a significant change in the estimated proved reserves or other figures reported as of that date.

The known effects of the agreement to divest 10% of Statoil's 25.5% holdings in the Shah Deniz field in Azerbaijan, the agreement with PTTEP to divide the interests in the KKD oil sand project in Canada and the reduced equity share in the Snorre field in Norway will all be included in 2014. The net effect of these changes will be a reduction in proved reserves at year end 2014 of approximately 125 million boe.

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

Oil and gas reserve quantities

Statoil's oil and gas reserves have been estimated by its qualified professionals in accordance with industry standards under the requirements of the U.S. Securities and Exchange Commission (SEC), Rule 4-10 of Regulation S-X. Statements of reserves are forward-looking statements.

The determination of these reserves is part of an ongoing process subject to continual revision as additional information becomes available. Estimates of proved reserve quantities are imprecise and change over time as new information becomes available. Moreover, identified reserves and contingent resources that may become proved in the future are excluded from the calculations.

Statoil's proved reserves are recognised under various forms of contractual agreements, including production sharing agreements (PSAs) where Statoil's share of reserves can vary due to commodity prices or other factors. Reserves from agreements such as PSAs and buy back agreements are based on the volumes to which Statoil has access (cost oil and profit oil), limited to available market access. At 31 December 2013, 14% of total proved reserves were related to such agreements (18% of oil and natural gas liquids (NGL) and 11% of gas). This compares with 9% and 10% of total proved reserves for 2012 and 2011, respectively. Net entitlement oil and gas production from fields with such agreements was 93 million boe during 2013 (89 million boe for 2012 and 75 million boe for 2011). Statoil participates in such agreements in Algeria, Angola, Azerbaijan, Libya, Nigeria and Russia.

Statoil is recording, as proved reserves, volumes equivalent to our tax liabilities under negotiated fiscal arrangements (PSAs) where the tax is paid on behalf of Statoil. Reserves are net of royalty oil paid in kind and quantities consumed during production.

Rule 4-10 of Regulation S-X requires that the appraisal of reserves is based on existing economic conditions, including a 12-month average price prior to the end of the reporting period, unless prices are defined by contractual arrangements. Oil reserves at year-end 2013 have been determined based on a 12-month average 2013 Brent blend price equivalent to USD 108.02/bbl. The slight decrease in oil price from 2012, when the average Brent blend price was USD 111.13/bbl, has had no material effect on the profitable oil to be recovered from the accumulations, or on Statoil's proved oil reserves under PSAs and similar contracts. Gas reserves at year end 2013 have been determined based on achieved gas prices during 2013 giving a volume weighted average gas price of 2.13 NOK/Sm3. The comparable volume weighted average gas price used to determine gas reserves at year end 2012 was 2.3 NOK/Sm3. Gas prices in other parts of the world increased slightly from 2012, resulting in minor reduction in gas reserves. These changes are all included in the revision category in the tables below.

From the Norwegian continental shelf (NCS), Statoil is responsible for managing, transporting and selling the Norwegian State's oil and gas on behalf of the Norwegian State's direct financial interest (SDFI). These reserves are sold in conjunction with the Statoil reserves. As part of this arrangement, Statoil delivers and sells gas to customers in accordance with various types of sales contracts on behalf of the SDFI. In order to fulfill the commitments, Statoil utilises a field supply schedule which provides the highest possible total value for the joint portfolio of oil and gas between Statoil and the SDFI.

Statoil and the SDFI receive income from the joint natural gas sales portfolio based upon their respective share in the supplied volumes. For sales of the SDFI natural gas, to Statoil and to third parties, the payment to the Norwegian State is based on achieved prices, a net back formula calculated price or market value. All of the Norwegian State's oil and NGL is acquired by Statoil. The price Statoil pays to the SDFI for the crude oil is based on market reflective prices. The prices for NGL are either based on achieved prices, market value or market reflective prices.

The regulations of the owner's instruction, as described above, may be changed or withdrawn by the Statoil ASA's general meeting. Due to this uncertainty and the Norwegian State's estimate of proved reserves not being available to Statoil, it is not possible to determine the total quantities to be purchased by Statoil under the owner's instruction.

Topic 932 requires the presentation of reserves and certain other supplemental oil and gas disclosures by geographical area, defined as country or continent containing 15% or more of total proved reserves. Norway contains 70% of total proved reserves at 31 December 2013 and no other country contains reserves approaching 15% of total proved reserves. Accordingly, management has determined that the most meaningful presentation of geographical areas would be to include Norway and the continents of Eurasia (excluding Norway), Africa and Americas.

The following tables reflect the estimated proved reserves of oil and gas at 31 December 2010 through 2013, and the changes therein.

	Consolidated companies					Equity accounted	Total
	Norway	Eurasia excluding Norway	Africa	Americas	Subtotal	Americas	Total
Net proved oil and NGL reserves in million barrels oil equivalent							
At 31 December 2010	1,241	170	313	299	2,023	101	2,124
Revisions and improved recovery	295	(42)	46	11	310	(1)	309
Extensions and discoveries	71	-	-	60	132	-	132
Purchase of reserves-in-place	14	-	-	106	120	-	120
Sales of reserves-in-place	-	-	-	(66)	(66)	-	(66)
Production	(252)	(15)	(46)	(26)	(338)	(5)	(343)
At 31 December 2011	1,369	114	313	385	2,181	95	2,276
Revisions and improved recovery	150	12	42	21	225	(8)	217
Extensions and discoveries	100	85	-	81	266	-	266
Purchase of reserves-in-place	-	-	-	1	1	-	1
Sales of reserves-in-place	(17)	-	-	(1)	(17)	-	(17)
Production	(231)	(17)	(56)	(46)	(349)	(5)	(353)
At 31 December 2012	1,372	193	299	441	2,306	82	2,389
Revisions and improved recovery	158	16	40	22	235	(16)	219
Extensions and discoveries	19	47	8	44	119	-	119
Purchase of reserves-in-place	13	-	-	-	13	-	13
Sales of reserves-in-place	(61)	(15)	-	(2)	(77)	-	(77)
Production	(216)	(15)	(59)	(50)	(341)	(4)	(345)
At 31 December 2013	1,286	227	288	455	2,255	63	2,318

Proved reserves of bitumen in Americas, representing less than 2% of Statoil's proved reserves, is included as oil in the table above.

	Consolidated companies					Equity accounted	Total
	Norway	Eurasia excluding Norway	Africa	Americas	Subtotal	Americas	Total
Net proved gas reserves in billion standard cubic feet							
At 31 December 2010	16,343	634	521	466	17,965	-	17,965
Revisions and improved recovery	383	22	(50)	4	359	-	359
Extensions and discoveries	111	-	-	451	563	-	563
Purchase of reserves-in-place	138	-	-	90	227	-	227
Sales of reserves-in-place	-	-	-	-	-	-	-
Production	(1,287)	(48)	(40)	(59)	(1,434)	-	(1,434)
At 31 December 2011	15,689	608	431	952	17,681	-	17,681
Revisions and improved recovery	824	29	(49)	(39)	766	-	766
Extensions and discoveries	279	-	-	352	630	-	630
Purchase of reserves-in-place	-	-	-	18	18	-	18
Sales of reserves-in-place	(305)	-	-	(14)	(319)	-	(319)
Production	(1,483)	(62)	(41)	(161)	(1,748)	-	(1,748)
At 31 December 2012	15,003	575	341	1,107	17,027	-	17,027
Revisions and improved recovery	391	187	27	382	987	-	987
Extensions and discoveries	920	1,236	-	112	2,268	-	2,268
Purchase of reserves-in-place	5	-	-	-	5	-	5
Sales of reserves-in-place	(295)	(3)	-	(2)	(300)	-	(300)
Production	(1,264)	(72)	(40)	(196)	(1,571)	-	(1,571)
At 31 December 2013	14,761	1,923	328	1,404	18,416	-	18,416

The effect of the reduced equity share in Shah Deniz is not included in the table above, but will be included in 2014 after the closing date of the transaction.

	Consolidated companies					Equity accounted	Total
	Norway	Eurasia excluding Norway	Africa	Americas	Subtotal	Americas	Total
Net proved oil, NGL and gas reserves in million barrels oil equivalent							
At 31 December 2010	4,153	283	406	382	5,224	101	5,325
Revisions and improved recovery	364	(38)	37	12	374	(1)	373
Extensions and discoveries	91	-	-	141	232	-	232
Purchase of reserves-in-place	38	-	-	122	161	-	161
Sales of reserves-in-place	-	-	-	(66)	(66)	-	(66)
Production	(481)	(23)	(53)	(36)	(593)	(5)	(598)
At 31 December 2011	4,165	222	390	555	5,331	95	5,426
Revisions and improved recovery	297	17	33	14	361	(8)	353
Extensions and discoveries	150	85	-	144	378	-	378
Purchase of reserves-in-place	-	-	-	4	4	-	4
Sales of reserves-in-place	(71)	-	-	(4)	(74)	-	(74)
Production	(495)	(28)	(63)	(74)	(660)	(5)	(665)
At 31 December 2012	4,046	296	360	639	5,340	82	5,422
Revisions and improved recovery	227	49	44	90	411	(16)	395
Extensions and discoveries	183	268	8	64	523	-	523
Purchase of reserves-in-place	14	-	-	-	14	-	14
Sales of reserves-in-place	(113)	(15)	-	(2)	(131)	-	(131)
Production	(441)	(28)	(66)	(85)	(621)	(4)	(625)
At 31 December 2013	3,916	569	346	705	5,537	63	5,600

Proved reserves of bitumen in Americas, representing less than 2% of Statoil's proved reserves, is included as oil in the table above. The effect of the reduced equity share in Shah Deniz is not included in the table above, but will be included in 2014 after the closing date of the transaction.

	Consolidated companies					Equity accounted	Total
	Norway	Eurasia excluding Norway	Africa	Americas	Subtotal	Americas	Total
Net proved oil and NGL reserves in million barrels oil equivalent							
At 31 December 2010							
Developed	950	99	192	82	1,322	35	1,356
Undeveloped	291	71	121	218	701	66	767
At 31 December 2011							
Developed	919	102	219	103	1,344	37	1,381
Undeveloped	450	11	93	282	837	58	895
At 31 December 2012							
Developed	842	79	232	191	1,344	38	1,383
Undeveloped	530	114	67	250	962	44	1,006
At 31 December 2013							
Developed	834	63	206	246	1,350	32	1,382
Undeveloped	451	164	81	209	906	30	936
Net proved gas reserves in billion standard cubic feet							
At 31 December 2010							
Developed	13,721	421	221	336	14,698	-	14,698
Undeveloped	2,622	214	300	130	3,267	-	3,267
At 31 December 2011							
Developed	12,661	371	293	404	13,730	-	13,730
Undeveloped	3,027	237	138	548	3,951	-	3,951
At 31 December 2012							
Developed	12,073	343	226	567	13,210	-	13,210
Undeveloped	2,931	232	115	540	3,817	-	3,817
At 31 December 2013							
Developed	11,580	467	209	817	13,073	-	13,073
Undeveloped	3,181	1,455	120	586	5,343	-	5,343
Net proved oil, NGL and gas reserves in million barrels oil equivalent							
At 31 December 2010							
Developed	3,394	174	231	142	3,941	35	3,975
Undeveloped	758	109	175	241	1,283	66	1,350
At 31 December 2011							
Developed	3,175	168	272	175	3,790	37	3,827
Undeveloped	990	54	118	380	1,541	58	1,599
At 31 December 2012							
Developed	2,994	140	272	292	3,698	38	3,737
Undeveloped	1,052	155	88	347	1,642	44	1,686
At 31 December 2013							
Developed	2,898	146	244	392	3,679	32	3,711
Undeveloped	1,018	423	103	314	1,858	30	1,888

The conversion rates used are 1 standard cubic meter = 35.3 standard cubic feet, 1 standard cubic meter oil equivalent = 6.29 barrels of oil equivalent (boe) and 1,000 standard cubic meter gas = 1 standard cubic meter oil equivalent.

Capitalised cost related to Oil and Gas production activities

Consolidated companies

(in NOK billion)	2013	At 31 December 2012	2011
Unproved properties	83.8	76.0	79.9
Proved properties, wells, plants and other equipment	984.1	896.7	827.5
Total capitalised cost	1,067.9	972.7	907.4
Accumulated depreciation, impairment and amortisation	(543.7)	(498.2)	(466.3)
Net capitalised cost	524.2	474.5	441.1

Net capitalised cost related to equity accounted investments as of 31 December 2013 was NOK 5.9 billion, NOK 4.9 billion in 2012 and NOK 5.6 billion in 2011. The reported figures are based on capitalised costs within the upstream segments in Statoil, in line with the description below for result of operations for oil and gas producing activities.

Expenditures incurred in Oil and Gas Property Acquisition, Exploration and Development Activities

These expenditures include both amounts capitalised and expensed.

Consolidated companies

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
Year ended 31 December 2013					
Exploration expenditures	7.9	3.8	2.7	7.4	21.8
Development costs	51.8	8.5	11.6	26.4	98.3
Acquired proved properties	2.2	0.0	0.0	0.0	2.2
Acquired unproved properties	0.0	0.4	0.0	1.8	2.2
Total	61.9	12.7	14.3	35.6	124.5
Year ended 31 December 2012					
Exploration expenditures	5.2	4.1	3.8	7.8	20.9
Development costs	45.7	3.2	12.2	28.7	89.8
Acquired proved properties	0.0	0.0	0.0	0.3	0.3
Acquired unproved properties	0.0	0.4	0.0	6.0	6.4
Total	50.9	7.7	16.0	42.8	117.4
Year ended 31 December 2011					
Exploration expenditures	6.6	2.5	1.7	8.0	18.8
Development costs	36.9	2.8	11.1	19.4	70.2
Acquired proved properties	1.7	0.0	0.0	7.6	9.3
Acquired unproved properties	0.1	0.3	5.1	26.2	31.7
Total	45.3	5.6	17.9	61.2	130.0

Expenditures incurred in Oil and Gas Development Activities related to equity accounted investments in 2013 and 2012 were NOK 0.4 billion, and NOK 0.3 billion in 2011.

