

Notes to Consolidated Financial Statements

Year ended March 31, 2011

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements are prepared from the accounts maintained by Mitsui Oil Exploration Co., Ltd (“MOECO”) in accordance with the provisions set forth in the companies Act of Japan (the “Companies Act”) and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards. The consolidated statement of cash flows is presented herein although the preparation of such statement is not required under the Companies Act .

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to MOECO's consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MOECO is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83.15 = U.S.\$1, the rate of exchange at March 31, 2011. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

a) Principles of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of MOECO, 19 subsidiaries (together, the “Group”) and 5 affiliates. 19 subsidiaries are Moeco Thailand Co., Ltd., Moeco Thai Oil Development Co., Ltd., Moeco Cambodia Co., Ltd., Moeco Vietnam Petroleum Co., Ltd., Moeco Southwest Vietnam Petroleum Co., Ltd., Moeco (Song Hong) Co., Ltd., Moeco Merangin Co., Ltd., Moeco Tuna E&P Co., Ltd., Moeco Libya Co., Ltd., Moeco Phu Khanh Co., Ltd., Moeco West Papua 1 Co., Ltd., Moeco West Papua 3 Co., Ltd., Siam Moeco Ltd., MOECO International B.V., MOEX USA Corporation, MOEX Gulf of Mexico Corporation, MOEX Oil & Gas Texas LLC, MOEX Offshore 2007 LLC and MOECO UK Limited. 5 affiliates are Egyptian Petroleum Development Co., Ltd., Mitsui E&P Middle East B.V., Orange Energy Limited., MitEnergy Upstream LLC and Mitsui E&P USA LLC accounted for by the equity method. Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. Since certain companies are not significant to the consolidated financial statements, such companies are not consolidated or accounted for by the equity method. As Closing date of subsidiaries and affiliates which is December 31 differed from the consolidated closing date, the necessary adjustments have been made to the financial statements of those companies to reflect any significant transactions made between the Company's closing date and those of the consolidated subsidiaries.

The excess of cost over underlying net assets excluding minority interest at fair value as of their dates of acquisition is accounted for as goodwill and amortized over 20 years on a straight-line method.

All significant intercompany balances and transactions are eliminated in consolidation.

b) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

c) Inventories

Inventories are stated at the lower of cost, determined by the retail method, or net selling value.

d) Marketable and Investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary-declines in fair value, investment securities are reduced to net realizable value by a charge to loss.

e) Property and equipment

Property and equipment are stated at cost. Depreciation is mainly computed by the straight-line method over the estimated useful lives of the respective assets. The range of useful lives is principally from 20 to 45 years for buildings and structures, from 3 to 5 years for wells, and 12 years for machinery and equipment.

f) Mineral rights

Mineral rights are carried at cost less accumulated amortization, which is calculated by the straight-line method over the duration of the petroleum production period mainly under a contract with government.

g) Allowance for exploration expenditures

The costs which have been invested in exploration activities such as geological and geophysical expenses, drilling and other administration are capitalized as exploration expenditures in intangible assets. Allowance for exploration expenditures is provided for future possible loss on exploration expenditures in case of failure in exploration considering possibility of recovery of exploration expenditures, since there is fairly-low probability of success of exploration before approval for development by oil-producing countries. Moreover allowance for exploration expenditures which incurred before decision of transition to development still remain until commencement of selling and realization of profitability even in a development stage because of uncertainty. Furthermore, allowance for exploration expenditures is also provided for Mineral rights which include Signature Bonus and so on associated with conclusion of a contract with government.

h) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i) Liability for retirement benefits

Liability for retirement benefits is based on benefits reserve and plan assets on the actuarial report at the balance sheet date.

j) Retirement allowance for directors and corporate auditors

Retirement allowance for directors and corporate auditors are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date. Retirement allowances for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Japanese Companies Act.

