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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY
Civ. No. 04-3749 (JAP)
(Consolidated Cases)
Hon. Joel A. Pisano

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IN RE ROYAL DUTCH/SHELL |
TRANSPORT SECURITIES |
LITIGATION |
- - - - - +

Videotaped Deposition of DAVID ANDREW SEXTON
Washington, D.C.
Wednesday, September 13th, 2006
10:10 a.m.

Job No. 22-86339
Pages 1 - 178
Reported by: Laurie Bangart-Smith

Videotaped Deposition of
DAVID ANDREW SEXTON

Held at the offices of:
LEBOEUF, LAMB, GREENE & MACRAE, LLP
1875 Connecticut Avenue, Northwest
Suite 1200
Washington, D.C. 20009
(202) 986-8000

Taken pursuant to the Federal Rules of
Civil Procedure, by notice, before Laurie
Bangart-Smith, Registered Professional Reporter
and Notary Public in and for the District of
Columbia.

A P P E A R A N C E S
ON BEHALF OF LEAD PLAINTIFF IN THE CLASS:
TIMOTHY J. MACFALL, ESQUIRE
CHRISTINE LAURENT, ESQUIRE
MARK T. MILLKEY, ESQUIRE
BERNSTEIN, LIEBHARD & LIFSHITZ, LLP
10 East 40th Street
New York, New York 10016
Telephone: (212) 779-1414

12 ON BEHALF OF ROYAL DUTCH/SHELL AND THE WITNESS:
13 ANN M. ASHTON, ESQUIRE
14 RALPH C. FERRARA, ESQUIRE
15 LEBOEUF, LAMB, GREENE & MACRAE, LLP
16 1875 Connecticut Avenue, Northwest
17 Suite 1200
18 Washington, D.C. 20009
19 Telephone: (202)986-8000
20 - and -
21 ALEXANDRA K. SKELLET, ESQUIRE
22 LEBOEUF, LAMB, GREENE & MACRAE, LLP
23 125 West 55th Street
24 New York, New York 10019-5389
25 Telephone: (212)424-8582

0004

1
2 A P P E A R A N C E S C O N T I N U E D
3
4 ALSO ON BEHALF OF ROYAL DUTCH/SHELL AND THE
5 WITNESS:
6 CHARLES F. PLATT, ESQUIRE
7 SENIOR LEGAL COUNSEL
8 SHELL INTERNATIONAL B.V.
9 Legal Services LSEP-C
10 Volmerlaan 7
11 P.O. Box 60
12 2280 AB Rijswijk-ZH
13 Telephone: +31(0)70 447 4219
14

15 ON BEHALF OF PRICEWATERHOUSECOOPERS:
16 SAVVAS A. FOUKAS, ESQUIRE
17 HUGHES, HUBBARD & REED, LLP
18 One Battery Park Plaza
19 New York, New York 10004-1482
20 Telephone: (212)837-6086
21
22
23
24
25

0005

1
2 A P P E A R A N C E S C O N T I N U E D
3 ON BEHALF OF KPMG ACCOUNTANTS N.V.:
4 NICHOLAS W.C. CORSON, ESQUIRE
5 HOGAN & HARTSON, LLP
6 875 Third Avenue
7 New York, New York 10022
8 Telephone: (212)918-3000

9 ON BEHALF OF JUDITH BOYNTON:
10 REBECCA E. WICKHEM, ESQUIRE
11 FOLEY & LARDNER, LLP
12 777 East Wisconsin Avenue
13 Milwaukee, Wisconsin 53202-5306
14 Telephone: (414)297-5681

15 ON BEHALF OF SIR PHILIP WATTS:
16 ADRIAEN M. MORSE, JR., ESQUIRE
17 AIMEE D. LATIMER, ESQUIRE
18 AKRIVI MAZARAKIS, ESQUIRE
19 MAYER, BROWN, ROWE & MAW, LLP
20 1909 K Street, Northwest
21 Washington, D.C. 20006-1101
22 Telephone: (202)263-3000

23 Also present:
24 Chris Martinez
25 Cali Day, Videographer

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0007

1 DAVID ANDREW SEXTON, September 13, 2006
 2 P R O C E E D I N G S
 3 THE VIDEOGRAPHER: Here begins Tape
 4 Number 1 in the deposition of David Sexton, in the
 5 matter of Royal Dutch/Shell Transport Securities
 6 Litigation in the United States District Court,
 7 District of New Jersey, Civil Action Number
 8 04-3749.
 9 Today's date is September 13th, 2006.
 10 The time is 10:10 a.m. The video operator today
 11 is Cali Day of LegaLink New York. This deposition
 12 is taking place at 1875 Connecticut Avenue,
 13 Northwest, Washington, D.C.
 14 Would counsel please identify themselves
 15 and state whom they represent.
 16 MR. MACFALL: Timothy MacFall,
 17 Bernstein, Liebhard & Lifshitz, for plaintiffs in
 18 the class.
 19 MS. LAURENT: Christine Laurent for
 20 Bernstein, Liebhard & Lifshitz.
 21 MR. MILLKEY: Mark Millkey, Bernstein,
 22 Liebhard & Lifshitz, for lead plaintiff in the
 23 class.
 24 MR. FOUKAS: Savvas Foukas, Hughes,
 25 Hubbard & Reed, for PricewaterhouseCoopers, LLP.

0008

1 DAVID ANDREW SEXTON, September 13, 2006
 2 MR. SKELLET: Alexandra Skellet for
 3 LeBoeuf, Lamb, Greene & MacRae.
 4 MS. ASHTON: Ann Ashton, LeBoeuf, Lamb,
 5 Greene & MacRae, for Mr. Sexton.
 6 MR. PLATTE: Charles Platte from Shell
 7 International B.V. for Royal Dutch/Shell.
 8 MR. CORSON: Nicholas Corson with Hogan
 9 & Hartson for KPMG Accountants N.V.
 10 MS. LATIMER: AimTe Latimer, Mayer,
 11 Brown, Rowe & Maw, for Sir Philip Watts.
 12 MS. MAZARAKIS: Vivi Mazarakis, Mayer,
 13 Brown, Rowe & Maw, for Sir Philip Watts.
 14 MR. MORSE: Adriaen Morse, Mayer, Brown,
 15 Rowe & Maw, for Sir Philip Watts.
 16 MS. WICKHEM: Rebecca Wickhem, Foley &
 17 Lardner, LLP, for Judith Boynton.
 18 MR. FERRARA: Ralph Ferrara, LeBoeuf
 19 Lamb, on behalf of Royal Dutch/Shell, Shell
 20 Transport and Trading, the corporate defendants,
 21 and David Sexton, the witness appearing here
 22 today.
 23 THE VIDEOGRAPHER: The court reporter

24 today is Laurie Bangart-Smith. Would the reporter
25 please swear in the witness.

0009

1 DAVID ANDREW SEXTON, September 13, 2006
2 DAVID ANDREW SEXTON,
3 having been duly sworn, testified as follows:
4 EXAMINATION BY COUNSEL FOR LEAD PLAINTIFF
5 BY MR. MACFALL:
6 Q Good morning, Mr. Sexton.
7 A Good morning.
8 Q We met a few moments ago. My name is
9 Tim MacFall, and I'm going to be asking you a few
10 questions today in connection with this litigation
11 pending against Royal Dutch/Shell. Before we
12 actually begin, I'd like to cover some ground
13 rules which I'm sure your counsel has already gone
14 over with you, but it will just provide me some
15 level of comfort.

16 If at any point I ask a question that
17 you don't understand or you'd like me to rephrase
18 or it's ambiguous, please just indicate that.

19 THE REPORTER: Could you please slow
20 down.

21 BY MR. MACFALL:
22 Q I'm sorry. And I'll be more than happy
23 to accommodate you. Likewise, if at any point
24 you'd like to take a break or consult with
25 counsel, just let me know, and we can do that as

0010

1 DAVID ANDREW SEXTON, September 13, 2006
2 well.
3 While the deposition is being videoed,
4 it is also being transcribed. In order to have a
5 clear record, it is necessary for you to answer
6 verbally so that the court reporter can actually
7 transcribe your words.

8 During the course of the deposition I
9 will try and avoid, although I have been known to
10 step on your statements; in other words, begin
11 speaking before you're done. I will try and avoid
12 that if you would do likewise. It will just make
13 for a cleaner proceeding.

14 Could you please state your full name
15 and home address for me, sir.

16 A My full name is David Andrew Sexton. I
17 live at 15302 Coastal Oak Court, Houston, Texas.

18 Q Are you currently employed, sir?

19 A Yes, I am.

20 Q By whom?

21 A Shell Oil Company.

22 Q What position do you currently hold with
23 Shell?

24 A I currently hold -- I'm the Vice
25 President of Portfolio for the Americas.

0011

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Mr. Sexton, have you ever been deposed
3 before, sir?

4 A Yes, I have.

5 Q Without getting into a lot of specifics,
6 could you generally describe the context of that,
7 or those prior depositions.

8 A The last one was simply a deposition
9 related to our acquisition of Pennzoil Quaker
10 State.

11 Q Approximately how long ago was that,
12 sir?

13 A It's within the last two years.

14 Q Have you ever been deposed or
15 interviewed by the SEC in connection with Shell's
16 recategorization of its crude reserves?

17 A I have not.

18 Q Could you please describe for me your
19 educational background from college forward.

20 A I have a bachelor's in business
21 administration from Texas A&M, I have a master's
22 in business administration from University of
23 Houston, and I have a JD from South Texas College
24 of Law.

25 Q Could you briefly describe for me in

0012

1 DAVID ANDREW SEXTON, September 13, 2006
2 thumbnail fashion your employment experience after
3 you left law school.

4 A I have -- right after college I went to
5 work for Arthur Andersen in Houston, worked for
6 them for one year, then sought employment with
7 Shell in the US. Been with Shell for the last 28
8 years. All of my assignments have been in the
9 United States. They include a variety of
10 assignments in the finance arena, procurement
11 arena, IT, one assignment for the USZEO, some
12 business assignments leading up -- one assignment,
13 obviously, in Investor Relations leading up to my
14 current assignment in Houston.

15 Q What year did you begin working in
16 Investor Relations?

17 A 1999.

18 Q What position did you hold at that time?

19 A I was the Manager of Investor Relations
20 for the US.

21 Q Could you please very briefly -- and
22 we'll go into it more generally, uh, more
23 specifically later -- describe your duties and
24 responsibilities in that position.

25 A I could boil them down to two. One was

0013

1 DAVID ANDREW SEXTON, September 13, 2006
2 to help people that already owned the stock in our
3 company to understand the company, answer
4 questions about the company, provide information
5 about the company; and then the second major issue
6 was to seek out people that did not own our shares
7 and get them to think about continuing purchasing
8 those shares.

9 Q With respect to your, that first
10 function that you described, the informational
11 function with regard to current shareholders of
12 Shell or what were then current shareholders of
13 Shell, how is it that you would attempt to educate
14 them concerning the company?

15 A Generally, most of the communication at
16 that time was via the phone or presentations,
17 something like that, so a lot of times you would
18 spend your day answering phone calls from various
19 investors. You would also send them copies of the
20 Annual Report. You would send them copies of the
21 SEC 20F. You would -- and then on occasion go on
22 and visit their offices, also see them at various
23 functions, analysts events, that kind of stuff, so
24 it was a variety of both personal contact as well
25 as some travel.

0014

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q As part of that process did you
3 disseminate information concerning the company
4 through the various financial media outlets?

5 A Generally, no. Occasionally -- first of
6 all, the information is available on our website.
7 Financial media is fairly savvy in that area, so
8 therefore they could seek that information from
9 that. Occasionally there would be a media

10 representative that perhaps was not as savvy and
11 requested a hard copy of the Annual Report and
12 20F, and we would send that, too.

13 Q Now, with regard to the second general
14 function that you described, which is essentially
15 attempting to generate interest in potential
16 purchases of Shell -- is that correct?

17 A Correct.

18 Q How is it that you generally went about
19 doing that?

20 A There are a number of services that tell
21 you who owns, for example, stock in your
22 competitors, and some notion of whether they own
23 your stock in some degree in the United States,
24 and so therefore we would see those people, and
25 then when we were in various cities, visit them to

0015

1 DAVID ANDREW SEXTON, September 13, 2006
2 see if they were interested in our company.

3 Q As part of that process did you
4 communicate with financial market professionals,
5 such as analysts?

6 A Yes, I did.

7 Q And again very generally -- and I
8 realize it's probably a very broad topic -- could
9 you generally describe the nature of the
10 communications that you had with analysts during
11 the 1999 to 2004 time frame.

12 A In a general fashion?

13 Q Yes, please.

14 A Those communications were they would
15 call you up, ask questions about their model, ask
16 questions about news releases, ask questions about
17 future plans, that kind of stuff, and we would
18 share the information that was -- because it's our
19 practice to share information that is publicly
20 available -- would share that information with
21 them in a system in the development of their
22 model. Occasionally one of our executives would
23 speak at one of the conferences analysts would put
24 on at that time, and we would use a communication
25 in that way as well.

0016

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Are you aware if various analysts
3 generated reports in connection with Shell?

4 MS. ASHTON: If I could -- maybe a point
5 of clarification here. We've been talking a
6 little broadly here, and I think we haven't talked
7 at all geographically, and it might be useful for
8 the record if you could perhaps address
9 Mr. Sexton -- address the questions in terms of
10 geography and where he was performing his duties.

11 MR. MACFALL: That's fair.

12 BY MR. MACFALL:

13 Q I take it that your prior testimony
14 concerned activities primarily within the United
15 States; is that correct?

16 A That's correct.

17 Q Okay. Well, let me ask: Did you ever
18 have contact with market professionals from either
19 brokerage houses or financial media outlets that
20 were headquartered outside of the United States?

21 A As a general practice, my interaction
22 with analysts of the nature you describe were
23 analysts that were physically based here in the
24 United States. However, due to the nature of that
25 particular business, on occasion you would come

0017

1 DAVID ANDREW SEXTON, September 13, 2006
2 into contact with people that were based outside

3 the United States.

4 Q Do you have any specific recollection of
5 the individuals or entities outside of the United
6 States with whom you might have dealt during that
7 period? And again it's in the 1999 to 2004 time
8 frame.

9 A I can offer you two. Our company,
10 during the tenure of when I was in the assignment,
11 went on two what is called analyst field trips,
12 where you took a group of analysts to visit a
13 selected group of assets. When I first arrived in
14 the assignment in 1999, we took a group of
15 analysts to Egypt and certain parts of Europe.
16 There were both American-based analysts as well as
17 outside-the-US-based analysts. And then I can't
18 remember, I think it was in 2002 or 2003, probably
19 2002, uh, we took a similar group of analysts to
20 our Canadian operations to see our oil sands
21 production area. In both cases there were people
22 both based in the United States as well as those
23 outside the United States.

24 Q With respect to the 1999 field trip, do
25 you recall if you had personal communications with
0018

1 DAVID ANDREW SEXTON, September 13, 2006
2 any of the analysts during that field trip?

3 A If I understand your question properly,
4 we all rode on a bus to go to various sites, for
5 example, in Egypt, and due to the nature of the
6 close confines of the transportation, you did have
7 some personal contact.

8 Q Do you recall if you talked about
9 y'all's operations and business with any of the
10 analysts during that trip?

11 A Again due to the confines of the
12 transportation, there were opportunities to do
13 that.

14 Q Do you recall any of the specific
15 individuals with whom you might have spoken in
16 that bus ride in particular?

17 A That particular community turns over
18 fairly frequently, and frankly I'm not aware -- I
19 don't remember any of them, and I don't even know
20 if they're currently even in those assignments
21 anymore.

22 Q Okay. I realize this was some time ago,
23 but do you recall if any of the issues you might
24 have discussed during the 1999 field trip appeared
25 or subsequently appeared in any analysts' reports
0019

1 DAVID ANDREW SEXTON, September 13, 2006
2 or the financial media?

3 A The general rule of the kind of
4 conversations we've been discussing were -- I'll
5 use a media term -- "off the record." What the
6 analysts would primarily use in their reporting
7 later would be the formal presentations that
8 Shell's management, Shell executives would
9 actually share with them on the trip.

10 Q How about with respect to the 2002 field
11 trip; do you have a specific recollection of
12 having one-on-one conversations with any analysts
13 during that trip?

14 A I would suggest to you that the same
15 type of conversations, due to the fact we were
16 hauled in on one plane and also one bus, a similar
17 thing occurred.

18 Q Again do you recall any of the specific
19 individuals you might have spoken with during that
20 trip?

21 A The only two that come to mind possibly

22 would be Paul Ting and Doug Terrison. Paul Ting
23 is with Solomon Smith Barney, and Doug Terrison is
24 with Morgan Stanley, both US-based analysts.

25 Q Now, with regard to the 2002 field trip,
0020

1 DAVID ANDREW SEXTON, September 13, 2006
2 do you recall what non-US-based brokerage houses
3 sent representatives on that trip?

4 A It's our practice generally, the way our
5 offices worked, to briefly answer that question,
6 was that I would address the US-based analysts and
7 kind of work with them on these trips, and my
8 colleagues from overseas would work with their
9 interfaces, because they were the ones that talked
10 to them on a routine business. Therefore, I don't
11 remember them, because I didn't interact with them
12 very much, obviously, on a day-to-day basis, and
13 so therefore I sort of worked with the US folks,
14 and they did the same thing with the
15 European-based folks.

16 Q Do you recall if any portion of that
17 2002 trip involved visiting Shell's various sites
18 in Houston?

19 A I think we started in Houston. If my
20 memory serves me correct, I did some presentations
21 and then went to Alberta where our oil sands
22 production occurs.

23 Q Do you recall where in Houston, what
24 site you visited during that 2002 field trip?

25 A No. I'm sorry. I do not recall.

0021

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Now, with regard to your statement that
3 there were various presentations made in Houston,
4 did you make such presentations?

5 A No, I did not.

6 Q Do you recall who did?

7 A No.

8 Q Do you recall the topics that were
9 discussed during this presentation?

10 A Predominantly it was around operations
11 in Houston, if my memory is correct, would be
12 around assets that were located near to Houston
13 that were perhaps not "upstream-related," if that
14 term works. Probably -- again I'd have to refresh
15 my memory. I think they were downstream topics,
16 and then when we got to Canada we would talk about
17 the upstream, because we were visiting those
18 assets.

19 Q Do you recall who it was that made those
20 presentations on behalf of -- or presentation on
21 behalf of Shell?

22 A In the upstream in Canada it was the
23 gentleman that ran the oil sands production, Neal
24 Camarata. And I cannot remember at the time, who
25 is no longer with our company, with Shell Canada,

0022

1 DAVID ANDREW SEXTON, September 13, 2006
2 was the President of Shell Canada. Those two
3 people I remember.

4 Q How about with respect -- withdraw.

5 With regard to the 1999 European trip,
6 do you recall if there were any presentations made
7 at that time?

8 A There were presentations made at several
9 of the countries that were visited.

10 Q Were you involved in any of those
11 presentations? Withdraw. Did you make any of
12 those presentations?

13 A No, I did not.

14 Q Do you recall who did?

15 A The only presentation that I recall was
16 when we were in Germany we visited a Shell Service
17 Station and wanted to talk about a retail network
18 there. The gentleman that ran Germany at that
19 time was a gentleman named Adrian Loeder. I think
20 I remember him at the Service Station making the
21 presentation. The rest of the time, uh, I just
22 don't recall.