Results of Operation for Oil and Gas Producing Activities

As required by Topic 932, the revenues and expenses included in the following table reflect only those relating to the oil and gas producing operations of Statoil.

The result of operations for oil and gas producing activities contains the two upstream reporting segments Development and Production Norway (DPN) and Development and Production International (DPI) as presented in note 3 *Segments*. The figures in the "other" lines relate to gains and losses from commodity based derivatives, transportation and processing costs within the upstream segments, upstream business administration and business development as well as gains and losses from sales of oil and gas interests.

Income tax expense is calculated on the basis of statutory tax rates adjusted for uplift and tax credits. No deductions are made for interest or other elements not included in the table below.

Consolidated companies

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
Year ended 31 December 2013					
Sales	0.3	4.0	3.9	4.1	12.3
Transfers	192.5	7.4	30.9	27.1	257.9
Other revenues	9.3	3.9	0.2	0.4	13.8
Total revenues	202.1	15.3	35.0	31.6	284.0
Exploration expenses	(5.5)	(3.4)	(1.6)	(7.5)	(18.0)
Production costs	(22.3)	(1.5)	(3.9)	(4.3)	(32.0)
Depreciation, amortisation and net impairment losses	(32.2)	(2.4)	(13.3)	(16.2)	(64.1)
Other expenses	(5.1)	(1.6)	(0.5)	(9.3)	(16.5)
Total costs	(65.1)	(8.9)	(19.3)	(37.3)	(130.6)
Results of operations before tax	137.0	6.4	15.7	(5.7)	153.4
Tax expense	(90.9)	(2.0)	(8.1)	(1.0)	(102.0)
Results of operations	46.1	4.4	7.6	(6.7)	51.4
Net income from equity accounted investments	0.1	0.3	0.0	(0.3)	0.1
Year ended 31 December 2012					
Sales	0.2	6.1	10.3	5.2	21.8
Transfers	212.6	6.8	27.3	20.5	267.2
Other revenues	7.9	1.3	0.2	1.0	10.4
Total revenues	220.7	14.2	37.8	26.7	299.4
Exploration expenses	(3.5)	(3.6)	(3.4)	(7.6)	(18.1)
Production costs	(22.2)	(1.1)	(3.5)	(3.9)	(30.7)
Depreciation, amortisation and net impairment losses	(29.8)	(3.0)	(10.7)	(12.5)	(56.0)
Other expenses	(3.6)	(1.9)	(0.5)	(6.8)	(12.8)
Total costs	(59.1)	(9.6)	(18.1)	(30.8)	(117.6)
Results of operations before tax	161.6	4.6	19.7	(4.1)	181.8
Tax expense	(115.7)	(2.0)	(10.8)	3.1	(125.4)
Results of operations	45.9	2.6	8.9	(1.0)	56.4
Net income from equity accounted investments	0.1	0.5	0.0	0.8	1.4

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
Year ended 31 December 2011					
Sales	0.6	5.1	4.9	0.8	11.4
Transfers	203.6	6.1	23.1	15.1	247.9
Other revenues	7.9	0.4	0.0	13.8	22.1
Total revenues	212.1	11.6	28.0	29.7	281.4
Exploration expenses	(5.1)	(2.5)	(2.0)	(4.2)	(13.8)
Production costs	(20.4)	(1.3)	(3.0)	(2.9)	(27.6)
Depreciation, amortisation and net impairment losses	(29.7)	(2.8)	(6.5)	(4.5)	(43.5)
Other expenses	(4.3)	(2.4)	(0.5)	(4.8)	(12.0)
Total costs	(59.5)	(9.0)	(12.0)	(16.4)	(96.9)
Results of operations before tax	152.6	2.6	16.0	13.3	184.5
Tax expense	(112.6)	(3.4)	(9.8)	2.3	(123.5)
Results of operations	40.0	(0.8)	6.2	15.6	61.0
Net income from equity accounted investments	0.1	0.5	0.0	0.4	1.0

Standardised measure of discounted future net cash flows relating to proved oil and gas reserves

The table below shows the standardised measure of future net cash flows relating to proved reserves. The analysis is computed in accordance with Topic 932, by applying average market prices as defined by the SEC, year end costs, year end statutory tax rates and a discount factor of 10% to year end quantities of net proved reserves. The standardised measure of discounted future net cash flows is a forward-looking statement.

Future price changes are limited to those provided by existing contractual arrangements at the end of each reporting year. Future development and production costs are those estimated future expenditures necessary to develop and produce year-end estimated proved reserves based on year-end cost indices, assuming continuation of year-end economic conditions. Pre-tax future net cash flow is net of decommissioning and removal costs. Estimated future income taxes are calculated by applying the appropriate year-end statutory tax rates. These rates reflect allowable deductions and tax credits and are applied to estimated future pretax net cash flows, less the tax basis of related assets. Discounted future net cash flows are calculated using a discount rate of 10% per year. Discounting requires a year-by-year estimate of when future expenditures will be incurred and when reserves will be produced. The standardised measure of discounted future net cash flows prescribed under Topic 932 requires assumptions as to the timing and amount of future development and production costs and income from the production of proved reserves. The information does not represent management's estimate or Statoil's expected future cash flows or the value of its proved reserves and therefore should not be relied upon as an indication of Statoil's future cash flow or value of its proved reserves.

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
At 31 December 2013					
Consolidated companies					
Future net cash inflows	1,700.2	273.7	205.2	257.5	2,436.6
Future development costs	(200.0)	(80.8)	(16.0)	(38.9)	(335.7)
Future production costs	(471.3)	(125.4)	(54.8)	(104.3)	(755.8)
Future income tax expenses	(740.9)	(12.2)	(50.0)	(24.0)	(827.1)
Future net cash flows	288.0	55.3	84.4	90.3	518.0
10 % annual discount for estimated timing of cash flows	(120.8)	(39.7)	(27.6)	(41.3)	(229.4)
Standardised measure of discounted future net cash flows	167.2	15.6	56.8	49.0	288.6
Equity accounted investments					
Standardised measure of discounted future net cash flows	-	-	-	4.8	4.8
Total standardised measure of discounted future net cash flows including equity accounted investments	167.2	15.6	56.8	53.8	293.4
At 31 December 2012					
Consolidated companies					
Future net cash inflows	1,812.8	138.6	203.4	228.5	2,383.3
Future development costs	(196.1)	(39.6)	(16.2)	(41.2)	(293.1)
Future production costs	(499.1)	(39.8)	(55.4)	(90.9)	(685.2)
Future income tax expenses	(862.7)	(15.0)	(48.9)	(25.1)	(951.7)
Future net cash flows	254.9	44.2	82.9	71.3	453.3
10 % annual discount for estimated timing of cash flows	(113.2)	(25.0)	(27.6)	(34.7)	(200.5)
Standardised measure of discounted future net cash flows	141.7	19.2	55.3	36.6	252.8
Equity accounted investments					
Standardised measure of discounted future net cash flows	-	-	-	1.0	1.0
Total standardised measure of discounted future net cash flows including equity accounted investments	141.7	19.2	55.3	37.6	253.8
At 31 December 2011					
Consolidated companies					
Future net cash inflows	1,781.7	102.7	227.0	245.6	2,357.0
Future development costs	(156.5)	(17.0)	(23.3)	(39.2)	(236.0)
Future production costs	(484.6)	(23.8)	(51.3)	(84.3)	(644.0)
Future income tax expenses	(851.8)	(18.2)	(51.8)	(36.8)	(958.6)
Future net cash flows	288.8	43.7	100.6	85.3	518.4
10 % annual discount for estimated timing of cash flows	(120.0)	(19.5)	(38.6)	(38.2)	(216.3)
Standardised measure of discounted future net cash flows	168.8	24.2	62.0	47.1	302.1
Equity accounted investments					
Standardised measure of discounted future net cash flows	-	-	-	2.5	2.5
Total standardised measure of discounted future net cash flows including equity accounted investments	168.8	24.2	62.0	49.6	304.6

Changes in the standardised measure of discounted future net cash flows from proved reserves

(in NOK billion)	2013	2012	2011
Consolidated companies			
Standardised measure at beginning of year	252.8	302.1	202.4
Net change in sales and transfer prices and in production (lifting) costs related to future production	(24.0)	9.6	324.2
Changes in estimated future development costs	(54.9)	(63.7)	(51.7)
Sales and transfers of oil and gas produced during the period, net of production cost	(243.2)	(275.1)	(243.0)
Net change due to extensions, discoveries, and improved recovery	10.6	11.1	30.6
Net change due to purchases and sales of minerals in place	(33.9)	(13.4)	(1.9)
Net change due to revisions in quantity estimates	126.5	114.3	110.8
Previously estimated development costs incurred during the period	95.1	88.7	69.6
Accretion of discount	81.5	84.4	56.4
Net change in income taxes	78.2	(5.2)	(195.3)
Total change in the standardised measure during the year	35.9	(49.3)	99.7
Standardised measure at end of year	288.7	252.8	302.1
Equity accounted investments			
Standardised measure at end of year	4.7	1.0	2.5
Standardised measure at end of year including equity accounted investments	293.4	253.8	304.6

In the table above, each line item presents the sources of changes in the standardised measure value on a discounted basis, with the Accretion of discount line item reflecting the increase in the net discounted value of the proved oil and gas reserves due to the fact that the future cash flows are now one year closer in time.

27 Subsequent events

On 10 March 2014, following a regular review process of Statoil's 2012 Consolidated financial statements, the Financial Supervisory Authority of Norway (the FSA) concluded that it had identified three errors, related to interpretation and application of IFRS accounting principles for determination of cash generating units (CGUs) and impairment evaluations.

The errors relate to the following three matters:

1. use of reliability intervals for value-in-use estimates in impairment testing of non-financial assets, which in the FSA's view is not in accordance with IFRS;
2. CGU identification for unconventional onshore assets, specifically the Marcellus shale play, which in the FSA's view should be split into more than one CGU for impairment testing; and
3. redefinition of the CGU containing the Cove Point capacity contracts and establishment of a separate onerous contract provision, which in the FSA's view should have been done in a financial period prior to the first quarter 2013 when Statoil provided for these take-or-pay capacity contracts in full.

For the matters described under 1 and 2 above, Statoil has accepted the FSA's interpretations and has applied such interpretations in preparing its Consolidated financial statements as of and for the year ended 31 December 2013. Statoil's note 2 *Significant accounting policies* reflects the group's revised policy application in these two matters. Statoil has not restated prior period financial statements for either 2011 or 2012 as the impact of these two matters have been evaluated as immaterial under both IAS 8 and relevant SEC guidance. Hence there is no catch-up effect in the Consolidated financial statements for 2013.

For the matter described under 3 above, Statoil does not accept the FSA's conclusion. The company has been ordered by the FSA to: "*Change its future accounting practices for redetermination of CGUs containing onerous contracts. Correct the described error by establishing a separate onerous contract provision for the Cove Point capacity contract in a financial period prior to Q1-2013. The correction shall be presented in the next periodic financial report. Information about the circumstance shall be given in notes to the accounts.*" In accordance with due process for such matters under Norwegian regulation, Statoil has appealed the order to the Norwegian Ministry of Finance and has been granted a stay in carrying out the FSA's order pending the final outcome of the appeal. Accepting the FSA's order would involve recognising a provision within *Net operating income* in an earlier reporting period, rather than in the first quarter of 2013. As the contracts have now been fully provided for in the first quarter 2013, there would be no impact on Statoil's equity at 31 December 2013.The actual amount to be provided in an earlier period would depend on the period in which the provision would be recorded.

The FSA order does not specify which period prior to the first quarter 2013 would be relevant for the provision to be recognised. If a separate onerous contract provision were to be recognised in a period prior to the first quarter 2013, Statoil's reading is that the second quarter of 2011 would be most relevant. On this basis, the following tables show the potential accounting impact of the FSA's Cove Point related order on the Consolidated statement of income and on *Shareholders' equity* for the annual accounts of 2011, 2012 and 2013.

(in NOK billion)	As earlier reported 2011	Cove Point provision	If adjusted 2011
Operating expenses	(59.7)	(7.2)	(66.9)
Selling, general and adminstrative expenses	(13.2)	0.6	(12.6)
Net operating income	211.8	(6.6)	205.2
Income before tax	213.8	(6.6)	207.2
Income tax	(135.4)	0.7	(134.7)
Net income	78.4	(5.9)	72.5
Shareholder's equity	278.9	(5.9)	273.0

(in NOK billion)	As earlier reported 2012	Cove Point provision	If adjusted 2012
Operating expenses	(61.2)	1.1	(60.1)
Selling, general and adminstrative expenses	(11.1)	(0.1)	(11.2)
Net operating income	206.6	1.0	207.6
Income before tax	206.7	1.0	207.7
Income tax	(137.2)	(0.1)	(137.3)
Net income	69.5	0.9	70.4
Shareholder's equity	319.2	(5.0)	314.2

(in NOK billion)	As earlier reported 2013	Cove Point provision	If adjusted 2013
Operating expenses	(75.0)	6.1	(68.9)
Selling, general and adminstrative expenses	(9.2)	(0.5)	(9.7)
Net operating income	155.5	5.6	161.1
Income before tax	138.4	5.6	144.0
Income tax	(99.2)	(0.6)	(99.8)
Net income	39.2	5.0	44.2
Shareholder's equity	355.5	(0.0)	355.5

Kai Kos Dehseh oil sands swap agreement

In January 2014 Statoil and its partner PTTEP entered into an agreement to swap the two parties' respective interests in the Kai Kos Dehseh oil sands project in Alberta, Canada. Statoil will pay a balancing cash consideration of USD 0.2 billion in addition to a working capital adjustment from the agreed economic date, 1 January 2013. Statoil will continue as operator and 100% owner of the Leismer and Corner development projects, while PTTEP will be the 100% owner of the Thornbury, Hangingstone and South Leismer areas. The agreement is subject to customary regulatory approvals in Canada. The transaction will be recognised in the Development and Production International segment at the time of closing, which is expected in the third quarter of 2014.