k) Allowance for settlement of the oil spill incident in the Gulf of Mexico

Allowance for settlement of the oil spill incident in the Gulf of Mexico is provided for a payment of settlement to BP Exploration and Production Inc. (BP) related to an oil spill incident on the Mississippi Canyon 252 block in the Gulf of Mexico where exploration work had been conducted.

l) Income taxes

The provision for income taxes is computed based on the pretax loss included in the consolidated statement of operations.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently-enacted tax laws to the temporary differences.

m) Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of operations.

n) Foreign currency financial statements

The assets, liability, revenue and expense accounts of overseas subsidiaries are translated into yen at the exchange rates of their balance sheet dates and the differences arising from the translation are presented as "Foreign currency translation adjustments" in equity.

Differences arising from such translation are divided into "Foreign currency translation adjustments" and "Minority interests" in a separate component of equity.

o) Per share information

Basic net loss per share is computed by dividing net loss available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

3. Accumulated depreciation

Accumulated depreciation of Property and Equipment is ¥289,029 million (\$3,475,995 thousand).

4. Asset Retirement Obligations

The Group adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008) effective April 1, 2010. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. In accordance with these standards, the Group transferred Allowance for restoration costs for future restoration expenses expected to incur at the time of termination of projects in the Gulf of Thailand to Asset Retirement Obligations.

Consequently, operating income decreased by ¥2,636 million (\$31,706 thousand) and ordinary income and income before income taxes and minority interests increased by ¥429 million (\$5,158 thousand) and ¥8,730 million (\$104,991 thousand), respectively.

The Group has estimated expenses to remove facilities for producing crude oil and natural gas from projects in Thailand and booked Asset retirement obligations, which are expected to incur at the time of termination of projects in the Gulf of Thailand (mainly after 12 years). Discount rate is the distribution rate of US Treasury (mainly 3.872%).

The changes in asset retirement obligations for the year ended March 31, 2011 were as follows:

| | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Balance at beginning of year | ¥26,981 | \$324,482 |
| Additional provisions associated with acquisition of property and equipment during the year | 1,448 | 17,419 |
| Adjustment associated with passage of time | 961 | 11,565 |
| Balance of foreign currency translation adjustments | (3,065) | (36,864) |
| Balance at end of year | ¥26,325 | \$316,602 |

5. Equity

Since May 1, 2006, Japanese companies have been subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because the Company has not prescribed so in the articles of incorporation.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/ decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula.

Under the Companies Act, stock acquisition rights are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

6. Contingent Liabilities

At March 31, 2011, MOECO had the following contingent liabilities:

(1) Guarantees of indebtedness of an affiliated company

Mitsui & Co., Ltd. (the "Parent") guarantees to the financial institutions in relation to the borrowing of MOECO's affiliated company and then MOECO guarantees its equity interest percentages of the affiliated company to the Parent amounted to ¥16,297 million (\$196,000 thousand).

(2) Revolving guarantees of contract performance bond of an affiliated company

The Parent provides revolving guarantees to the operator in relation to the contract performance of MOECO's affiliated company and then MOECO guarantees its equity interest percentages of the affiliated company to the Parent amounted to a maximum limit of ¥53,216 million (\$640,000 thousand).

7. Financial Instruments and Related Disclosures

On March 10 2008, the ASBJ revised ASBJ Statement No.10, "Accounting Standard for Financial Instruments", and issued ASBJ Guidance No.19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010, with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. MOECO applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Policy for financial instruments

The Group emphasizes capital safety and liquidity in its fund management. Cash surpluses, if any, are invested in time deposits, short-term investments and government bonds. Fund procurement is mainly operated by bank loan. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks.

(2) Nature and extent of risks arising from financial instruments

Receivables such as trade accounts are exposed to customer credit risk.

Securities mainly consist of government bonds and equities (listed shares, unlisted shares, investments in subsidiaries and associated companies). Government bonds are classified as marketable securities or investment securities depending on the remaining term.

