



## ***SHELL AND COSAN SIGN JOINT VENTURE***

**London and São Paulo, August 25, 2010** – A US\$12-billion joint venture between Shell International Petroleum Company Limited (Shell) and Cosan S.A. (Cosan) moved closer to reality today when the two companies signed binding agreements.

The proposed joint venture, which still requires regulatory approval, will produce and commercialize ethanol and power from sugar cane and distribute a variety of industrial and transportation fuels through a combined distribution and retail network in Brazil. It will also explore business opportunities to produce and sell ethanol and sugar globally.

“The proposed joint venture is set to pool our complementary businesses, enhance our growth prospects in ethanol production globally and support our growth platform for our retail and commercial fuels businesses in Brazil,” said Mark Williams, Shell Downstream Director. “Over the next 20 years, sustainable biofuels are one of the most realistic commercial solutions to reduce CO<sub>2</sub> emissions from transport”.

“While there is still plenty of integration planning to do before we launch the proposed joint venture, this is an important milestone in our effort to create one of the world’s most competitive sustainable biofuels companies,” said Rubens Ometto Silveira Mello, Cosan’s Chairman of the Board and non-executive Chairman-elect of the proposed joint venture.

With annual production capacity of over 2 billion litres, the proposed joint venture will be one of the world’s largest ethanol producers. The inclusion of Shell’s interests in Iogen Energy\* and Codexis\*\* would enable the joint venture to deploy next generation biofuels technologies in the future. The company will also generate electricity from sugar cane bagasse in cogeneration plants at all sites. Ten cogeneration plants are already operational.

With total annual sales of about 18 billion litres of fuels, the proposed joint venture will have a competitive position in the Brazilian fuels distribution market built upon a network of about 4,500 retail sites.

Today’s agreement follows the signing in February of a non-binding memorandum of understanding. With the transaction terms agreed, Shell and Cosan, which remain as competitors, will now focus on securing regulatory approvals and starting integration planning before launching the new company.

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### **Notes to editors**

The proposed JV would enable Shell and Cosan to establish a scalable and profitable position in sustainable biofuels – one of the most realistic commercial solutions to take carbon out of the transport fuels sector over the next twenty years – by building a highly competitive position in the most efficient ethanol producing country in the world and by exploring opportunities to produce and sell ethanol and sugar globally.

Cosan and Shell would contribute the following to the joint venture



Cosan	Shell
<ul style="list-style-type: none"> <li>• Sugar cane crushing capacity: currently ~60 million tonnes per annum from 23 mills;</li> <li>• Ethanol production capacity: currently &gt;2 billion litres per annum;</li> <li>• All Co-generation plants</li> <li>• Brazilian downstream assets, including ~1,730 retail sites, and supply and distribution assets;</li> <li>• Ethanol logistics assets</li> <li>• Net debt of approximately US\$2.5billion;</li> <li>• Additional debt of R\$500 million from BNDES;</li> </ul>	<ul style="list-style-type: none"> <li>• US\$ 1. 275 billion in cash, paid over two years, equivalent to US\$1.625 million net of payments to be made to Shell and its affiliates related to the brand licensing and other ancillary agreements for a period of 10 years.</li> <li>• Brazilian downstream assets, including ~2,740 branded retail sites, supply and distribution assets, and the aviation fuel business, including the one recently acquired from Cosan.</li> <li>• Its share interest in logen Energy*</li> <li>• Its 14.7% share interest in Codexis**</li> </ul>

Neither Cosan nor Shell will contribute their Lubricants business to the proposed JV.

Royal Dutch Shell plc is incorporated in England and Wales, has its headquarters in The Hague and is listed on the London, Amsterdam, and New York stock exchanges. Shell companies have operations in more than 100 countries with businesses including oil and gas exploration and production; production and marketing of Liquefied Natural Gas and Gas to Liquids; manufacturing, marketing and shipping of oil products and chemicals and renewable energy projects. For further information, visit [www.shell.com](http://www.shell.com)

Brazil's only totally integrated player in the renewable energy sector, Cosan has 23 sugarcane producing units, 21 of which are in São Paulo state, one in Jataí city (Goiás state) and one in Caarapó city (Mato Grosso do Sul state); four sugar refineries and two port terminals. The company is present in the retail sugar market, through the União and Da Barra brands, in the distribution fuels market, through the Esso brand, and in the production and distribution of lubricants for vehicles and industries through Mobil brand. Cosan is also one of the world major producers, traders and exporters of sugar and ethanol, and a major power producer from sugar cane bagasse.

\*logen Energy is a technology development company dedicated to advancing cellulosic ethanol, jointly owned (50:50) by logen Corporation and Shell. The company has been producing cellulosic ethanol from wheat straw at its Ottawa demonstration plant since 2004. The demonstration plant produced more than 500,000 litres of cellulosic ethanol last year. Shell and logen Energy are working together on technical and commercial feasibility of a large-scale cellulosic ethanol plant.

\*\*Codexis is a leading provider of optimized biocatalysts that make existing industrial processes faster, cleaner and more efficient than current methods and have the potential to make new industrial processes possible at commercial scale. Codexis has commercialized its biocatalysts in the pharmaceutical industry and is developing biocatalysts for use in producing advanced biofuels under a multi-year research and development collaboration. The company is also using its technology platform to pursue



biocatalyst-enabled solutions in other bioindustrial markets, including carbon management, water treatment and chemicals.