Parent company financial statements

STATEMENT OF INCOME STATOIL ASA - NGAAP

(in NOK billion)	Note	For the year ended 31 December 2013	2012
Revenues	4	416.6	480.4
Net income from subsidiaries and other equity accounted companies	12	49.6	63.6
Other income	12	0.0	4.0
Total revenues and other income		466.2	548.0
Purchases [net of inventory variation]		(403.8)	(466.8)
Operating expenses		(9.5)	(8.5)
Selling, general and administrative expenses		(3.0)	(3.4)
Depreciation, amortisation and net impairment losses	11	(1.0)	(0.8)
Exploration expenses		(1.0)	(0.9)
Net operating income		47.9	67.6
Net financial items	9	(14.7)	6.9
Income before tax		33.2	74.5
Income tax	10	6.2	(4.5)
Net income		39.4	70.0

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

BALANCE SHEET STATOIL ASA - NGAAP

(in NOK billion)	Note	At 31 December 2013	2012
ASSETS			
Property, plant and equipment	11	5.3	5.3
Intangible assets		0.2	0.0
Investments in subsidiaries and other equity accounted companies	12	389.9	328.5
Deferred tax assets	10	7.1	1.0
Pension assets	19	5.2	9.4
Prepayments and financial receivables		4.9	1.7
Receivables from subsidiaries and other equity accounted companies	13	69.4	69.1
Total non-current assets		481.9	415.0
Inventories	14	16.7	14.7
Trade and other receivables	15	48.5	42.8
Receivables from subsidiaries and other equity accounted companies	13	19.0	43.1
Derivative financial instruments		0.1	1.0
Financial investments	13	33.9	9.6
Cash and cash equivalents	16	77.0	57.4
Total current assets		195.2	168.6
Total assets		677.1	583.6

BALANCE SHEET STATOIL ASA - NGAAP

(in NOK billion)	Note	At 31 December 2013	2012
EQUITY AND LIABILITIES			
Share capital		8.0	8.0
Additional paid-in capital		17.3	17.3
Reserves for valuation variances		104.3	79.2
Retained earnings		191.8	176.1
Total equity	17	321.3	280.6
Finance debt	18	162.6	98.4
Liabilities to subsidiaries		0.1	0.1
Pension liabilities	19	22.2	20.4
Provisions	20	2.0	1.3
Derivative financial instruments		0.6	0.5
Total non-current liabilities		187.5	120.7
Trade and other payables	21	37.9	31.0
Current tax payable		0.1	0.7
Finance debt	18	16.8	17.8
Dividends payable	17	22.3	21.5
Liabilities to subsidiaries	13	90.7	110.8
Derivative financial instruments		0.6	0.5
Total current liabilities		168.3	182.3
Total liabilities		355.8	303.0
Total equity and liabilities		677.1	583.6

STATEMENT OF CASH FLOWS STATOIL ASA - NGAAP

(in NOK billion)	For the year ended 31 December 2013	2012
Income before tax	33.2	74.5
Depreciation, amortisation and net impairment losses	1.0	0.8
(Gains) losses on foreign currency transactions and balances	16.9	(1.9)
(Gains) losses on sales of assets and other items	14.4	12.9
(Increase) decrease in non-current items related to operating activities	0.3	(5.3)
(Increase) decrease in net financial derivative instruments	(0.4)	0.2
Interest received	4.3	4.0
Interest paid	(3.3)	(3.5)
Taxes paid	0.0	(0.2)
Adjustments for working capital items		
(Increase) decrease in inventories	(1.9)	(1.5)
(Increase) decrease in trade and other receivables	(7.7)	13.1
Increase (decrease) in trade and other payables	6.7	(11.0)
Increase (decrease) in receivables/liabilities to/from subsidiaries	(0.6)	1.1
Cash flows provided by operating activities	62.9	83.0
Additions to property, plant and equipment and intangible assets	(0.7)	(1.1)
(Increase) decrease in financial investments	(23.3)	(10.6)
(Increase) decrease in non-current loans granted and other non-current items	(62.9)	(75.4)
Proceeds from sales of assets and businesses, and repayment of capital contribution	41.4	19.1
Cash flows provided by (used in) investing activities	(45.5)	(67.9)
New finance debt	62.6	11.6
Repayment of finance debt	(5.5)	(3.5)
Dividends paid	(21.5)	(20.7)
Net current finance debt and other	(7.0)	2.0
Increase (decrease) in financial receivables and payables to/from subsidiaries	(29.2)	11.4
Cash flows provided by (used in) financing activities	(0.6)	0.9
Net increase (decrease) in cash and cash equivalents	16.8	16.0
Effect of exchange rate changes on cash and cash equivalents	2.7	(1.3)
Cash and cash equivalents at the beginning of the year	57.4	42.7
Cash and cash equivalents at the end of the year	77.0	57.4

Increase (decrease) in financial receivables and payables to/from subsidiaries includes deposits in Statoil group's internal bank arrangement.

Notes to the Financial statements Statoil ASA

1 Organisation and basis of presentation

Statoil ASA, originally Den Norske Stats Oljeselskap AS, was founded in 1972 and is incorporated and domiciled in Norway.

The address of its registered office is Forusbeen 50, N-4035 Stavanger, Norway.

Statoil ASA's business consists principally of the exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, and other forms of energy. The activities are mainly carried out through ownership of, participation in or cooperation with other companies. All the Statoil group's net assets on the Norwegian Continental Shelf (NCS) are owned by Statoil ASA's 100% owned operating subsidiary, Statoil Petroleum AS.

Statoil ASA is listed on the Oslo Stock Exchange (Norway) and the New York Stock Exchange (USA).

The functional currency of Statoil ASA is USD, based on an evaluation of the company's primary economic environment and related cash flows, while its presentation currency is NOK. The USD to NOK rates of exchange employed at year-end 2013 and 2012 are 6.08 and 5.57, respectively.

2 Significant accounting policies

Statement of compliance
The financial statements of Statoil ASA ("the company") are prepared in accordance with the Norwegian Accounting Act of 1998 and good accounting practice (NGAAP).

Basis of preparation
The financial statements are prepared on the historical cost basis with some exceptions, as detailed in the accounting policies set out below. These policies have been applied consistently to all periods presented in these financial statements.

The Statement of cash flows has been prepared in accordance with the indirect method.

Subsidiaries, associated companies and jointly controlled entities
Shareholdings and interests in subsidiaries, associated companies (companies in which the company does not have control, or joint control, but has the ability to exercise significant influence over operating and financial policies; generally when the ownership share is between 20 and 50%) and jointly controlled entities are accounted for using the equity method. The company applies the equity method on the basis of the respective entities' financial reporting prepared in compliance with the Statoil group's NGAAP accounting principles. Goodwill included in the balance sheets of subsidiaries and associated companies is depreciated over ten years on a straight-line basis, and the related depreciation expense is included in the company's Statement of income under *Net income (loss) from subsidiaries and other equity accounted companies.*

Expenses related to the Statoil group as operator of jointly controlled assets
Indirect operating expenses incurred by the company, such as personnel expenses, are accumulated in cost pools. Such expenses are allocated in part on an hours incurred cost basis to Statoil Petroleum AS, to other group companies, and to licences where Statoil Petroleum AS or other group companies are operators. Costs allocated in this manner reduce the expenses in the company's Statement of income.

Asset transfers between the company and its subsidiaries
Transfers of assets and liabilities between the company and the entities that it directly or indirectly controls are accounted for at the carrying amounts of the assets and liabilities transferred.

Foreign currency translation
The company's transactions in foreign currencies are translated to USD at the foreign exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to USD at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Statement of income. Non-monetary assets that are measured at historical cost in a foreign currency are translated using the exchange rate at the dates of the transactions.

Presentation currency
For the purpose of the financial statements, the Statement of income and the Balance sheet are translated from functional currency into the presentation currency, Norwegian kroner (NOK). The assets and liabilities of the company and net assets and liabilities of equity accounted investments whose functional currencies are other than NOK, are translated into NOK at the foreign exchange rate at the balance sheet date. The revenues and expenses from the company and the net income from equity accounted investments are translated using the foreign exchange rates on the dates of the transactions.

Revenue recognition

Revenues associated with sale and transportation of crude oil, petroleum and chemical products, and other merchandise are recorded when title and risk pass to the customer, which normally is at the point of delivery of the goods, based on the contractual terms of the agreements. Sales and purchases of physical commodities, which are not settled net, are presented on a gross basis as *Revenues* and *Purchases [net of inventory variation]* in the Statement of income. Activities related to the trading of commodity based derivative instruments are reported on a net basis, with the margin included in *Revenues*.

Transactions with the Norwegian State and with Statoil Petroleum AS

The company markets and sells the Norwegian State's and Statoil Petroleum AS's share of oil and gas production from the Norwegian continental shelf (NCS). The Norwegian State's participation in petroleum activities is organised through the State's direct financial interest (SDFI). All purchases and sales of SDFI's and Statoil Petroleum AS's oil production are classified as *Purchases [net of inventory variation]* and *Revenues*, respectively. The company sells, in its own name, but for the Norwegian State's and Statoil Petroleum AS's account and risk, the Norwegian state's and Statoil Petroleum AS's production of natural gas. This sale and related expenditures refunded by the Norwegian State and by Statoil Petroleum AS are recorded net in the company's financial statements.

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company. The accounting policy for pensions and share-based payments is described below.

Share-based payments

The company operates an employee bonus share program. The cost of equity-settled transactions (bonus share awards) with employees is measured by reference to the estimated fair value at the date at which they are granted and is recognised as an expense over the average vesting period of 2.5 years. The awarded shares are accounted for as salary expense and recognised as an equity transaction (included in retained earnings).

Research and development

Research and development costs which are expected to generate probable future economic benefits are considered for capitalisation as intangible assets under the applicable NGAAP requirements. All other research and development expenditure is expensed as incurred. Subsequent to initial recognition, any capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.

Income tax

Income tax in the Statement of income for the year comprises current and deferred tax expense. Income tax is recognised in the Statement of income except when it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax consists of the expected tax payable on the taxable income for the year and any adjustment to tax payable for previous years. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually certain amount for assets to be received (disputed tax positions for which payment has already been made) in each case is recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recognised in the period in which they are earned or incurred, and are presented within *Net financial items* in the Statement of income.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable income, convincing evidence is required, taking into account the existence of contracts, observable prices in active markets, expected volatility of trading profits and similar facts and circumstances.

Property, plant and equipment

Property, plant and equipment is reflected at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of a decommissioning obligation, if any, and, for qualifying assets, borrowing costs.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised. Inspection and overhaul costs, associated with regularly scheduled major maintenance programs planned and carried out at recurring intervals exceeding one year, are capitalised and amortised over the period to the next scheduled inspection and overhaul. All other maintenance costs are expensed as incurred.

Depreciation is calculated on the basis of the assets' estimated useful lives, normally using the straight-line method. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in *Other income* or *Operating expenses*, respectively, in the period the item is derecognised.

Leases
Leases for which the company assumes substantially all the risks and rewards of the ownership are reflected as finance leases within *Property, plant and equipment* and *Finance debt*. Capitalised leases are depreciated over the shorter of the estimated useful life of the asset or the lease term, using the depreciation methods described above, depending on the nature of the leased asset. All other leases are classified as operating leases and the costs are charged to the relevant operating expense related caption on a straight-line basis over the lease term, unless another basis is more representative of the benefits of the lease to the company.

The company distinguishes between lease and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time, while capacity contracts confer on the company the right to and the obligation to pay for certain volume capacity availability related to transport, storage and so on. Such capacity contracts that do not involve specified assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered by the company to qualify as leases for accounting purposes. Capacity payments are reflected as *Operating expenses* in the Statement of income in the period for which the capacity contractually is available to the company.

Financial assets
Financial assets representing loans and receivables are carried at amortised cost using the effective interest method. Trading securities classified as current financial investments are recognised at fair value with gains and losses reflected in the Statement of income.

Trade receivables are carried at the original invoice amount less a provision for doubtful receivables which is made when there is objective evidence that the company will be unable to recover the balances in full.

Financial assets are presented as current if they contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if they are held for the purpose of being traded.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, transportation and manufacturing expenses.

Derivative financial instruments
The following accounting policies are applied for the principal financial instruments and commodity-based derivatives:

- Currency swap agreements are recognised at fair value in the Balance sheet and changes in fair value are recognised in the Statement of income.
- Interest rate swap agreements are valued according to the lower of cost or market principle.
- Commodity-based derivatives traded on organised exchanges are valued at fair market value and the resulting gains and losses are recognised in the Statement of income. Other commodity-based derivatives are valued according to the lower of cost or market principle.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, current balances with banks and similar institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value, and have a maturity of three months or less from the acquisition date.

Impairment of property, plant and equipment
The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped based on levels with separately identifiable and largely independent cash inflows.

In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently the recoverable amount of an asset proves to be the company's estimated value in use, which is determined using a discounted cash flow model. In performing a value-in-use based impairment test, the estimated future cash flows are adjusted for risks specific to the asset and discounted using a real post-tax discount rate which is based on the company's post-tax weighted average cost of capital (WACC).

If assets are determined to be impaired, the carrying amounts of those assets are written down to the recoverable amount which is the higher of fair value less costs to sell and value in use. Impairments are reversed as applicable to the extent that conditions for impairment are no longer present.

Financial liabilities
Interest-bearing loans and borrowings are initially recognised at cost and subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs as well as discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised either in Interest income and other financial items or in Interest and other finance expenses within *Net financial items*. Financial liabilities are presented as current if the liabilities are due to be settled within 12 months after the balance sheet date, or if they are held for the purpose of being traded.

Dividends payable
Dividends for the year are reflected as Dividends payable within current liabilities. The dividends payable require General Assembly approval before distribution.