23 Q We'll discuss both of those trips and
24 some of the other presentations in a little more
25 detail a little later today. Thank you.

0023

1 DAVID ANDREW SEXTON, September 13, 2006

2 Mr. Sexton, are you familiar with the
3 term "proved reserves"?

4 A Yes, I am.

5 Q Could you please explain to me your
6 understanding of that term.

7 A These are reserves that -- first of all,
8 that's the Securities and Exchange term that is
9 used to describe reserves that are in the ground
10 that the company has clearly identified, that they
11 have marked for production, are in the process of
12 either producing or will shortly produce.

13 Q Is that a term that was used by Shell
14 above and beyond the SEC context? Withdraw. Let
15 me rephrase that. Did Shell also use that term
16 outside of the SEC usage?

17 A All I can state in my knowledge is that
18 Shell used a variety of terms in its presentation
19 to analysts and other shareholders.

20 Q Are you familiar with the Shell
21 guidelines relating to reserves?

22 A Only in the remotest of sense. My job
23 did not really involve classifying reserves,
24 determining reserves, identifying reserves. My
25 job was simply to help people external to the

0024

1 DAVID ANDREW SEXTON, September 13, 2006
2 company understand the concept and point them to
3 the right place in the Shell Annual Report.

4 Q Is any part of -- let me rephrase that.
5 Excuse me. I take it then that your understanding
6 of the term "proved reserves" derives from the SEC
7 context as opposed to internal Shell
8 communications of any sort?

9 A Due to the audience that I was
10 communicating with, I would say -- I wouldn't --
11 that's a very fine line you're attempting to draw,
12 I would offer, and I would suggest that that is
13 too fine a line for the audience I was
14 communicating with. They were mainly interested
15 in just discussing reserves that were identified
16 in the Shell Annual Report. Most of my
17 conversations really did not get into the
18 specificity that you're attempting to describe.

19 Q Now, with regard to your understanding
20 of the SEC requirements regarding -- well,
21 withdrawn. I'm sorry. Are you familiar with the
22 SEC requirements regarding the reporting of proved
23 reserves?

24 A Vaguely.

25 Q What is the basis of the understanding

0025

1 DAVID ANDREW SEXTON, September 13, 2006
2 that you do have concerning those requirements?

3 A The limited knowledge that I have was
4 largely driven from people within our company that
5 explained that position, as well as those that
6 were responsible for preparing the Annual Report.

7 Q Do you recall specifically who it is

8 that, within Shell, that you spoke to regarding
9 proved reserves?

10 A I'm not sure that I actually
11 personally -- I was certainly cc'd on a number of
12 e-mails that discussed that particular topic from
13 people in our upstream business. I may at one
14 time or more in four years spoken to someone about
15 that, but generally that was not my purview.

16 Q Do you have any specific recollection of
17 who authored the e-mails that you said you might
18 have seen?

19 A Shell at that time had an individual
20 that was responsible for that. I don't remember
21 his name right off the top of my head, but there
22 was an individual, and he was one of the people
23 that would send out e-mails to the Investor
24 Relations Department.

25 Q Do you recall that individual's title?

0026

1 DAVID ANDREW SEXTON, September 13, 2006

2 A No, I do not.

3 Q Do you recall if it was a Group Reserves
4 Coordinator?

5 A I believe that's correct.

6 Q Do you remember approximately when you
7 can recall having seen the first of those e-mails?

8 A No.

9 Q Do you have any sense of the approximate
10 number of e-mails concerning that topic that you
11 would have seen during 1999 through nineteen --
12 sorry -- 2004.

13 A That's a hard answer, you know. Part of
14 my job was to deal with quite an extraordinary
15 number of e-mails every single day, so if you take
16 that as an example, I would not say it was a
17 significant number.

18 Q Besides the fact that those e-mails
19 dealt with the topic of proved reserves, do you
20 have any recollection of the sum and substance of
21 those e-mails?

22 A I'd have to go back and have my memory
23 refreshed by looking at the actual documents.

24 Q Again specifically with regard to the
25 1999 through 2004 time period, was it your

0027

1 DAVID ANDREW SEXTON, September 13, 2006
2 understanding that Shell's use of the term "proved
3 reserves" was consistent with that of the SEC's?

4 MR. FERRARA: Objection as to form on
5 that, but he can answer.

6 THE WITNESS: I don't know if I can
7 answer that question properly.

8 BY MR. MACFALL:

9 Q Let me try a slightly different
10 question. Did you have any understanding as to
11 whether the way proved reserves were calculated by
12 Shell during the 1999 through 2004 time period was
13 consistent with the SEC requirements concerning
14 proved reserves?

15 MR. FERRARA: Again objection as to
16 form. He can answer.

17 THE WITNESS: That wasn't my job purview
18 to understand whether Shell was or was not
19 consistent with regard to the definition.

20 BY MR. MACFALL:

21 Q Do you recall having conversations with
22 anybody concerning that topic during that same
23 time period? And by "that topic" I mean whether
24 or not Shell calculated proved reserves in a
25 manner consistent with the SEC requirements.

0028

1 DAVID ANDREW SEXTON, September 13, 2006

2 A Again maybe one or so conversation. The
3 majority of the communication on that particular
4 point that you're making was through e-mail.

5 Q Do you recall with whom you had that
6 conversation?

7 A Probably, if my memory is correct, with
8 colleagues within the Investor Relations
9 Department.

10 Q Could you identify them specifically for
11 me.

12 A One was a colleague, Mike Harrop, who
13 was the gentleman responsible for Investor
14 Relations in the UK, as well as my Administrative
15 Supervisor, Simon Henry.

16 Q Were these separate conversations with
17 Mr. Harrop and Mr. Henry, or were they part of the
18 same conversation?

19 A Again that was a good while ago. I
20 think they were separate conversations.

21 Q Do you recall first with respect to the
22 conversation with Mr. Harrop, approximately when
23 that was?

24 A No, I do not.

25 Q Do you recall the substance of the
0029

1 DAVID ANDREW SEXTON, September 13, 2006
2 conversation with Mr. Harrop?

3 A I think the conversation was generally
4 around -- Mr. Harrop at that time was responsible
5 for generating the press release for earnings
6 announcements, and it was a habit and our practice
7 to discuss those among the IR community before it
8 actually went public, and I think there was a
9 conversation about, at one point about reserves in
10 that development.

11 Q Were reserves normally reported as part
12 of the earnings announcement issued by Shell?

13 A During the time that I was there, as a
14 general rule, no.

15 Q Did you think it unusual at the time
16 that Mr. Harrop would discuss with you then the
17 reporting of reserves in the context of an
18 earnings announcement?

19 A I would suggest a more accurate
20 statement, instead of reporting of reserves, would
21 be a general discussion about reserves.

22 Q Do you recall what was said?

23 A No. There was -- anytime you announce a
24 new field that comes on or a new exploration or a
25 find or something along those lines, it obviously
0030

1 DAVID ANDREW SEXTON, September 13, 2006
2 one day could have an impact on reserves. I think
3 there was some announcement to that effect or that
4 word "reserves" came up, but the conversation was
5 not specifically about reserves.

6 Q Do you recall if you discussed the SEC
7 requirements regarding proved reserves with
8 Mr. Harrop during that conversation?

9 A Again that was not the purview of the
10 Investor Relations Department to do so.

11 Q Now, with respect to your conversations
12 with Mr. Henry or conversation with Mr. Henry, do
13 you recall approximately when that occurred, sir?

14 A It was around the same time.

15 Q Do you recall the context in which that
16 conversation took place?

17 A There were some questions that had come
18 up from the investor community around production
19 profiles, production growth, that sort of thing.

20 Anytime those conversation points come up, there
21 is a natural tide of reserves, and I think it was
22 in that context.

23 Q Do you recall the sum and substance of
24 your conversation with Mr. Henry regarding that
25 topic?

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1 DAVID ANDREW SEXTON, September 13, 2006

2 A Simply that there was lots of question
3 in the market about our company, and at that time
4 our company had a very aggressive production
5 growth target, and how we were going to meet that,
6 did we have the pipeline necessary to achieve
7 that, and the corresponding impact potentially on
8 reserves.

9 Q Now, with regard to the aggressive
10 production schedule being set by the company and
11 the ancillary questions or resulting questions
12 concerning pipeline and reserves, were these
13 questions being asked by investors at that time?

14 A Almost overwhelmingly the question
15 around that time was related to the production
16 growth target. In my tenure of 1999 to 2003,
17 there was only limited questions about reserves.

18 Q Do you have any specific recollection of
19 the details of the conversation with Mr. Henry
20 beyond that about which you've just testified?

21 A That was the verbal conversation. The
22 other conversations were obviously a series of
23 e-mails that I recall that I was copied on that
24 were between Mr. Henry and the reservoir gentleman
25 that you mentioned earlier about issues in that

0032

1 DAVID ANDREW SEXTON, September 13, 2006
2 area.

3 Q Do you remember the substance of any of
4 the e-mails exchanged between Mr. Henry and the --
5 I believe it's Group Reserves Coordinator?

6 A There were some questions about booking
7 of reserves, production profiles, that kind of
8 stuff.

9 Q Do you recall if Mr. Simon ever raised
10 with -- I'm going to call him the "GRC" --
11 concerns that reserve numbers that Mr. Simon was
12 being provided were incorrect?

13 A I would say a more accurate reflection
14 of the e-mails was simply that Mr. Henry was
15 raising, as all IR people do, questions because he
16 was being asked questions. I would characterize
17 that as that way versus the word "concerns."

18 Q Do you recall any of the specific
19 questions Mr. Henry was raising? And I realize
20 that there are documents that cover that, but I'm
21 just asking for your general recollection at this
22 point.

23 A Again there were a select group of
24 fields that were I believe contained in the
25 e-mails. I'd have to see the e-mails to refresh

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1 DAVID ANDREW SEXTON, September 13, 2006
2 myself as to the actual names of the specific
3 fields.

4 Q Were you involved in that e-mail
5 exchange at all besides being the recipient of
6 e-mails -- let me rephrase that. Withdrawn. Did
7 you author any e-mails as part of the exchange
8 between Mr. Henry and the GRC?

9 A None that I recall.

10 Q Do you recall if anyone else did?

11 A If my memory is correct, the e-mail
12 exchange was predominantly between the Resource

13 Coordinator and Mr. Henry.
14 Q Are you familiar with the term "Reserves
15 Replacement Ratio"?
16 A Yes, I am.
17 Q Could you describe for me or explain for
18 me your understanding of that term.
19 A That's a simple calculation that
20 describes, if you produce at a certain level, how
21 many years of production you will have basically
22 going forward.
23 Q Is that a comparison of the production
24 rate and the proved reserves yielding a ratio
25 demonstrating what -- I'm going to withdraw that.

0034

1 DAVID ANDREW SEXTON, September 13, 2006
2 Are the two constituent parts of the Reserve
3 Replacement Ratio calculation production and
4 proved reserves?
5 A I believe that's correct.
6 Q Is it accurate that if the production
7 rate increases and there is no change in the
8 reserves number, that the Reserves Replacement
9 Ratio would decline?
10 MR. FERRARA: Objection as to form, and
11 I perhaps should elaborate on this a little bit so
12 that we're clear. This witness is here to talk
13 about what he said or heard, wrote or read. He is
14 not here to speculate on the accuracy, correctness
15 or fairness of that term that you embodied in your
16 questions, so if you ask him "if this is accurate,
17 is it correct to say, is it fair to say," we're
18 going to have a continuing objection as to form,
19 and we're going to object to the responses to
20 those questions ever being used in this proceeding
21 or in court. So if there is another way you can
22 phrase your question to avoid asking him to
23 confirm your sense of accuracy, fairness or
24 completeness of a particular fact, we would
25 appreciate it.

0035

1 DAVID ANDREW SEXTON, September 13, 2006
2 MR. MACFALL: I will endeavor to comply.
3 I would, however, note that I believe that the
4 scope of the deposition may be a little broader
5 than you've just indicated. I would also submit
6 that to the extent that I'm attempting to elicit
7 this witness's understanding or usage of that
8 term, it relates to or is relevant to his
9 communications with the investing community.
10 Having said that, I'll attempt to
11 accommodate you.
12 MR. FERRARA: He can respond to the
13 question if you want to repeat it.

14 BY MR. MACFALL:

15 Q Is it your understanding -- withdraw.
16 I'll ask another question.
17 What effect, if any, would increased
18 production have on the Reserves Replacement Ratio?
19 A That's an interesting hypothetical. In
20 that hypothetical, if production is constantly
21 increasing and the denominator does not increase
22 or change at all, go up or down, then the number
23 of years of remaining production life would
24 obviously go down.

25 Q You just said that was an interesting

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1 DAVID ANDREW SEXTON, September 13, 2006
2 hypothetical. I believe you previously stated
3 that there came a time during the 1999 to 2004
4 time frame when Shell had set aggressive
5 production schedules, correct?

6 A That is correct.

7 Q Do you recall any analysts or investors
8 ever questioning Shell with regard to the impact
9 of that aggressive production schedule on the
10 company's reserves?

11 A In my tenure most of the people focused
12 on the production growth target and did not really
13 talk very much about reserves.

14 Q Now, we talked a little bit about your
15 duties and responsibilities in Investor Relations.
16 Could you please describe for me how Investor
17 Relations was structured in the United States
18 during your tenure.

19 A There was an office in New York of two
20 individuals -- later it was three individuals --
21 myself and an assistant, who were responsible for
22 addressing the two things I mentioned earlier to
23 the investors here in the United States.

24 Q Did you have reporting responsibility to
25 any individuals outside of the United States?

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1 DAVID ANDREW SEXTON, September 13, 2006

2 A Reporting --

3 Q I'll rephrase it. Who did you report
4 to, if anyone?

5 A When I started the assignment I reported
6 to an individual that was physically based here in
7 the United States, and a couple years later I
8 reported to an individual that was located in
9 London.

10 Q Who was the first individual who was
11 located in the US?

12 A Her name was Susan Borges.

13 Q Do you recall her position or her title?

14 A She was Vice President of Corporate
15 Affairs for Shell Oil Company.

16 Q And what was your title at the time you
17 reported to Ms. Borges?

18 A Manager of Investor Relations for the
19 US.

20 Q And the second individual that you
21 identified who is based in London, could you
22 please tell me who that was.

23 A Simon Henry.

24 Q What was Mr. Henry's title?

25 A He was head of Group Investor Relations.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Are you aware if there was a
3 reorganization within Investor Relations that was
4 reflected by the change in your reporting chain?
5 If you don't understand, I can rephrase that
6 question. Did the change in the people in titles
7 to whom you reported reflect any kind of
8 organizational change in Investor Relations?

9 A What happened partially was driven by
10 Ms. Borges leaving the company and a desire by the
11 Investor Relations head to have the people that
12 actually did the work report to him directly.

13 Q Did Ms. Borges report to Mr. Henry prior
14 to her departure; do you know?

15 A No. Ms. Borges reported to the Chief
16 Executive Officer of Shell Oil Company in the US.

17 Q Do you recall approximately the time
18 frame -- I'm sorry; you may have said that -- of
19 the change from reporting to Ms. Borges to
20 Mr. Henry?

21 A I believe, if my memory is correct, it
22 was sometime in 2001.

23 Q I believe you stated that you had
24 responsibility for managing Investor Relations

25 within the geographic United States; is that

0039

1 DAVID ANDREW SEXTON, September 13, 2006

2 correct?

3 A That is correct.

4 Q Were there other geographic regions
5 within Shell in connection with Investor
6 Relations?

7 A I'm sorry?

8 Q Let me rephrase that. Did other
9 individuals have responsibility for Investor
10 Relations in other geographic regions?

11 A Yes, they did.

12 Q Do you recall approximately how many
13 geographic regions there were in connection with
14 Investor Relations?

15 A There were two. As I stated earlier,
16 there was a gentleman that did Investor Relations
17 for the US, and then there was a gentleman that
18 did Investor Relations for the continent of
19 Europe.

20 Q Did the identities of those two
21 individuals change throughout 1999 to 2004?

22 A In both cases, yes.

23 Q Okay. Now, with respect to the UK
24 during that time period, '99 through -- I keep
25 saying 2000. I realize you were there in 2003.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 A Correct.

3 Q Do you recall who held the position in
4 the UK or with respect to the UK?

5 A When I first joined the organization, it
6 was a gentleman named Michael Harrop, and then
7 sometime later in my tenure he moved to a new
8 assignment, and a gentleman named Gerard Pauildes
9 was brought in. P-A-U-I-L-D-E-S.

10 Q And with regard to Europe, do you recall
11 the individuals that held that position during
12 your tenure?

13 A The first guy when I was there, I cannot
14 think of his last name. He's no longer -- he's
15 retired from the company. All I can remember is
16 his first name was Jan, and then the second
17 gentleman that took his place was a gentleman
18 named Bart van der Steenstraten.

19 MR. FERRARA: Since I think this is an
20 issue of importance to you, I think you may want
21 to look at Page 32, Line 5, and I think the
22 reporter left out the words "Continental Europe"
23 after "regard to." You may want to insert that,
24 because I think that was his answer.

25 MR. MACFALL: That's fine.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 BY MR. MACFALL:

3 Q You briefly testified about some of the
4 contact you had with Mr. Harrop specifically. Did
5 you generally have contact with the Investor
6 Relations representatives in both the UK and
7 Continental Europe?

8 A As a general practice, like any
9 organization, the answer is yes.

10 Q Okay. Do you recall generally the
11 nature of those contacts? Let me rephrase.
12 That's a little vague. Did you speak to either
13 the Investor Relations representative for the UK
14 and/or Continental Europe to ensure that a
15 consistent message was being -- or consistent
16 information was being disseminated with regard to
17 Shell?

18 MR. FERRARA: Objection to foundation.
19 You can answer the question.
20 THE WITNESS: I would simply note that I
21 didn't need to speak to him to ensure they had a
22 consistent message. Due to the practices that
23 were employed in the office, there was a
24 consistent message.

25
0042

1 DAVID ANDREW SEXTON, September 13, 2006
2 BY MR. MACFALL:
3 Q Could you briefly describe those
4 practices for me.
5 A There was information developed,
6 presentations, questions and answers, briefing
7 notes that were developed by the Businesses in
8 conjunction with the Investor Relations Group to
9 use in our work. And once those were developed,
10 those were used by all three individuals that I
11 referenced in our job.
12 Q I believe you indicated that Investor
13 Relations was involved in the preparation of those
14 materials; is that correct?
15 A That is correct.
16 Q And I realize you also described several
17 different types of materials, but can you
18 generally describe your role specifically, if any,
19 in connection with the preparation of those
20 materials.
21 A I would say I had two roles. One, like
22 any member of the group, I was asked to answer
23 questions like: Does this hang together; does
24 this -- will this resonate with the investors in
25 your part of the world; is there something that

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1 DAVID ANDREW SEXTON, September 13, 2006
2 we're missing; those kind of general questions.
3 And then also because I was physically located in
4 the United States, I was asked to specifically
5 look at comments, references, words that related
6 to US assets, US events, to make sure they were
7 accurate.
8 Q This interchange that you just described
9 in terms of being asked about certain issues --
10 resonance with US investors, for example -- do you
11 recall who you had this interaction with? And by
12 that I mean: Was this with the other Investor
13 Relations representatives?
14 A There were conversations with the other
15 Investor Relations, yes.
16 Q Did you also have conversations in that
17 regard with various Operating Units or Businesses
18 within Shell?
19 A Yes, we did.
20 Q Now, in connection with issues that may
21 or may not resonate with investors, what was the
22 source of your understanding with regard to
23 whether or not a specific issue would resonate
24 with an investor in the United States?
25 A I would suggest two sources. One would

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1 DAVID ANDREW SEXTON, September 13, 2006
2 be interaction that I had had when I talked to
3 various analysts, shareholders, et cetera, and
4 then secondarily, what I observed from other
5 competitors in the United States, what they were
6 sharing externally.
7 Q I believe you had stated previously that
8 you had contact with analysts and investors
9 separate and apart from -- withdraw. Actually,
10 I'm not sure what you said, so let me ask: There

11 were formal presentations made to market
12 professionals and investors periodically by Shell,
13 correct?

