

REPORT OF INVESTIGATION OF NORSK HYDRO ASA'S LIBYA OPERATIONS AND SIMILAR MATTERS AND CERTAIN CONSULTANCY AGREEMENTS

October 6, 2008

To the Chief Executive Officer of StatoilHydro ASA:

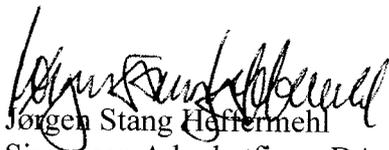
On October 26, 2007, StatoilHydro ASA ("StatoilHydro") mandated Simonsen Advokatfirma DA and Sidley Austin LLP ("StatoilHydro Counsel") to conduct an external investigation of Norsk Hydro ASA's ("Norsk Hydro's") operations in Libya and any similar matters identified during the course of the investigation, and also to conduct a review of all consultancy agreements related to Norsk Hydro's oil and gas operations outside of Norway entered into on or after October 1, 1997, that were exposed to the risk of corruption.

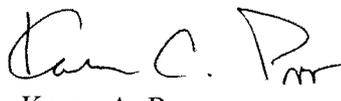
In fulfillment of this mandate, StatoilHydro Counsel has conducted a diligent and thorough investigation. Over the course of 11 months, counsel collected and reviewed over 1.4 million documents, interviewed and received information from 76 witnesses (over 99 interview days), and worked closely with forensic accounting experts to search Norsk Hydro's accounting records for evidence of potentially problematic agreements or payments. Working with its forensic accountants, StatoilHydro Counsel reviewed and examined Norsk Hydro's business in or related to 33 countries.

Counsel has striven to conduct a fair and impartial investigation, giving due regard to the rights of both current and former employees. There were, of course, limits on the information that could be gathered — for example, certain third parties declined to be interviewed. However, as a result of this rigorous inquiry, StatoilHydro Counsel has gathered sufficient evidence to draw conclusions as to certain facts.

This document constitutes the final report of StatoilHydro Counsel pursuant to their mandate from StatoilHydro. Although StatoilHydro Counsel coordinated with counsel for Norsk Hydro in the collection of documents and interviewing witnesses, the findings expressed herein are the independent conclusions of StatoilHydro Counsel. The first section describes the background and scope of the investigation. The second summarizes the investigative efforts that have been undertaken. The third summarizes the facts, as shown by the available evidence, relevant to applicable anti-corruption laws to which StatoilHydro may be subject.

Respectfully submitted,


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I. BACKGROUND OF INVESTIGATION

A. Statoil-Norsk Hydro Merger

On December 18, 2006, Statoil and Norsk Hydro executed an agreement to merge the oil and gas businesses of the two companies. The proposed transaction closed on October 1, 2007, and Statoil was renamed StatoilHydro.

In January 2007, Statoil and Norsk Hydro participated in pre-merger due diligence designed to allow each party to gather and assess information about the other. The parties exchanged information relating to compliance with the anti-bribery laws provisions of the Norwegian Penal Code and the United States Foreign Corrupt Practices Act (“FCPA”), to which both parties were subject. Norsk Hydro’s responses to a detailed questionnaire did not include any mention of Norsk Hydro’s use of consultants as intermediaries in Libya, Kurdistan, or Angola or payments to representatives of the National Oil Corporation of Libya (“NOC”) serving on the management committees of Norsk Hydro’s Libyan licenses, or any other significant corruption or transparency-related issues. Norsk Hydro’s activities in Libya and the use of consultants in Kurdistan and Angola had been subjects of a Norsk Hydro 2003 Internal Audit review. As to Libya, the report states that the company’s “reputation risk in Libya is considered low even though we chose to settle *some* of the arrangements entered into by Saga (emphasis added)...However, O&E management pointed out that they were concerned about the possibility of bribes being paid by our license partners without our knowledge and participation.” The NOC payment issue had been a subject of a Norsk Hydro Internal Audit report in December 2006, which had raised issues under tax and anti-corruption laws, although the payments had been recently “brought to transparency.” Despite ample opportunity to do so, Norsk Hydro personnel did not disclose the existence of these issues to Statoil during the due diligence process. Some information about certain of these issues was disclosed by a Norsk Hydro executive immediately before the merger closed on October 1, 2007.

B. Disclosure to Statoil

The Norsk Hydro executive who had at one time headed Norsk Hydro’s operations in Libya informed a senior Statoil executive on September 26, 2007, of the existence of contracts pertaining to licenses in Libya that Norsk Hydro had acquired as a result of its acquisition of Saga Petroleum ASA (“Saga”). The Norsk Hydro executive explained that Saga had entered into a questionable retainer agreement with a consultant, but that Norsk Hydro had addressed the situation. The Norsk Hydro executive also stated that he had a file of documents relating to these issues (the “Libya File”), which was later given to Statoil.