Debt loan is mainly long-term debt attached to projects and also short-term debt is to be incurred as temporary bridging funds. Long-term debt is divided into current portion of long-term debt which comes due within one year and long-term debt.

Derivatives mainly include forward foreign currency contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables.

(3) Risk management for financial instruments

Credit Risk Management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages credit risk from receivables on the basis of internal guidelines.

Market Risk Management (foreign exchange risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts. In addition, The Group limits the counterparties to these contracts to major financial institutions and manages that credit risk at a low level.

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets.

(a) Fair values of financial instruments

| March 31, 2011 | Millions of yen | | |
|---|-----------------|-----------------|-----------------|
| | Carrying amount | Fair value | Unrealized Gain |
| Cash and cash equivalents | ¥100,212 | ¥100,212 | |
| Receivables(Trade) | 8,594 | 8,594 | |
| Marketable securities and Investment securities | 116,567 | 116,577 | ¥10 |
| Total | ¥225,373 | ¥225,383 | ¥10 |
| Accounts payable | ¥4,162 | ¥4,162 | |
| Income taxes payable | 16,558 | 16,558 | |
| Accrued expenses | 763 | 763 | |
| Long-term debt | 3,338 | 3,338 | |
| Long-term accounts payable | 16,087 | 15,405 | ¥682 |
| Total | ¥40,908 | ¥40,226 | ¥682 |

| March 31, 2011 | Thousands of U. S. Dollars | | |
|---|----------------------------|--------------------|-----------------|
| | Carrying amount | Fair value | Unrealized Gain |
| Cash and cash equivalents | \$1,205,196 | \$1,205,196 | |
| Receivables(Trade) | 103,361 | 103,361 | |
| Marketable securities and Investment securities | 1,401,885 | 1,402,009 | \$124 |
| Total | \$2,710,442 | \$2,710,566 | \$124 |
| Accounts payable | \$50,056 | \$50,056 | |
| Income taxes payable | 199,135 | 199,135 | |
| Accrued expenses | 9,178 | 9,178 | |
| Long-term debt | 40,152 | 40,152 | |
| Long-term accounts payable | 193,472 | 185,265 | \$8,207 |
| Total | \$491,993 | \$483,786 | \$8,207 |

The carrying values of Cash and cash equivalents, Accounts receivable, Accounts payable, Income taxes payable and Accrued expenses approximate fair value because of their short maturities.

Marketable securities and Investment securities are based on quoted price in active markets.

Long-term debt including current portion of long-term debt which comes due within one year is based on variable interest rate so that it is reflected in market interest rate in a short time. The carrying value of long-term debt approximates fair value since our credit standing does not vary greatly from the execution of borrowing.

The fair value of long-term accounts payable is calculated by discounting estimated cash flows in the future at the rate of LIBOR plus our credit spread.

(b) Financial instruments whose fair value cannot be reliably determined

| March 31, 2011 | Carrying amount | |
|-----------------|-----------------|---------------------------|
| | Millions of yen | Thousands of U.S. dollars |
| Unlisted shares | ¥53,238 | \$640,270 |

(5) Maturity analysis for financial assets and securities with contractual maturities

| March 31, 2011 | Millions of Yen | | Thousands of U.S. dollars | |
|---|-------------------------|---------------------------|---------------------------|---------------------------|
| | Due in one year or less | Due in more than one year | Due in one year or less | Due in more than one year |
| Cash and cash equivalents | ¥100,212 | | \$1,205,196 | |
| Receivables(Trade) | 8,594 | | 103,361 | |
| Marketable securities and Investment securities | 4,001 | ¥1,001 | 48,123 | \$12,033 |
| Total | ¥112,807 | ¥1,001 | \$1,356,680 | \$12,033 |