14 A That is correct.

15 Q Am I correct that the various executives
16 and officers from Shell appeared at these
17 presentations from time to time?

18 A That is also correct.

19 Q Apart from those formal presentations
20 involving Shell executives and officers, did you
21 have contact with analysts or investors?

22 A Yes, I did.

23 MR. FERRARA: Just for clarification, I
24 gather we're still operating from the paradigm
25 that all of his responses that talk about

0045

1 DAVID ANDREW SEXTON, September 13, 2006
2 conversations he had with analysts, investors and
3 Investor Relations people are all US at the
4 moment?

5 MR. MACFALL: That's the context of the
6 question.

7 MR. FERRARA: And that's the way you've
8 understood all of his answers so far, because you
9 have not distinguished, correct?

10 MR. MCFALL: That is how I've understood
11 his answers so far, except when I've specifically
12 referenced foreign investors, analysts.

13 MR. FERRARA: Thank you.

14 BY MR. MACFALL:

15 Q Since Mr. Ferrara raises the subject, do
16 you recall having any such contacts with foreign
17 analysts during your tenure at IR?

18 A It is the general practice of our office
19 to allow each of the Investor Relations people to
20 be the focal point for contacts with investors and
21 market professionals in their geographic area. On
22 a rare occasion, whenever, for example, it was
23 late in the afternoon in the US and someone in
24 London was working very late, you may get a call
25 that was about a very specific topic that would

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1 DAVID ANDREW SEXTON, September 13, 2006
2 come to US simply because they wanted an answer in
3 that physical day, and you might answer that; or
4 someone would call from outside the United States
5 to ask me about a specific issue in the United
6 States which I was responsible for.

7 Q With regard to the former scenario where
8 you would be contacted because of time constraints
9 and the lateness of the hour, do you recall how
10 many times that happened during your tenure?

11 A I just said that was the exception
12 rather than the rule, and again I used the word
13 "rare." It was a very rare occasion, because
14 there's not that much that is that critical that
15 the Investor Relations person is going to share,
16 so it wasn't an event that occurred very often.

17 Q Do you recall any specific instances of
18 that happening? And by that I mean who it
19 involved and what the subject was.

20 A No.

21 Q With regard to those times when
22 issues arose concerning activities occurring
23 within the United States and questions posed by
24 foreign analysts or non-US analysts, do you have
25 any recollection of the frequency with which that

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1 DAVID ANDREW SEXTON, September 13, 2006
2 occurred?

3 A Again because that was kind of an

4 exception to the general practice, not very often.

5 Q Do you have any specific recollection of
6 the individuals who contacted you in that regard?

7 A The only specific comment I can address
8 to your question is generally they were not what I
9 would call "mainstream" analysts, because they had
10 a specific relationship with my colleagues. These
11 were usually people that were smaller firms, niche
12 players, that kind of stuff.

13 Q Can you identify any of them.

14 A Again because they occurred so
15 infrequently, the answer is no.

16 Q Do you recall any of the specific topics
17 that were discussed during those contacts?

18 A The only one I can remotely remember
19 is -- it's usually around something Shell issued a
20 press release of some sort somewhere in the world,
21 and they just had a question about something that
22 was in the press release, and they just wanted
23 some clarity around that before they went home for
24 bed.

25 Q Is it your recollection that the subject
0048

1 DAVID ANDREW SEXTON, September 13, 2006
2 matter of that press release involved some
3 activity within the United States?

4 A Not necessarily, no.

5 Q I believe you stated, however, there
6 were occasions when non-US-based analysts or
7 investors would contact you with regard to some
8 activity within the United States; is that
9 correct?

10 A Sure.

11 Q Okay. Do you recall any of the specific
12 activities about which you were contacted by those
13 non-US-based investors or analysts?

14 A I'll give you two. In my tenure there
15 we acquired Texaco's downstream interests. We had
16 a joint venture with Texaco, and because I was in
17 the US and was somewhat involved in the periphery
18 of that particular acquisition, there were a lot
19 of questions about that. About a year later our
20 company made a decision to buy Pennzoil Quaker
21 State Lubricants Company, and as a result of that
22 also being predominantly a US transaction, there
23 were questions about that as well.

24 Q Do you recall approximately how many
25 contacts you received from foreign analysts or
0049

1 DAVID ANDREW SEXTON, September 13, 2006
2 investors regarding the Texaco acquisition,
3 ballpark?

4 A Not really. I mean again getting back
5 to my earlier testimony, there was quite an
6 exhaustive amount of briefing notes, Power Points,
7 all that kind of stuff prepared, so it was just
8 usually around -- I would say around the edges of
9 the issue versus any large number of people.

10 Q Now, with regard to analysts and
11 investors and other financial market professionals
12 within the United States, were you ever contacted
13 with specific requests for information?

14 A Yes.

15 Q Was that a common occurrence?

16 A I would say yes.

17 Q Were there any analysts with whom you
18 regularly dealt within the United States during
19 that period?

20 A Yes.

21 Q Are you aware if brokerage houses had
22 specific analysts who covered specific industries

23 during that time period?

24 A Yes.

25 Q Could you give me an example if you can

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1 DAVID ANDREW SEXTON, September 13, 2006
2 think of one.

3 A For example, in my tenure there was an
4 analyst in New York that worked for Merrill Lynch
5 named Steve Pfeiffer. Steve was responsible for
6 covering the Royal Dutch/Shell Group at that time.

7 Q Do you recall if Mr. Pfeiffer authored
8 or issued analyst reports based on his coverage of
9 Shell during that period?

10 A Yes, he did.

11 Q Do you know if those reports were
12 disseminated outside of the United States?

13 A I can't speak for Merrill's practices.

14 Q Are you aware if Merrill had other
15 analysts who followed Shell outside of the United
16 States?

17 A Yes, they did.

18 Q Could you identify those individuals for
19 me if you know.

20 A I think there was a gentleman based in
21 London named Mark Ianotti. He is the only one
22 that comes to mind.

23 Q Are you aware of any brokerage house
24 that had analysts in the United States that
25 followed Shell but did not have analysts who

0051

1 DAVID ANDREW SEXTON, September 13, 2006
2 followed Shell abroad?

3 A Yes.

4 Q And could you identify those brokerage
5 houses for me, please.

6 A I certainly cannot identify all of them.

7 Q To the extent that you can recall.

8 A I'll give you an example. One would
9 be -- First Albany, which is a large banking
10 corporation here in the United States, had an
11 analyst that followed the company, and they did
12 not have any person outside the United States. I
13 think Goldman Sachs had a gentleman named Arjun
14 Murti who followed the company at that time, did
15 not have an outside person, uh, analyst. There's
16 a number of other ones, but I just don't remember
17 the rest.

18 Q Now, with regard to the Goldman Sachs
19 gentleman that you just identified, do you recall
20 having communications with him during the '99 to
21 2003 time frame?

22 A Yes, I did.

23 Q Do you recall approximately the
24 frequency of the contacts you had with that
25 gentleman?

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1 DAVID ANDREW SEXTON, September 13, 2006

2 A As a general comment I would say
3 probably once a month.

4 Q Am I correct that the various topics you
5 discussed changed over time?

6 A Correct.

7 Q Do you recall if you ever discussed
8 Shell's replacement reserve ratio?

9 A As I testified earlier, during my tenure
10 that topic may have come up, but it was one that
11 was not one of the major topics that were
12 discussed at that time.

13 Q Do you have a specific recollection as
14 to whether or not you discussed it with him,
15 though?

16 A I do not have a specific recollection.
17 Q Do you recall having discussions with
18 him concerning what you characterized as Shell's
19 "aggressive production schedule"?
20 A I'm pretty sure I had that conversation.
21 Q Do you recall if that conversation
22 included a discussion about the impact of that
23 production schedule upon Shell?
24 A I'm not -- I don't understand --
25 Q I'll rephrase it. Did you talk about

0053

1 DAVID ANDREW SEXTON, September 13, 2006
2 how that production schedule would affect Shell's
3 business operations?
4 Let me rephrase. I see you struggling
5 with the question. I apologize. It is not
6 particularly clear. Let me try it this way. Do
7 you recall the substance of the conversations that
8 you had in connection with Shell's aggressive
9 production schedule?
10 A I think the substance of the
11 conversation was what projects were in the
12 pipeline, when they were going to come on, how
13 much were they going to produce, et cetera, that
14 would make up the three percent average annual
15 increase target that was our target for that
16 period of time.

17 MR. FERRARA: Sorry. I apologize. I'm
18 a bit confused. I don't think that this answer
19 has anything to do with conversations he had with
20 someone from Goldman Sachs. Indeed, this seems
21 like a conversation that hasn't been identified
22 that he's had with any particular person.

23 MR. MACFALL: I, I thought it was clear,
24 but since it's not to you, then I take it it's
25 not.

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1 DAVID ANDREW SEXTON, September 13, 2006
2 BY MR. MACFALL:

3 Q Mr. Sexton, were you specifically
4 referencing conversations that you had with a
5 Goldman Sachs representative?

6 A I think I was -- in deference to my
7 counsel, I specifically had that, I'm pretty sure,
8 with Mr. Murti, as well as most people that called
9 in conversation, it was one of the major topics of
10 the particular day.

11 Q I believe you stated that you had no
12 specific recollection as to whether or not you
13 discussed Reserve Replacement Ratio with
14 Mr. Murti. Do you recall if you discussed
15 reserves generally with Mr. Murti?

16 A As I stated earlier, I may have, but
17 that was not one of the major topics of
18 discussion.

19 Q With regard to the representative from
20 First Albany, do you recall -- withdrawn.
21 Separate and apart from the formal presentations
22 about which you testified a little bit earlier,
23 did you have one-on-one communications with that
24 individual or individuals from First Albany?

25 A Yes, I did.

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1 DAVID ANDREW SEXTON, September 13, 2006
2 Q Do you recall generally what the nature
3 of those -- withdrawn. Do you recall if you
4 specifically discussed again Shell's aggressive
5 production schedule with representatives or a
6 representative of First Albany?

7 A Again I refer to my earlier testimony
8 where that was a topic for most people that called

9 the office.

10 Q I take it then that with regard to
11 reserves or Reserve Replacement Ratio, that your
12 testimony concerning the First Albany
13 representative would be similar or the same as
14 that involving Mr. Murti, that you have no
15 specific recollection of discussing those issues;
16 is that correct?

17 A That is an accurate statement.

18 Q I believe we touched on some of these
19 generally, and I'd like to probe a little more
20 deeply. I believe you referenced periodic press
21 releases issued by Shell.

22 I'm sorry. You need to answer verbally
23 for the reporter.

24 A Yes, I did. I'm sorry.

25 Q Was the issuance of press releases a
0056

1 DAVID ANDREW SEXTON, September 13, 2006
2 regularly scheduled event within Shell? Let me
3 rephrase that. Why would Shell issue a press
4 release, if you know, generally?

5 A As a general rule, Shell would issue a
6 press release to advise the public of some thing
7 they thought was newsworthy.

8 Q Do you recall if during your tenure with
9 Investor Relations you ever had a role in the
10 drafting of such releases?

11 A I -- there is a specific press release
12 that I -- which is the Quarterly Earnings
13 Statement, that I did review before it actually
14 was made public.

15 Q Now, is that a single Quarterly Earnings
16 Statement press release that you're referring to,
17 or -- was it more than one or was it one?

18 A It was just single, yes.

19 Q I believe you had said earlier that you
20 don't recall the time period when that press
21 release was issued, do you?

22 A That's four times a year, every time we
23 release quarterly earnings, and there was a press
24 release associated with that every single time.

25 Q Okay. Who drafted those earnings
0057

1 DAVID ANDREW SEXTON, September 13, 2006
2 releases?

3 A There was an initial draft by
4 Mr. Harrop. That particular office was
5 responsible for that activity.

6 Q Did you regularly review those releases
7 before they were publicly issued?

8 A Yes, I did.

9 Q Did you ever have occasion to comment on
10 the draft provided to you by Mr. Harrop?

11 A My reason for reviewing the press
12 release was to look at transposed, misspellings,
13 that sort of stuff; secondarily was to see if the
14 press release -- again as I stated earlier -- kind
15 of hung together, worked; and then thirdly, I was
16 asked specifically on US-specific activities that
17 were noted in the press release, asked to make
18 sure those were stated correctly.

19 Q Do you recall did you ever have occasion
20 to make comments which suggested changes to
21 Mr. Harrop regarding descriptions or information
22 about US activities contained in those press
23 release drafts?

24 A Mr. Harrop was a very experienced person
25 in doing that, having done that for a number of
0058

1 DAVID ANDREW SEXTON, September 13, 2006

2 years, and the number of times I had to correct
3 Mr. Harrop were very small.

4 Q Do you recall approximately how many?

5 A Not really, no.

6 Q How were those press releases publicly
7 disseminated?

8 A They were issued out of our London
9 office.

10 Q Do you recall the medium with which they
11 were publicly disseminated? And by that I mean do
12 you recall, for example, if they were published on
13 Business Wire or some other news service?

14 A Quarterly news releases come out in
15 three fashions: One, there is a mandatory Stock
16 Exchange release; two, there is a release that
17 goes off over PR newswire; and then third, the
18 press release was e-mailed to certain analysts.

19 Q With respect to the dissemination of the
20 press release over PR newswire, was that a
21 worldwide dissemination --

22 A Yes, it was.

23 Q Do you recall approximately how many
24 analysts were e-mailed the press release upon the
25 issuance?

0059

1 DAVID ANDREW SEXTON, September 13, 2006

2 A I can only speak for the US, and that
3 number was probably approaching a hundred.

4 Q Do you know if such press releases were
5 also e-mailed to analysts in the UK and/or
6 Continental Europe?

7 A The same practice that I employed was
8 done by my colleagues in other parts of the world.

9 Q Now, the Quarterly Earnings Statement
10 Review Announcements within Shell?

11 A That name does not resonate with me.

12 Q Do you recall if you ever heard of a
13 "QRA"?

14 A Yes.

15 Q Is the QRA, the Quarterly Earnings
16 Statement, the press release that you were just
17 speaking of?

18 A Yeah, you've refreshed my memory.
19 That's correct.

20 Q The QRA for the -- withdrawn. Did Shell
21 publicly disseminate its annual results, annual
22 financial results, in any of the QRAs?

23 A The only thing that was -- in the fourth
24 quarter you would get some data around annual

0060

1 DAVID ANDREW SEXTON, September 13, 2006
2 income, annual expenses, that kind of stuff, but
3 that was probably the extent.

4 Q Was there any difference between --
5 withdrawn. Are you familiar with something that I
6 believe was known as the Fourth Quarter Year End
7 QRA?

8 A Fourth quarter --

9 Q And year end.

10 A There was a Fourth Quarter and Year End
11 QRA, yes.

12 Q Was the information published in the
13 Fourth Quarter and Year End QRA broader in scope
14 than the QRAs published or issued for Quarters 1
15 through 3? Let me try rephrasing that. It's a
16 little awkward. Was there more information in the
17 Fourth Quarter and Year End QRA than there were
18 for the other quarters?

19 A Well, I would say there was different
20 information. You would have a complete record of

21 what dividends had been declared for the year,
22 that kind of stuff, so there was a slightly
23 different amount of information simply because it
24 was the year end.

25 Q Do you recall if information concerning
0061

1 DAVID ANDREW SEXTON, September 13, 2006
2 the company's proved reserves was included in the
3 Fourth Quarter and Year End QRA?

4 A I'd have to go back and look. I just
5 don't recall.

6 MS. ASHTON: If you're at a point -- I
7 think we've gone a little over an hour. It might
8 be a good point to take a quick break.

9 MR. MACFALL: That's fine. Why don't we
10 do that now.

11 THE VIDEOGRAPHER: We are going off the
12 record. The time is 11:17 a.m.

13 (Whereupon, a short recess was taken.)

14 THE VIDEOGRAPHER: We're back on the
15 record. The time is 11:32 a.m.

16 BY MR. MACFALL:

17 Q Mr. Sexton, just going back for a moment
18 to clean up some questions I probably should have
19 asked earlier, you identified I believe it was
20 Mr. Murti from Goldman Sachs as being a US-based
21 analyst for a brokerage house where there were no
22 non-US analysts. I phrased that poorly, but I
23 think you --

24 A That is correct.

25 Q And you also identified First Albany as
0062

1 DAVID ANDREW SEXTON, September 13, 2006
2 another brokerage house that had the same
3 situation.

4 A That is correct.

5 Q Do you recall any others who were
6 organized similarly, specifically that had
7 US-based analysts that covered Shell and did not
8 have non-US-based analysts?

9 A During that time most of the houses, the
10 investment houses, had dual coverage, so having
11 single coverage was either the investment bank
12 or -- I'm sorry -- the analyst was from a small
13 company or they were people that were -- it was an
14 analyst that was associated with owning a stock,
15 but the sale side analyst, if that term resonates,
16 generally had dual coverage at that time except
17 for a rare exception.

18 Q Now, you identified those. Do you
19 recall approximately the number of others, if
20 there were any others that you recall?

21 A Of the more significant players, no.

22 Q Thank you.

23 Before the break we were talking about
24 the Fourth Quarter and Year End QRAs. Do you
25 recall if the Fourth Quarter QRA was filed with
0063

1 DAVID ANDREW SEXTON, September 13, 2006
2 the SEC?

3 A I do not know.

4 Q Do you recall if during the period of
5 1999 to 2003, Shell conducted annual press
6 conferences concerning its year-end results?

7 A As a general rule, yes.

8 Q Were you involved in the organization or
9 conduct of those press conferences in any way?

10 A No.

11 Q Am I correct that those press
12 conferences were typically conducted out of either
13 London or The Hague?

14 A That is correct.
15 Q Were those press conferences transmitted
16 to the United States?
17 A I'm not, I'm not --
18 Q Do you know if those press conferences
19 were broadcast within the United States?
20 A If you're specifically talking about the
21 press conferences, I would say as a general rule,
22 no.
23 Q Do you know if those press conferences
24 were transcribed or otherwise recorded?
25 A They were transcribed internally.