Following this meeting, Statoil immediately alerted its U.S. counsel and began efforts to gather more information about the issues that had been disclosed. Statoil communicated with Norsk Hydro’s management about the scope of these issues and whether any other issues existed. Through its U.S. counsel, Statoil also reported these matters to the U.S. Department of Justice (“DOJ”), the U.S. Securities and Exchange Commission (“SEC”), and its independent compliance monitor. On September 30, 2007, StatoilHydro sought and received assurances from Norsk Hydro that it did not have any other undisclosed issues similar to those in

Libya related to Norsk Hydro's international petroleum activities. On October 1, 2007, StatoilHydro reported the Libya matter to Økokrim.

Following the matter concerning Horton Investments Ltd in Iran in 2003, Statoil, as part of its settlement with the U.S. authorities, entered into a Deferred Prosecution Agreement ("DPA") with the DOJ and agreed to the entry of a cease-and-desist order by the SEC. Under the settlement, Statoil committed, among other things, to cooperate fully with the DOJ and SEC and, in particular, to disclose to the DOJ and SEC "all information with respect to the activities of Statoil . . . concerning all matters relating to corrupt payments in connection with its operations . . . about which Statoil has any knowledge." Statoil was consequently obligated to report the disclosure made by the Norsk Hydro executive on 26 September 2007 under the DPA. Norsk Hydro was well aware of the DPA at the time of the merger.

The merger of Statoil's and Norsk Hydro's oil and gas businesses was completed on October 1, 2007. On that date, the merged StatoilHydro issued a press release announcing that it would engage U.S. and Norwegian counsel to conduct an external investigation of Norsk Hydro's operations in Libya and a review of consultancy agreements relating to Norsk Hydro's international petroleum operations.

C. Mandate from StatoilHydro ASA

In consultation with StatoilHydro's Board, StatoilHydro's CEO signed a mandate on October 26, 2007, requiring a full investigation of the Libyan issues that had come to light in the week prior to the merger and any similar issues, as well as a review of all Norsk Hydro consultancy agreements from October 1, 1997 to September 30, 2007, that carried a risk of corruption. Specifically, the mandate provides:

At the request of the CEO, the Board of Directors of StatoilHydro ASA has acknowledged that the CEO will undertake, and the CEO has delegated to SIMONSEN Advokatfirma DA and Sidley Austin LLP (the Investigators) the authority and obligations, to undertake an external investigation of Norsk Hydro ASA's operations in Libya, and to determine the facts relevant to applicable Norwegian and US anti-corruption legislation to which StatoilHydro ASA may be subject as a result of those operations, and any similar matters that arise in the course of the investigation.

In addition, the investigation shall include a review of current consultancy agreements and other consultancy agreements entered into after 1st October 1997 relating to Norsk Hydro ASA's oil and gas business outside of Norway, which in the opinion of the Investigators are exposed to the risk of corruption to determine relevant facts under applicable Norwegian and US anti-corruption legislation to which StatoilHydro ASA may be subject as a result of the merger. . . .

In accordance with the mandate, Simonsen Advokatfirma DA and Sidley Austin LLP ("StatoilHydro Counsel") have conducted the investigation detailed in this report. Among other things, counsel has collected and reviewed relevant documents; identified and interviewed

relevant witnesses; and retained a prominent forensic accounting firm to assist in the investigation.

The StatoilHydro mandate also provides that the investigation is to be conducted in compliance with Norwegian privacy law — the Norwegian Personal Information Act (Personopplysningsloven) — and other directly applicable laws. In close consultation with StatoilHydro’s Norwegian counsel, as well as Norsk Hydro’s Norwegian counsel, StatoilHydro’s U.S. counsel and the forensic accounting firm have adhered to these requirements. For example, StatoilHydro Counsel obtained written consent from each individual from whom electronic and paper documents were collected and also took specific measures, including heightened database security, to ensure that data that was known to be personal or private was not unnecessarily processed or reviewed.

D. Coordination with Counsel for Norsk Hydro

Norsk Hydro announced in a press release dated October 4, 2007 that it had engaged U.S. and Norwegian counsel to conduct an external investigation of Norsk Hydro’s operations in Libya and similar matters and a review of certain consultancy agreements relating to Norsk Hydro’s international petroleum operations. A mandate was issued similar to the one issued by StatoilHydro. In light of the investigations being undertaken by both companies, StatoilHydro and Norsk Hydro entered into a Coordination Agreement on October 25, 2007, in order to lessen the burden on witnesses and secure equal access to the evidence by both companies.

The Coordination Agreement provides, *inter alia*, that the parties would (1) “cooperate with respect to the procedures used by their Investigators to collect and process relevant Documents” on a timely basis and (2) create “a common database/depository of Documents that are collected in the course of the investigation (‘Database’), and to which the Investigators of both parties will have independent access.” The Coordination Agreement also required that the “parties will endeavor jointly to conduct all formal interviews. The party that employs an interviewee, or that last employed an interviewee, shall be designated the lead interviewer with respect to interviewing such employee or former employee, and creating a memorandum of the substance of the interview.”

