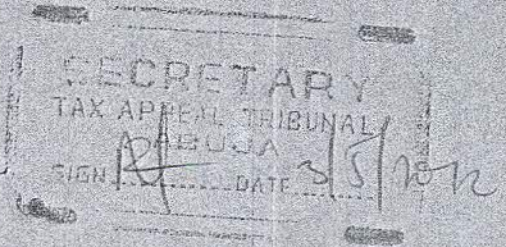


IN THE TAX APPEAL TRIBUNAL
ABUJA ZONE
HOLDEN AT ABUJA



APPEAL NO: TAT/ABJ/APP/011/2008

BETWEEN

THE SHELL PETROLEUM DEVELOPMENT
COMPANY OF NIGERIA LIMITED _____

APPELLANT

AND

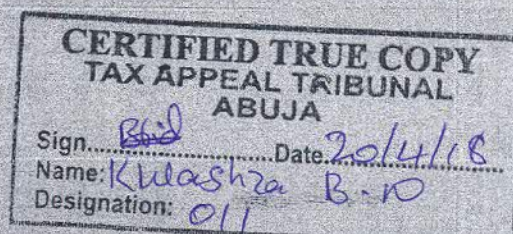
FEDERAL INLAND REVENUE SERVICES _____

RESPONDENT

TERMS OF SETTLEMENT

WHEREAS:

- a. The Respondent had by a Notice of Assessment for years 2005 & 2006, both dated 15th July, 2008 demanded the payment of additional Education tax of US\$32,175,009.00 and US\$26,478,448.00 respectively from the Appellant.
- b. The Appellant disagreed with and objected against the Assessments culminating in the institution of this Tax Appeal.
- c. The Reliefs sought from the Tribunal by the Appellants herein are:
 1. For a declaration that by virtue of the terms of the Memorandum of Understanding (MOU) between the Federal Government of Nigeria and The Shell Petroleum Development Company of Nigeria Limited, dated 11th July 2000, the Appellant is entitled to and rightfully did set off against its Tax liability for 2005 and 2006 under the Education Tax Act, the Niger Delta Development Commission (NDDC) levy and Central Bank of Nigeria Levies paid in those years.
 2. For a declaration, that the assessable profit for the computation of the Appellant's 2005 and 2006 Education Tax liability is that stated in the

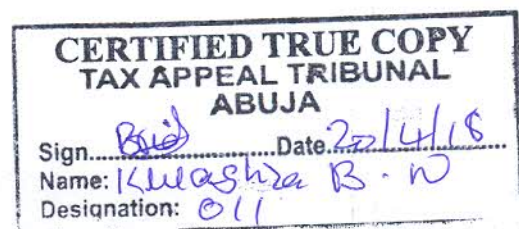


Appellant's Revised PPT returns filed on the 8th February 2008 and 28th December 2008 respectively.

3. For a declaration that the Respondent must take into account the correct amount of Education Tax paid for the year 2005 by the Appellant in computing Additional Education Tax Assessment (if any) for that year.
 4. For an order that the Additional Education Tax Assessment for 2005 issued by the Respondent on the Appellant and dated 15/07/08 be set aside from US\$32,175,009.00 to US\$0.00.
 5. For an order that the Respondent should refund US\$266,957.00 to the Appellant being excess payments made in respect of its 2005 Education Tax obligation, or in the alternative the Respondent should issue the Appellant a Tax Credit note to the tune of US\$266, 957.00 which Credit, the Appellant will be at liberty to set-off against future Education Tax Assessments by the Respondent.
 6. For an order that the Additional Education Tax Assessment for 2006 issued by the Respondent on the Appellant and dated 15/07/08 for the sum of US\$26,478,448.00 be set aside.
 7. For an order that the Respondent should refund US\$168,039.00 to the Appellant being excess payments made in respect of its 2006 Education Tax obligation, or in the alternative the Respondent should issue the Appellant a Tax Credit note to the tune of US\$168,039.00 which Credit, the Appellant will be at liberty to set-off against future Education Tax Assessments by the Respondent.
- d. The Appellant and Respondent ("the Parties") are desirous of and have agreed to amicably resolve and settle in full all disputes between them without further litigation.

NOW THEREFORE, in consideration of the foregoing which are hereby incorporated and made part of this Agreement, and in further consideration of the matters set forth below, **the Parties hereby agree that:**

1. Following execution of this agreement by the Parties, it shall be adopted as the decision of this honourable Tax Appeal Tribunal in this Appeal.
2. The Appellant hereby withdraws Reliefs Nos. 1, 5 and 7 claimed in support of its objection to the referenced assessment in this appeal.
3. Upon further consideration of the relevant sections of the Petroleum Profit Tax Act, and the amount of Education Tax paid for the year 2005 by the Appellant Reliefs 2, 3, 4 and 6 claimed by the Appellant in this appeal be granted as prayed, and the Additional Education Tax assessments issued by the Respondent for years 2005 and 2006 be accordingly discharged.
4. The Respondent hereby waives any claims, causes of action or other legal rights to the extent of the issue under consideration whether or not here before asserted,



and unconditionally releases and forever discharges the Appellant, their Successors – in-title and Assigns, Agents and Joint Venture Partners from and against any or all Education tax assessments/obligations whatsoever for the periods 2005 and 2006 which the Respondent (or any persons purporting to claim on their behalf) have made in the past, or may have at anytime in the future; this, however, does not preclude any subsequent verifying tax queries, audits or reviews of the Appellant for the period in issue; or any assessment pursuant to the discovery of under computation and attendant under payment of Education Tax.

5. The Respondent hereby undertakes to unconditionally and irrevocably indemnify the Appellant, and/or their Successors- in – Tile, Assigns, Agents and Joint Venture partners against any adverse claims from persons claiming or seeking to maintain a cause of action for or on behalf of the Respondent and /or in respect of matters pertaining to or connected with the subject of this Appeal.
6. In entering into this settlement, the Parties represent that they have relied upon the legal advice of their attorneys, who are their attorneys of choice and that the terms of the settlement have been completely read and explained to them by their attorneys and that those terms are fully understood and voluntarily accepted by them.
7. Parties agree to cooperate fully and to execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full effect and force to the terms and intent of this Settlement agreement and the consequent Tribunal decision(s).

DATED THIS 16th DAY OF May 2012

SIGNED for and on behalf of the Appellant
THE SHELL PETROLEUM DEVELOPMENT COMPANY of NIGERIA
LIMITED by:

Name: DATO OTUNOLA

Designation: COUNTRY TAX MANAGER

Signature: [Signature] 16/5/2012

SIGNED for and on behalf of the Respondent