(6) Maturity analysis for financial liabilities

| March 31, 2011 | Millions of Yen | | Thousands of U.S. dollars | |
|---------------------------|-------------------------|---------------------------|---------------------------|---------------------------|
| | Due in one year or less | Due in more than one year | Due in one year or less | Due in more than one year |
| Accounts payable | ¥4,162 | | \$50,056 | |
| Income taxes payable | 16,558 | | 199,135 | |
| Accrued expenses | 763 | | 9,178 | |
| Long-term debt | 407 | ¥2,931 | 4,900 | \$35,252 |
| Long-term account payable | | 16,087 | | 193,472 |
| Total | ¥21,890 | ¥19,018 | \$263,269 | \$228,724 |

8. The oil spill incident of a drilling rig in the Gulf of Mexico

On April 20, 2010, a third party semi-submersible drilling rig, the Deepwater Horizon Mobile Offshore Drilling Unit (MODU), which was conducting exploration work on the Mississippi Canyon 252 block in the Gulf of Mexico, experienced a blow-out event that led to an explosion, fire and the extensive release of oil into the Gulf of Mexico (the Incident). MOEX Offshore 2007 LLC ("MOEX Offshore"), a 100% subsidiary of MOEX USA Corporation (MOEX USA), has a 10% working interest in the block as a non-operator (Interest). MOEX USA is a 100% subsidiary of MOECO. BP, the owner of a 65% interest in the block and the operator of the exploration project in the block, worked with U.S. government agencies to drill relief wells for the plugging of the well permanently. On September 19, 2010, BP publicly announced that the operations to plug the well were successfully completed and that it would proceed to complete the abandonment of the well and plug and abandon the relief wells.

BP and MOEX Offshore have entered into the Macondo Prospect Offshore Deepwater Operating Agreement (the Operating Agreement). BP had been sending invoices periodically to MOEX Offshore setting forth the amount BP had calculated as representing MOEX Offshore 's 10% proportionate share, under the terms of the Operating Agreement, of the sums that BP had expended relating to the Incident. The last invoice received under the Operating Agreement, dated May 3, 2011, states that MOEX Offshore's share of the expenses relating to the Incident was approximately US\$2.144 billion. MOEX Offshore withheld payment of these invoices. According to the financial report of BP p.l.c., the ultimate parent of BP, for the year ended December 31, 2010 BP p.l.c. expects to incur costs of US\$40.9 billion related to the Incident. In addition to this, in the quarterly financial report of BP p.l.c. for the three-month period ended March 31, 2011, BP p.l.c. recorded approximately US\$400 million of costs related to the Incident for that period.

On May 20, 2011, MOEX Offshore, MOEX USA and MOECO (collectively, MOEX Parties) entered into a settlement (Settlement) with BP and BP Corporation North America Inc. (collectively, BP Parties). The Settlement resolves all of BP's claims against the MOEX Parties arising from the Incident, including payment of the invoices BP had sent MOEX Offshore, as well as possible additional claims for future costs incurred by BP. Under the terms of the Settlement, the MOEX Parties are to pay US\$1.065 billion, and MOEX Offshore will transfer the Interest and most of its claims against parties involved in the Incident to BP. In return, BP will simultaneously waive and release all of its claims against the MOEX Parties. In addition, BP will fully indemnify the MOEX Parties as to most of the claims arising from the Incident, including the claims made under Oil Pollution Act of 1990, etc., asserted in the civil lawsuits brought by various private businesses, governments, property owners and individuals and the admiralty action and cross-claims brought by other defendants, which are discussed below. Excepted from BP'S indemnification obligation are punitive damages, solely to the extent arising from conduct of the MOEX Parties, and civil penalties assessed against the MOEX Parties. There are also some additional categories of claims that have been excluded from the indemnity, but none of those claims has been alleged against the MOEX Parties at this point.