However, although counsel collaborated in the collection of documentary and testimonial evidence, both StatoilHydro’s mandate and the Coordination Agreement provided that the “investigations of the respective parties shall be independent.”

E. Communication with Law Enforcement Authorities

During the course of the investigation counsel for StatoilHydro and Norsk Hydro maintained close contact with Økokrim, the DOJ and the SEC, and periodically provided those agencies with documents and briefings on the progress of the investigation. Counsel for StatoilHydro also met with law enforcement authorities in Libya.

II. SUMMARY OF INVESTIGATION PROCESS

In order to satisfy StatoilHydro's mandate, StatoilHydro Counsel conducted a detailed review of relevant documents and interviews of all available relevant witnesses. In parallel, StatoilHydro Counsel also retained a prominent forensic accounting firm to conduct a forensic accounting investigation. Working with StatoilHydro Counsel, the forensic accounting firm reviewed all relevant, available information and evidence stored in the accounting, payment, and contract registration systems used by Norsk Hydro and Saga, in order to identify transactions involving the use of consultants and other potentially corrupt transactions.

A. Information Memorandum

At the outset of the investigation, StatoilHydro provided a detailed memorandum to all current and former StatoilHydro employees who were interviewed or from whom documents were collected. This memorandum provided information about the investigation, how the recipient might be affected, and the recipient's rights. In particular, recipients were informed that they could retain separate counsel of their choice — at the companies' expense — to represent them in connection with the investigation. The memorandum further advised that, although the investigation was confidential, StatoilHydro reserved the right to share the information gained from the investigation with U.S. and Norwegian authorities, and could make the information public. Norsk Hydro provided a similar memorandum for its own current and former employees (collectively, "Information Memorandum.")

B. Document Collection and Review

1. Document Collection

From the outset, StatoilHydro took steps to ensure that relevant documents (including documents transferred to StatoilHydro from Norsk Hydro) were preserved, retained and collected. Norsk Hydro took similar steps. Thereafter, in order to implement the Coordination Agreement, counsel for StatoilHydro and Norsk Hydro divided responsibility for collecting relevant electronic and paper documents. Counsel for StatoilHydro collected documents from Norsk Hydro employees who had transferred to StatoilHydro and from electronic systems and paper archives that had been transferred to StatoilHydro as part of the merger. Counsel for Norsk Hydro handled collections from individuals who were current or former Norsk Hydro employees, or former Saga employees, as well as from electronic systems and paper archives that remained with Norsk Hydro. During the course of the investigation, counsel for StatoilHydro and Norsk Hydro identified 104 individuals as potentially having relevant documents. These individuals were initially identified based on available documents (e.g., the Libya File), organizational charts, and the information gathered by Statoil around the time of the merger. Additional individuals were added during the investigation as additional information became available.

In accordance with the Coordination Agreement, StatoilHydro Counsel collected documents from 65 current or former StatoilHydro employees (who had transferred from Norsk Hydro). Counsel for Norsk Hydro collected documents from 39 individuals who were current or former Norsk Hydro employees, or former Saga employees. Before documents were collected,

each custodian was given a copy of the Information Memorandum, and was asked to consent to the collection in writing.

In 85 cases, counsel conducted a preliminary interview of the custodian to determine where relevant electronic and paper documents were likely to be located. A Norwegian computer forensics company then collected the individual's electronic documents by making forensic images of the individual's work computer(s), copying the individual's network email box and file shares, and replicating any relevant loose media (CD's, etc.). During this process, counsel reviewed and copied any potentially relevant documents. Nineteen individuals who were deemed either to have had limited roles or to be unlikely to have documents relevant to Libya or Kurdistan were given written instructions for collecting their own documents, and were then interviewed by counsel to ensure their compliance.

Counsel for StatoilHydro and Norsk Hydro also collected documents from various centralized electronic systems, including Norsk Hydro's main document management system, Lotus databases, and Norsk Hydro's accounting system. StatoilHydro also obtained electronic data from decommissioned equipment that had been used by Norsk Hydro personnel in Libya.

Although electronic sources provided the bulk of the information that was gathered, the investigation supplemented the electronic search by searching and collecting physical documents from two on-site archives and three off-site archives in Norway, as well as from certain former Norsk Hydro offices outside of Norway.

2. *Document Review*

As a result of these efforts, StatoilHydro Counsel collected over 27.8 million documents and Norsk Hydro counsel collected 7.7 million documents. Once collected, the electronic data and scans of paper documents were delivered to a litigation support vendor for processing. The vendor de-duplicated the data (*i.e.*, removed multiple instances of the same document) and searched the data to isolate documents responsive to an extensive set of search terms agreed upon by counsel for StatoilHydro and Norsk Hydro. As the investigation progressed, counsel composed a supplemental set of search terms and had the vendor re-process the data from selected custodians using the additional terms.