0064

1 DAVID ANDREW SEXTON, September 13, 2006
2 Q Were transcriptions of those press
3 conferences made available to market professionals
4 within the United States?
5 A No.
6 Q Now, separate and apart from press
7 conferences, are you aware if analyst
8 presentations were periodically conducted to
9 discuss Shell's annual results?
10 A Yes.
11 Q Were you involved in the conduct or
12 organization of those analyst presentations?
13 A Yes.
14 Q Am I correct that the presentations were
15 conducted both in Europe and in the United States?
16 A Yes.
17 Q Did you have any role in the analyst
18 presentations that were conducted in Europe?
19 A No.
20 Q I take it then that you did participate
21 in the analyst presentations that were conducted
22 within the United States, correct?
23 A Yes.
24 Q Could you please describe for me what
25 your role in those analyst presentations was.

0065

1 DAVID ANDREW SEXTON, September 13, 2006
2 A Regarding specific US-based
3 presentations, it was logistics, it was securing
4 the meeting place, making copies of the
5 presentation and other materials that would be
6 handed out. It was sending out invitations to the
7 event, that sort of thing.
8 Q Now, with respect to the presentation
9 materials that were to be handed out, did you have
10 any role in the preparation of those materials?
11 A Yes.
12 Q Could you describe for me the process by
13 which those materials were prepared.
14 A As a general rule, once word got out
15 there was some sort of presentation that was to be
16 made, the Business in question or multiple
17 Businesses would prepare a draft presentation, and
18 then the Investor Relations Department and the
19 Business would then work to get it to its final
20 state.
21 Q During this process did you ever have
22 occasion to review a presentation -- withdrawn.
23 Do you know if presentation materials were
24 prepared in connection with the analyst
25 presentations conducted in Europe? Did those

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1 DAVID ANDREW SEXTON, September 13, 2006
2 presentations --
3 THE REPORTER: I didn't hear an answer.
4 MR. MACFALL: I'm sorry. The witness
5 would like me to rephrase.
6 THE REPORTER: Okay.

7 BY MR. MACFALL:

8 Q With respect to those presentations
9 conducted in Europe, do you know if there were
10 written presentation materials prepared for those
11 events as well?

12 A The same materials that were developed
13 for the European presentation were used for the US
14 presentation.

15 Q Thank you.

16 Were your counterparts in the UK and
17 Continental Europe also involved in the
18 preparation of those presentation materials?

19 A Yes, they were.

20 Q Do you recall if there was any formal
21 delineation of responsibility with regard to the
22 preparation of those materials amongst you and
23 your IR counterparts in the UK and Continental
24 Europe?

25 A Yes, there was.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Could you please describe that for me.

3 A Each of us was sort of the main focal
4 point for a particular line of business in our
5 company. My particular responsibility was
6 chemicals.

7 Q Did someone have specific responsibility
8 for petroleum, for oil?

9 A Uh --

10 Q I'm sorry. In connection with the
11 preparation of the presentation materials.

12 A There was someone specifically
13 responsible for each of our Businesses in our
14 company.

15 Q Do you remember who was responsible for
16 the presentation materials concerning the Oil
17 Business?

18 A If you're referring to the Upstream
19 Business, the E&P Business, uh, that was -- it
20 usually was either the -- for a while it was a
21 gentleman in the UK, Michael Harrop, and then it
22 switched to the gentleman in the Hague, Bart van
23 der Steenstraten.

24 Q Do you recall who had, amongst your IR
25 colleagues, primary responsibility for drafting

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1 DAVID ANDREW SEXTON, September 13, 2006
2 the presentation materials with regard to gas?

3 A That was one of the two -- it was
4 probably Mr. Harrop.

5 Q I'm sorry. I, I neglected to ask -- I'd
6 like to go back for a moment. Leaving aside the
7 analyst presentations, with regard to the press
8 conferences that were conducted concerning the
9 company's, Shell's, annual results, was there a
10 particular or specific Shell executive or officer
11 that spoke at those conferences during the 1999 to
12 2003 time frame?

13 A It varied. Generally there was the
14 senior person in The Hague as well as the senior
15 person in London were usually the spokespeople.

16 Q And could you identify those individuals
17 by name and title.

18 A Well, the gentleman in The Hague was
19 usually the Chairman or CEO of Royal Dutch, and
20 the gentleman in the London office was generally
21 the President of Shell Transport and Trading.

22 Q Were there any other individuals that
23 you can recall who participated in those press
24 conferences on behalf of Shell?

25 A I'm sorry?

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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Did anybody else from Shell participate
3 in those press conferences?

4 A The Committee of Managing Directors at
5 that time had more members, and occasionally there
6 would be two people in The Hague and maybe two
7 people in London, but it was -- that's all I can
8 say.

9 Q Just with regard to the format of those
10 press conferences, did they involve the delivery
11 of previously prepared statements?

12 A Let me first of all state for the record
13 that the Investor Relations Department did not
14 really have a role in the press conference itself.
15 That is done by a separate group in our company.
16 Let me state that for the record. In response to
17 your specific question, the answer was largely
18 yes.

19 Q Do you recall who prepared or who was
20 responsible for the press conference materials?

21 A That was the Media Department in our
22 company, External Affairs.

23 Q Thank you.

24 Now moving back again to the analyst
25 presentations -- and I apologize for the

0070

1 DAVID ANDREW SEXTON, September 13, 2006
2 disjointed chronology -- would Shell executives or
3 officers appear at those presentations?

4 A Yes, they did.

5 Q Do you recall if there was a specific
6 presentation with regard to the company's annual
7 results for 1999?

8 A I believe there was a conference in
9 February of 2000 that discussed that.

10 Q Do you recall who the Shell executive
11 and/or officer was who appeared at that
12 presentation?

13 A If my memory is correct, I think there
14 were several, but I certainly would note Mark
15 Moody-Stuart, who at the time was the Chairman of
16 our Committee of Managing Directors.

17 Q And generally could you describe the
18 subject matter of those year-end analyst
19 presentations.

20 A Two-fold: One was to review the
21 previous year's results, describe what had
22 happened to the company versus where it had
23 decided or thought it was going to be, and then
24 secondly to kind of set the, set the way forward
25 for the current year.

0071

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q I believe you stated that you were
3 responsible for sending -- not sending out, but
4 deciding who it was that would be invited to these
5 analyst presentations; is that correct, sir?

6 A That is correct.

7 MS. ASHTON: I'm sorry. You're talking
8 now about European analyst conferences?

9 BY MR. MACFALL:

10 Q I will clarify. I'm specifically
11 talking about the analyst presentations that you
12 were involved in in the United States.

13 A Right. I was going to answer that, but
14 that is correct. I was responsible for inviting
15 those physically based in the United States to the
16 presentation in New York.

17 Q And then just because I am very likely
18 to do that again, unless I otherwise specify, I am

19 specifically addressing the presentations that
20 occurred here.

21 How is it that you would decide who to
22 invite to those presentations?

23 A Of the people in the US that I would
24 offer would be -- first would be people that write
25 about our company, sales side analysts. There

0072

1 DAVID ANDREW SEXTON, September 13, 2006
2 would be buy side analysts that cover our company
3 that work for shareholders. There would be -- if
4 the shareholder did not have their own analyst, I
5 would invite representatives from the shareholder
6 company. Those sort of people.

7 Q Do you recall if Mr. Murti from Goldman
8 Sachs is one of the people that you invited to the
9 analyst presentations?

10 A He was generally on the invitation list.

11 Q Do you recall if First Albany generally
12 attended the analyst presentation?

13 A Mr. Gilmore attended almost every single
14 one.

15 Q Could you generally describe for me the
16 format of those presentations, and by that I
17 specifically mean were there prepared remarks
18 followed by a Q&A session.

19 A There were prepared remarks. There was
20 usually a Power Point presentation, there was some
21 text that was offered around each of the slides
22 and the Power Point presentation, there were some
23 other summary comments made, and then there was
24 usually a break and then there was a
25 question-and-answer session after that.

0073

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Now, when we discussed the preparation
3 materials that were created in connection with
4 these events, did you participate in both --
5 withdrawn. Did you participate in the drafting of
6 the prepared remarks?

7 A The development of the prepared remarks
8 was, as I stated earlier, a combination between
9 representatives from Business and representatives
10 from the Investor Relations Department.

11 Q Did you, however, specifically
12 participate in the actual drafting of the prepared
13 remarks?

14 A I seldom do the actual original
15 drafting. My role, as I stated earlier, was
16 mainly review, uh, offer comment, and specifically
17 around US-based assets was my responsibility.

18 Q Did you participate in the preparation
19 or review of the Power Point presentation
20 materials?

21 A Generally, as I stated earlier, the
22 Power Point presentation was first drafted by the
23 Business in question, then sent to the Investor
24 Relations Department for review, so I did not
25 participate in the original drafting of the Power

0074

1 DAVID ANDREW SEXTON, September 13, 2006
2 Points.

3 Q After the formal -- withdrawn. After
4 the prepared remarks and the review of the
5 presentation materials -- i.e., the Power Point
6 materials -- you said there was a break and a
7 question-and-answer session. Do you recall if the
8 Shell executives attending these presentations
9 were provided with anticipated questions from
10 analysts or investors?

11 A There were both -- yes, they were

12 provided questions that might come up in
13 conversation.

14 Q And specifically with regard to those
15 presentations conducted within the United States,
16 did you participate in the drafting of those
17 questions?

18 A Identified areas that questions needed
19 to be developed.

20 Q Was there a person or organization that
21 was responsible for the actual drafting of the
22 questions based on your identification of those
23 areas?

24 A Ultimately each of the Businesses is
25 responsible for developing the questions and

0075

1 DAVID ANDREW SEXTON, September 13, 2006
2 answer, and the Investor Relations Department
3 suggests areas that they may want to focus on, but
4 they have the ultimate responsibility for doing
5 that.

6 Q Did you review those, the questions that
7 were drafted by the various organizations, based
8 on your identification of the areas that were
9 likely to be discussed?

10 A Yes, I did.

11 Q Did you ever make any changes to those
12 questions?

13 A Again that was not my role. My role was
14 to review and see if the answer was a good one,
15 one that the executive could remember, then answer
16 the question, that sort of thing, so changes other
17 than extremely subtle ones were not usually made.

18 Q Were there any circumstances where you
19 reviewed a proposed answer and you believed that
20 that answer should be phrased differently or
21 altered from the prepared materials?

22 A Our policy was we were not -- since this
23 was an internal document only and the executive
24 could really only get the key messages, if you
25 will, what you were describing would be

0076

1 DAVID ANDREW SEXTON, September 13, 2006
2 wordsmithing, and that generally wasn't done,
3 because the document was an internal one.

4 Q Can you recall any circumstance in which
5 there was an area of interest that you thought was
6 likely to come up during a Q&A session that was
7 not dealt with in the proposed or anticipated
8 questions and answers?

9 A That seldom, if ever, occurred simply
10 because of the communication rigor that everybody
11 practiced. The people that did this in our
12 company had done this for quite a while, and they
13 were very experienced in doing that, so that
14 generally just did not happen.

15 Q I believe you stated that the various
16 Businesses were responsible for drafting the
17 questions and answers with regard to their
18 Businesses; is that correct?

19 A That is correct.

20 Q Did you have specific points of contact
21 or individuals that you dealt with at those
22 Businesses, specifically in connection with the
23 preparation of these materials?

24 A Again, as I noted, my specific Business
25 that I was responsible for, for helping them do

0077

1 DAVID ANDREW SEXTON, September 13, 2006
2 that was the Chemicals Business, and there was a
3 gentleman in London that was tasked to develop
4 those materials, and I worked with him.

5 Q Can you recall any circumstance when you
6 became aware of a topic outside of the Chemicals
7 area that you believed was an area likely to be of
8 interest to US analysts that was -- well,
9 withdrawn. Let me rephrase it. Do you recall any
10 specific instance where a topic outside of
11 Chemicals you believed was likely to come up
12 during the analyst presentation and you
13 communicated with someone in a Business
14 organization concerning that area? If you
15 understand the question. I would not blame you at
16 all if you didn't.

17 MS. ASHTON: I'm going to object to the
18 form, but if you understand it . . .

19 BY MR. MACFALL:

20 Q That's fine.

21 A Restating my earlier testimony,
22 generally that just didn't happen, due to the
23 rigor of the communication process.

24 Q Okay. Could you describe the
25 communication process for me.

0078

1 DAVID ANDREW SEXTON, September 13, 2006

2 A The communication process was simply a
3 sharing of what had transpired at various analyst
4 meetings, what we were observing competitors were
5 doing, that sort of stuff, and there was a fairly
6 free flow of sharing of that information among the
7 various people in Investor Relations.

8 Q Was that information also shared with
9 individuals at the various Businesses?

10 A To some degree. Not in the depth that I
11 was suggesting. It was usually, you know, you
12 would share it with the executive, because the
13 executive was going to be standing up and doing
14 that, and whether he or she chose to share that
15 with people that were below them, I don't know.

16 Q Do you recall if during your tenure at
17 IR any of the analyst presentation materials that
18 you were involved in preparing concerned Shell's
19 Reserve Replacement Ratio?

20 A First of all, let me state, as I said
21 earlier, I generally was not responsible for
22 preparing the materials. My general
23 responsibilities were reviewing materials for
24 completeness, story line and that kind of stuff,
25 so I take some exception to your word "preparing."

0079

1 DAVID ANDREW SEXTON, September 13, 2006

2 If I now may answer the question,
3 generally no.

4 Q Do you recall if during your tenure at
5 IR any of the presentation materials that you
6 reviewed dealt with the issue of proved reserves?

7 A In my later years I believe that -- I
8 would suggest the subject of reserves was a topic
9 that was in the presentation.

10 Q Could you identify specifically what
11 years you're referring to.

12 A No, not really, without going back and
13 examining the written record.

14 Q Again I realize this is without benefit
15 of having a document in front of you, but do you
16 recall generally, as you sit here today, what was
17 said about reserves or what the materials stated
18 with regard to reserves.

19 A I think there was just some charts, and
20 the presentation talked about reserves resources
21 in a variety of different ways.

22 Q Do you recall if the materials
23 concerning reserves arose in connection with

24 Shell's production schedule?

25 A I don't sense a linkage -- no, I don't

0080

1 DAVID ANDREW SEXTON, September 13, 2006
2 sense that linkage that you're referring to.

3 Q During any of the year-end analyst
4 presentations conducted in the United States that
5 you attended, do you recall any analysts and/or
6 investors specifically raising questions about
7 Shell's Reserve Replacement Ratio?

8 A I think if I refer back to the
9 documents, I would note that it did come up in
10 conversation, and that's all I can safely say.

11 Q Do you recall if the topic of proved
12 reserves as opposed to reserves generically came
13 up at any of those year-end analyst presentations?

14 A That specific question I do not recall.

15 Q How about more generically with regard
16 to reserves; do you recall if that topic came up
17 at the year-end analyst presentation?

18 A I think in a general way, referring back
19 to the written record, the answer would be yes.

20 Q Now, do you recall if you had
21 occasion -- withdrawn. Do you know if any analyst
22 reports were issued discussing information that
23 was provided to them at a year-end analyst
24 presentation?

25 MS. ASHTON: I'm going to object to the

0081

1 DAVID ANDREW SEXTON, September 13, 2006
2 form. I didn't quite understand it.

3 BY MR. MACFALL:

4 Q I'm going to rephrase it. I believe you
5 stated that you periodically reviewed analyst
6 reports concerning Shell; is that correct?

7 A That is correct.

8 Q Okay. Did you review analyst reports
9 about Shell following the year-end analyst
10 presentations?

11 A Yes, I did.

12 Q Do you know if -- were you ever provided
13 with advance drafts of such reports for review or
14 comment?

15 A No.

16 Q Do you recall ever contacting an analyst
17 regarding inaccurate information contained in one
18 of those reports?

19 A On a rare occasion the analyst might
20 have misunderstood or omitted something, and we
21 would call that to the analyst's attention.

22 Q Do you recall any specific examples of
23 that?

24 A I think the -- I don't recall any
25 specifics. I would simply note that's usually

0082

1 DAVID ANDREW SEXTON, September 13, 2006
2 where the analysts would be making a judgment, and
3 the company would simply call up and question the
4 judgment of the analyst.

5 Q Now, when you say the company would call
6 up, did you mean you specifically?

7 A I specifically would call up on behalf
8 of the company and ask that question.

9 Q Do you recall approximately how many
10 times that happened?

11 A The analyst community that I dealt with
12 in the United States was extremely professional,
13 and that occurred on a very rare basis.

14 Q Excepting those rare occurrences, was
15 the information contained in the analyst reports
16 that you reviewed generally accurate concerning

17 Shell?

18 A I would say it was an accurate reporting
19 of what was shared at the meeting on a general
20 basis.

21 Q Now, separate and apart from the
22 year-end analyst presentations, did Shell also
23 conduct follow-up meetings with large investors
24 following the issuance of the Fourth Quarter QRA?

25 A Yes, they did.

0083

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q What was the purpose of those meetings?

3 A Just to see if those particular large
4 shareholders, other analysts might have had some
5 questions that were not addressed or whether they
6 wanted some additional depth on some subject
7 matter that might have been touched upon.

8 Q And again, although I did not frame it
9 as such before, I'm specifically addressing the
10 United States at this point.

11 A I took note of that.

12 Q Do you -- are you aware if such meetings
13 were conducted in the UK during your tenure at IR?

14 A My colleague in the UK did a similar
15 fashion after the meeting that was held there.

16 Q Are you aware if such or similar
17 meetings were conducted in Continental Europe
18 after the Fourth Quarter QRA issuance?

19 A I would note that they also occurred in
20 the Continent.

21 Q Could you generally describe for me how
22 those follow-up meetings with the shareholders
23 were conducted.

24 MS. ASHTON: Since you did switch back
25 and forth now, are you talking about the US?

0084

1 DAVID ANDREW SEXTON, September 13, 2006

2 MR. MACFALL: I am. Thank you.

3 THE WITNESS: In the US, just for the
4 record, those specific meetings were generally 30
5 to 45 minutes in length. You had an executive,
6 you had an IR, Shell IR representative there, and
7 one of any number of analysts. There are other
8 people connected with one firm in the room, and
9 you simply said hello, how are you, and what
10 questions would you like to talk about.

11 BY MR. MACFALL:

12 Q I take it from that then there were no
13 prepared remarks that were provided at those
14 follow-up meetings?

15 A No, there were not.

16 Q Who selected the attendees or the
17 invitees for those meetings?

18 A That was done by myself in the US for
19 those meetings in the US.

20 Q What was the criteria you used for
21 selecting who would be invited to those meetings?

22 A As I noted earlier when I talked about
23 the invitation list, they were either people that
24 were well-known sale side analysts that wrote
25 about our company, but generally it was

0085

1 DAVID ANDREW SEXTON, September 13, 2006
2 representatives of some of our larger
3 shareholders.

4 Q Do you recall approximately how many of
5 such meetings were conducted between '99 and 2003?

6 A Not really. There were meetings after
7 every significant strategy and year-end review.

8 Q Would it be fair to say that there were
9 multiple meetings of that type throughout a year?

10 A It would be accurate to say there were
11 multiple meetings in the US, that's correct.

12 Q Thank you.

13 In addition to analysts, do you recall
14 if there were any members of the financial press
15 or media who attended those meetings?

16 A Generally, no.

17 Q Do you recall any specific occasion when
18 there was a financial reporter present?

19 A Not, not in the year-end meeting. There
20 may be an occasional -- in connection with the
21 executive doing analyst meetings, the Media
22 Department may also arrange some meetings with
23 financial analysts in the area as well.