Pension liabilities
Statoil ASA has pension plans that provide employees with a defined pension benefit upon retirement. The benefit to be received by employees generally depends on many factors including length of service, retirement date and future salary increases.
The company applies IAS 19, *Employee Benefits*.

The company's proportionate shares of multi-employer defined benefit plans are recognised as liabilities in the balance sheet to the extent that sufficient information is available and a reliable estimate of the obligation can be made.

The company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date, reflecting the maturity dates approximating the terms of the company's obligations. The discount rate has been established on the basis of Norwegian covered bonds for the main part of the pension obligations. The cost of pension benefit plans is expensed over the period that the employees render services and become eligible to receive benefits. The calculation is performed by an external actuary.

The net interest related to defined benefit plans is calculated by applying the discount rate to the net defined benefit liability (asset). The interest cost element is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The interest income on plan assets is determined by applying the discount rate to the opening present value of the plan assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The resulting net interest element is presented in the Statement of income as part of net pension cost within *Net operating income*. The difference between net interest income and actual return is recognised in the company's retained earnings.

Past service cost is recognised when plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or curtailment (a significant reduction by the entity in the number of employees covered by a plan) occurs, or when recognising related restructuring cost or termination benefits. The obligation and related plan assets are re-measured using current actuarial assumptions, and the gain or loss is recognised in the Statement of income.

Actuarial gains and losses are recognised in full in the company's retained earnings in the period in which they occur, while actuarial gains and losses related to provision for termination benefits are recognised in the Statement of income in the period in which they occur. Due to the company's functional currency being USD, the significant part of the company's pension obligations will be payable in a foreign currency (ie. NOK). As a consequence, actuarial gains and losses include the impact of exchange rate fluctuations.

Contributions to defined contribution schemes are recognised in the statement of income in the period in which the contribution amounts are earned by the employees.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Onerous contracts
The company recognises as provisions the net obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received in relation to the contract. A contract which forms an integral part of the operations of a cash generating unit whose assets are dedicated to that contract, and for which the economic benefits cannot be reliably separated from those of the cash generating unit, is included in impairment considerations for the applicable cash generating unit.

Use of estimates
Preparation of the financial statements requires the company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingencies. Actual results may ultimately differ from the estimates and assumptions used.

The nature of the company's operations, and the many countries in which the company operates, is subject to changing economic, regulatory and political conditions. The company does not believe it is vulnerable to the risk of a near-term severe impact as a result of any concentration of its activities.

3 Financial risk management and derivatives

Financial risks

Statoil ASA's activities expose the company to the following financial risks:

- Market risk (including commodity price risk, currency risk and interest rate risk)
- Credit risk
- Liquidity risk

Market risk

Statoil ASA operates in the worldwide crude oil, refined products, natural gas, and electricity markets and is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates, interest rates, and electricity prices that can affect the revenues and costs of operating, investing and financing.

For the marketing of Statoil's commodities Statoil ASA has established guidelines for entering into derivative contracts in order to manage the commodity price, foreign currency rate and interest rate risk. The company uses both financial and commodity-based derivatives to manage the risks in revenues, financial items and the present value of future cash flows.

Commodity price risk

Commodity price risk represents Statoil ASA's most important short-term market risk. To manage the short-term commodity risk, Statoil ASA enters into commodity-based derivative contracts, including futures, options, over-the-counter (OTC) forward contracts, market swaps and contracts for differences related to crude oil, petroleum products, natural gas and electricity.

Derivatives associated with crude oil and refined oil products are traded mainly on the InterContinental Exchange (ICE) in London, the New York Mercantile Exchange (NYMEX), the OTC Brent market, and in crude and refined products swaps markets. Derivatives associated with natural gas and electricity are mainly OTC physical forwards and options, NASDAQ OMX Oslo forwards, and futures traded on the NYMEX and ICE.

The term of oil and refined oil products derivatives is usually less than one year and the term for natural gas and electricity derivatives is usually three years or less.

Currency risk

Statoil ASA's operating results and cash flows are affected by foreign currency fluctuations of the most significant currencies NOK against USD. Foreign exchange risk is managed at corporate level in accordance with policies and mandates.

Statoil ASA's cash flows from operating activities deriving from oil and gas sales, operating expenses and capital expenditures, are mainly in USD, but taxes and dividends are in NOK. Accordingly, Statoil ASA's currency management is primarily linked to mitigate currency risk related to tax and dividend payments in NOK. This means that Statoil ASA regularly purchase substantial NOK amounts on a forward basis using conventional derivative instruments.

At the end of 2013 the following currency risk sensitivity has been calculated by assuming a 9% change in the foreign currency exchange rate between NOK and USD. At the end of 2012 an assumption of 9% was used in the calculation. An increase in the foreign exchange rate by 9% means that the transaction currency has strengthened in value.

(in NOK billion)	Gains	Losses
At 31 December 2013		
Norwegian kroner (9% sensitivity)	10.4	(10.4)
At 31 December 2012		
Norwegian kroner (9% sensitivity)	13.5	(13.5)

Interest rate risk

Bonds are normally issued at fixed rates in a variety of local currencies (among others USD, EUR and GBP). Bonds may be converted to floating USD bonds by using interest rate and currency swaps. Statoil ASA manages its interest rates exposure on its bond debt based on risk and reward considerations from an enterprise risk management perspective. This means that the fix/floating mix on interest rate exposure may vary from time to time. During 2013, Statoil ASA adopted a higher share of fixed interest rate exposure on its bond debt. For more detailed information about Statoil ASA's long-term debt portfolio see note 18 *Finance debt*.

For the interest rate risk sensitivity a change of 1.0 percentage point in the interest rates has been used in the calculation by the end of 2013. By end of 2012 a change of 0.7 percentage point in the interest rates was viewed as a reasonably possible change. A decline in the interest rates results in a gain while increased interest rates result in a loss. Included in the interest rate sensitivity are changes in fair value of interest rate derivative financial instruments currently recognised at fair value in the Balance sheet since the fair value is lower than the cost price for the instruments at year end 2013 and 2012. When the interest rate declines the fair value of these instruments will be higher than the cost price and therefore the full change in fair value due to an interest rate decline will not be recognised in the Statement of income. The estimated gains and losses are presented in the following table.

(in NOK billion)	Gains	Losses
At 31 December 2013		
Interest rate risk (1.0 percentage point sensitivity)	0.1	(0.1)
At 31 December 2012		
Interest rate risk (0.7 percentage point sensitivity)	0.2	(0.2)

Liquidity risk
Liquidity risk is the risk that Statoil ASA will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity management is to make certain that Statoil ASA has sufficient funds available at all times to cover its financial obligations.

Statoil ASA manages liquidity and funding at the corporate level, ensuring adequate liquidity to cover Statoil's operational requirements. Statoil ASA has a high focus and attention on credit and liquidity risk. In order to secure necessary financial flexibility, which includes meeting Statoil ASA's financial obligations, Statoil ASA maintains a conservative liquidity management policy. To identify future long-term financing needs, Statoil ASA carries out three-year cash forecasts at least monthly. During 2013 Statoil ASA's overall liquidity was further strengthened.

The main cash outflows are the annual dividend payment and tax payments. If the monthly cash flow forecast shows that the liquid assets one month after tax and dividend payments will fall below the defined policy level, new long-term funding will be considered.

For information about Statoil ASA's non current financial liabilities, see note 18 *Finance debt*.

Mainly all of Statoil ASA's financial liabilities related to derivative financial instruments, both exchange traded and non-exchange traded commodity-based derivatives together with financial derivatives, with the exception of some interest rate derivatives classified as non-current in the Balance sheet, fall due within one year, based on the underlying delivery period of the contracts included in the portfolio. The interest rate derivatives classified as non-current in the Balance sheet fall due from 2016 till 2043.

Credit risk
Credit risk is the risk that Statoil ASA's customers or counterparties will cause the company financial loss by failing to honour their obligations. Credit risk arises from credit exposures with customer accounts receivables as well as from financial investments, derivative financial instruments and deposits with financial institutions.
Key elements of the credit risk management approach include:

- A global credit risk policy
- Credit mandates
- Internal credit rating process
- Credit risk mitigation tools
- A continuous monitoring and managing of credit exposures

Prior to entering into transactions with new counterparties, the credit policy requires all counterparties to be formally identified and approved. In addition, all sales, trading and financial counterparties are assigned internal credit ratings as well as exposure limits. Once established, all counterparties are re-assessed minimum annually and continuously monitored. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial and other relevant business information. In addition, Statoil ASA evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect Statoil ASA's assessment of the counterparties' credit risk. Exposure limits are determined based on assigned internal credit ratings combined with other factors, such as expected transaction and industry characteristics. Credit mandates define acceptable credit risk thresholds and are endorsed by management and regularly reviewed with regard to changes in market conditions.

Statoil ASA uses risk mitigation tools to reduce or control credit risk both on a counterparty and portfolio level. The main tools include bank and parental guarantees, prepayments and cash collateral. For bank guarantees only investment grade international banks are accepted as counterparties.

Statoil ASA has pre-defined limits for the minimum average credit rating allowed at any given time on the group portfolio level as well as maximum credit exposures for individual counterparties. Statoil ASA monitors the portfolio on a regular basis and individual exposures versus limits on a daily basis. The total credit exposure portfolio of Statoil ASA is geographically diversified among a number of counterparties within the oil and energy sector, as well as larger oil and gas consumers and financial counterparties. The majority of the company's credit exposure is with investment grade counterparties.

Fair value measurement of derivative financial instruments
Statoil ASA measures derivative financial instruments at fair value if the instruments are part of a trading portfolio and traded at an authorised exchange. This might typically be for forward contracts traded at the Nordic electricity exchange NASDAQ OMX Oslo. Other derivative financial instruments are recognised in the Balance sheet at the lowest of the cost price and the fair value. Changes in the carrying value of the derivative financial instruments are recognised in the Statements of income either within *Revenues* or within the *Net financial items*. Statoil ASA's portfolio of derivative financial instruments consists of commodity-based derivative contracts as well as interest rate and foreign exchange rate derivative instruments.

The following table contains the estimated fair values and the net carrying amounts of Statoil ASA's derivative financial instruments, except for the interest rate derivatives and the cross currency interest rate derivatives where the table only contains the fair value adjustments, while the accrued interests are presented within current *Finance debt* and the currency revaluations are presented within non-current *Finance debt*.

(in NOK billion)	Fair value of assets	Fair value of liabilities	Net fair value
At 31 December 2013			
Foreign currency instruments	0.1	(0.5)	(0.4)
Interest rate instruments	0.0	(0.6)	(0.6)
Crude oil and refined products	0.0	0.0	0.0
Natural gas and electricity	0.1	(0.1)	(0.1)
Total	0.1	(1.2)	(1.1)
At 31 December 2012			
Foreign currency instruments	0.6	0.0	0.6
Interest rate instruments	0.0	(0.5)	(0.5)
Crude oil and refined products	0.2	(0.2)	0.0
Natural gas and electricity	0.2	(0.3)	(0.1)
Total	1.0	(1.0)	0.0

In addition to the fair value of financial derivative instruments recognised in the Balance sheet, Statoil ASA has entered into interest rate swap and cross currency swap agreements where the fair value at year end 2013 and 2012 was higher than the cost, hence the fair value adjustments related to these agreements are not recognised in the Balance sheet. At 31 December 2013 the fair value adjustments not recognised were NOK 7.0 billion. By end of 2012 the fair value adjustments not recognised were NOK 13.6 billion.

When determining the fair value of the derivative financial instruments, Statoil ASA uses prices quoted in an active market to the extent possible. When this is not available, the company uses inputs that either directly or indirectly are observable in the market as a basis for valuation techniques such as discounted cash flow analysis or pricing models. For the financial instruments recognised in Statoil ASA's balance sheet the fair value is measured by using valuation techniques. For this measurement typically Statoil ASA uses forward prices on crude oil, natural gas, interest rates, and foreign exchange rates as inputs into the valuation techniques used to determining the fair value of its derivative financial instruments.

4 Revenues

(in NOK billion)	For the year ended 31 December 2013	2012
Revenues third party	371.2	400.6
Intercompany revenues	45.3	79.8
Revenues	416.6	480.4

5 Remuneration

Statoil ASA remuneration in 2013

(in NOK billion, except average number of man-labour years)	For the year ended 31 December 2013	2012
Salaries	19.8	18.5
Pension costs	4.4	(0.4)
Social security tax	3.0	2.9
Other compensations	2.1	2.3
Total	29.3	23.3
Average number of man-labour years	20,328	19,645

The negative pension cost in 2012 was primarily caused by a curtailment gain recognised on the basis of Statoil's discontinuance of the supplementary (gratuity) part of the early retirement scheme, for further information see note 19 *Pensions*.

