

May 2, 2013

Press Release

Share Transfer of a Subsidiary (Norwegian company) of Arabian Oil Company, Ltd.

AOC Holdings, Inc. (“AOCHD”) announces that its consolidated subsidiary, Arabian Oil Company, Ltd. (“AOC”, Head Office: Shinagawa-ku, Tokyo; Director-President: Yoshiaki Sekigawa; Paid-in Capital: 100 million yen) has reached an agreement with Kuwait Foreign Petroleum Exploration Company (“KUFPEC”), which is a subsidiary of Kuwait Petroleum Corporation, on transfer of shares of Norske AEDC AS (“NAEDC”), which is a Norwegian company being a 100% subsidiary of AOC, in a manner that AOC will transfer all the shares of NAEDC to KUFPEC UK Ltd., which is a 100% subsidiary of KUFPEC.

1. Reason for the share transfer

As already reported in its previous Press Release (*), the AOCHD Group is making efforts to restructure its business with a view to practically withdrawing from upstream operations of oil business. In the meantime, recently the Group received an offer from KUFPEC intending to acquire all the shares of NAEDC, as part of their plan to expand into the Norwegian North Sea, recognizing that NAEDC has successful experience in development of oil fields in the Norwegian North Sea and owns interest in the Yme oil field (stake ratio: 10%). Prior to the offer, AOC had been exploring the possibility of selling off its interest in the Yme oil field in the Norwegian North Sea by negotiating with multiple prospective acquirers, but despite that effort, it was expected to take considerable time to sell off the interest separately by itself because the revised development plan for the Yme-oilfield project remained unconfirmed.

Given that condition, we have determined that accepting KUFPEC’s offer is beneficial for us even taking into account temporary financial loss caused by such acceptance, because their offer will enable us to achieve earlier sell-off of the Yme oil field interest and also sell-off of NAEDC at the same time, which will eventually become necessary in the long run.

(*) “Share Transfer of a New Subsidiary to be established by Arabian Oil Company, Ltd.”

dated December 27, 2012

2. Overview of AOCHD's sub-subsidiary to be transferred (NAEDC)

(1) Company Name	Norske AEDC AS		
(2) Head Office	Kongs gaardbakken I, P.O. Box 207, 4001 Stavanger, Norway		
(3) Name & Managerial Position of Representative	Kazuo Kikuchi, President and Representative Director		
(4) Business	Exploration, development and production of oil fields and gas fields in the Norwegian North Sea (as a non-operator)		
(5) Paid-in capital	NOK (Norwegian Krone) 30 million (equivalent to approx. 466 million Japanese Yen)		
(6) Date of Establishment	March 28, 1988		
(7) Shareholder and shareholding ratio	Arabian Oil Company, Ltd. (100%)		
(8) Relationship between the public-listed company (AOCHD) and the sub-subsidiary to be transferred (NAEDC)	Capital Relationship	Arabian Oil Company, Ltd. ("AOC"), which is a 100% subsidiary of AOCHD, has 100% of the shares of NAEDC.	
	Human Relationship	One (1) Director and one (1) employee of AOC, which is a 100% subsidiary of AOCHD, are sitting on the Board of Directors of NAEDC as Directors.	
	Business Relationship	AOC, which is a 100% subsidiary of AOCHD, provides NAEDC with loans of funds for exploration and development activities. In addition, AOC and NAEDC trade Ekofisk crude oil produced from the Gyda oil field.	
(9) Business performance and financial standing of the sub-subsidiary company (NAEDC) over the most recent three (3) fiscal years (Non-consolidated; converted the reported amounts into Japanese yen; unit: million yen)			
	Fiscal Year ended December 2009	Fiscal Year ended December 2010	Fiscal Year ended December 2011
Net sales	1,015	655	770
Operating income	-1,666	-1,565	-1,118
Ordinary income	-1,639	-1,885	-2,061
Net income	33	40	-518

Total net assets	2,022	1,672	568
Total assets	17,347	17,258	19,876

3. Overview of the transferee (KUFPEC)

(1) Company Name	Kuwait Foreign Petroleum Exploration Company (Kuwait)	
(2) Head Office	Area 4, Street 102, Building 9, Kuwait, KUWAIT	
(3) Name & Managerial Position of Representative	Nizar M.Al-Adsani , Chairman and Managing Director	
(4) Business	Development and production of crude oil and gas outside Kuwait	
(5) Paid-in capital	KWD (Kuwaiti Dinar) 200 million (equivalent to approx. 70 billion Japanese Yen)	
(6) Year of Establishment	Year 1981	
(7) Shareholder and shareholding ratio	Kuwait Petroleum Corporation (100%)	
(8) Total net assets	KWD 359 million (as of the end of December 2011) (equivalent to approx. 125 billion Japanese Yen)	
(9) Total assets	KWD 826 million (as of the end of December 2011) (equivalent to approx. 289 billion Japanese Yen)	
(10) Relationship between the public-listed company (AOCHD) and the transferee company (KUFPEC)	Capital Relationship	There is no capital relationship between AOCHD and KUFPEC that should be stated here. Kuwait Petroleum Corporation, which is the 100% parent company of KUFPEC, has 7.43% of shares of AOCHD.
	Human Relationship	There is no notable human relationship between AOCHD and KUFPEC that should be stated here. One (1) senior staff member of Kuwait Petroleum Corporation, which is the 100% parent company of KUFPEC, is sitting on the Board of Directors of AOCHD as an Outside Director.
	Business Relationship	There is no notable business relationship between AOCHD and KUFPEC that should be stated here.

		Arabian Oil Company, Ltd. (“AOC”), which is a 100% subsidiary of AOCHD, purchases crude oil from Kuwait Petroleum Corporation, which is the 100% parent company of KUFPEC.
	Whether the transferee belongs to the category of AOCHD’s related party	KUFPEC does not belong to the category of AOCHD’s related party.

4. Number of shares to be transferred

All the shares of NAEDC held by AOC will be transferred.

5. Schedule of transfer in the coming months

The transfer of shares will be executed after obtaining approval of the Norwegian government (expected to occur around June 2013).

6. Future outlook

Impact of the transfer on the Group’s consolidated financial results will be incorporated in the financial statements of the Fiscal Year ended March 2013, in principle. In the said Fiscal Year, as already reported, we have recorded impairment loss on a part of assets in the Yme-oil-field project. In addition to that, according to our estimate, another loss of approx. 6 billion yen may be generated as a result of this transfer, though we determined the transfer price by evaluating NAEDC’s assets, loss and other various factors comprehensively. Details of the transaction are currently under review and will be announced as soon as they become clear.

Once this transfer is completed, all the processes of disposal of AOC’s business in the Norwegian North Sea will be concluded.

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(Reference) Forecasted consolidated performance for the current Fiscal Year (reported on February 8, 2013)

(Unit: million yen)

	Net sales	Operating income	Ordinary income	Net income
Performance forecast for the current Fiscal Year (Fiscal Year ending March 2013)	758,000	1,500	1,300	-7,700