After filtering, the data collected by each party was loaded into a separate, segregated database so that its counsel could review it for personal, privileged, and business sensitive content. Following this review, documents that were not withheld were loaded into two identical, mirrored databases. Counsel for StatoilHydro contributed over 774,000 documents to the mirrored databases while Norsk Hydro contributed almost 670,000 — a total of over 1.4 million.

C. Forensic Accounting

A forensic accounting examination consists of a scientific examination of financial records using accounting, auditing, and investigative techniques, to reach conclusions with a level of certainty that makes them suitable for legal review. The forensic accounting firm retained by StatoilHydro Counsel conducted a meticulous examination of the available accounting information systems and supporting documentation maintained by Norsk Hydro and

Saga for the relevant time period. The examination encompassed Norsk Hydro's operations in more than thirty countries spanning a period of ten years. Norsk Hydro's operations in, or related to, Libya (including Morocco), Iraq (including the region of Kurdistan), Angola (including Madagascar and Mozambique), Iran, and Russia were selected for a comprehensive review based on, among other things, the size of Norsk Hydro's operations in those countries, a risk assessment drawn from Transparency International's corruption index, and evidence gathered in other parts of the investigation. Norsk Hydro's operations in or related to 25 other countries¹ were subject to a more targeted review directed at identifying high-risk consulting arrangements. Norsk Hydro's headquarters accounts were searched for potentially problematic payments without regard to the countries involved.

The forensic accounting examination included electronic and manual searches and analysis of accounting data maintained in Norsk Hydro's SAP accounting system and Felos payment system, and available supporting documentation, including documents archived in Norsk Hydro's electronic document management system. The examination also included, among other things, electronic searches of archived accounting records extracted from Saga's SAP accounting system and site visits to collect and examine accounting records maintained in four of Norsk Hydro's former offices.

The examination included a "top-down" review of all accounts associated with the relevant business units. The forensic accountants began by identifying specific "risk accounts" based upon a review of ledger account narratives and other information obtained in the course of the investigation. For the Libya business unit, all transactions posted to risk accounts were reviewed. For Iraq, Angola, Iran, and Russia, all transactions related to consultants and all transactions for a value of USD 5,000 or more were reviewed. For all other countries, all transactions posted to risk accounts related to consultants were reviewed.

The forensic accountants also conducted key word searches of the narrative fields in all general ledger entries in Norsk Hydro's SAP database, including searches of all accounts associated with the relevant business units and all headquarters accounts. The vendor registry was searched for known vendors or vendors with certain risk indicators, and searches were conducted to identify transactions that circumvented the vendor registry. Key word searches were conducted of the purchase order register and the cost center register, and similar searches were conducted on the narrative fields within the Felos payment system. All search results were then reviewed and the information was used to identify suspicious vendors or transactions and to identify additional risk accounts for further examination.

All supporting documents for transactions posted to risk accounts were manually examined. In addition, supporting documents for transactions posted to risk accounts for countries receiving a comprehensive review were also processed for optical character recognition and searched using key search terms. In the end, numerous potentially problematic financial transactions were identified and subjected to further investigation, including searches of documents collected in the full investigation, witness interviews, and public records searches.

¹ Those countries were: Algeria, Bahrain, Benin, Brazil, Cuba, Egypt, Gabon, Ghana, India, Indonesia, Ivory Coast, Malaysia, Mexico, Namibia, Nigeria, Qatar, Saudi Arabia, South Africa, Syria, Thailand, Trinidad & Tobago, Turkmenistan, Venezuela, Vietnam, and Yemen.

Many of these transactions were ultimately deemed non-suspicious, and a number became important parts of the body of evidence supporting the findings reported herein.

D. Witness Interviews

Counsel selected individuals for substantive interviews based on the entirety of the information described above — including the document collection interviews, its review of the 1.4 million documents added to the shared database, and the output of the forensic accounting review. As the substantive interviews progressed — and new information was developed — new witnesses were scheduled and, in some cases, previous ones were asked additional questions in follow-up interviews.

Pursuant to the Coordination Agreement, all substantive witness interviews were conducted jointly by counsel for StatoilHydro and Norsk Hydro. In total, 72 witnesses were interviewed. Many of these interviews required more than one day to complete; the longest required four days. Counsel for StatoilHydro took the lead on 45 witnesses over the course of 68 interview days. Counsel for Norsk Hydro took the lead on 27 witnesses over the course of 31 days.

A total of 11 individuals, none of whom were employed by StatoilHydro or Norsk Hydro, declined to be interviewed. Four individuals submitted a written statement and/or responded in writing to questions presented by counsel for StatoilHydro and Norsk Hydro.