Board of directors remuneration in 2013

Members of the board (in NOK thousand)	Board remuneration	Audit committee	Compensation committee	SSE committee	Total remuneration
Svein Rennemo	682		77		759
Grace Reksten Skaugen	435		112		547
Roy Franklin*	274	61		42	377
Jakob Stausholm	348	193			541
Bjørn Tore Godal	348		77	87	512
Lady Barbara Singer Judge*	274	61			335
Lill Heidi Bakkerud	348			69	417
Morten Svaan*	169	61			230
Einar Arne Iversen*	169				169
Børge Brende**	273			44	317
Maria Johanna Oudeman	491	129			620
Catherine Jeanne Hughes***	238	58			296
James Joseph Mulva***	238			37	275
Stig Lægreid***	178			37	215
Ingrid Elisabeth Di Valerio***	178	59			237
Total	4,643	622	266	316	5,847

* Member until and including 30 June 2013
** Members until and including 15 October 2013
*** Member from 1 July 2013

Management remuneration in 2013 (in NOK thousand)

	Fixed remuneration							
Members of corporate executive committee	Base pay 1)	LTI 2)	Annual variable pay	Taxable benefits in kind	Taxable compensation	Non-taxable benefits in kind	Estimated pension cost 3)	Estimated present value of pension obligation 4)
Lund Helge	7,596	2,112	3,409	669	13,786	503	4,476	46,369
Reitan Torgrim	3,114	689	1,019	133	4,955		627	16,257
Sjøblom Tove Stuhr 5)	194			16	210	16	684	18,870
Bacher Lars Christian	2,937	671	634	366	4,608	427	711	15,425
Dodson Timothy	3,432	750	1,297	139	5,618	318	972	24,792
Øvrum Margareth	3,750	840	1,251	194	6,035	108	1,103	43,166
Michelsen Øystein	3,522	838	1,041	334	5,735	191	834	35,993
Sætre Eldar	3,524	836	1,038	367	5,765		1,003	42,360
Maloney William	3,985	2,451	2,733	786	9,955	159	627	
Knight John	5,172	2,426	2,426	754	10,778		1,034	

1) Base pay consists of base salary, holiday allowance and any other administrative benefits.
2) The fixed long-term incentive (LTI) element implies an obligation to invest the net amount in Statoil shares. A lock-in period of three years applies for the investment. The LTI element is presented the year it is granted.
Members of the corporate executive committee employed by non-Norwegian subsidiaries have an LTI scheme deviating from the model used in the parent company. A net amount equivalent to the annual variable pay is used for purchasing Statoil shares.
3) Pension cost is calculated based on actuarial assumptions and pensionable salary at 31 December 2013 and is recognised as pension cost in the Statement of income for 2013. Payroll tax is not included.
Members of the corporate executive committee employed by non-Norwegian subsidiaries have a defined contribution scheme.
4) The increase to the estimated present value of the pension obligation is mainly due to changes in the underlying mortality assumptions.
5) Tove Stuhr Sjøblom left Statoil's Corporate Executive Committee 1 February 2013.

Management remuneration in 2012 (in NOK thousand)

	Fixed remuneration							
Members of corporate executive committee	Base pay	LTI	Annual variable pay	Taxable benefits in kind	Taxable compensation	Non-taxable benefits in kind	Estimated pension cost	Estimated present value of pension obligation
Lund Helge	7,224	2,050	3,307	681	13,262	537	4,950	37,515
Reitan Torgrim	2,721	640	1,102	113	4,576	0	666	10,965
Sjøblom Tove Stuhr	2,472	582	723	317	4,094	269	646	14,020
Mellbye Peter	2,575	583	958	243	4,359	0	1,057	41,485
Bacher Lars Christian 1)	935	65	0	81	1,081	203	552	10,424
Dodson Timothy	3,151	706	1,215	135	5,207	386	1,081	16,982
Øvrum Margareth	3,570	810	1,205	199	5,784	195	1,127	34,192
Michelsen Øystein	3,372	812	1,009	379	5,572	277	875	26,309
Sætre Eldar	3,417	810	1,005	395	5,627	0	1,046	32,532
Maloney William	3,851	2,353	2,353	710	9,267	139	602	0
Knight John	4,983	3,269	3,269	754	12,275	0	997	0

1) Lars Christian Bacher joined Statoil's Corporate Executive Committee 1 September 2012.

Statement on remuneration and other employment terms for Statoil's Corporate Executive Committee

Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a, the Board will present the following statement regarding remuneration of Statoil's corporate executive committee to the 2014 annual general meeting.

1. Remuneration policy and concept for the accounting year 2013

1.1 Policy and principles

In general the company's established remuneration principles and concepts will be continued in the accounting year 2014. As described in section 1.2 below, the ongoing evaluation process regarding the general pension scheme in the parent company is expected to be concluded in 2014.

The remuneration concept is an integrated part of our values based performance framework. It has been designed to:

- reflect our global competitive market strategy and local market conditions
- strengthen the common interests of employees in the Statoil group and its shareholders
- be in accordance with statutory regulations and good corporate governance
- be fair, transparent and non-discriminatory
- reward and recognise delivery and behaviour equally
- differentiate on the basis of responsibilities and performance
- reward both short- and long-term contributions and results

1.2 The remuneration concept for the corporate executive committee

Statoil's remuneration concept for the corporate executive committee consists of the following main elements:

- Fixed remuneration (base salary and long-term incentive LTI)
- Variable pay
- Benefits (primarily pension, insurance and share savings plan)

Fixed remuneration consists of base salary and a long-term incentive programme. Statoil will continue the established long-term incentive system in the form of fixed compensation with an obligation to invest in Statoil shares for a limited number of senior executives and key professional positions. The purpose of the LTI scheme is to emphasise the alignment with shareholder interests and retention of key executives and senior professionals. Members of the corporate executive committee are included in the scheme.

The only variable pay element for parent company executives is the annual variable pay scheme which has a maximum potential of 50% of the fixed remuneration (in line with the governmental guidelines on executive remuneration). The company's performance based variable pay concept will be continued in 2014.

The main benefit programmes applicable to senior executives are the general pension scheme, the insurance scheme and the employee share savings plan. The process of evaluating changes to the general pension scheme in the parent company is expected to be concluded in 2014. This evaluation includes an assessment on the question of replacing the current defined benefit scheme with a defined contribution scheme and the prevailing pension scheme for salaries exceeding 12 times the national insurance basic amount (G).

A revised pension scheme for new members of the corporate executive committee consistent with the governmental guidelines on executive remuneration will be designed and implemented when the changes to the overall pension system have been determined.

Deviations from the general principles outlined below pertaining to two members of the corporate executive committee, implemented with effect as of 1 January 2011, are described in section 3.1 below. These deviations have also been described in previous Statements on remuneration and other employment terms for Statoil's corporate executive committee.

The main elements of Statoil's executive remuneration are described in more detail in the table below.

Main Elements - Statoil Executive Remuneration			
Remuneration Element	**Objective**	**Award level**	**Performance criteria**
Base Salary	Attract and retain the right high-performing individuals providing competitive but not market-leading terms.	We offer base salary levels which are aligned with the individual's responsibility and performance at a level which is competitive in the markets in which we operate.	The evaluation of performance is based on the fulfilment of pre-defined goals; see "Annual Variable Pay" below. The base salary is normally subject to annual review
Long-Term Incentive (LTI)	Strengthen the alignment of top management and shareholder interests and retention of key employees.	The long-term incentive system is a fixed, monetary compensation calculated as a portion of the participant's base salary; ranging from 20 - 30 % depending on the individual's position. On behalf of the participant, the company acquires shares equivalent to the net annual amount. The grant is subject to a three year lock-in period and then released for the participant's disposal.	In Statoil ASA, LTI is a fixed remuneration element. Participation in the long-term incentive (LTI) scheme and the size of the annual LTI element are reflective of the level and impact of the position and not directly linked to the incumbent's performance.
Annual Variable Pay	Drive and reward individuals for annual achievement of business objectives and behaviour goals.	The chief executive officer is entitled to an annual variable pay ranging from 0 - 50% of his fixed remuneration. Target value is 25%. Correspondingly, the executive vice presidents have an annual variable pay scheme with a pay-out in the range of 0 - 40%. Target value is 20%.	Achievement of annual performance goals (delivery and behaviour), in order to create long-term and sustainable shareholder value. A balanced scorecard covering goals related to our five strategic objectives (People and organisation, Health, safety and environment, Operations, Market and Finance) are measured and assessed along with individual behaviour goals. One of several goals in the performance contracts of the chief executive officer and chief financial officer is related to the company's relative total shareholder return (TSR). Their annual variable pay is based on an overall assessment of the performance of various targets including but not limited to the company's relative TSR.
Pension & Insurance Schemes	Provide competitive postemployment and other benefits.	The general pension plan is a defined benefit scheme with a pension level amounting to 66 % of the pensionable salary conditional on a minimum of 30 years of service. Pension from the national insurance scheme is taken into account when estimating the pension. In order to draw a full pension from Statoil's occupational pension scheme the employment with the company needs to be maintained until the pensionable age.	N/A
Employee Share Savings Plan	Align and strengthen employee and shareholder interests and remunerate for long term commitment and value creation.	Offer to purchase Statoil shares in the market limited to 5% of annual base salary.	If shares are kept for two calendar years of continued employment, the participants will be allocated bonus shares proportionate to their purchase

[1] Target value reflects fully satisfactory goal achievement
[2] As outlined in section 1.2 above, the company's general pension scheme is subject to revision

1.3 Pension and insurance schemes

The pension schemes for members of the corporate executive committee including the chief executive officer constitute supplementary individual agreements to the company's general pension plan.

Subject to specific terms in his pension agreement of 7 March 2004, the chief executive officer is entitled to a pension amounting to 66% of pensionable salary and a retirement age of 62. The full service period is 15 years.

Two of the executive vice presidents have individual pension terms according to a previous standard arrangement implemented in October 2006. Subject to specific terms those executives are entitled to a pension amounting to 66% of pensionable salary and a retirement age of 62. When calculating the number of years of membership in Statoil's general pension plan, these agreements grant the right to an extra contribution time corresponding to half a year of extra membership for each year the individual has served as executive vice president.

In addition, three members of the corporate executive committee in 2013 had an individually agreed retirement age of 65 and an early retirement pension level amounting to 66% of pensionable salary.

The individual pension terms for executive vice presidents outlined above are results of commitments according to previous established agreements.

Following a board decision 7 February 2012, the company's standard pension arrangements for executive vice presidents deviating from Statoil ASA's general pension plan have been discontinued and have not been applied for new appointments to the corporate executive committee.

Pension accruals for pensionable salary above 12 times the national insurance basic amount (G) are recognised as an unfunded defined benefit pension plan, i.e. not funded in a separate legal entity.

In addition to the pension benefits outlined above, the executive vice presidents in the parent company are offered other benefits in accordance with Statoil's general pension plan including pension from the age of 67 based on the defined benefit arrangement. Members of the corporate executive committee are covered by the general insurance schemes applicable within Statoil.

The executive vice presidents employed outside the parent company have defined contribution schemes (16% and 20% of base salary in contribution, respectively) in accordance with the framework established in their local employment companies. The pension contribution is paid into a separate legal entity.

1.4 Severance pay arrangements

Under the terms of his contract of 7 March 2004, the chief executive officer is entitled to severance payment corresponding to 24 months of base salary in the event of a board resolution to release him from his contract of employment. Severance payment is calculated from the expiry of the notice period of 6 months. The same entitlement applies should the parties agree that the employment will be discontinued and the chief executive officer gives notice pursuant to a written agreement with the board.

Executive vice presidents are entitled to a severance payment equivalent to six months' salary, commencing at the time of expiry of a six months' notice period, when the resignation is at the request from the company. The same amount of severance payment is also payable if the parties agree that the employment should be discontinued and the executive vice president gives notice pursuant to a written agreement with the company. Any other payment earned by the executive vice president during the period of severance payment will be fully deducted. This relates to earnings from any employment or business activity where the executive vice president has active ownership.

The entitlement to severance payment is conditional on the chief executive officer or the executive vice president not being guilty of gross misconduct, gross negligence, disloyalty or other material breach of his/her duties.

As a general rule, the chief executive officer's/ executive vice president's own notice will not instigate any severance payment.

1.5 Other benefits

Statoil has a share savings plan available to all employees including members of the corporate executive committee. The share savings plan entails an offer to purchase Statoil shares in the market limited to five percent of annual gross salary. If the shares are kept for two full calendar years of continued employment the employees will be allocated bonus shares proportionate to their purchase. Shares to be used for sale and transfer to employees are acquired by Statoil in the market, in accordance with the authorisation from the annual general meeting.

The members of the corporate executive committee have benefits in kind such as company car and electronic communication.

2. Performance management, assessment and results essential for variable pay for 2013

Individual salary and annual variable pay review are based on the performance evaluation in our performance management system.

Performance is evaluated in two dimension; business delivery and behaviour. Behaviour goals are based on our core values and leadership principles and address the behaviour required and expected in order to achieve our delivery goals. Business delivery is defined through the company's performance framework "Ambition to Action", which addresses strategic objectives, KPIs and actions across the five perspectives People and Organisation, HSE, Operations, Market and Finance. Generally, Statoil believes in setting ambitious targets to inspire and drive strong performance.
In 2013, the main objectives and KPIs for each perspective were as outlined below. Each perspective was in addition supported by comprehensive plans and actions.

Strategic objectives		2013 result assessment
People and organisation	The strategic objectives and actions address global capabilities, learning, innovation, simplification and cost consciousness.	The completion rate of 94% for the people management process People@Statoil[3] remained high. The measured quality of the process and results on competence development are stable.
HSE	The strategic objectives and actions address industry leadership in safety and carbon efficiency.	The positive trend for the serious incident frequency continued and is now at its lowest level ever. There were no serious well incidents, whereas there were too many oil/gas leakages. The investigation following the In Amenas terrorist attack revealed a need for improvements, particularly within the areas of security leadership and processes. Improvement initiatives are in the process of being implemented.
Operations	The strategic objectives and actions address reliable and cost-efficient operations, value-driven technology development and our role as the industrial architect of the Norwegian continental shelf.	Production was as expected, impacted by value creating divestments. Unit production cost remained in the targeted first quartile set against an industry peer group. Efforts to reduce unplanned losses continued.
Market	The strategic objectives and actions address stakeholder trust, value chain optimisation and an exploration driven resource strategy.	In 2013 Statoil delivered the best exploration results in the industry, measured by conventional discovered volume. The company added 1.25 billion barrels of oil equivalent from exploration. The reserve replacement ratio (RRR) was 128%. Organic RRR was 147%, which is a record since 1999. Downstream results ended lower than 2012 mainly due to lower margins on gas sold and lower refining margins.
Finance	The strategic objectives address shareholder return, financial robustness and cost efficiency.	RoACE was in the second quartile measured against an industry peer group, but TSR was in the fourth quartile measured against the same group.

Board assessment of the CEO's performance In its assessment of the CEO's performance and consequently his merit adjustment and annual variable pay for 2013, the board has put emphasis on the improvements within HSE, a solid delivery on production, very strong reserves replacement ratio and world-class exploration results. However, the TSR was below target in 2013 and has affected the board's evaluation of the performance. The investigation following the In Amenas terrorist attack revealed a need for improvements, particularly within the areas of security leadership and processes. However, the CEO and his team demonstrated an exemplary ability to handle the difficult situation, evidenced by the company's response during and after this tragic incident. The Board is satisfied with the identification and initiation of the improvement measures.