24 Q Just so I'm clear, was responsibility
25 for interacting with the financial press primarily

0086

1 DAVID ANDREW SEXTON, September 13, 2006
2 within the scope of the Media Department's
3 bailiwick?

4 A I would say this: They had the
5 overarching responsibility. On occasion they
6 would ask the Investor Relations person to answer
7 questions from a financial media or something like
8 that, but they had the ultimate responsibility.

9 Q Do you remember any specific instances
10 where you were asked to address questions posed by
11 the financial press?

12 A Yes, I do.

13 Q Okay. Do you recall approximately the
14 number of times that occurred?

15 A It was more than rare but less than
16 many.

17 Q Fair enough. Do you recall any of the
18 subjects that were raised during those discussions
19 or comments?

20 A A lot of times financial media not only
21 wanted to ask about press releases, but they
22 wanted to talk about management moves, things like
23 that.

24 Q Throughout your tenure at IR, did Shell
25 also conduct periodic strategy presentations?

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1 DAVID ANDREW SEXTON, September 13, 2006

2 A To be honest with you, the last -- yes.
3 I'm sorry. To answer your question, yes.
4 Specifically, yes.

5 Q I take it then -- correct me if I'm
6 wrong. Much of the testimony you've already
7 provided, did it also relate to strategy
8 presentation?

9 A It did. Most of the time -- sometimes
10 the company decided to do a strategy presentation
11 in a fourth quarter together. Sometimes they did
12 a fourth quarter, sometimes they did a separate
13 strategy, so most of my earlier testimony would be
14 consistent with the comments you had asked me
15 about the strategy session.

16 Q Am I correct that the format was
17 essentially the same; for example, there would be
18 prepared remarks provided followed by a
19 question-and-answer session?

20 A That is correct.

21 Q I take it also that your testimony in
22 connection with the preparation of those materials
23 would be essentially the same for the various
24 strategy presentations?

25 A Yes, it would.

0088

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Okay. Now, separate and apart from the

3 strategy presentations and year-end presentations,
4 were there also presentations by specific
5 Businesses within Shell?

6 A Yes, there were.

7 Q Do you recall Exploration and Production
8 conducting such presentations in the United States
9 during your tenure at Investor Relations?

10 A Yes, I do.

11 Q Do you recall -- withdrawn.

12 Going back to something that I probably
13 should have clarified much, much earlier, when in
14 1999 did you first begin to work for Investor
15 Relations?

16 A July of 1999.

17 Q Thank you. I take it then you were not
18 involved in the April 1999 Exploration and
19 Production presentation conducted in New York?

20 A No, I was not.

21 Q Okay. Do you recall an April 2000
22 presentation by Exploration and Production -- or
23 EP -- and Gas and Power?

24 A If you're referring to the one in
25 Houston, Texas --

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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q I am.

3 A -- yes, I was.

4 Q Could you generally describe for me your
5 role, if any, in that presentation.

6 A I was still relatively new in the
7 Department, and my role, as I testified earlier,
8 was limited to logistics, printing of materials,
9 securing a company to webcast that particular
10 event, and sending out invitations.

11 Q Now, when you say "webcast that
12 particular event," is that event webcast
13 worldwide?

14 A It was open to anyone that had a
15 browser.

16 Q Now, did you identify who invitations to
17 that event should be sent to?

18 A Again they were largely people based in
19 the US and the criteria that I addressed earlier.

20 Q Now, while you said "largely people
21 based in the US," do you have any recollection
22 that non-US-based market professionals attended
23 that event?

24 A I don't have a specific recollection.
25 Our general practice in the country would be to

0090

1 DAVID ANDREW SEXTON, September 13, 2006
2 invite US-based analyst investors to that. On
3 occasion, if someone outside the country could not
4 for some reason attend their version of this
5 event, we would allow them to come to the US.
6 Similarly, if someone in the US was not able to
7 attend the US event, they would be extended an
8 invitation to the one outside the US.

9 Q Specifically with regard to the event
10 conducted in Houston in April of 2000, do you
11 recall if any non-US-based market professionals
12 attended?

13 A I do not recall the specifics.

14 Q Could you describe for me generally what
15 the format of that presentation was.

16 A Somewhat similar to my earlier
17 testimony. There was prepared remarks, there was
18 a little bit more in-depth understanding of the
19 business, there was a lunch, and then there was a
20 question-and-answer session.

21 Q What was the purpose of that

22 presentation?
23 A Well, the purpose of that presentation
24 was, like all our presentations, was to educate
25 US-based analysts, shareholders and others in that
0091

1 DAVID ANDREW SEXTON, September 13, 2006
2 particular part of our business.
3 MR. MACFALL: Could we take a short
4 break.
5 THE VIDEOGRAPHER: This marks the end of
6 Tape 1 of the deposition of Mr. Sexton. We are
7 going off the record. The time is 12:10 p.m.
8 (Whereupon, a short recess was taken.)
9 THE VIDEOGRAPHER: This marks the
10 beginning of Tape 2 in the deposition of
11 Mr. Sexton. We are back on the record. The time
12 is 12:13 p.m.
13 (Exhibits 1 and 2 were marked for
14 identification and attached to the deposition
15 transcript.)
16 BY MR. MACFALL:

17 Q I am now handing you a document that has
18 been previously marked as Sexton Exhibit 1 for
19 identification. I'd ask you, sir, if you could
20 peruse that document and let me know whether or
21 not you recognize it.
22 A Yes, I do.
23 Q And what is it you recognize it to be,
24 sir?
25 A This appears to be a document, a copy of
0092

1 DAVID ANDREW SEXTON, September 13, 2006
2 the presentation that was made by the company to a
3 group of analysts and other investors in New York
4 at the end of 1999.
5 Q Do you recall if you were present for
6 that presentation?
7 A Yes, I was.
8 Q Did you participate in the preparation
9 of these materials comprising Sexton Exhibit 1?
10 A As I noted earlier in my testimony, I
11 did not participate in the preparation. I
12 participated in the review and the -- you know,
13 that kind of stuff, as I stated earlier.
14 Q Okay, thank you.
15 Mr. Sexton, if I could ask if you would
16 specifically direct your attention to the page
17 ending or bearing Bates numbers DC00004. Do you
18 have that, sir?
19 A Yes, I do.
20 Q I actually have a question about the
21 "Notes" portion of that document. It says "Notes"
22 and then indicates that the material there is
23 redacted. My only question is: Do you recall if
24 that portion of the document contained material
25 that was disseminated to the analysts? In other
0093

1 DAVID ANDREW SEXTON, September 13, 2006
2 words -- let me rephrase it. Did the -- do you
3 recall, without going into substance, if that
4 section under "Notes" originally contained printed
5 material that was part of the originally prepared
6 document?
7 MS. ASHTON: Let me -- because I'm
8 not -- are you asking him whether a print-out in
9 the format that he is seeing it with the slide on
10 the top and the notes on the bottom, with notes
11 printed, was given out at the presentation?
12 BY MR. MACFALL:
13 Q What I'm trying to get at is the Notes
14 section of the -- well, let's break it down that

15 way. It probably makes more sense. Do you recall
16 the presentation materials being distributed to
17 the attendees at that presentation in this format?

18 A They were not distributed in this
19 format.

20 Q Okay.

21 A Well, let me be absolutely precise.

22 Q Absolutely. Thank you.

23 A They were distributed in this format, in
24 exactly the format that you see. There was a
25 blank at the bottom of the page for the analysts

0094

1 DAVID ANDREW SEXTON, September 13, 2006
2 to take notes about what they heard about when the
3 slide was prepared. The text that was contained
4 in that was internal to Shell only.

5 Q That's fine. Thank you.

6 I'd like to direct your attention to
7 page bearing Bates Number DC00018. Do you have
8 that, sir?

9 A Yes, I do.

10 Q Okay. The third bullet point down
11 beneath the heading "Shell is building on a strong
12 competitive position" states, "Largest private
13 company gas reserves." Do you see that, sir?

14 A I see that.

15 Q Do you recall what, if anything, was
16 said with regard to that bullet point?

17 A Not specifically.

18 Q Do you recall if the gas reserves were
19 quantified during this presentation?

20 A I'm sorry. I don't understand the
21 question.

22 Q Did they give a volume of the gas
23 reserves at that presentation?

24 A I just don't recall.

25 Q Okay.

0095

1 DAVID ANDREW SEXTON, September 13, 2006
2 If I could now direct your attention to
3 Page 27 of that document. Do you have that, sir?

4 A Yes, I do.

5 Q The graphic is captioned "Nigeria-Bonga
6 Going Ahead." Immediately beneath that there is a
7 bullet point that says, "Reserves 0.6 billion
8 barrels." Do you see that?

9 A Yes, I do.

10 Q Okay. Do you know what type of reserves
11 that references?

12 A No, I do not.

13 Q Do you recall what, if anything, was
14 said with regard to the reserves at Bonga
15 specifically during that presentation?

16 A Not without referring to the transcript.

17 Q This may help.

18 Mr. Sexton, I'm now handing you what has
19 been marked as Sexton Exhibit 2 for
20 identification. I would ask you to look at that
21 document, sir. Take as long as you need. It's a
22 fairly lengthy document. Do you recognize this
23 document, sir?

24 A Yes, I do.

25 Q And what is it that you recognize it to

0096

1 DAVID ANDREW SEXTON, September 13, 2006
2 be?

3 A It appears, it appears to be the
4 transcript of the meeting that we looked at on
5 Document Sexton 1.

6 Q And that would be the transcript
7 relating to a meeting conducted in New York on

8 December 16, 1999, correct?

9 A That is my understanding.

10 Q Now, the top part immediately beneath
11 "Welcome and Opening Remarks," was that a portion
12 of the prepared statement that was made by
13 Mr. Moody-Stuart at that presentation?

14 A Yes, it was.

15 Q Directing your attention to Page 2 of
16 that document -- and the page reference I'll use
17 here are the top, the center top of the pages,
18 which is a little bit easier. The caption reads
19 "Portfolio Actions Announced," and I believe that
20 the sum and substance of the material beneath
21 talks about a portfolio restructuring. Do you
22 recall that being discussed during the analyst
23 presentation in December of 1999?

24 A Well, I see it in the transcript, so
25 yes.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Separate and apart from that, do you
3 have any independent recollection?

4 A No, not really.

5 Q Do you know why Shell's portfolio was
6 being restructured as described in the material
7 set forth in Sexton Exhibit 2?

8 A This particular time in our company's
9 history was one where there was some fundamental
10 changes that were announced in the marketplace, of
11 which portfolio actions were one of several
12 actions that were taken by the company.

13 Q I'd like to direct your attention now to
14 Page 3, the following page. The second caption
15 appearing on that page approximately two thirds of
16 the way down states, "Disciplined Capex Program,"
17 and I believe "Capex" refers to "capital
18 expenditure," correct?

19 A That is correct.

20 Q Do you recall if -- whether at this
21 presentation or outside of this presentation --
22 any analysts commented to you about concerns
23 regarding the effect of Shell's capital
24 expenditure program on the company's reserves?

25 A In the time frame that this presentation

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1 DAVID ANDREW SEXTON, September 13, 2006

2 was offered when oil prices were ten dollars, no.

3 Q If I could direct your attention now to
4 Page 7 of that document, again the second heading
5 on the page, a little bit more than halfway down,
6 states, "Building a Strong Competitive Position."
7 Do you see that, sir?

8 A Yes, I do. Thank you.

9 Q And beneath that there is discussion,
10 amongst other things, of Shell's various growth
11 areas, including deepwater. Do you recall if
12 there was any discussion of SDS or Shell Deepwater
13 Services during this presentation?

14 A I just don't recall that, no.

15 Q Directing your attention now to the last
16 sentence in that first paragraph, it states, "We
17 still have the biggest gas reserve space of any
18 private company, and we are still the leading
19 major in the LNG business." Could you explain for
20 me what the first part of that sentence means, "We
21 have the biggest gas reserve space of any private
22 company."

23 A I can't really add any more than what
24 you see there, which was to try to indicate to the
25 listener that we were, at the time this was

0099

1 DAVID ANDREW SEXTON, September 13, 2006
2 offered, had very significant gas reserves.
3 Q And again without reviewing the entirety
4 of the transcript, I take it you don't recall if
5 those reserves were quantified during this
6 presentation?

7 A I just don't recall without reviewing
8 the transcript.

9 Q That's fine.

10 If I could direct your attention now to
11 Page 10 of that document. Actually -- I'm sorry.
12 Probably to give it a context, if you could turn
13 to Page 9, the prior page, the topic here is the
14 caption "Mr. Steve Miller, Chairman and Chief
15 Executive Officer, Shell Oil Company." Do you see
16 that, sir?

17 A Yes, I do.

18 Q Do you recall Mr. Miller speaking at
19 this presentation?

20 A Yes, I do.

21 Q Okay. Now directing your attention
22 specifically to the very last line of Page 9,
23 seven eighths of the way through that line appears
24 the sentence that begins, "As you know, the," and
25 then follows on the next page. Mr. Miller talks

0100

1 DAVID ANDREW SEXTON, September 13, 2006
2 about technology advances as well as commerce and
3 finance advances and in the next sentence talks
4 about "reservoir of talent, creativity, drive," et
5 cetera, and specifically cites "expertise in
6 deepwater technology developed in Shell Oil." Are
7 you aware of if Mr. Miller was talking about SDS
8 or Shell Deepwater Services when he referenced the
9 "expertise and deepwater technology developed in
10 Shell Oil"?

11 A In response I would simply call your
12 attention back on Page 9 or the last full
13 paragraph where Mr. Miller said, "In my role as a
14 domestic leader," so Mr. Miller's context was
15 strictly from a US perspective.

16 Q I understand, but was he talking about
17 SDS as far as you know?

18 A I don't know. I think Mr. Miller was
19 simply referencing, as the text indicates, that
20 the US had been successful in that area in the
21 past.

22 Q He goes on, however, to indicate that
23 deepwater technology "is now employed by some 20
24 Group companies around the world," correct?

25 A He does.

0101

1 DAVID ANDREW SEXTON, September 13, 2006
2 Q If I could now direct your attention,
3 sir, to Page 12 of that document, toward the
4 bottom of the page appears the caption "Oil
5 Production and Gas Sales," and there's text that
6 follows. I'd actually like to direct your
7 attention to a portion of the second paragraph
8 that appears on Page 13. Specifically,
9 approximately halfway through that paragraph --
10 actually I'll give it to you by line. It's
11 probably easier. The seventh line down from the
12 top of that paragraph, about a third of the way
13 in, appears the sentence starting, "The total
14 hydrocarbon growth." Do you see that, sir?

15 A Yes, I do.

16 Q And the sentence continues, "We are
17 expecting averages five percent a year over the
18 next five years, and that is excluding any volumes
19 from Iran." Can you describe for me what was

20 meant by "hydrocarbon growth."
21 A Oil and gas.
22 Q Did that -- withdrawn.
23 If I could direct your attention
24 specifically now to Page 39 of that document,
25 about halfway down the page appear the words

0102

1 DAVID ANDREW SEXTON, September 13, 2006
2 "Mr. Mark Gilman." Do you see that, sir?
3 A Yes, I do.
4 Q Okay. Does this indicate that
5 Mr. Gilman spoke at the analyst conference during
6 the Q&A session as far as you know?
7 A Yes, he did.
8 Q Okay. Could you identify Furman Selz
9 for me.

10 A As I noted earlier in my testimony,
11 Mr. Gilman used to work for Furman Selz, used to
12 work for First Albany, and now works for another
13 company, so he was the analyst I was referring to
14 earlier. I don't recall exactly who Furman Selz
15 was.

16 Q Are you aware if Furman Selz was a sell
17 side investment bank or brokerage house?

18 A I can't --

19 MR. FERRARA: Objection as to form. He
20 said he doesn't know who they were.

21 BY MR. MACFALL:

22 Q Okay. Do you know if they were based in
23 the United States?

24 MS. ASHTON: Objection as to form.

25 THE WITNESS: I certainly would suggest

0103

1 DAVID ANDREW SEXTON, September 13, 2006
2 that Mr. Gilman was based in the United States.
3 That's all I can safely say.

4 BY MR. MACFALL:

5 Q Thank you.

6 Now, Mr. Gilman specifically mentions
7 600-million barrel equivalent reserve in Bonga,
8 which he states "is dramatically lower than
9 anything [he] remembered seeing in the industry in
10 the last couple of years." Do you or did you at
11 the time have any independent knowledge concerning
12 the anticipated volumes from Bonga?

13 A Only in the document that was in
14 Sexton 1.

15 Q Was information concerning specific
16 volumes of production or reserves normally
17 provided by the Businesses themselves?

18 A That is correct.

19 Q Okay. Mr. Moody-Stuart, in response to
20 the comments and question by Mr. Gilman,
21 characterized Bonga as "a great big structure with
22 lots of little lobes and different bits." He then
23 states, quote, "We are talking about the reserves
24 we are developing in this tranche. The overall
25 upside on Bonga and what we will do in the future,

0104

1 DAVID ANDREW SEXTON, September 13, 2006
2 you will hear about in the future," close quote.
3 Do you know what reserves Mr. Moody-Stuart was
4 specifically referring to in connection with
5 Bonga? And by that I mean were they expectation
6 reserves versus proved reserves.

7 MS. ASHTON: If you know.

8 THE WITNESS: To answer your question
9 specifically, I don't know any more than what is
10 noted in the transcript.

11 BY MR. MACFALL:

12 Q That's all right. Thank you.

13 I'd like to now direct your attention to
14 Page 42 of that document. Third line from the top
15 of the page, there appears reference to Mr. Jim
16 Clark of Credit Suisse First Boston Corporation.
17 Do you recall Mr. Clark attending that
18 presentation?

19 A Yes, I do.

20 Q Mr. Clark, amongst other things, stated,
21 "If you look at a \$6 million" -- sorry --
22 "\$6 billion budget and assume historic finding and
23 development costs, it looks like your reserve
24 growth will lag your production growth fairly
25 substantially," and then it continues. Do you

0105

1 DAVID ANDREW SEXTON, September 13, 2006
2 recall that being discussed during this analyst
3 presentation separate and apart from what appears
4 in the document?

5 A I can only refer to what is in the
6 document.

7 MR. MACFALL: I realize it's a few
8 minutes early, but it's -- why don't we break now
9 for lunch, and then we can accommodate your
10 schedule and resume -- is an hour good for you?

11 MR. FERRARA: That's good.

12 MR. MACFALL: Okay, great.

13 THE VIDEOGRAPHER: We are going off the
14 record. The time is 12:33 p.m.

15 (Whereupon, the lunch recess was taken.)

16 (Exhibit No. 3 was marked for
17 identification and attached to the deposition
18 transcript.)

19 THE VIDEOGRAPHER: We are back on the
20 record. The time is 1:39 p.m.

21 BY MR. MACFALL:

22 Q Mr. Sexton, I'm now handing you a
23 document which has been previously marked for
24 identification as Sexton Exhibit 3. I'd like you
25 to look at that, sir, and tell me if you recognize

0106

1 DAVID ANDREW SEXTON, September 13, 2006
2 that document.

3 A I don't know if I've actually seen this
4 document before, but I certainly understand what
5 the document is.

6 Q Are you familiar with proposed meetings
7 that were scheduled for March of 2000 in both
8 Schiphol in the Netherlands and Houston in the
9 United States?