As discussed above, witnesses were given a copy of the Information Memorandum prior to their interviews and were advised of their right to be represented by their own counsel during their interviews. In addition, witnesses were provided, in advance of their interviews, copies of relevant documents that they authored, had previously received, or to which they once had known access. Interviews were conducted principally in English, and professional interpreters were provided for all witnesses who preferred to communicate in Norwegian.

III. SUMMARY OF FINDINGS

StatoilHydro's mandate called for StatoilHydro Counsel to determine "the facts relevant to applicable Norwegian and US anti-corruption legislation to which StatoilHydro may be subject as a result of the merger" — *i.e.*, the Norwegian Penal Code and the U.S. Foreign Corrupt Practices Act. Accordingly, this section of the report summarizes the available evidence regarding the transactions, agreements, and payments that were identified during the investigation as raising other than insignificant issues under StatoilHydro's mandate. StatoilHydro Counsel does not herein express an opinion as to whether these transactions, agreements, and payments would constitute a violation of applicable law.

As summarized above, StatoilHydro Counsel has conducted a diligent and thorough investigation, during which it assembled a considerable body of evidence. In evaluating the information it has gathered, StatoilHydro Counsel has attempted, to the extent possible, to reconcile differences in the evidence and, thus, the findings set forth below are, in the opinion of StatoilHydro Counsel, supported by the preponderance of the available evidence.

A. Libya — Norsk Hydro's Consultant

In 1997, Saga Petroleum ASA started negotiations with NOC to obtain an exploration license for Blocks A and B, which comprised approximately 40,000 square kilometers onshore and 46,000 square kilometers offshore Libya. At some point during the negotiating process, Saga determined that it needed to retain a consultant to facilitate its negotiations with NOC for Blocks A and B. To fill this need, it eventually retained Abdulrazzag Khalifa Gammudi.

Saga entered into two agreements with Gammudi dated January 21, 1999. The first was an "Agency Agreement" between Saga and Gammudi, which provided that Saga would pay USD 75,000 per year for Gammudi's "advice and assistance." The second was a "Consulting Agreement" with Vexol, S.A. ("First Vexol Agreement"), a South African company controlled by Gammudi, which provided that Saga would pay success fees totaling USD 6.5 million after NOC awarded Saga an Exploration and Production Sharing Agreement ("EPSA") for Blocks A and B.

Norsk Hydro acquired Saga through a hostile tender offer launched in May 1999. In late 1999, shortly before Saga's operations were formally integrated into Norsk Hydro's on January 1, 2000, Saga personnel disclosed Saga's arrangements with Gammudi to Norsk Hydro executives. Based on this disclosure, Norsk Hydro executives believed that there was a high probability that Gammudi was an intermediary for one or more Libyan government officials. Norsk Hydro did not disclose these arrangements to or seek advice from any governmental authority. Beginning in December 1999, Norsk Hydro executives began to meet repeatedly with Gammudi. On December 30, 1999 — the day before the First Vexol Agreement was set to expire — NOC advised Norsk Hydro that the EPSA for Blocks A and B was ready for signing.

During December and January 2000, Norsk Hydro executives had several conversations and meetings to assess whether Blocks A and B should be accepted and whether Gammudi should receive any payments. By February 2000, Norsk Hydro executives decided that Norsk Hydro could not accept Blocks A and B, but that it would, instead, pay Gammudi and attempt to sell its existing Libyan assets, which consisted of participating interests in the Mabruk and Murzuq fields. On February 1, 2000, Norsk Hydro executed a new agreement with Gammudi (the "Second Vexol Agreement") in which Norsk Hydro agreed to pay a total of USD 6.5 million to Vexol on a schedule tied in part to the sale of Norsk Hydro's Libyan portfolio.

The Second Vexol Agreement stated that the payments were for "past services." Witnesses stated that Norsk Hydro entered into this agreement for several reasons, including concerns about the safety of Norsk Hydro personnel and the possibility that the company was obligated to pay Gammudi under the First Vexol Agreement. However, evidence relating to the internal discussions at Norsk Hydro and the dealings with Gammudi shows that an important purpose — if not the overriding purpose — of the agreement was to secure Gammudi's assistance in getting NOC to approve Norsk Hydro's divestiture of its Libyan assets.

The evidence indicates that Norsk Hydro's Corporate Management Board ("CMB") was informed during the First Quarter of 2000 of the circumstances related to

Gammudi and continued to receive updates on the matter. Despite the agreements with Gammudi, the CMB was informed in January that consideration was being given to accept Blocks A and B. Thereafter, the CMB was informed that the decision had been made that NH would decline Blocks A and B and exit Libya due to corruption concerns. Nevertheless, the formal written documents related to the decision to exit Libya omitted explicit mention of corruption concerns. Instead, an April 2000 memorandum drafted for the CMB mentioned “[f]undamental disagreement on commercial conditions related to the EPSA for Blocks A and B” as the reason for leaving Libya. The memorandum further warned: “The situation also gives cause to concern in relation to our position as a partner under the existing EPSAs.”