[3] *People@Statoil* is Statoil's process for managing people development, deployment, performance and reward.

Before final conclusions of the performance assessment are drawn, sound judgement and hindsight information are applied. Measured KPI results are reviewed against their strategic contribution, sustainability and significant changes in assumptions.

This balanced approach, which involves a broad set of goals defined in relation to both the delivery and behaviour dimensions and an overall performance evaluation, is viewed to significantly reduce the likelihood that remuneration policies may stimulate excessive risk-taking or have other material adverse effects.

3. Execution of the remuneration policy and principles in 2013

3.1 Deviations from the Statement on Executive remuneration 2013

Two members of the corporate executive committee have variable pay schemes deviating from the description in section 1.2 above. The individuals in question are employed by Statoil Gulf Services LLC in Houston and Statoil Global Employment Company Ltd. in London. These schemes entail a framework for variable pay of 75-100% of the base salary for each of the elements (annual variable pay and long term Incentive). The long-term incentive is performance based. The contracts also include a provision for severance payment of 12 months' base salary.

The board's overall assessment is that the extended framework implemented with effect from 1 January 2011 for the variable pay schemes for these executives is in alignment with the market, but not market leading for positions at this level at the respective locations.

3.2 Development in actual remuneration

During the last five-year period the average annual framework for merit increase in the parent company has been 3.25%. During the same period the CEO's average annual base salary increase has been 2.75%. As of 1 January 2014 the base salary increase for CEO was 2.5%. The annual variable pay for 2013 was 35% of the fixed remuneration. The base salary increase and the variable pay reflect the board's overall assessment of his performance as outlined in Section 2 above. On average over the last five years, the annual variable pay has been 31%. This average was influenced by the fact that the maximum variable pay potential for 2009 was reduced by 50 % as a consequence of the financial crisis.

3.3 Changes to the corporate executive committee in 2013
A change to the corporate organisation structure was decided in 2012, leading to the discontinuation of the position as Executive Vice President and Chief of Staff. Effective 1 February 2013, Tove Stuhr Sjøblom was assigned to the role as Senior Vice President, Sub-Saharan Africa in Development and Production International.

4. The decision-making process
The decision-making process for implementing or changing remuneration policies and concepts, and the determination of salaries and other remuneration for corporate executive committee, are in accordance with the provisions of the Norwegian public limited liability companies act sections 5-6 and 6-16 a and the board's rules of procedure. The board's rules of procedure are available at www.statoil.com/board.

The board of directors has appointed a designated compensation and executive development committee. The compensation and executive development committee is a preparatory body for the board. The committee's main objective is to assist the board of directors in its work relating to the terms of employment for Statoil's chief executive officer and the main principles and strategy for the remuneration and leadership development of our senior executives. The board of directors determines the chief executive officer's salary and other terms of employment.

The compensation and executive development committee answers to the board of Statoil ASA alone for the performance of its duties. The work of the committee in no way alters the responsibilities of the board of directors or the individual board members.

For further details about the roles and responsibilities of the compensation and executive development committee, please refer to the committee's instructions available at www.statoil.com/compensationcommittee.

A complete statement on remuneration and other employment terms for Statoil's corporate executive committee is also available at Statoil.com

6 Share-based compensation

Statoil's share saving plan provides employees with the option to purchase Statoil shares through monthly salary deductions, and a contribution by Statoil ASA. If the shares are kept for two full calendar years of continued employment the employees will be allocated one bonus share for each one they have purchased.

Estimated compensation expense including the contribution by Statoil ASA for purchased shares, amount vested for bonus shares granted and related social security tax was NOK 0.5 billion for 2013 and 2012. For the 2014 program (granted in 2013) the estimated compensation expense is NOK 0.5 billion. At 31 December 2013 the amount of compensation cost yet to be expensed throughout the vesting period is NOK 1.1 billion.

7 Auditor's remuneration

	For the year ended 31 December	
(in NOK million, excluding VAT)	2013	2012
Audit fees	9	14
Audit related fees	1	1
Other service fees	0	1
Total	10	16

There are no fees incurred related to tax services.

8 Research and development expenditures

Research and development expenditures were NOK 0.1 billion and NOK 0.2 billion in 2013 and 2012, respectively.

9 Financial items

(In NOK billion)	For the year ended 31 December 2013	2012
Foreign exchange gains (losses) derivative financial instruments	(4.1)	2.1
Other foreign exchange gains (losses)	(12.6)	4.0
Net foreign exchange gains (losses)	(16.7)	6.1
Interest income from group companies	3.0	2.7
Interest income current financial assets and other financial items	1.2	1.2
Interest income and other financial items	4.3	3.9
Interest expense to group companies	(0.4)	(1.0)
Interest expense non-current finance debt	(1.6)	(2.6)
Interest expense current finance debt and other finance expenses	(0.3)	0.5
Interest and other finance expenses	(2.3)	(3.1)
Net financial items	(14.7)	6.9

10 Income taxes

Income tax expense (revenue)

(in NOK billion)	For the year ended 31 December 2013	2012
Current taxes	0.5	(0.3)
Change in deferred tax	5.7	(4.2)
Income tax expense (revenue)	6.2	(4.5)

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

(in NOK billion)	For the year ended 31 December 2013	2012
Income before tax	33.2	74.5
Nominal tax rate 28%	(9.3)	(20.9)
Tax effect of:		
Permanent differences caused by USD as functional currency	0.4	(1.7)
Permanent differences related to dividends	17.9	22.1
Other permanent differences	(3.4)	(4.4)
Income tax prior years	0.4	(0.3)
Other	0.2	0.7
Total	6.2	(4.5)
Effective tax rate	(18.7%)	6.1%

Significant components of deferred tax assets and liabilities were as follows:

(in NOK billion)	At 31 December 2013	2012
Deferred tax assets on		
Inventory	0.0	0.1
Tax losses carry forward	0.1	0.0
Pensions	4.4	3.5
Long term provisions	1.6	1.6
Derivatives and long term debt	0.4	0.1
Other non-current items	1.0	0.2
Total deferred tax assets	7.5	5.5
Deferred tax liabilities on		
Property, plant and equipment	0.2	0.2
Derivatives and long term debt	0.2	3.7
Other non-current items	0.0	0.6
Total deferred tax liabilities	0.4	4.5
Net deferred tax assets / (liabilities)	7.1	1.0

At 31 December 2013, Statoil ASA had recognised net deferred tax assets of NOK 7.1 billion, as it is considered probable that taxable profit will be available to utilise the deferred tax assets.

The movement in deferred income tax

(in NOK billion)	2013	2012
Deferred income tax assets / (liabilities) at 1 January	1.0	6.6
Charged to the income statement	5.7	(4.2)
Other	0.4	(1.4)
Deferred income tax assets / (liabilities) at 31 December	7.1	1.0

11 Property, plant and equipment

(in NOK billion)	Machinery, equipment and transportation equipment	Buildings and land	Vessels	Other	Total
Cost at 31 December 2012	2.8	1.9	3.7	1.0	9.4
Additions and transfers	0.3	0.3	0.0	(0.1)	0.5
Disposal assets at cost	(0.4)	0.0	0.0	0.0	(0.4)
Effect of changes in foreign exchange	0.3	0.2	0.3	0.1	0.9
Cost at 31 December 2013	2.9	2.4	4.0	1.0	10.3
Accumulated depreciation and impairment losses at 31 December 2012	(1.7)	(0.4)	(1.2)	(0.8)	(4.1)
Depreciation	(0.5)	(0.1)	(0.2)	0.0	(0.9)
Impairment losses	0.0	(0.1)	0.0	(0.1)	(0.1)
Accumulated depreciation and impairment disposed assets	0.4	0.0	0.0	0.0	0.4
Effect of changes in foreign exchange	(0.2)	0.0	(0.1)	(0.1)	(0.4)
Accumulated depreciation and impairment losses at 31 December 2013	(2.0)	(0.6)	(1.5)	(0.9)	(5.1)
Carrying amount at 31 December 2013	0.9	1.8	2.5	0.1	5.3
Estimated useful lives (years)	3 - 10	20 - 33	20 - 25		

12 Investments in subsidiaries and other equity accounted companies

(in NOK billion)	2013	2012
Investments at 1 January	328.5	294.5
Net income from subsidiaries and other equity accounted companies	49.6	63.6
Additional paid-in equity	62.0	66.7
Pension adjustments	(0.1)	0.3
Distributions	(36.6)	(73.9)
Translation adjustments	27.8	(18.4)
Divestment	(41.4)	(4.3)
Investments at 31 December	389.9	328.5

The closing balance of NOK 389.9 billion consist of investments in subsidiaries amounting to NOK 389.2 billion and investments in other equity accounted companies amounting to NOK 0.7 billion. In 2012, the amounts were NOK 328.2 billion and NOK 0.3 billion respectively.

Amortisation of goodwill amounts to NOK 1.0 billion in both 2013 and 2012.

Distributions during 2013 mainly consist of dividends from group companies of NOK 33.4 billion and and group contribution from Statoil Petroleum AS of NOK 3.2 billion, after tax. In 2012 the group contribution from Statoil Petroleum AS was NOK 31.0 billion.

On 1 January 2013, Statoil ASA sold its shares in Statoil North America, Inc. to Statoil Investment Americas AS, a subsidiary of Statoil Petroleum AS, for a cash consideration of NOK 41.4 billion.

On 19 June 2012, Statoil ASA sold its 54% shareholding in Statoil Fuel & Retail ASA (SFR) to Alimentation Couche-Tard for a cash consideration of NOK 8.3 billion. Investments in subsidiaries were reduced by NOK 4.3 billion. A gain of NOK 4.0 billion were recognised and presented as *Other income*in the financial statements. The gain was exempt from taxation.

Ownership in certain subsidiaries and other equity accounted companies (in %)

Name	%	Country of incorporation	Name	%	Country of incorporation
Statholding AS	100	Norway	Statoil Nigeria Deep Water AS	100	Norway
Statoil Angola Block 15 AS	100	Norway	Statoil Nigeria Outer Shelf AS	100	Norway
Statoil Angola Block 15/06 Award AS	100	Norway	Statoil Norsk LNG AS	100	Norway
Statoil Angola Block 17 AS	100	Norway	Statoil North Africa Gas AS	100	Norway
Statoil Angola Block 31 AS	100	Norway	Statoil North Africa Oil AS	100	Norway
Statoil Angola Block 38 AS	100	Norway	Statoil Orient AG	100	Switzerland
Statoil Angola Block 39 AS	100	Norway	Statoil OTS AB	100	Sweden
Statoil Angola Block 40 AS	100	Norway	Statoil Petroleum AS	100	Norway
Statoil Apsheron AS	100	Norway	Statoil Shah Deniz AS	100	Norway
Statoil Azerbaijan AS	100	Norway	Statoil Sincor AS	100	Norway
Statoil BTC Finance AS	100	Norway	Statoil SP Gas AS	100	Norway
Statoil Coordination Centre NV	100	Belgium	Statoil Tanzania AS	100	Norway
Statoil Danmark AS	100	Denmark	Statoil Technology Invest AS	100	Norway
Statoil Deutschland GmbH	100	Germany	Statoil UK Ltd	100	United Kingdom
Statoil do Brasil Ltda	100	Brazil	Statoil Venezuela AS	100	Norway
Statoil Exploration Ireland Ltd.	100	Ireland	Statoil Venture AS	100	Norway
Statoil Forsikring AS	100	Norway	Statoil Metanol ANS	82	Norway
Statoil Færøyene AS	100	Norway	Mongstad Refining DA	79	Norway
Statoil Hassi Mouina AS	100	Norway	Mongstad Terminal DA	65	Norway
Statoil Indonesia Karama AS	100	Norway	Tjeldbergodden Luftgassfabrikk DA	51	Norway
Statoil New Energy AS	100	Norway	Naturkraft AS	50	Norway
Statoil Nigeria AS	100	Norway	Vestprosess DA	34	Norway

13 Financial assets and liabilities

Non-current receivables from subsidiaries and other equity accounted companies

(in NOK billion)	At 31 December 2013	2012
Interest bearing receivables from subsidiaries and other equity accounted companies	66.4	65.5
Non-interest bearing receivables from subsidiaries	3.0	3.6
Receivables from subsidiaries and other equity accounted companies	69.4	69.1

Interest bearing receivables from subsidiaries and other equity accounted companies at 31 December 2013 are due later than five years, except for NOK 16.2 billion which is due within the next five years. Of the Non-interest bearing receivables from subsidiaries at 31 December 2013, NOK 2.0 billion relates to pension, see note 19 *Pensions*. Correspondingly, NOK 2.7 billion related to pension at 31 December 2012.

Current receivables from subsidiaries and other equity accounted companies

Receivables from subsidiaries and other equity accounted companies include group contributions from Statoil Petroleum AS of NOK 4.0 billion at 31 December 2013 and NOK 31.0 billion at 31 December 2012.

Current financial investments

(in NOK billion)	At 31 December 2013	2012
Time deposits	4.5	0.4
Treasury bills and commercial papers	29.5	9.2
Financial investments	33.9	9.6

Current *Financial investments* at 31 December 2013 and at 31 December 2012 are considered to be trading securities, measured at fair value with gains and losses recognised in the Statement of income. The cost price for current financial investments was NOK 34.1 billion at 31 December 2013 and NOK 9.4 billion at 31 December 2012.

Current liabilities to subsidiaries

Liabilities to subsidiaries includes current liabilities to Statoil Petroleum AS of NOK 27.6 billion and liabilities related to Statoil group's internal bank arrangements of NOK 56.7 billion at 31 December 2013. The corresponding amounts were NOK 25.7 billion and NOK 79.3 billion at 31 December 2012.