MOECO recognized an impairment loss for the amounts invested to acquire the interest of this lease that were booked as "Intangible Assets (Mineral rights)," and also the amounts relating to the well that had been booked as "Intangible Assets (Exploration expenditures)", and thus reversed "Allowance for exploration expenditures" which had been accounted for "Mineral rights" and "Exploration expenditures" for the year ended March 31, 2011. As a result of the Settlement, MOECO recognized the Settlement amount as "Allowance for settlement of the oil spill incident in the Gulf of Mexico" in the Consolidated Balance Sheet as of March 31, 2011 and "Provision for settlement of the oil spill incident in the Gulf of Mexico" in the Consolidated Statement of Operations for the year ended March 31, 2011.

As of May 30, 2011, MOECO is not able to estimate the total amount of any additional liabilities that it and its consolidated subsidiaries may incur as a result of the Incident, and therefore, MOECO has not recorded any additional related accounting liabilities for claims not covered by the BP indemnity. However, this is not intended to represent an opinion of MOECO that it and its consolidated subsidiaries will not incur any future liability related to the Incident. Rather, it is the result of the application of accounting rules to the currently available set of facts where the relevant accounting rules do not require loss recognition in situations where a loss is not considered probable or cannot be reasonably estimated.

MOECO considered the following factors in determining that, as of May 30, 2011, MOECO did not accrue additional accounting liabilities as a result of the Incident with respect to the claims not covered by the BP indemnity.

The National Oil Spill Commission, the United States Coast Guard (USCG), the Bureau of Ocean Energy Management Regulation and Enforcement (BOEMRE), the United States Department of Justice, the United States Congress and various United States federal and state agencies are conducting investigations into the cause of the Incident and appropriate industry and government reforms, and to determine if any civil or criminal laws have been broken or to

evaluate changes to safety regulations for offshore exploration operations. Although some reports have been released by these federal and state governments and agencies, most investigations are ongoing.

A complaint filed by the United States with the federal district court for the Eastern District of Louisiana on December 15, 2010 seeks from MOEX offshore, among other things, civil penalties under the Clean Water Act (CWA) and other relief. The BP's indemnity provided in the Settlement does not cover the CWA civil penalties. The complaint alleges that MOEX Offshore is an owner of an offshore facility within the meaning of the CWA and thus MOEX Offshore is subject to liability for civil penalties under the CWA. In making its determination as to the amount of civil penalties under the CWA, the court will consider the seriousness of the violation or violations, the degree of culpability involved and the history of prior violations, among other factors. In March and April 2011, in the federal district court for the Eastern District of Louisiana, the State of Alabama, the State of Louisiana and certain other Louisiana governmental entities filed complaints seeking from the MOEX Parties and others penalties under their respective state environmental laws.

The lawsuits seeking to impose penalties against the MOEX Parties and others are at an early stage. At this time, the MOEX Parties are unable to reasonably estimate what liability they will have for penalties.

Most of the civil lawsuits that have been brought by various types of businesses, government, property owners and individuals, including the lawsuits seeking penalties described above, were sent for pretrial proceedings to a federal district court judge in the Eastern District of Louisiana (MDL Proceedings). There are several lawsuits in various federal district courts and state courts that have not been consolidated into the MDL Proceedings in which the MOEX Parties have been named as defendants. An admiralty action and cross-claims were filed against the MOEX Parties as part of the MDL Proceedings, seeking indemnification and contribution. The plaintiffs in some of the civil lawsuits, in addition to seeking recovery for alleged property damage, personal injuries, and economic losses, have requested the award of punitive damages from the MOEX Parties and others. As discussed above, punitive damages, solely to the extent arising from conduct of the MOEX Parties, if awarded, will not be covered by the indemnity provided by the BP Parties in the Settlement.

Discovery, including document production and the examination of witness, is now underway in the cases in the MDL Proceedings. A trial concerning certain of the issues in the MDL Proceedings lawsuits has been scheduled to start in February 2012. Under the terms of the Settlement, the MOEX Parties will continue to defend, at their expense, the lawsuits in cooperation with BP.

The civil lawsuits are at an early stage and so MOECO is unable to reasonably estimate what liability, if any, will be assessed against the MOEX Parties, including liability for punitive damages.