10 A I was aware that those meetings were
11 going to occur, yes.

12 Q Did those meetings actually occur?

13 A I can only speak for the one in Houston,
14 and they certainly did.

15 Q Do you recall if that meeting occurred
16 on March 16th?

17 A I do not recall.

18 Q Okay. And for the record, the document
19 is entitled "Note for Discussion ExCom, 10th
20 January 2000, Outline EP & GP Presentation to
21 Financial Analysts, 15 & 16 March 2000." There
22 are various issues described in the document
23 concerning the planning for those meetings.

24 I'd like specifically, sir, to direct
25 your attention to the second page of that

0107

1 DAVID ANDREW SEXTON, September 13, 2006
2 document. I'd like now to direct your attention
3 to Item 2 appearing at the top of the page, which
4 is "Venue: 15 March in Holland & 16 March in
5 Houston (decision required)." Then it says,

6 "Issue," and there are a series of bullet points.
7 Directing your attention specifically to
8 the second bullet point appearing beneath that
9 caption, it states, "Alternatively, to provide
10 more time to ensure proper execution on both
11 venues while minimizing the time gap, the first
12 presentation could be scheduled in Houston on
13 March 15 and subsequently in Schiphol on 17/3.
14 However, the media will already publish reports on
15 16 March, which might have a negative effect on
16 the 17/3 meeting."

17 Sir, do you recall that issue being
18 discussed within IR in the United States prior to
19 the conduct of the March 2000 meeting?

20 A Well, first of all, for the record, I'm
21 not sure I have seen a copy, since this is a Note
22 for Discussion in the Executive Committee of the
23 Upstream Business. This is not an IR document.
24 I'll make note of that. If I just look at the
25 document, the bullet point that you're

0108

1 DAVID ANDREW SEXTON, September 13, 2006
2 referencing, I just am not aware or remember if
3 that specific point was discussed in the IR
4 community.

5 Q Do you have any understanding of what is
6 meant by "the media will already publish reports
7 on 16 March, which might have a negative effect on
8 17/3 meeting"?

9 MR. FERRARA: Objection as to form. He
10 said he's never read the document and this doesn't
11 refresh his recollection of the discussion.

12 But you can answer it if you can.
13 BY MR. MACFALL:

14 Q I'll withdraw the question. Let me ask
15 you this: During your tenure with IR in the
16 United States, were there occasions when
17 information was disseminated into the financial
18 market first in the United States and then in
19 Europe?

20 A As a general rule, it always started in
21 Europe. I don't recall a specific time where
22 information was first disseminated in the US. I
23 just don't recall that.

24 Q Were media reports concerning events in
25 the United States, to the best of your

0109

1 DAVID ANDREW SEXTON, September 13, 2006
2 recollection, disseminated in Europe during your
3 tenure at IR?

4 A I'm going to have to ask you to
5 rephrase.

6 Q Sure. Do you recall any occasions when
7 media accounts of activities in the United States
8 were published in Europe during the time you were
9 with IR?

10 A I cannot recall any specific instance.

11 Q Did you monitor the financial press in
12 Europe?

13 A My responsibility was to monitor the
14 financial press in the United States.

15 Q I take it by your answer then that you
16 normally did not monitor the financial media in
17 Europe?

18 A I personally did not monitor the
19 financial press outside the United States.

20 Q Thank you.

21 Now, directing your attention to Number
22 4, which is about halfway down the page, that's
23 captioned "Number of Speakers and Names (decision
24 required)," and the third bullet indicates the

25 proposed speakers. It says, "General: Phil
0110

1 DAVID ANDREW SEXTON, September 13, 2006
2 Watts," and then it continues. Do you recall if
3 Mr. Watts actually spoke at the March 2000 meeting
4 in Houston?

5 A I believe Mr. Watts did speak at the
6 March 2000 meeting.

7 MS. ASHTON: Just for the record, I
8 think he's not sure, I think, when this meeting
9 occurred in Houston, so I think that was his
10 testimony.

11 THE WITNESS: I think a meeting
12 happened. I guess your earlier question, which I
13 answered no, I was not certain exactly when the
14 meeting occurred.

15 MS. ASHTON: When you say "March," I
16 don't think the record reflects that it actually
17 was in March.

18 MR. MACFALL: That's fine.
19 May I have that marked, please.

20 (Exhibit No. 4 was marked for
21 identification and attached to the deposition
22 transcript.)

23 BY MR. MCFALL:

24 Q Mr. Sexton, I'm handing you a document
25 that has been marked as Sexton Exhibit 4 for
0111

1 DAVID ANDREW SEXTON, September 13, 2006
2 identification, and I'd ask you to peruse that
3 document, sir, and tell me if you recognize it.

4 A Well, it is obviously a transcript, but
5 the way it's worded, I'm not quite sure from the
6 wording if it's the transcript for the meeting in
7 the UK or the transcript for the meeting in New
8 York.

9 Q Do you recall ever having seen this
10 document before in this format?

11 A I can recall seeing the transcript for
12 the meeting in New York. I cannot recall seeing
13 the transcript, if this is the one for the UK.

14 Q Did a, did an -- I'm sorry. Withdrawn.
15 Do you recall that there was a meeting conducted
16 in New York with analysts in or about December of
17 2000?

18 A I believe there was.

19 Q Do you recall if you attended that
20 meeting?

21 A I believe I did.

22 Q Now, earlier today you described
23 generally what your role was in the preparation or
24 the review of various presentation materials used
25 at those meetings. Do you recall generally if
0112

1 DAVID ANDREW SEXTON, September 13, 2006
2 that earlier testimony was also true with respect
3 to this meeting? In other words, did you review
4 materials, et cetera, for this meeting, if you
5 recall?

6 A Before I answer that question, let me
7 just note that as I scan the document and I look
8 at the people that are noted as asking the
9 questions in the question-and-answer section, this
10 is obviously the transcript from the London
11 meeting, so therefore this is not the transcript
12 from the New York meeting. I just note that for
13 the record.

14 Q Okay, but with regard to the meeting
15 that was conducted in New York, did you review the
16 presentation material? Withdrawn. Were there
17 presentation materials used at that meeting?

18 A Yes, there were.
19 Q Do you recall if you reviewed those
20 presentation materials prior to their actual use
21 at the meeting?
22 A As the normal course of business, the
23 answer is yes.
24 Q Now, you had earlier testified generally
25 about the extent of your review or participation

0113

1 DAVID ANDREW SEXTON, September 13, 2006
2 with regard to the prepared comments utilized at
3 various presentations. Do you recall specifically
4 if you performed that same role in connection with
5 the December 2000 presentation in New York?

6 A I did generally for that presentation as
7 well, yes.

8 Q I realize you may or may not be able to
9 answer this without virtue or without benefit of
10 the comparison, but turning to the second page of
11 that document which you have indicated is the
12 transcript of the London meeting, there are what
13 appear to be various prepared comments. Let me
14 ask you generally first: Were those prepared
15 remarks normally the same for London and for the
16 United States?

17 A Generally, yes.

18 Q Now, more specifically, I take it you
19 have no specific recollection as to whether or not
20 the prepared remarks that appear in this document
21 were the same as those used in the New York --

22 A You are correct.

23 Q -- meeting. Thank you.

24 I'd like to direct your attention to
25 Page 25 of Exhibit 4. Directing your attention

0114

1 DAVID ANDREW SEXTON, September 13, 2006
2 specifically to the second full paragraph on that
3 page, the second sentence states, "We are the
4 clear leader." Do you have that sentence, sir?

5 A Yes, I do.

6 Q "We are the clear leader, with the
7 lowest finding and development costs and the
8 lowest adjusted production costs, the highest
9 replacement ratios and importantly, the biggest
10 operator-ship, especially outside North America."

11 My question is this -- and I realize
12 that again with the caveat that this is not the
13 actual transcript of the meeting in New York -- do
14 you recall generally the replacement ratio being
15 discussed in the New York meeting in December of
16 2000?

17 A All I can suggest, given my earlier
18 testimony, is something similar -- that the words
19 you see on this page was probably spoken in New
20 York as part of the prepared remarks.

21 Q But you have no specific recollection?

22 A I have no specific recollection.

23 Q Thank you, sir.

24

25

0115

1 DAVID ANDREW SEXTON, September 13, 2006
2 (Exhibit No. 5 was marked for
3 identification and attached to the deposition
4 transcript.)

5 BY MR. MACFALL:

6 Q Mr. Sexton, I'm now handing you a
7 document that has been marked Sexton Exhibit
8 Number 5 for identification, and I ask, sir, if
9 you could look through that and tell me if you
10 recognize that document.

11 A Yes, I have.
12 Q What is it that you recognize that
13 document to be, sir?
14 A That appears to be the prepared remarks
15 for Phil Watts that he gave at a conference in New
16 York in 2002.
17 Q The document specifically references a
18 UBS Warburg Energy Conference. Do you recall that
19 that was the conference Mr. Watts attended and is
20 the subject of this document?
21 A Not that specific one. I just know
22 Mr. Watts attended conferences during that time
23 frame.
24 Q Do you recall if there was a similar
25 conference conducted by UBS Warburg in Europe in
0116

1 DAVID ANDREW SEXTON, September 13, 2006
2 or about February of 2002?

3 A I have no knowledge.
4 Q Now, with regard to these Power Point
5 materials that are reproduced in this document,
6 did you have occasion to review those materials
7 prior to the conference?
8 A Yes, I would.
9 Q Do you recall if you specifically
10 commented on the content of those Power Point
11 presentation materials?
12 A I don't recall.
13 Q Do you know who it is that prepared
14 those materials?
15 A Not specifically.
16 Q Do you know generally?
17 A Generally it would be someone that
18 worked for Mr. Watts, but other than that, I don't
19 really have a specific answer for you.
20 Q Okay, thank you.
21 I'd like to direct your attention
22 specifically to Page 27 of that document as it
23 relates to slide 15. Do you have that, sir?
24 A Yes, I do.
25 Q The final three lines on that page, the
0117

1 DAVID ANDREW SEXTON, September 13, 2006
2 last paragraph, states, "Nigeria will remain an
3 extremely important part of our portfolio over the
4 long term. The country has nearly 30 billion
5 barrels of remaining oil reserves, the fourth
6 largest outside the Middle East." Do you recall
7 or do you have any specific recollection of that
8 being discussed during that presentation or during
9 that UBS Warburg conference?

10 A All I can note is that that was in the
11 prepared remarks for that conference.
12 Q So you don't recall whether -- any
13 discussion concerning the reserves in Nigeria
14 specifically?
15 A No.
16 Q Okay. Do you recall the purpose of that
17 conference which is the subject of Exhibit 5?
18 A The purpose of the conference was like
19 many conferences. Executives would have to share
20 information about our company with analysts and to
21 answer questions about the performance of the
22 company.
23 Q Was Mr. Watts specifically invited to
24 speak at that conference?
25 A I believe he was.

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1 DAVID ANDREW SEXTON, September 13, 2006
2 Q Was that invitation conveyed through
3 your office?

4 A If it was in New York, I would assume
5 so, yes.

6 Q Do you recall who the UBS Warburg
7 analyst was during this time period?

8 A No, I do not.

9 Q Besides representatives of UBS Warburg,
10 Mr. Watts and yourself, do you recall any of the
11 attendees at this conference?

12 A Not specifically. Generally people like
13 UBS would invite a number of people that own
14 shares in energy companies to participate in such
15 a conference.

16 Q Do you recall if UBS Warburg issued any
17 reports concerning information conveyed during
18 this conference?

19 A I would simply note that as a general
20 rule, whenever analysts have conferences like
21 that, they do have a tendency to issue reports.
22 Whether UBS did specifically or not, I don't know.

23 Q I take it since it was a UBS Warburg
24 conference, there were no other analysts from
25 other investment banks or brokerages present; is
0119

1 DAVID ANDREW SEXTON, September 13, 2006
2 that correct?

3 A I can't speak for who UBS invited to
4 their meeting.

5 Q Do you have a specific recollection of
6 other analysts being present at that conference?

7 A I do not have a specific recollection.

8 Q Do you know as a general matter whether
9 or not other analysts would be invited to attend
10 conferences sponsored by a particular investment
11 bank?

12 A As a general rule, other sell side
13 analysts would not be invited, but potentially
14 other buy side analysts would be invited.

15 Q Okay, thank you.

16 (Exhibit No. 6 was marked for
17 identification and attached to the deposition
18 transcript.)

19 BY MR. MACFALL:

20 Q Mr. Sexton, I'm now handing you a
21 document that has been marked for identification
22 as Sexton Exhibit 6. I would ask you to look at
23 it, sir. I would note it is a rather lengthy
24 document with many different parts, so please take
25 as much time as you feel necessary to familiarize
0120

1 DAVID ANDREW SEXTON, September 13, 2006
2 yourself.

3 A Yes.

4 Q Directing your attention to the first
5 page, appearing at the top of that page is a
6 caption, "Questions/Issues from Meeting with
7 Capital Guardian in New York, 19-04-2002," which I
8 take it is April 19, 2002; is that correct, sir?

9 A In the European fashion, that's correct.

10 Q Do you recall a meeting occurring on
11 that date with Capital Guardian in New York?

12 A I do not recall the specific meeting. I
13 do recognize the document that resulted from the
14 meeting.

15 Q Before we delve into the document a
16 little more specifically, was there a shift in
17 emphasis in or about 2002 away from the conduct --
18 withdrawn. Was there a shift in emphasis in or
19 about 2002 to conducting more one-on-one meetings
20 with buy side analysts and investors? And by that
21 I mean within the United States.

22 A Reflecting on the words in your

23 question, I don't know if I would say there was a
24 "shift in emphasis." There perhaps was an
25 increased emphasis on attracting more people to

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1 DAVID ANDREW SEXTON, September 13, 2006
2 our stock.

3 Q Did there come a time in 2002 when Royal
4 Dutch/Shell was excluded from the S&P 500?

5 A That is correct.

6 Q And that action resulted from, as I
7 understand it, the ownership -- I'm sorry -- the
8 structure of Royal Dutch/Shell as opposed to any
9 particular action conducted or --

10 A It was largely driven by the Standard &
11 Poore Company deciding they did not wish any
12 American repository receipt stocks be carried in
13 the Index.

14 Q Thank you for that clarification.

15 A No problem.

16 Q Was there a perception within Shell that
17 the exclusion from the S&P 500 was a negative fact
18 or a negative event?

19 A I think Shell realized that it was less
20 people owned the stock, so that was not a good
21 thing, because there was less people didn't own
22 the Index.

23 Q Could you generally describe for me why
24 it was that exclusion from the S&P 500 would
25 result in a lower ownership of Shell stock.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 A Many people -- many funds are simply
3 mirrors of certain indices, depending on the fund
4 structure, the fund rules. If the fund structure,
5 the fund rules were along following the S&P
6 guidelines, S&P Index, which in this case was the
7 S&P 500, and your stock was no longer carried by
8 that fund, then the fund would be obligated, under
9 fund rules, to sell your stock, so there would
10 be -- depending on how many funds had those rules,
11 you could have a significant amount of sales of
12 your stock over a very short period of time as
13 they adjusted their portfolios.

14 Q Do you recall if that, in fact, happened
15 in connection with Shell?

16 A It did.

17 Q Without benefit of a document, I
18 realize, but do you have any sense of or can you
19 provide any quantification of the number of shares
20 sold as a result of the S&P 500 exclusion?

21 A Not without going back to my notes, no.

22 Q Now, the increased emphasis on
23 one-to-one meetings with buy side analysts and
24 large investors, I believe you stated, was at
25 least in part a consequence of the exclusion from

0123

1 DAVID ANDREW SEXTON, September 13, 2006
2 the S&P 500; is that correct?

3 A This was one of several factors that
4 were occurring at this particular time.

5 Q Were there other factors that
6 contributed to the increased emphasis on
7 conducting such meetings?

8 A If you recall, we had, in 2001, made an
9 acquisition of Texaco's interest in the Downstream
10 Business in the United States. There was a lot of
11 interest in that particular transaction from
12 people that owned the stock or that wrote about
13 the stock, and that was another factor besides the
14 S&P issue that contributed to probably some
15 increased emphasis on one-on-ones.

16 Q Was the purchase of Texaco generally
17 viewed as a positive or a negative for Shell; do
18 you recall?

19 MS. ASHTON: By whom?
20 BY MR. MACFALL:

21 Q By the market generally.

22 A I think by the market it was generally
23 viewed as not very positive.

24 Q What was the purpose of conducting
25 one-on-one meetings with buy side analysts and --
0124

1 DAVID ANDREW SEXTON, September 13, 2006
2 withdrawn. With respect to the one-on-one
3 meetings, were such meetings conducted only with
4 individuals or entities that owned Shell, or were
5 they also conducted with entities that Shell
6 believed might be induced to consider purchasing
7 Shell?

8 A The meetings were held with both types
9 of folks.

10 Q Now, with regard to Capital Guardian
11 specifically, do you recall who they were or who
12 it was?

13 A Who they are, yes, I do.

14 Q Okay, and could you describe that for
15 me.

16 A They are a very, very large fund that
17 has a number of mutual funds that are offered to
18 investors in the United States market.

19 Q Do you recall if at the time of the
20 meeting Capital Guardian was a shareholder or held
21 a position within Shell?

22 A Yes, I do.

23 Q Who arranged for -- withdrawn. Did
24 Shell first contact Capital Guardian with respect
25 to the possibility of conducting a meeting, or did
0125

1 DAVID ANDREW SEXTON, September 13, 2006
2 Capital Guardian contact Shell?

3 A I don't know that. They being one of
4 our largest shareholders, it was kind of a
5 standing opportunity that anytime one of our
6 executives was in town, they would always welcome
7 an opportunity to see that individual.

8 Q Did you participate in the organization
9 of the meeting with Capital Guardian?

10 A Yes, I did.

11 Q Do you recall who attended that meeting
12 on behalf of Shell?

13 A No, I do not. I do not remember.

14 Q Do you recall who attended the meeting
15 besides representatives of Capital Guardian, if
16 anyone?

17 A The only people in this particular one,
18 if my memory serves me correct, was
19 representatives from Shell and representatives
20 from Capital Guardian.

21 Q Do you recall approximately how long
22 that meeting lasted?

23 A Meetings of that nature generally lasted
24 anywhere from an hour, hour and a half in time.

25 Q I'd like to direct your attention now to
0126

1 DAVID ANDREW SEXTON, September 13, 2006
2 the second page of the document. That page bears
3 the caption "US West Coast Briefing Materials,"
4 and that is followed by at least one printed page.
5 Do you know what these materials are, sir?

6 A They're part of a briefing package that
7 the executive would receive before they embarked
8 on the trip.

9 Q Just for my own edification, because
10 it's not apparent to me, while the documents bear
11 consecutive Bates numbers, do you know if the US
12 West Coast Briefing Materials are actually part
13 and parcel of the material we looked at before,
14 the questions/issues from the Capital Guardian
15 meeting?

16 A Without going back and referring to my
17 calendar, I just don't know the answer to that
18 question.

19 Q All right. That's fine. Thank you.
20 Directing your attention now to the
21 second page of -- well, I'm sorry -- to what I
22 guess is the -- let me do it this way -- page
23 ending in Bates numbers 21662. Do you have that,
24 sir?