14 Inventories

(in NOK billion)	At 31 December 2013	2012
Crude oil	8.8	8.7
Petroleum products	5.1	4.5
Other	2.8	1.5
Inventories	16.7	14.7

15 Trade and other receivables

(in NOK billion)	At 31 December 2013	2012
Trade receivables	46.1	38.4
Other receivables	2.4	4.4
Trade and other receivables	48.5	42.8

16 Cash and cash equivalents

(in NOK billion)	At 31 December 2013	2012
Cash at bank available	1.7	1.2
Time deposits	37.1	21.4
Money market funds	6.1	2.7
Treasury bills and commercial papers	31.2	31.2
Collateral deposits	0.9	0.9
Cash and cash equivalents	77.0	57.4

Collateral deposits of NOK 0.9 billion at 31 December 2013 and at 31 December 2012 are related to trading activities. It is related to certain requirements set out by exchanges where the company is participating. The terms and conditions related to these requirements are determined by the respective exchanges.

17 Equity and shareholders

Change in equity

(in NOK billion)	At 31 December 2013	2012
Shareholders' equity at 1 January	280.6	244.2
Net income	39.4	70.0
Actuarial gain (loss) defined benefit pension plans	(4.4)	4.3
Foreign currency translation adjustments	28.3	(16.3)
Ordinary dividends	(22.3)	(21.5)
Value of stock compensation plan	(0.2)	0.1
Treasury shares purchased	(0.1)	(0.2)
Total equity at 31 December	321.3	280.6

The accumulated foreign currency translation effect as of 31 December 2013 increased total equity by NOK 18.2 billion. At 31 December 2012 the corresponding effect was a decrease in total equity of NOK 10.1 billion.

Common stock

	Number of shares	Par value	Common stock
Authorised and issued	3,188,647,103	2.50	7,971,617,757.50
Treasury shares	9,734,733	2.50	24,336,832.50
Total outstanding shares	3,178,912,370	2.50	7,947,280,925.00

There is only one class of shares and all shares have voting rights.

During 2013 a total of 3,937,641 treasury shares were purchased for NOK 0.5 billion. In 2012 a total of 3,278,561 treasury shares were purchased for NOK 0.5 billion. At 31 December 2013 Statoil had 9,734,733 treasury shares and at 31 December 2012 8,675,317 treasury shares, all of which are related to Statoil's share saving plan.

The board of directors is authorised on behalf of the company to acquire Statoil shares in the market. The authorisation may be used to acquire Statoil shares with an overall nominal value of up to NOK 27.5 million. Such shares acquired in accordance with the authorisation may only be used for sale and transfer to employees of the Statoil group as part of the group's share saving plan approved by the board. The minimum and maximum amount that may be paid per share will be NOK 50 and NOK 500, respectively. The authorisation is valid until the next ordinary general meeting.

The 20 largest shareholders at 31 December 2013 (in %)		
1	The Norwegian State (Ministry of Petroleum and Energy)	67.00
2	Deutsche Bank Trust Co. Americas	3.50
3	Folketrygdfondet (Norwegian national insurance fund)	3.40
4	Clearstream Banking*	2.28
5	State Street Bank and Trust Co.*	0.69
6	State Street Bank and Trust Co.*	0.58
7	The Bank of New York Mellon*	0.52
8	J.P. Morgan Chase Bank N.A. London*	0.50
9	The Northern Trust Company LTD.	0.50
10	J.P. Morgan Chase Bank N.A. London*	0.50
11	State Street Bank and Trust Co.*	0.49
12	Six SIS AG	0.43
13	Euroclear Bank S.A./N.V. (BA)	0.43
14	State Street Bank and Trust Co.*	0.37
15	The Bank of New York Mellon*	0.35
16	HSBC Bank PLC	0.34
17	The Bank of New York Mellon SA/NVT	0.30
18	KLP Aksje Norge	0.29
19	The Bank of New York Mellon*	0.28
20	UBS AG	0.26

* Client account and similar

Members of the board of directors, corporate executive committee and corporate assembly holding shares as of 31 December 2013:

Board of directors	
Svein Rennemo	10,000
Grace Reksten Skaugen	400
Bjørn Tore Godal	0
Jakob Stausholm	32,600
Maria Johanna Oudeman	0
James Mulva	0
Catherine Hughes	0
Lill-Heidi Bakkerud	330
Ingrid Elisabeth di Valerio	1,778
Stig Lægreid	1,519

Corporate executive committee	
Helge Lund	61,151
Torgrim Reitan	20,301
Margareth Øvrum	32,327
Eldar Sætre	25,960
Øystein Michelsen*	24,075
Lars Christian Bacher	18,208
Tim Dodson	19,843
William Maloney**	31,136
John Knight	57,949
Corporate assembly (in total)	15,740

* Øystein Michelsen was a member of the corporate executive committee until 31 December 2013.
** American Depository Receipts (ADR)

18 Finance debt

Non-current finance debt

(in NOK billion)	At 31 December 2013	2012
Unsecured bonds	168.5	98.1
Unsecured loans	0.5	2.9
Finance lease liabilities	2.9	2.8
Total finance debt	172.0	103.8
Less current portion	9.3	5.4
Non-current finance debt	162.6	98.4
Weighted average interest rate (%)	3.89	4.66

Statoil ASA utilises currency swaps to manage foreign exchange risk on its non-current financial liabilities. Long-term currency swaps are reflected in the table above. For information about the interest rate risk management, see note 3 *Financial risk management and derivatives*.

In 2013 Statoil ASA issued the following bonds:

Issuance date	Amount	Interest rate	Maturity date
15 May 2013	USD 0.75 billion	1.15%	May 2018
15 May 2013	USD 0.50 billion	floating	May 2018
15 May 2013	USD 0.90 billion	2.65%	January 2024
15 May 2013	USD 0.85 billion	3.95%	May 2043
27 August 2013	USD 0.30 billion	floating	August 2020
10 September 2013	EUR 0.85 billion	2.00%	September 2020
10 September 2013	EUR 0.65 billion	2.88%	September 2025
10 September 2013	GBP 0.35 billion	4.25%	April 2041
16 September 2013	NOK 2.00 billion	4.13%	September 2025
16 September 2013	NOK 1.00 billion	4.27%	September 2033
8 November 2013	USD 0.75 billion	1.95%	November 2018
8 November 2013	USD 0.75 billion	floating	November 2018
8 November 2013	USD 0.75 billion	2.90%	November 2020
8 November 2013	USD 1.00 billion	3.70%	March 2024
8 November 2013	USD 0.75 billion	4.80%	November 2043
12 December 2013	EUR 0.15 billion	3.35%	December 2033

Substantially all unsecured bond and unsecured bank loan agreements contain provisions restricting future pledging of assets to secure borrowings without granting a similar secured status to the existing bond holders and lenders.

Out of Statoil ASA total outstanding unsecured bond portfolio, 43 bond agreements contain provisions allowing Statoil to call the debt prior to its final redemption at par or at certain specified premiums if there are changes to the Norwegian tax laws. The carrying amount of these agreements is NOK 166.0 billion at the 31 December 2013 closing exchange rate.

Statoil ASA has an undrawn revolving credit facility for USD 3.0 billion supported by 20 core banks. As of 31 December 2013 and 2012, Statoil ASA had no amount drawn under any committed revolving credit facility.

Non-current finance debt repayment profile

(in NOK billion)	
2015	12.1
2016	6.7
2017	7.8
2018	22.1
Thereafter	113.9
Total	162.6

More information regarding finance lease liabilities is provided in note 22 *Leases*.

Current finance debt

(in NOK billion)	At 31 December 2013	2012
Collateral liabilities	7.4	12.4
Non-current finance debt due within one year	9.3	5.4
Current finance debt	16.8	17.8
Weighted average interest rate (%)	2.09	1.01

Collateral liabilities relate to cash received as security for a portion of Statoil ASA's credit exposure.

19 Pensions

Statoil ASA (Statoil) is subject to the Mandatory Company Pensions Act, and the company's pension scheme follows the requirements of the Act.

Statoil's pension scheme is managed by Statoil Pensjon (Statoil's pension fund - hereafter "Statoil Pension"). Statoil Pension is an independent pension fund that covers employees of Statoil ASA. The purpose of Statoil Pension is to provide retirement and disability pension to members and survivor's pension to spouses, registered partners, cohabitants and children. The pension fund's assets are kept separate from the company's assets. Statoil Pension is supervised by the Financial Supervisory Authority of Norway ("Finanstilsynet") and is licensed to operate as a pension fund.

Statoil has defined benefit retirement plans which cover all of its employees.

The Norwegian National Insurance Scheme ("Folketrygden") provides pension payments (social security) to all retired Norwegian citizens. Such payments are calculated by reference to a base amount ("Grunnbeløpet" or "G") annually approved by the Norwegian parliament. Statoil's plan benefits are generally based on a minimum of 30 years of service and 66% of the final salary level, including an assumed benefit from the Norwegian National Insurance Scheme.

Due to national agreements in Norway, Statoil is a member of both the previous "agreement-based early retirement plan" (AFP) and the new AFP scheme applicable from 1 January 2011. Statoil will pay premium for both AFP schemes until 31 December 2015. After that date, premiums will only be due on the new AFP scheme. The premium in the new scheme is calculated on the basis of the employees' income between 1 and 7.1 G. The premium is payable for all employees until age 62. Pension from the new AFP scheme will be paid from the AFP plan administrator to employees for their full lifetime. Statoil has determined that its obligation under this multi-employer defined benefit plan can be estimated with sufficient reliability for recognition purposes. Accordingly, the estimated proportionate share of the AFP plan has been recognised as a defined benefit obligation.

Following the implementation of the amendment to IAS19 *Employee benefits*, the main change for Statoil is that expected return on plan assets should be set equal to the disount rate and is therefore no longer reflected in the pension assumptions. For more information see note 2 *Significant accounting policies*.

The present values of the defined benefit obligation and the related current service cost and past service cost are measured using the projected unit credit method. The assumptions for salary increases, increases in pension payments and social security base amount are based on agreed regulation in the plans, historical observations, future expectations of the assumptions and the relationship between these assumptions. At 31 December 2013 the discount rate for the defined benefit plans is established on the basis of seven years' mortgage covered bonds interest rate extrapolated on a 22.2 year yield curve which matches the duration for Statoil's payment portfolio for earned benefits.

Social security tax is calculated based on the pension plan's net funded status and is included in the defined benefit obligation.

Statoil has more than one defined benefit plan, but the disclosure is made in total since the plans are not subject to materially different risks.

Net pension cost

(in NOK billion)	For the year ended 31 December 2013	2012
Current service cost	3.9	3.7
Interest cost	2.4	2.2
Interest (income) on plan assets	(2.1)	(2.4)
Losses (gains) from curtailment or settlement	0	(3.9)
Defined benefit plans	4.4	(0.4)
Total net pension cost	4.4	(0.4)

Pension cost includes associated social security tax and is partly charged to partners of Statoil operated licences.

In 2012 a curtailment gain of NOK 3.9 billion was recognised in the Statement of income following Statoil's decision to discontinue Statoil's supplementary (gratuity) part of the early retirement scheme for employees born after 1953.

(in NOK billion)	2013	2012
Defined benefit obligations (DBO)		
At 1 January	64.5	67.3
Current service cost	3.9	3.7
Interest cost	2.4	2.2
Actuarial (gains) losses - Demographic assumptions	5.8	0.0
Actuarial (gains) losses - Financial assumptions	4.7	(7.0)
Actuarial (gains) losses - Experience	(1.1)	3.4
Benefits paid	(1.9)	(1.9)
Losses (gains) from curtailment or settlement	0.0	(4.1)
Change in receivable from subsidiary related to termination benefits	0.7	0.9
At 31 December	79.0	64.5
Fair value of plan assets		
At 1 January	56.2	48.7
Interest Income	2.1	2.4
Return on plan assets (excluding interest income)	3.9	1.7
Company contributions (including social security tax)	2.9	4.1
Benefits paid	(1.1)	(0.7)
At 31 December	64.0	56.2
Net benefit liability at 31 December	(15.0)	(8.3)
Represented by:		
Asset recognised as non-current pension assets (funded plan)	5.2	9.4
Asset recognised as non-current receivables from subsidiary*	2.0	2.7
Liability recognised as non-current pension liabilities (unfunded plan)	(22.2)	(20.4)
DBO specified by funded and unfunded pension plans	79.0	64.5
Funded	58.8	46.7
Unfunded	20.2	17.8
Actual return on assets	6.0	4.1

* Asset recognised as non-current receivables from subsidiary relates to termination benefits.

The table above for DBO and Fair value of plan assets do not include currency effects.

Actuarial losses and gains recognised directly in retained earnings

	For the year ended 31 December	
(in NOK billion)	2013	2012
Net actuarial losses (gains) recognised during the year	5.5	(5.3)
Actuarial losses (gains) related to currency effects on net obligation and foreign exhange translation	0.3	(0.2)
Recognised directly in retained earnings during the year	(5,8)	5.5
Cumulative actuarial losses (gains) recognised directly in retained earnings net of tax	14.9	11.1

The net actuarial loss for 2013 is mainly related to an updated assessment of the demographic assumptions.

In the table above, Actuarial losses (gains) related to currency effects on net obligation and foreign exchange translation include the translation of the net obligation in NOK to the functional currency USD for Statoil ASA, and the translation of the net pension obligation from the functional currency USD to Statoil's presentation currency NOK.

Actuarial assumptions

	Assumptions used to determine benefit costs in %		Assumptions used to determine benefit obligations in %	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
Discount rate	3.75	3.25	4.00	3.75
Rate of compensation increase	3.25	3.00	3.50	3.25
Expected rate of pension increase	1.75	2.00	2.50	1.75
Expected increase of social security base amount (G-amount)	3.00	2.75	3.25	3.00
Weighted-average duration of the defined benefit obligation			22.2	21.9

Expected attrition at 31 December 2013 was 2.5%, 3.0%, 1.5%, 0.5% and 0.1% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively. Expected attrition at 31 December 2012 was 2.5%, 2.0%, 1.0%, 0.5% and 0.1% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively.