In March 2000, Norsk Hydro started its sales efforts, which were called “Project Bonsai.” Norsk Hydro required NOC’s consent for several aspects of this project, including its approval of the potential bidders. Witness testimony and documentary evidence establish that Gammudi assisted in this regard.

The actual timing of Norsk Hydro’s payments to Vexol strongly support the conclusion that Gammudi was paid for his help in getting NOC approval. As required under the Second Vexol Agreement, partial payments of USD 2.5 million and USD 1 million were paid to Vexol’s Swiss bank account in February and April 2000. In June 2000, Norsk Hydro paid Vexol USD 1 million (of the remaining USD 3 million) before that amount was due under the schedule set forth in the agreement. Contemporaneous notes of a meeting with Gammudi the week before explain the payment as follows: “[Norsk Hydro] agreed to pay him 1 MUSD . . . under the premise *that he guarantees that the process will now proceed smoothly*. Payment of the remaining MUSD 2 will be made when the sale has been completed!” [Translated from Norwegian; emphasis added]

Norsk Hydro paid the remaining USD 2 million under the Second Vexol Agreement in March 2001, after NOC had approved an expanded list of potential bidders and authorized Norsk Hydro to proceed with the full sales process. Some Norsk Hydro executives explained that this payment was authorized — and departed from the schedule set forth in the Second Vexol Agreement — because Gammudi had “delivered.” Other evidence suggests that the payment was made because Gammudi was being terminated.

Although Norsk Hydro had decided to leave Libya by early 2000, its personnel met in person with or spoke by telephone to Gammudi at least 31 times during 2000 and 2001. During the course of these communications, Gammudi purported to convey NOC’s views on various issues relating to the effort to sell the Libyan assets and, on several occasions, accurately predicted the timing and content of formal communications from NOC related to that topic.

By February 2001, Norsk Hydro had received NOC’s approval of only a short list of bidders and had received two bids from a single bidder for far less than the Libyan portfolio’s estimated value. In addition, oil was found in commercial quantities in Murzuq in November 2000. Some Norsk Hydro executives then began to advocate abandoning the disposal process and staying in Libya.

Despite receiving NOC’s approval of a longer list of bidders in March 2001, Norsk Hydro reconsidered its strategy for Libya. In June 2001, the CMB considered whether to

discontinue the sales efforts in light of several discoveries of oil. Evidence suggests that the CMB discussed the company's then current consultant (Gammudi) and his possible government connections. In September 2001, the Norsk Hydro Board of Directors approved staying in Libya based on a report that Norsk Hydro considered that "the oil and gas potential of [Libya] is significant" and that Norsk Hydro no longer had any problematic "consultancy agreements" and had sought "better alignment" with its partners on their use of "consultants."

In total, Norsk Hydro paid USD 925,000 under the Gammudi Agreement and USD 6.5 million under the Second Vexol Agreement. These amounts were paid in U.S. dollars from Norsk Hydro's accounts at banks in Norway and England to Vexol's account at a bank in Switzerland. The payments were booked as "consultancy payments" in the central accounts of Norsk Hydro and not allocated to the Libyan business unit. The evidence shows that some of the payments did not follow certain of Norsk Hydro's normal internal payment procedures. The last payment under the Gammudi Agreement was made in August 2001. There is no evidence to suggest that Norsk Hydro had any further contact with Gammudi.

B. Libya — Partners' Consultants

The available evidence indicates that the operators of Mabruk and Murzuq also used consultants in connection with the award and operations of those licenses at least through approximately 2002.

When it joined the Mabruk license in 1994, Saga signed a side agreement, (amended in 1996) requiring it to pay the Mabruk operator USD 5.5 million amounts for "data acquisitions and studies costs incurred . . . prior to the signature of the [Development and Production Sharing Agreement ("DPSA")]" with about USD 2 million due upon the approval of the second phase of development in Mabruk. When Norsk Hydro acquired Saga, USD 1,687,500 remained unpaid.

The weight of the evidence suggests that Saga informed Norsk Hydro no later than December 6, 1999, that this side agreement related to its partners' use of consultants existed. In September 2000, another Norsk Hydro executive was informed that the operator of Mabruk had used a consultant, similar to Gammudi, in connection with the DPSA. He was further informed that, since the second phase of development had been approved, Norsk Hydro's obligation under the side agreement was now due and that, in addition, Norsk Hydro was required to pay its 25-percent share of USD 1 million in "'overhead' costs" (quotation marks in original). The Mabruk operator invoiced Norsk Hydro for these amounts on September 28, 2000, for full and final settlement under the side agreement with the operator. Norsk Hydro satisfied these invoices, on or about October 17, 2000, by paying an amount equivalent to USD 1,937,500 to the operator's bank account. These payments were booked as "Mabruk Farm-in payments."