25 A Yes, I do.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Okay. Do you know who wrote this
3 portion of the document?

4 A I believe, if I note the bottom of the
5 page, it was Simon Henry.

6 Q Do you recall reviewing this document
7 prior to the time -- well, withdrawn. The
8 document in the first line is addressed to
9 somebody named "Phil." Do you know if that is
10 Philip Watts?

11 A That would be Mr. Watts.

12 Q The document is dated September 12,
13 2002. Do you recall if you had an opportunity to
14 review this document prior to the time that it was
15 sent to Mr. Watts?

16 A I think if you look at the way -- if you
17 look at what Simon has said, basically Simon did
18 this, and the answer was this was a collection of
19 data, and the only thing I had, as noted in the
20 document, first bullet point, I did have a chance
21 to review and prepare a detailed agenda for Phil,
22 but a lot of the rest of the material was pulled
23 together from, from other sources, including --
24 but Simon was overall coordinator for this
25 particular event.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Okay. Actually, the first bullet point,
3 in addition to the detailed agenda, it also
4 indicates that you had provided an assessment of
5 their areas of interest, "their" I believe being
6 reference to the attendees of the meeting,
7 correct?

8 A Correct. That is also true.

9 Q If I could now direct your attention to
10 the page ending Bates Number -- bearing Bates
11 number 21664. Do you have that, sir?

12 A Yes, I do.

13 Q Okay. And again it states, "Investor
14 Relations, Philip Watts" and then continues. Do
15 you recall if this portion of the document -- and
16 if you would, you can just flip through it, the
17 next few pages -- were materials that were
18 prepared by you?

19 A If I look at the pages starting on
20 21666, detailing the various cities on the West
21 Coast tour, I recognize those documents as being
22 documents that I prepared.

23 MS. ASHTON: Just maybe so the record is
24 clear, Mr. Sexton, would that end on 21670?

25 THE WITNESS: I would suggest it ends on

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1 DAVID ANDREW SEXTON, September 13, 2006

2 21670, and then we move into the actual
3 presentation Mr. Watts would be using.

4 MS. ASHTON: Thank you.

5 BY MR. MACFALL:

6 Q Now just generally underneath each of
7 what I guess are the proposed meetings or
8 scheduled meetings --

9 A Correct.

10 Q -- there are a series of bullet points
11 discussing various analysts and issues. Did you
12 draft these materials based on your experience
13 with those analysts?

14 A Yes.

15 Q Do you recall what the purpose of these
16 meetings were?

17 A At the time the Chairman of the
18 Committee of Managing Directors of our company
19 would usually come to the United States twice a
20 year, once would do an East Coast tour, investors
21 there, and once would do a West Coast tour, and
22 this just happened to be the West Coast swing of
23 that effort. Again it was to meet with
24 shareholders, meet with analysts, and also meet
25 with potential shareholders.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Generally do you recall if any analyst
3 reports were published subsequent to these
4 meetings containing information that was discussed
5 during those meetings?

6 A Not specifically, no.

7 Q I'd like now to direct your attention to
8 Page ending in Bates Number 21699. And on the
9 side of the page there is a notation, "Issues
10 Briefing, Including Q&A," and then the document
11 continues. Do you recall that portion of the
12 materials?

13 A I recognize the materials, yes.

14 Q Did you participate in either the review
15 or the drafting of these specific materials, the
16 Issues Briefing, Including Q&A?

17 A If I look at the first several pages of
18 the materials, I would suggest instead of
19 drafting, it would be more correct to say at this
20 particular point that this was a gathering of
21 information. Pages, for the record, 21700 and
22 21701 were already in existence if I'm not
23 mistaken. I could go through here page by page,
24 but most of this material appears on the surface,
25 without looking at every single page, to be

0131

1 DAVID ANDREW SEXTON, September 13, 2006
2 largely materials that were already in existence,
3 and this was a gathering of the documents.

4 Q So this document that's captioned on the
5 page ending 00, "Key IR Messages," it's your
6 recollection that this document existed separate
7 and apart from this portion of the presentation --
8 the briefing materials provided to Mr. Watts; is
9 that correct?

10 A That is my recollection.

11 Q Do you recall who prepared that document
12 or that portion of this document?

13 A This particular document was generally
14 prepared by Investor Relations in London.

15 Q Was this document then disseminated
16 through the various Investor Relations offices in
17 the UK, Continental Europe and the United States?

18 A Yes, it was.

19 Q I'd like now to direct your attention
20 to, specifically to the third entry from the

21 bottom. Do you see that, sir? It says, "Three
22 percent hydrocarbon growth, 2000-2005." That's
23 under the column that says "Messages," and then
24 next to it appears a column that says "Examples."
25 It says, "Focused on deepwater, Nigeria and major
0132

1 DAVID ANDREW SEXTON, September 13, 2006
2 resource holders." Do you recall the three
3 percent hydrocarbon growth for 2000-2005 being a
4 key Investor Relations message during 2002?

5 A Yes, I do.

6 Q Was that something that you undertook
7 efforts to communicate to the financial markets
8 during that time period?

9 A Yes, I did.

10 Q How is it that you tried to communicate
11 that information to the markets?

12 A Much like you see there was to
13 illustrate to people that were receiving that
14 message what projects were coming on at certain
15 times, how large they were, et cetera.

16 Q The hydrocarbon growth that's referred
17 to there, could you describe for me what
18 specifically is meant, and by that I mean was it
19 production, reserves?

20 A Generally, hydrocarbon growth was
21 production.

22 Q I'd like now to direct your attention,
23 Mr. Sexton, to Page 21713. Do you have that, sir?

24 A Yes, I do.

25 Q Okay. Do you recall -- well, for the
0133

1 DAVID ANDREW SEXTON, September 13, 2006
2 record, it's captioned "Miscellaneous Topics." Do
3 you recall, consistent with your prior testimony,
4 that this particular portion of the document was
5 part of some package materials that previously
6 existed within Investor Relations in the United
7 States?

8 A Without specifically referring to my
9 notes, that's the best I can offer.

10 Q Beneath "Miscellaneous Topics" appear
11 the words "Key Messages." Is it your
12 understanding that those were key messages to be
13 delivered to the financial markets by IR?

14 A Yes.

15 Q I'd like to direct your attention to
16 the, I guess the last caption on that page. About
17 three quarters of the way down, it's captioned
18 "Reserve Replacement Ratios." Do you have that,
19 sir?

20 A Yes, I do.

21 Q Do you recall Reserve Replacement Ratios
22 being a key message that IR was tasked with
23 communicating to the investing community in or
24 about this time period?

25 A Yes, I was.
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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q The first bullet point indicates that
3 Shell aims to "replace production over time." Do
4 you recall if there was any additional information
5 or expansion of that bullet point that was
6 provided to the financial markets during this time
7 period or in connection with that message?

8 A No, I'm not.

9 Q There was a handwritten notation that
10 appears next to it. Do you recognize that
11 handwriting by any chance?

12 A No, I don't. I'm sorry.

13 Q That's fine. Thank you.

14 The next bullet point says, "We
15 recognize reserves as we take project development
16 decisions; these are lumpy, but we are confident
17 we have a series of attractive projects currently
18 maturing towards that decision." Do you have an
19 understanding of what was meant by "we recognize
20 reserves as we take project development
21 decisions"? I guess my question is: What does
22 that phrase mean?

23 A I don't know if I can add anything to
24 the English. The English is fairly specific. "We
25 recognize reserves," "we" being Royal Dutch/Shell
0135

1 DAVID ANDREW SEXTON, September 13, 2006
2 Group, "as we," the Royal Dutch/Shell Group, "take
3 project" -- I don't think I can add anything to
4 the English.

5 Q With respect to the term "reserves," do
6 you know specifically what kind of reserves are
7 being referenced?

8 A I do not.

9 Q The next phrase in that sentence is
10 "these are lumpy." Do you know what that means?

11 A "Lumpiness" refers to the fact that
12 there is not a set schedule when this occurs, and
13 there will be some years that will be higher and
14 some there will be some years lower, because these
15 come not in any sequence.

16 Q The last bullet point appears on that
17 page references -- well, actually when I read it,
18 it says, "In the next 6-12 months we are aiming to
19 take decisions on Kashagan, China and Sakhalin, as
20 well as smaller projects in the North Sea, Gulf of
21 Mexico and in West Africa." Do you recall
22 communicating that to the market?

23 A I don't know if I recall specifically
24 standing up and saying that, but that was a part
25 of the overall discussion when the topic was
0136

1 DAVID ANDREW SEXTON, September 13, 2006
2 discussed.

3 Q And just because I don't want to try and
4 trap you, I'd like to direct your attention to the
5 following page, and appearing at the top of that
6 there is a bracketed notation. It says, "Note:
7 Data from EP, not for use externally."

8 A I understand.

9 Q Do you have an understanding of why that
10 notation was there, why somebody noted that that
11 data was not for external use?

12 A Frequently in these kind of
13 presentations there was material that was not to
14 be used externally to make sure the executive had
15 a full understanding of the topic and the message.

16 Q Now, just with regard to that, because
17 I'm unclear, do you have any understanding as to
18 whether or not the bracketed note relates to the
19 bullet points that precede it or the ones that
20 follow?

21 A I think the bracket refers to the data
22 that is right after it.

23 Q Okay. Now, the data that's contained in
24 the bullet points that follow that note have
25 specific volumes listed. Do you know where that
0137

1 DAVID ANDREW SEXTON, September 13, 2006
2 information came from?

3 A Per the document, it says the data came
4 from the Upstream Business.

5 Q Thank you.

6 Do you have any recollection as to who

7 prepared this document?

8 A Other than what the document says, that
9 it came from the Upstream Business, whether -- no,
10 I don't know who exactly prepared this document.

11 Q Do you have any recollection if any of
12 the information following the bracketed note was
13 publicly discussed by Shell representatives in or
14 about this time period, which I believe is
15 December of 2002?

16 A That would be a violation of SEC
17 guideline under full disclosure, and the answer
18 is: Absolutely not.

19 Q Without the specific volumes being
20 mentioned, do you remember any discussions with
21 analysts or investors concerning reserve bookings
22 in Kashagan generally?

23 A I can only refer you back to 21713, the
24 last bullet, where it says we are aiming, which is
25 the key message. That was, I'm sure, shared at

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1 DAVID ANDREW SEXTON, September 13, 2006
2 some point.

3 Q Now, the next bullet point relating to
4 Ehra, which is I believe in Nigeria, states, "We
5 have booked already (166 million barrels of oil
6 equivalent) . . . may not want to admit this
7 externally." Do you know why that notation, "may
8 not want to admit this externally," is there?

9 A That gets into some discussion whenever
10 you actually announce Ehra, whether there would be
11 questions around the amount of reserve associated
12 with that final investment decision.

13 Q To the best of your knowledge or
14 recollection, had Shell publicly disclosed at this
15 point that it had booked reserves in connection
16 with Ehra?

17 A I just don't know. All I know is what's
18 written on this page.

19 Q Okay. I'd like to direct your attention
20 to the third bullet point from the bottom of that
21 section relating to Ormen Lange. Do you see that,
22 sir?

23 A Yes, I do.

24 Q Next to that bullet point it says,
25 "Planned for booking in 2003 if it makes FID." Do

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1 DAVID ANDREW SEXTON, September 13, 2006
2 you have an understanding of the significance
3 of -- withdrawn. Am I correct that "FID" stands
4 for Final Investment Decision?

5 A Yes, it does.

6 Q Do you have an understanding of the
7 significance of the Final Investment Decision in
8 the ultimate decision as to whether or not to book
9 various reserves?

10 A Well, first of all, let me state for the
11 record it was not my purview, not my
12 responsibility in any shape, way or form to decide
13 when or when not the company would book reserves.
14 Let me state that for the record. I have an
15 understanding from an IR perspective that Final
16 Investment Decision and around that time frame
17 booking reserves was associated. That's the
18 extent of my knowledge.

19 Q I take it then you have no understanding
20 of how or whether it's possible to plan to book a
21 reserve prior to an FID being made?

22 MR. FERRARA: Objection to form.

23 THE WITNESS: No.

24 BY MR. MACFALL:

25 Q Thank you.

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1 DAVID ANDREW SEXTON, September 13, 2006
2 The final bullet point in that section
3 relates to "Bonga SW," which I believe is Bonga
4 Southwest. Do you see that?

5 A Yes, I do.

6 Q It says, "Planned for 2003 (70 million
7 barrels of oil equivalent)." Do you know if
8 reserves actually were booked for Bonga Southwest
9 in 2003?

10 A I must state for the record again that
11 is not my purview or responsibility to know that.
12 I just don't have any knowledge about that.

13 Q Thank you.

14 Do you recall if the possibility --
15 withdrawn. Do you recall if it was communicated
16 to any analyst or potential investor that Shell
17 planned on booking reserves in Bonga Southwest in
18 2003?

19 A All I know is what I see there.

20 Q Thank you.

21 I'd like now to direct your attention to
22 Page Number 21719. At the top of the page appears
23 the caption "Miscellaneous Questions and Answers."
24 Do you have that, sir?

25 A Yes, I do.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Do you know who prepared this portion of
3 the document?

4 A Not specifically, no.

5 Q Is it your recollection that this
6 portion of the document was also one of the
7 materials that was sent to I&R separate and apart
8 from the presentation?

9 A Yes, it was.

10 Q I'd like now to direct your attention to
11 the next page, 21720. The first dark bullet point
12 that appears, the filled-in bullet point
13 approximately seven lines down from the top of the
14 page, states, "Can you comment on your expectation
15 for organic reserve replacement in 2002 and 2003?"

16 A I see that.

17 Q Follows is a list of bullet points. Do
18 you recall that issue being raised in or about
19 this time, 2002 -- let me withdraw that. Were
20 analysts and/or investors questioning Shell about
21 its organic reserve replacement during this time
22 period?

23 A Anytime you're an E&P company, the issue
24 of reserve replacement is always a topic that one
25 would discuss.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 MR. FERRARA: So do you recall that
3 happening at this time?

4 THE WITNESS: Not specifically.

5 BY MR. MACFALL:

6 Q So organic reserve replacement is an
7 issue that is -- was anticipated with respect to
8 the E&P business, correct?

9 A Well, given that it was prepared in the
10 briefing materials, I certainly -- that's true.

11 Q And I believe you said that that's
12 something that you ordinarily would expect to
13 arise in connection with the EP business. Was
14 that also true in 1999?

15 A It was a normal thing to bring up in a
16 conversation.

17 Q So we don't have to go through it year
18 by year, would that have been true during the

19 entirety of your tenure?
20 A No, it was not.
21 Q Did there come a time or was there a
22 time when it was not a common issue for --
23 A Earlier in my tenure the issue that
24 you're raising was not really one that was
25 discussed very often. After Enterprise Oil was

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1 DAVID ANDREW SEXTON, September 13, 2006
2 purchased, it became a greater source of
3 discussion.

4 Q Do you have an understanding as to why
5 it became a greater source of discussion after the
6 purchase of Enterprise Oil?

7 A Anytime you make an acquisition that
8 involves reserves, production, et cetera, there is
9 going to be questions around that topic.

10 Q When did Shell purchase Enterprise Oil
11 approximately?

12 A I think around 2002 sometime.

13 Q Now, beneath that there are various
14 bullet points, as I indicated previously. Were
15 these bullet points suggested answers to that
16 inquiry, respecting comments on organic reserve
17 replacement?

18 A I would instead characterize these as
19 just information for the executive, and that would
20 allow him or her to choose to answer. These are
21 the key points, not necessarily answers.

22 Q The last bullet point that appears there
23 states, "We target at least replacing production
24 over time." Do you recall if that time period was
25 ever quantified during any discussions with

0144

1 DAVID ANDREW SEXTON, September 13, 2006
2 various analysts during the 2002 time frame? In
3 other words -- withdrawn. Anybody ever ask what
4 the time period for the replacement of the
5 production was, if you understand?

6 A I don't know specifically, no.

7 Q Okay.
8 If I might, sir, I'd like to direct your
9 attention now to page bearing Bates number 21765.
10 Do you have that page, sir?

11 A Yes, I do.

12 Q Do you recognize this portion of the
13 document? It appears to go on for several pages,
14 I believe to Bates 21768.

15 A Yes, I do.

16 Q Would you please tell me what it is.

17 A This is a calendar going forward a
18 period of months on what presentations and else
19 were being prepared for various executives.

20 Q Who prepared this document if you know?

21 A It was coordinated out of the London
22 office.

23 Q Did you have input into this document
24 with respect to those activities planned for the
25 United States?

0145

1 DAVID ANDREW SEXTON, September 13, 2006

2 A Yes, I do.

3 Q Now, directing your attention to Page
4 21765, six lines from the bottom there is a
5 reference to an October 7th-10th trip, US and
6 Canada. Do you see that, sir?

7 A Yes, I do.

8 Q It says, "Analyst field trip Houston --
9 OP US status & global strategy update," and then
10 continues. Now, I believe you had earlier
11 testified about a field trip that involved taking

12 analysts to Houston and to Canada. Is this the
13 trip to which you were referring?

14 A Yes.

15 Q Now, there are various individuals
16 identified under "IR Team," and I notice that your
17 name does not appear there. Do you recall that
18 you actually attended this field trip?

19 A Yes, I did.

20 Q Okay. Now, sort of the middle section
21 there, "Events" -- rather -- I'm sorry. It's kind
22 of difficult to read. It states, "Analyst Field
23 Trip, Houston -- OP US status & global strategy
24 update." Do you recall what was discussed during
25 that portion of the field trip, specifically the

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1 DAVID ANDREW SEXTON, September 13, 2006
2 global strategy update?

3 A The global strategy update specifically,
4 because it refers to, in the English, to the "OP
5 US status," was around the Downstream global
6 strategy update.

7 Q How about the next portion that says,
8 "EP US issues & maybe technology"; do you recall
9 what the substance of that portion of the
10 presentation --

11 A There was a discussion by Mr. Restucci
12 on what was happening in the Upstream as far as
13 the US was concerned.

14 Q Do you recall specifically what topics
15 he discussed in connection with the US and
16 Upstream?

17 A Not specifically, no.

18 Q Do you recall what it was about
19 technology, if anything, that Mr. Restucci said
20 during that presentation?

21 A The only specific that I recall in that
22 technology would be expandable tubulars.

23 Q Now, what was the purpose of this
24 particular field trip, the one to Houston and
25 Canada?

0147

1 DAVID ANDREW SEXTON, September 13, 2006

2 A Again it was to provide, as I said
3 earlier in my testimony, an opportunity for
4 analysts to have some focus time with certain
5 executives with the IR staff as well as to see
6 some assets, which allows them to connect what we
7 say or what was said on paper and in presentations
8 with physical things.

9 Q And I believe you previously had
10 testified that it was your recollection that
11 non-US-based analysts attended, although you
12 didn't necessarily have contact with them during
13 this field trip; is that correct?

14 A That is correct.

15 Q I'd like now to direct your attention to
16 the next page, sir, Bates Number 21766. Six lines
17 from the bottom of that page appears a line
18 relating to the 6th and 7th of November. It says
19 "US New York/Boston." Do you have that, sir?

