

Press Release

December 27, 2012
AOC Holdings, Inc.

Share Transfer of a New Subsidiary to be established by 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: Kazutoshi Hoyano, Paid-in Capital: 13,000 Million Yen) has resolved at its board of directors’ meeting today to transfer a new subsidiary which will be established by Incorporation-type Company Split (“Incorporated Company”) to JX Nippon Oil & Gas Exploration Corporation (“JX NIPPON”) in order to comprehensively transfer AOC’s human resources with expertise on upstream oil business, and has concluded Share Transfer Agreement (the “Transfer”) with JX NIPPON.

1. Purpose and Background of the Transfer

AOC has been focusing its efforts on restructuring of the oil development business; however, it has been getting harder to extend and develop its business under the AOCHD group as well as to contribute to the group financially, amid the drastic changes in business environment, such as growing scale of investment.

In consideration of that situation, the AOCHD group has decided to carry forward the necessary measures, with a view to not only utilizing expertise and affluent experiences AOC has accumulated in the course of the upstream oil business for more than half a century, in a new way in the oil development industry in Japan, but also practically withdrawing from the upstream oil business by liquidating the portfolio of the area.

Specifically, AOCHD will use Company Split so that the company to be established by AOC can succeed human resources with such expertise and experiences, and will transfer all shares of the Incorporated Company to JX NIPPON.

Meanwhile, AOC will remain taking care of the two current projects mentioned below and sales and purchases of crude oil in accordance with the Crude Oil Sale & Purchase Agreement with Kuwait Petroleum Corporation.

2. Overview of the Transfer

1) Overview of the transferred company

The details of the newly established company by Company Split (“Incorporated Company”) will be decided after consultation between AOC and JX NIPPON. The

Incorporated Company will succeed the human resources who have accumulated expertise and affluent experiences in the course of the upstream oil business and all shares of Japan Oil Engineering Co., Ltd. (Book Value 500 million yen as of the end of September, 2012) which are owned by the AOCHD group.

2) Details of the transferee of shares

(1) Company Name	JX Nippon Oil & Gas Exploration Corporation	
(2) Head Office	6-3, Otemachi 2-chome, Chiyoda-ku, Tokyo, Japan	
(3) Name & Managerial Position of Representative	Shigeo Hirai Representative Director, President and CEO	
(4) Business	Exploration for and development of oil, natural gas and other mineral resources, and the extraction, processing, storage, sale and shipment of petroleum, natural gas and other mineral resources and their secondary products	
(5) Paid-in Capital	9,800 million yen	
(6) Date of Establishment	June 26, 1991	
(7) Shareholders and shareholding ratio	JX Holdings, Inc.	100%
(8) Relationship between AOCHD and JX NIPPON		
Capital Relationship	There is no capital relationship that should be stated between AOCHD and JX NIPPON. JX Holdings, Inc., the parent company of JX NIPPON, has 1.35 million shares of AOCHD, which accounts for 1.72% of shareholding ratio. In addition, there is no notable capital relationship between relevant parties and affiliated companies of AOCHD and relevant parties and affiliated companies of JX NIPPON.	
Human Relationship	There is no human relationship that should be stated between AOCHD and JX NIPPON. In addition, there is no notable human relationship between relevant parties and affiliated companies of AOCHD and relevant parties and affiliated companies of JX NIPPON.	
Business Relationship	There is no business relationship that should be stated between AOCHD and JX NIPPON. In addition, there is no notable business relationship between relevant parties and affiliated companies of AOCHD and relevant parties and affiliated companies of JX NIPPON.	
Whether a party belongs to the category of related party	JX NIPPON does not belong to the category of related party of AOCHD. In addition, relevant parties and affiliated companies of JX NIPPON do not belong to the category of related party of AOCHD.	

3) Numbers of shares to be transferred and shares to be held before and after the Transfer in relation to the Incorporated Company

The number of issued shares of Incorporated Company will be decided upon consultation between AOC and JX NIPPON. AOC will transfer all shares of the Incorporated Company held by it.

4) Transfer Schedule

• Approval of the Board of Directors of AOCHD and AOC on the Transfer:	December 27, 2012
• Approval of the Board of Directors of AOC on the Incorporation-type Split Plan:	February, 2013 (expected)
• Approval of the Board of Directors of AOCHD on the Incorporation-type Split Plan:	February, 2013 (expected)
• Approval at Extraordinary General Meeting of Shareholders of AOC on Incorporation-type Split Plan:	February, 2013 (expected)
• Establishment and transfer of the Incorporated Company:	April 1, 2013 (expected)

3. Future Outlook

1) Current development projects

As for Yme oil field redevelopment project in the Norwegian North Sea which has been promoted by AOC through its wholly-owned subsidiary, Norske AEDC AS, production start-up has been considerably delayed due to defects of the constructed offshore production facilities. AOC has been discussing a new development and production plan with Talisman Energy Norge AS, the operator, but there are no prospects for the start-up. Since considerable amount of time and money is expected to be further needed until the start-up, there are growing concerns about worsening profitability of the project.

Therefore, AOC will seek to sell the interest, consulting with related parties including the partners of the said project.

As for the development project in Northwest October Block in the Gulf of Suez, Egypt, AOC has been paying close attention to the political situation in Egypt and consulting with the partner, Egyptian General Petroleum Corporation. However, the situation is still unstable.

Therefore, as well as the Yme redevelopment project, AOC will seek to sell the interest of the project.

2) Impact on Financial Results

Impact of the transfer on the group's consolidated financial results for this fiscal year will be minimal.

In respect of the business forecast for the next fiscal year and beyond, further announcement will be made after a new Medium-Term Business Plan is developed.

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