In June 1999, the Murzuq operator executed a contract with a consultant, registered in the British Virgin Islands, under which it would pay the consultant a success fee of USD 1.5 million after NOC approved the addition of a new block to the Murzuq license. NOC approved the addition in July 2000. In November 2000, the operator invoiced Norsk Hydro for USD 300,000 — *i.e.*, for its 20-percent share of the consultant's fee.

Although a copy of the agreement between the Murzuq operator and the consultant was included in the Libya File, it is unclear when Norsk Hydro obtained it. Norsk Hydro executives, however, were fully aware that the operators of both Mabruk and Murzuq had used — and billed Norsk Hydro for — their own consultants by no later than December 20, 2000. Nevertheless, Norsk Hydro paid the USD 300,000 invoice on December 29, 2000, by wiring the money to the Murzuq operator. This amount was characterized in Norsk Hydro's financial records as "Sign[ature] Bonuses Expl[oration]."

This was the second such transition involving this consultant. In 1995, the Murzuq operator had retained the same consultant in connection with the award of the original EPSA. After the EPSA had been awarded, the consultant invoiced the operator for USD 3.5 million — the success fee under its contract. The operator submitted the invoice to Saga in July 1998, which paid its 20-percent share (USD 700,000) directly to the consultant's Swiss bank account.

In late 2001, the Murzuq operator proposed to pay USD 4.5 million to a different consultant, also registered in the British Virgin Islands, in order to secure approval of field development plans. In subsequent discussions among the partners, Norsk Hydro refused to authorize the hiring of the consultant or to pay its share of the costs. Norsk Hydro also developed a plan to make the matter public if the operator sought to place it in default for failing to pay.

In June 2002, the operator informed Norsk Hydro that it had retained the consultant. In August 2002, the operator sent Norsk Hydro an invoice for USD 900,000 — *i.e.*, for its 20-percent share of the USD 4.5 million. Norsk Hydro then contacted the operator to advise that Norsk Hydro would not pay the invoice and threatened to inform the steering committee. The operator responded that Norsk Hydro was not expected to pay the invoice and agreed to "let the matter rest." In November 2002, Norsk Hydro learned that the development plan was ready for signature.

C. Libya — Payments for NOC Members of Management Committees

As set forth in the relevant operating agreements, each license in Libya was governed by a three-member Management Committee. As the contracts provided, the Management Committee exercised broad authority over the activities of the license, serving a role roughly analogous to that of a board of directors of a corporation. Two of the members, including the Chairman, were appointed by NOC. The evidence suggests that NOC's appointees may have been employees of either NOC or one of its subsidiaries and continued that employment while serving on the Management Committees.

By no later than 2001, Norsk Hydro personnel learned that the NOC-appointed members of the Mabruk and Murzuq Management Committees were being compensated for their service on those committees. This compensation was paid each year by the operator of the license, to accounts outside of Libya, and then presented to and approved by the other partners in the licenses (the "IOC partners") at meetings which NOC representatives did not attend. The member of the Management Committee appointed by the IOC partners was not compensated

beyond his normal salary. The partners then reimbursed the operator for their respective shares of the expenses, which were treated as non-recoverable costs to which NOC did not contribute.

In 2005, Norsk Hydro objected to the payments in connection with the Murzuq license and refused to make them. Norsk Hydro then convinced its partners to seek transparency for the payments that at that point had not been officially acknowledged by NOC. In April 2006, the Chairman of NOC sent a letter to the Murzuq operator stating that NOC gave its “approval to continue paying the compensation” to the NOC appointees as had been done before. In October 2006, the governing body of NOC issued a formal decree which, relying on Libyan law, specified that the NOC appointees should each be paid LYD 20,000 annually (roughly USD 16,000), plus travel allowances.

Thereafter, in accordance with this decree, Norsk Hydro paid the specified compensation to the NOC members of the Management Committee of NC 146-1 (for which it had been awarded the operatorship in 2005) and joined its partners in approving payments for the NOC members of the Management Committees of Mabruk and Murzuq. A 2006 Internal Audit report noted that, although prior compensation payments had raised issues under tax and anti-corruption laws, the payments had been “brought to transparency.”

D. Kurdistan

In 2003, shortly before the start of the Iraq War, Norsk Hydro was approached by a Norwegian businessman, who proposed that he and a European politician could assist Norsk Hydro in exploring business opportunities in the portion of Iraq controlled by the Kurdistan Regional Government (“KRG”). Norsk Hydro personnel were informed that the politician had strong personal relationships with senior KRG officials.

In August 2003, KRG officials traveled to Norway to meet with Norsk Hydro executives. This meeting had been arranged by the Norwegian businessman and the European politician, who also attended. At this meeting, Norsk Hydro and the KRG officials discussed signing a Letter of Intent expressing the KRG’s desire to work with Norsk Hydro as a “favoured partner.”