Due to increased life expectancy in the Norwegian population, new mortality tables (K2013) for collective pension funds have been issued by The Financial Supervisory Authority of Norway ("Finanstilsynet"). Statoil has assessed that applying the new mortality tables represents the best estimate when calculate pension liablilites. Implementation of the new tables has resulted in a gross increase in defined benefit obligation in 2013 of NOK 7.4 billion. Previously the mortality table K2005 including the minimum requrements from The Financial Supervisory Authority of Norway ("Finanstilsynet") was used.

For 2013 Statoil has implemented new disability tables. Analyses done in 2013 indicates that actual disabilities for Statoil are lower than the expectations reflected in the previous table. The new disability tables has been developed by the actuary and represents the best estimate when calculating pension liabilities. The implementation of these disablility tables resulted in a decrease in defined benefit obligation of NOK 1.6 billion. The previous disablility table, KU, was developed by the insurance company Storebrand.

Sensitivity analysis

The table below presents an estimate of the potential effects of changes in the key assumptions for the defined benefit plans. The following estimates are based on facts and circumstances as of 31 December 2013. Actual results may materially deviate from these estimates.

	Discount rate		Rate of compensation increase		Social security base amount		Expected rate of pension increase	
(in NOK billion)	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Changes in:								
Defined benefit obligation at 31 December 2013	(7.7)	8.6	4.0	(4.0)	(0.7)	0.8	4.8	(4.8)
Service cost 2014	(0.6)	0.7	0.4	(0.4)	(0.1)	0.1	0.3	(0.3)

The sensitivity of the financial results to each of the key assumptions has been estimated based on the assumption that all other factors would remain unchanged. The estimated effects on the financial result would differ from those that would actually appear in the financial statements because the financial statements would also reflect the relationship between these assumptions.

Pension assets

The plan assets related to the defined benefit plans were measured at fair value at 31 December 2013 and 2012. Statoil Pension invests in both financial assets and real estate.

Real estate properties owned by Statoil Pension amounted to NOK 3.1 billion and NOK 2.1 billion of total pension assets at 31 December 2013 and 2012, respectively, and are rented to Statoil companies.

The table below presents the portfolio weighting as approved by the Board of Statoil Pension for 2013. The portfolio weight during a year will depend on the risk capacity.

	Pension assets on investments classes		Portfolio weight*	
(in %)	2013	2012		
Equity securities	39.6	38.8	40.0	(+/-5)
Bonds	37.6	41.5	45.0	(+/-5)
Money market instruments	17.2	15.0	15.0	(+/-15)
Real estate	5.1	3.9		
Other assets	0.5	0.8		
Total	100.0	100.0	100.0	

* The interval in brackets expresses the scope of tactical deviation by Statoil Kapitalforvaltning ASA (the asset manager).

No company contribution is expected to be paid to Statoil Pension in 2014.

20 Provisions

(in NOK billion)	Provisions
Non-current portion at 31 December 2012	1.3
Current portion at 31 December 2012 reported as trade and other payables	1.3
Provisions at 31 December 2012	2.6
New or increased provisions	3.5
Amounts charged against provisions	(0.1)
Currency translation	0.3
Provisions at 31 December 2013	6.3
Current portion at 31 December 2013 reported as trade and other payables	4.3
Non-current portion at 31 December 2013	2.0

21 Trade and other payables

	At 31 December	
(in NOK billion)	2013	2012
Trade payables	16.4	13.4
Non-trade payables, accrued expenses and provisions	12.0	8.6
Associated companies and other related parties payables	9.5	9.0
Trade and other payables	37.9	31.0

22 Leases

Statoil ASA leases certain assets, notably vessels and office buildings.

In 2013, net rental expense was NOK 1.9 billion (NOK 2.2 billion in 2012) of which minimum lease payments were NOK 2.4 billion (NOK 2.3 billion in 2012). Contingent rents expensed and sublease amounts received were immaterial both years.

The information in the table below shows future minimum lease payments under non-cancellable leases at 31 December 2013. Amounts related to finance leases include future minimum lease payments for assets recognised in the financial statements at year end 2013.

			Finance leases		
(in NOK billion)	Operating leases	Operating sublease	Minimum lease payments	Discount element	Net present value minimum lease payments
2014	2.4	(0.2)	0.3		0.3
2015	1.9	(0.2)	0.3		0.3
2016	1.8	(0.2)	0.3		0.3
2017	1.5	(0.2)	0.3	(0.1)	0.3
2018	1.4	(0.2)	0.3	(0.1)	0.3
Thereafter	9.4	(1.1)	2.2	(0.7)	1.5
Total future minimum lease payments	18.4	(1.9)	3.8	(0.9)	2.9

Statoil ASA has a long term time charter agreement with Teekay for offshore loading and transport in the North Sea. The contract covers the life time of applicable producing fields and at year end 2013 includes four crude tankers. The contract's estimated nominal amount is approximately NOK 4.6 billion at year end 2013, and is accounted for as operating lease.

As of 2013, operating leases include future minimum lease payments of NOK 4.6 billion related to the lease of two office buildings located in Bergen and owned by Statoil Pension, one of which is currently under construction. These operational lease commitments to a related party extend in time to the year 2034. NOK 3.6 billion of the total is payable after 2018.

Statoil ASA leases three LNG vessels on behalf of Statoil ASA and the State's direct financial interest (SDFI). Statoil ASA accounts for the combined Statoil and SDFI share of these agreements as finance leases in the Balance sheet, and further accounts for the SDFI related portion as operating sub-leases. The finance leases included in the Balance sheet reflect the original lease term of 20 years from 2006. In addition, Statoil ASA has the option to extend the leases for two additional periods of five years each.

Property, plant and equipment includes the following amounts for leases that have been capitalised at 31 December 2013 and 2012.

	At 31 December	
(in NOK billion)	2013	2012
Vessels	4.0	3.7
Accumulated depreciation	(1.5)	(1.2)
Capitalised amount	2.5	2.5

23 Other commitments and contingencies

Contractual commitments
Statoil ASA had contractual commitments of NOK 6.6 billion at 31 December 2013. The contractual commitments reflect the Statoil ASA share and comprise financing commitments related to exploration activities.

Other long-term commitments
Statoil ASA has entered into various long-term agreements for pipeline transportation as well as terminal use, processing, storage and entry/exit capacity commitments and commitments related to specific purchase agreements. The agreements ensure the rights to the capacity or volumes in question, but also impose on the company the obligation to pay for the agreed-upon service or commodity, irrespective of actual use. The contracts' terms vary, with duration of up to 30 years.

Take-or-pay contracts for the purchase of commodity quantities are only included in the table below if their contractually agreed pricing is of a nature that will or may deviate from the obtainable market prices for the commodity at the time of delivery.

Obligations payable by Statoil ASA to entities accounted for using the equity method are included gross in the tables below. For assets (e.g. pipelines) that the company accounts for by recognising its share of assets, liabilities, income and expenses (capacity costs) on a line-by-line basis in the financial statements, the amounts in the table include the net commitment payable by Statoil ASA (i.e. gross commitment less Statoil ASA's ownership share).

Nominal minimum commitments at 31 December 2013:

(in NOK billion)	
2014	9.8
2015	9.9
2016	9.5
2017	9.6
2018	9.1
Thereafter	56.4
Total	104.3

Guarantees
Statoil ASA has provided parent company guarantees covering liabilities of subsidiaries with operations in Algeria, Angola, Azerbaijan, Brazil, Canada, the Faroe Islands, Germany, India, Ireland, Libya, Mozambique, the Netherlands, Nigeria, Norway, Sweden, United Kingdom, the United States of America and Venezuela. The company has also counter-guaranteed certain bank guarantees covering liabilities of subsidiaries in Angola, Belgium, Brazil, Canada, Greenland, Indonesia, Mozambique, the Netherlands, Norway, United Kingdom and the United States of Amercia.

Contingencies
Statoil ASA is the participant in certain entities ("DAs") in which the company has unlimited responsibility for its proportionate share of such entities' liabilities, if any, and also participates in certain companies ("ANSs") in which the participants in addition have joint and several liability. For further details, refer to note 12 *Investments in subsidiaries and other equity accounted investments*.

A number of Statoil ASA's long term gas sales agreements contain price review clauses. Certain counterparties have requested arbitration in connection with price review claims. The related exposure for Statoil ASA has been estimated to an amount equivalent to approximately NOK 6.9 billion for gas delivered prior to year end 2013. Statoil ASA has provided for its best estimate related to these contractual gas price disputes in the financial statements, with the impact to the Statement of income reflected as revenue reduction.

During the normal course of its business Statoil ASA is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability or asset in respect of such litigation and claims cannot be determined at this time. Statoil ASA has provided in its financial statements for probable liabilities related to litigation and claims based on the company's best judgement. Statoil ASA does not expect that its financial position, results of operations or cash flows will be materially affected by the resolution of these legal proceedings.

Provisions related to claims and disputes are reflected within note 20 *Provisions*.

24 Related parties

The Norwegian State is the majority shareholder of Statoil ASA and also holds major investments in other Norwegian companies. This ownership structure means that Statoil ASA participates in transactions with parties that are under a common ownership structure and therefore meet the definition of a related party. All transactions are considered to be on an arm's length basis.

Transactions with the Norwegian State

Total purchases of oil and natural gas liquids from the Norwegian State amounted to NOK 92.5 billion and NOK 96.6 billion in 2013 and 2012, respectively. Purchases of natural gas regarding Tjelbergodden methanol plant from the Norwegian State amounted to NOK 0.5 billion and NOK 0.4 billion in 2013 and 2012, respectively.

The major part included in the line item Associated companies and other related parties payables in note 21 *Trade and other payables*, are amounts payable to the Norwegian State for these purchases.

Transactions with internally owned companies

Revenue transactions with related parties are presented in note 4 *Revenues.* Total intercompany revenues amounted to NOK 45.3 billion and NOK 79.8 billion in 2013 and 2012, respectively. The major part of total intercompany revenues is attributed to sales of crude oil and sales of refined products to Statoil Refining Denmark AS and Statoil Marketing and Trading Inc.

Statoil ASA buys volumes from its subsidiaries and sells them into the market. Total purchases of goods from subsidiaries amounted to NOK 174.9 billion and NOK 185.7 billion in 2013 and 2012, respectively.

In relation to its ordinary business operations, Statoil ASA has regular transactions with group companies in which Statoil has ownership interests. Statoil ASA makes purchases from group companies amounting to NOK 3.6 billion and NOK 4.5 billion in 2013 and 2012, respectively.

Statoil ASA sells pipeline transport and third party gas on a back to back basis to Statoil Petroleum AS. All of the risks related to these purchases are carried by Statoil Petroleum AS and are therefore not reflected in Statoil ASA's financial statements.

Expenses incurred by the company, such as personnel expenses, are accumulated in cost pools. Such expenses are allocated in part on an hours incurred cost basis to Statoil Petroleum AS, to other group companies, and to licences where Statoil Petroleum AS or other group companies are operators. Cost allocated in this manner is not reflected in Statoil ASA's financial statements. Expenses allocated to group companies amounted to NOK 40.3 billion and NOK 36.9 billion in 2013 and 2012, respectively. The major part of the allocation is related to Statoil Petroleum AS.

Current receivables and current liabilities from subsidiaries and other equity accounted companies are included in note 13 *Financial assets and liabilities*.

25 Subsequent events

On 10 March 2014, following a regular review process of Statoil's 2012 Consolidated financial statements, the Financial Supervisory Authority of Norway (the FSA) concluded that it had identified three errors, related to interpretation and application of IFRS accounting principles for determination of cash generating units (CGUs) and impairment evaluations. For further information, reference is made to note 28 *Subsequent events* in the 2013 Consolidated financial statements.

Stavanger, 14 March 2014

THE BOARD OF DIRECTORS OF STATOIL ASA

SVEIN RENNEMO
CHAIR

GRACE REKSTEN SKAUGEN
DEPUTY CHAIR

BJØRN TORE GODAL

LILL-HEIDI BAKKERUD

JAMES MULVA

CATHERINE HUGHES

STIG LÆGREID

MARIA JOHANNA OUDEMAN

JAKOB STAUSHOLM

INGRID ELISABETH DI VALERIO

HELGE LUND
PRESIDENT AND CEO

Report of KPMG on the financial statements of Statoil ASA

To the annual shareholders' meeting of Statoil ASA

INDEPENDENT AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Statoil ASA, which comprise the financial statements of the parent company Statoil ASA and the consolidated financial statements of Statoil ASA and its subsidiaries. The parent company financial statements comprise the balance sheet as at 31 December 2013, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the balance sheet as at 31 December 2013, and the statement of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The board of directors and chief executive officer's responsibility for the financial statements

The board of directors and chief executive officer are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the board of directors and chief executive officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the separate financial statements

In our opinion, the parent company financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Statoil ASA as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Statoil ASA and its subsidiaries as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the board of directors' report and the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the board of directors' report and the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on accounting registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has or fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 14 March 2014
KPMG AS

Arne Frogner
State Authorized Public Accountant (Norway)[1]

Egbert Eeftink

[1]Appointed as the responsible auditor by KPMG AS according to the Auditor's Act section 2-2

(Translation has been made for information purposes only)

Recommendation of the corporate assembly

Resolution:
At its meeting of 20 March 2014 the corporate assembly discussed the 2013 annual accounts of Statoil ASA and the Statoil group, and the board of directors' proposal for the allocation of net income.

The corporate assembly recommends that the annual accounts and the allocation of net income proposed by the board of directors are approved.

Oslo, 20 March 2014

Olaug Svarva
Chair of the corporate assembly

Corporate assembly
Olaug Svarva, Idar Kreutzer, Karin Aslaksen, Greger Mannsverk, Steinar Olsen, Ingvald Strømmen, Rune Bjerke, Tore Ulstein, Thor Oscar Bolstad, Barbro Hætta, Siri Kalvig, Eldfrid Irene Hognestad, Steinar Kåre Dale, Per Martin Labråthen, Anne K. S. Horneland, Jan-Eirik Feste and Hilde Møllerstad.

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