According to contemporaneous emails, the Norsk Hydro manager in charge of these efforts told the Norwegian businessman that Norsk Hydro had “a very strict policy concerning incentives/transparency” and would not allow him to pay “private incentives to public officers.” The same manager recalled that, during a private meeting, the European politician made statements to the effect that Norsk Hydro should also consider means to get established in Kurdistan beyond the formal arrangement with the KRG. The manager recalled that he responded to this statement by clearly conveying the message that Norsk Hydro was not willing to be involved in making illegal payments. Because the European politician and the Norwegian businessman declined to be interviewed, there are no other accounts of these conversations.

In September 2003, after a period of negotiations, Norsk Hydro executed two agreements relating to its prospective business with the KRG. Both agreements, however, were null and void if the Letter of Intent was not timely signed.

First, it signed an Engagement Letter with a company controlled by the Norwegian businessman requiring Norsk Hydro to pay USD 12,000 per month for 15 months, USD 10,000 for each day worked after the first five, plus travel expenses, for the advice of an “expert” to be provided by the company. Although the signed version of the Engagement Letter did not mention the European politician by name, Norsk Hydro personnel understood that the agreement was to be a means by which Norsk Hydro would compensate the European politician.

Norsk Hydro also executed an Area of Mutual Interest Agreement (“AMIA”) with the Norwegian businessman granting him the option of assuming a 10-percent participating interest in the license and requiring him to pay 10-percent of the expenses going forward without being liable for historical costs. Like the Engagement Letter, this agreement was also to be “nil and void” if the Letter of Intent was not timely signed.

After media coverage of the Horton matter began, internal Norsk Hydro reviews and an investigation by the company’s Internal Audit identified the Engagement Letter as a concern, principally because of its failure to identify the European politician. Although the Norwegian businessman assured Norsk Hydro that the politician would make all required disclosures and abide by the OECD anti-bribery convention, the European politician himself refused to permit Norsk Hydro to disclose his identity.

In November 2003, Norsk Hydro terminated the Engagement Letter and, shortly thereafter, made a payment in a sum equivalent to USD 244,460 — the full amount provided for in the Engagement Letter — by wire transfer to a bank in Norway. The evidence shows that the Letter of Intent was not yet signed. The AMIA was terminated in June 2004 after Norsk Hydro declined the services of another intermediary proposed by the Norwegian businessman.

E. Angola

In July 2005, Angola’s Council of Ministers approved a Production Sharing Agreement (“PSA”), which named a government-owned corporation as the operator and awarded it a 50-percent participating interest. Norsk Hydro was awarded a 20-percent interest, while two Angolan companies were each awarded 15 percent. One of those Angolan companies was a “*sosiedade anonima*,” which was not required under Angolan law to disclose its owners. This company refused Norsk Hydro’s requests to identify its owners.

Concerned about partnering with a company whose owners were unknown, Norsk Hydro formed an internal task force to evaluate the matter and pursued a variety of “mitigating steps,” which included hiring a well-known investigative firm to conduct a due diligence investigation on the Angolan company and seeking advice from Angolan, Norwegian, and United States counsel. In light of the mitigation steps that had been taken, Norsk Hydro authorized the execution of the PSA, which was signed in October 2005.

Thereafter, Norsk Hydro attempted to incorporate certain protective provisions into the Joint Operating Agreement (“JOA”) for the block, including a warranty that the parties would not make corrupt payments and a requirement that any public officials with an ownership interest in one of the partners would not participate in governmental decisions affecting the venture (as already required by Angolan law). Norsk Hydro also adopted a detailed, written plan

for implementing its integrity program, which included, among other things, specific steps for monitoring the activities of the partnership and overseeing its procurement activities. The JOA was signed in September 2006.

F. Charitable Contributions and Other Expenses

During the course of the investigation, StatoilHydro Counsel also examined certain charitable contributions made by Norsk Hydro. These included one contribution to NOC in 2005 in connection with the celebration of Libya's Revolution Day and annual contributions to the Angolan Fundação Eduardo Dos Santos in 2000-2004. Counsel, assisted by its forensic accountants also reviewed certain payments of travel expenses for government officials to attend meetings relating to Norsk Hydro's business. These efforts did not identify any contributions or payments that raised significant corruption concerns.

G. Other Countries

In addition to the countries discussed above, StatoilHydro Counsel, assisted by its forensic accountants, also reviewed Norsk Hydro's operations in or related to Algeria, Bahrain, Benin, Brazil, Cuba, Egypt, Gabon, Ghana, India, Indonesia, Iran, Iraq, Ivory Coast, Madagascar, Malaysia, Mexico, Morocco, Mozambique, Namibia, Nigeria, Qatar, Saudi Arabia, South Africa, Syria, Russia, Thailand, Trinidad & Tobago, Turkmenistan, Venezuela, Vietnam, and Yemen. These efforts did not identify any transactions, agreements, or payments relating to these countries that raised significant corruption concerns.