20 A Yes, I do.

21 Q It says "Conference and lunches." I'm
22 not sure if it's "conference one-to-one and
23 lunches" or "conference and lunches in a
24 one-to-one Merrill Lynch conference," but in any
25 event, do you recall these events, a Merrill Lynch

0148

1 DAVID ANDREW SEXTON, September 13, 2006
2 conference and meetings with major institutions
3 occurring on or about November 6th and 7th in New
4 York and Boston?

5 A Yes, I do.
6 Q Okay. Did you attend both the New York
7 and Boston portions of those events?
8 A Yes, I did.
9 Q Could you describe for me what the
10 purpose of that conference and those lunches were.
11 A Again the purpose was to share
12 information about particular parts of the business
13 at the conference, the one-on-ones and lunches, et
14 cetera, and other meetings was to expose those
15 shareholders to one of our senior executives for
16 questions and answers.
17 Q And was that typically true of most of
18 the meetings that were organized in this time
19 period and referenced on this calendar?
20 A Very true.
21 MS. ASHTON: Were you limiting your
22 questions to the ones that he was involved in in
23 the US?
24 MR. MACFALL: I am. Thank you.
25

0149

1 DAVID ANDREW SEXTON, September 13, 2006
2 BY MR. MACFALL:
3 Q Now, going down a couple of lines to --
4 there is an entry for the 13th of "Boston/New
5 York," and it says "Speech." Do you see that,
6 sir?
7 A Yes, I do.
8 Q It says, "Phil is speaking at MIT." Do
9 you recall that occurring on or about
10 November 13th?
11 A I do not recall Phil speaking at MIT. I
12 vaguely recall him being in the town, but again
13 that's much more vague than the Jeroen meetings.
14 THE REPORTER: Than the what meetings?
15 THE WITNESS: Than the van der Vijver
16 meetings.
17 BY MR. MACFALL:
18 Q Next to the reference to the speech at
19 MIT, it says, "Possible ancillary IR meetings."
20 Do you know what that means?
21 A Sometimes whenever an executive would
22 come over for one event, IR would say since you're
23 already here in this particular country, would you
24 also consider meeting with some shareholders.
25 That's what that meant.

0150

1 DAVID ANDREW SEXTON, September 13, 2006
2 Q Do you recall if that occurred?
3 A I do not recall if that occurred.
4 Q Next to that it states, "Media-US,
5 Science/Technology Media." Do you recall any
6 meetings with either -- excuse me -- science or
7 technology media during that trip?
8 A No, and I'm not responsible for media,
9 so I just don't know.
10 Q There's a reference next to that, "UK --
11 Yorkshire Post." Do you recall if Mr. Watts met
12 with a representative or a reporter from the
13 Yorkshire Post during this September 13th -- I'm
14 sorry -- November 13th, 2002 meeting?
15 A Again --
16 MR. FERRARA: Objection as to form.
17 THE WITNESS: No.
18 BY MR. MACFALL:
19 Q I'd like to direct your attention now to
20 the next page bearing Bates number 21767.
21 Specifically under the listing for February 2003,
22 the second listing is for February 7th, New York.
23 It says "Type: Pres." I assume that means

24 "press," and next to that there is an explanation
25 of the event. If you'd just take a look at that,
0151

1 DAVID ANDREW SEXTON, September 13, 2006
2 sir, and tell me if you recall any -- being
3 involved in any of those events, excluding the
4 full year results and strategy presentation.

5 A I was not involved in media events, no.

6 Q Do you have any recollection of whether
7 or not -- withdrawn.

8 MR. FERRARA: We've been going for a
9 little more than an hour. At some convenient
10 point we should take a brief break, but take it
11 according to your schedule.

12 MR. MACFALL: We can do that now.

13 THE VIDEOGRAPHER: We are going off the
14 record. The time is 2:40 p.m.

15 (Whereupon, a short recess was taken.)

16 THE VIDEOGRAPHER: We are back on the
17 record. The time is 2:57 p.m.

18 (Exhibit No. 7 was marked for
19 identification and attached to the deposition
20 transcript.)

21 BY MR. MACFALL:

22 Q Mr. Sexton, I'm now handing you a
23 document that has been marked for identification
24 as Sexton Exhibit 7. Could you please review
25 that, sir, and tell me if you recognize it.

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1 DAVID ANDREW SEXTON, September 13, 2006

2 A Yes.

3 Q And what is it that you recognize this
4 document to be, sir?

5 A These are a series of documents and
6 notes from the meetings that Jeroen had in various
7 places in 2002.

8 Q And these meetings, to the best of your
9 recollection, occurred in the United States; is
10 that correct?

11 A That is correct.

12 Q If you would turn to the next page for
13 me, the following page is captioned "Jeroen van
14 der Veer -- One-on-ones, 6-7 November 2002."
15 Beneath that it states, "Merrill Lynch energy
16 conference (New York) -- Q&A's." Do you recall a
17 Merrill Lynch energy conference being conducted in
18 or about that time?

19 A Yes, I do.

20 Q Were you present for that conference?

21 A Yes, I was.

22 Q Besides Merrill Lynch, do you recall if
23 there were any other analysts present during that
24 conference?

25 A No, I do not.

0153

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q Actually, I'm sorry, sir. I'd like now
3 to direct your attention to the page bearing Bates
4 numbers HAG00332083, just a few pages in. At the
5 top of that page appears a notation or the heading
6 "T Rowe Price -- New York." Do you recall
7 attending a meeting or conference with T Rowe
8 Price New York at this time?

9 A Yes, I do.

10 Q Do you recall who attended on behalf of
11 Shell?

12 A I think it was myself and Mr. van der
13 Veer.

14 Q Do you recall if there were any other
15 analysts present besides those from T Rowe Price?

16 A No, I do not.

17 Q Directing your attention to the fifth
18 bullet point from the bottom of that page -- I'm
19 sorry. Actually just beneath that, it states,
20 "What about your RRR this year and next?" Do you
21 see that, sir?
22 A Yes, I do.
23 Q Okay. Am I correct that the RRR
24 reference is to "Reserve Replacement Ratio"?
25 A That is correct.

0154

1 DAVID ANDREW SEXTON, September 13, 2006
2 Q The bullet point beneath that, is that a
3 summary of the response that was provided in
4 connection with that question?
5 MR. FERRARA: Objection as to form; no
6 foundation.
7 THE WITNESS: All I can note is what was
8 written on the paper.
9 BY MR. MACFALL:
10 Q Okay. Do you recall specifically
11 questions being raised at that conference
12 concerning Shell's Reserve Replacement Ratio?
13 A First of all, this particular meeting
14 was not a conference. This was a one-on-one at
15 their offices.
16 Q Thank you. Do you recall it coming up
17 during the course of that meeting?
18 A All I can safely note is that it is
19 noted in the notes from the meeting. So I would
20 have to say the answer would be yes.
21 Q You have no reason to believe that these
22 notes are inaccurate?
23 A No, I do not.
24 Q Thank you.
25 I'd like now to direct your attention to

0155

1 DAVID ANDREW SEXTON, September 13, 2006
2 Page 332089. Turn to that. The reference on the
3 top of the page is Lazard New York. Was this a
4 one-on-one meeting with Lazard analysts?
5 A Yes.
6 Q Do you recall attending that meeting?
7 A Yes, I do.
8 Q Do you recall who from Shell besides
9 yourself attended that meeting?
10 A I believe again it was Mr. van der Veer.
11 Q And directing your attention to
12 approximately halfway down the page, there is a
13 question: "Can you comment on your RRR and F&D
14 costs?" Do you see that, sir?
15 A Yes, I do.
16 Q And again is it your understanding that
17 "RRR" refers to Reserve Replacement Ratio?
18 A Yes, I do.
19 Q Thank you.
20 Can you tell me what "F&D costs"
21 references.
22 A I'm sorry?
23 Q I'm sorry. Could you explain for me
24 what the reference to "F&D costs" --
25 A Finding and development costs.

0156

1 DAVID ANDREW SEXTON, September 13, 2006
2 Q Do you have any independent recollection
3 of that topic being discussed at the one-on-one
4 meeting with Lazard?
5 A None other than what's written.
6 Q I'd like to direct your attention to
7 Page Number 332092. Do you have that, sir?
8 A Yes, I do.
9 Q Okay. At the top of the page it states,

10 "Putman -- Boston." Does that reference a
11 one-to-one meeting with Putman analysts?
12 A Yes, it does.
13 Q Do you recall if you were present at
14 that meeting?

15 A Yes, I was.
16 Q Do you recall who besides yourself was
17 present from Shell?

18 A I believe it was Mr. van der Veer.
19 Q Besides the analyst from Putman, was
20 there anyone else present at that meeting besides
21 you and Mr. van der Veer?

22 A None that I remember.
23 Q Now, directing your attention to
24 approximately a third of the way down the page,
25 there is a question: "Can you talk about your

0157
1 DAVID ANDREW SEXTON, September 13, 2006
2 RRR?" And there are various bullet points that
3 appear beneath that. Do you have any independent
4 recollection of that discussion?

5 A I do not.
6 Q The third bullet point underneath that
7 question states, "Discussed SEC rules on how
8 reserves are booked." Do you see that, sir?

9 A Yes, I do.
10 Q Do you recall that being discussed?
11 A All I have to go by is what was written
12 in the notes.

13 Q Beneath that is a bullet point that
14 says, "Discussed the 800 million barrels that was
15 mentioned on the conference call." Do you know
16 what the reference to 800 million barrels is?

17 A Unfortunately, not without going back to
18 my notes, no.

19 Q Fair enough. Do you know what
20 conference call this document references?
21 A I'm going to make an assumption stated
22 for that, that it is simply the conference call
23 that probably occurred on earnings, not that --
24 fairly previous to this meeting, which was in
25 November.

0158
1 DAVID ANDREW SEXTON, September 13, 2006
2 Q Do you have an independent recollection,
3 without benefit of the document being in front of
4 you, whether or not Shell's reserves were
5 discussed during the course of that conference
6 call?

7 A I just don't know.
8 Q Okay. If you go down two questions,
9 there appears the question: "What is an optimum
10 reserve life?" Do you know what that means?

11 A That specific thing talks about how you
12 develop a reservoir. And what it also refers to,
13 for a company our size, what would be an
14 appropriate reserve, if you will, expressed in
15 number of years.

16 Q Do you recall that specific discussion
17 occurring in the Putman meeting?

18 A No, I do not.
19 Q The first bullet point beneath that
20 states, "Talked about reserves in general and
21 focused on reserves next to concessions that were
22 about to expire." Do you have any independent
23 recollection of talk that is referenced there
24 concerning reserves?

25 A I do not.

0159
1 DAVID ANDREW SEXTON, September 13, 2006
2 Q With regard to that portion of the

3 sentence that states "reserves next to concessions
4 that were about to expire," do you have an
5 understanding of what that means, sir?

6 A Concessions are agreements that are made
7 by host governments to various oil companies to
8 drill and explore in their world, in their
9 country. Sometimes those obviously expire over
10 time, and that simply refers to concessions in
11 various countries that were about to expire in
12 that time frame.

13 Q And the expiration of those concessions
14 was the context of that call? Based on this
15 sentence anyway, was that in the context of
16 reserves?

17 A Again all I have to go by is what was
18 written here on the page.

19 Q That's fine. Thank you.
20 If I could direct your attention now,
21 sir, to Page 332094. Do you have that, sir?

22 A Yes, I do.

23 Q At the top of the page appears the
24 caption, "Wellington Management -- Boston." Do
25 you recall a one-to-one meeting with Wellington

0160

1 DAVID ANDREW SEXTON, September 13, 2006
2 Management?

3 A Yes, I do.

4 Q Tell me who Wellington Management is.

5 A They're a money management firm that is
6 obviously located in Boston that held a fair
7 amount of Shell shares at the time.

8 Q If I could direct your attention now to
9 the third line from the bottom on that page, there
10 appears a question: "Can you comment on RRR
11 rates, Nigeria v. OPEC quotas?" Do you have any
12 recollection of that topic being discussed? And
13 by that I mean Nigeria versus OPEC quotas.

14 A No. No, I do not.

15 Q Do you have an understanding of what
16 that reference is to?

17 A At the time, OPEC was imposing quotas on
18 its overall production by country, and the
19 question was if an oil company was expanding its
20 production, for example, in Nigeria, how would
21 that work in a constrained production world.

22 Q Did that also impact the company's
23 reserves?

24 A I think it's more around production,
25 which reserves is a natural outfall of that.

0161

1 DAVID ANDREW SEXTON, September 13, 2006

2 Q The first bullet point indicates that
3 how Shell looks at reserves was reviewed, how
4 Shell books reserves and timing of booking. Do
5 you specifically recall -- do you have a specific
6 recollection of those topics being discussed with
7 Wellington Management?

8 A Other than what's written, no.

9 Q Thank you.

10 (Exhibit No. 8 was marked for
11 identification and attached to the deposition
12 transcript.)

13 BY MR. MACFALL:

14 Q Mr. Sexton, I'm now handing you a
15 document that has been marked as Sexton Exhibit 8
16 for identification. Ask you to take a look at
17 that document, sir, and tell me if you recognize
18 it.

19 A Yes, I do.

20 Q What is it that you recognize it to be,
21 sir?

22 A That was in February of 2003.
23 Q Are these a list of questions that were
24 asked at various one-to-one meetings that occurred
25 in February of 2003?

0162

1 DAVID ANDREW SEXTON, September 13, 2006
2 A Yes, they are.
3 Q And those meetings, according to the
4 caption, involved Phil Watts and Judy Boynton,
5 correct?
6 A That is correct.
7 Q The first of those meetings referenced
8 is one with T Price Rowe. Do you recall that one,
9 sir, occurring in February of 2003?
10 A Yes, I do.
11 Q Okay. Going down to the eighth bullet
12 point from the top beneath the words "T Price
13 Rowe, there is the question: "Why are your
14 figures weak the last two years re RRR?" Do you
15 see that, sir?
16 A Yes.
17 Q Do you recall that question being asked
18 during that meeting?
19 A Other than what's written, no, I do not.
20 Q Unlike some of the other documents we
21 looked at, this document doesn't contain any
22 answers, at least not beneath the question. Do
23 you have any recollection of what was said in
24 response to that question?
25 A Not of an independent nature, no.

0163

1 DAVID ANDREW SEXTON, September 13, 2006
2 Q Beneath that appears a bullet point with
3 the question: "Can you talk about gas reserves
4 additions in the future?" Do you see that, sir?
5 A Yes, I do.
6 Q Do you recall that question being asked
7 at that meeting with T Price Rowe?
8 A Other than what is written, no, I do
9 not.
10 Q Do you have any recollection of what was
11 said with regard to gas reserves additions in the
12 future?
13 A No, I do not.
14 Q At the bottom of that page there is a
15 heading, "Lazard." Do you recall a meeting with
16 Lazard?
17 A Yes, I do.
18 Q Thank you.
19 If you go to the next page, sir, the
20 last bullet point under "Lazard" immediately above
21 Soros says, "RRR -- Why are the 2002 numbers so
22 poor, and should I be concerned?" Do you recall
23 that question being asked?
24 A Again, other than what's written, no.
25 Q Do you recall if it was generally

0164

1 DAVID ANDREW SEXTON, September 13, 2006
2 expressed by analysts during this time period --
3 and that would be February 2003 -- that Shell's
4 Reserves Replacement Ratio numbers were poor?
5 A I simply note that the question was
6 raised by the Lazard folks, why were the numbers
7 poor.
8 Q Do you recall anybody else raising a
9 similar sentiment or expressing a similar
10 sentiment?
11 A I don't recall specifically, no. I do
12 recall there were questions, but I don't recall
13 who was specifically asking those questions.
14 Q Do you recall the questions that were

15 being asked?
16 A Very similar to what is asked by the
17 folks at Lazard.
18 Q Thank you.
19 If you go down to the entry from
20 Merrill, do you recall that there were one-on-one
21 meetings with Merrill in or about February of
22 2003?

23 A Yes, I do.
24 Q Okay. The second bullet point there
25 again references the RRR issue, and it states,

0165

1 DAVID ANDREW SEXTON, September 13, 2006
2 "Can you comment on the RRR issue, and what you
3 are doing about that?" Again do you recall that,
4 that topic being discussed?

5 A Other than what's written, no, I do not.

6 Q If you turn to the next page, sir, Bates
7 number 30095, there's an entry for Capital
8 Guardian. Do you see that, sir?

9 A Yes, I do.

10 Q Okay. If you go down eight bullet
11 points, it states, "RRR: Should we be worried
12 about this?" Is that -- withdrawn. Was that a
13 common inquiry during February 2003?

14 MR. FERRARA: Objection as to form.

15 THE WITNESS: I can certainly say that
16 this document illustrates the question came up at
17 several meetings.

18 BY MR. MACFALL:

19 Q Do you recall if the Reserve Replacement
20 Ratio issue came up in any of your communications
21 with analysts? And by that I mean separate and
22 apart from the one-to-one meetings or formal
23 presentations that you attended.

24 A I do not recall specifics.

25 Q Do you recall if you received any

0166

1 DAVID ANDREW SEXTON, September 13, 2006
2 guidance from Mr. Henry or The Hague concerning
3 how you should respond to inquiries concerning RRR
4 during early 2003?

5 A I'd have to go back to my notes and see
6 what documents were provided.

7 Q You have no independent recollection of
8 any such guidance?

9 A Not that specificity, no.

10 Q Do you recall having individual
11 conversations with analysts outside of the formal
12 presentation context concerning that issue during
13 early 2003?

14 A I can -- I cannot remember a specific
15 conversation.

16 Q Do you remember generally if that issue
17 came up during the course of your individual
18 conversations with analysts?

19 MR. FERRARA: Objection as to form.

20 THE WITNESS: I think I have testified
21 that that was a question, as obvious by this
22 written document, that it was a question that came
23 up occasionally.

24 BY MR. MACFALL:

25 Q This document, however, relates to the

0167

1 DAVID ANDREW SEXTON, September 13, 2006
2 one-on-one meetings with Shell representatives.

3 A Yes, it does.

4 Q And I guess I wasn't clear, but what I'm
5 really talking about is those conversations --
6 withdrawn. Did you have telephone conversations
7 with analysts during late 2002, early 2003?

8 A Yes, I did.

9 Q During the course of those telephonic
10 conversations, do you recall the Reserve
11 Replacement Ratio issue coming up?

12 A Not specifically. I would note that I
13 did not make notes of any of my telephone
14 conversations.

15 Q Do you recall specifically that that
16 issue did not come up during the course of any
17 telephone conversation?

18 A I cannot -- I just cannot recall
19 specifically either way.

20 Q Okay. Do you recall during that same
21 time period -- again late 2002, early 2003 -- you
22 had conversations with large investors or
23 potential investors in Shell? And by that I mean
24 telephonic conversations.

25 A There were conversations with those

0168

1 DAVID ANDREW SEXTON, September 13, 2006
2 folks during that time frame, yes.

3 Q Do you recall any of those people or
4 entities raising the Reserve Replacement Ratio
5 issue during the course of those conversations?

6 A Not of a specific nature, no.

7 Q When you say "not of a specific nature,"
8 I take it you mean that you just don't recall if
9 the issue arose or you don't recall the specifics
10 of the issue arising?

11 A I don't recall a specific conversation
12 where a specific question about Reserve
13 Replacement Ratio issue surfaced.

14 Q Do you recall that topic generally
15 coming up during the course of --

16 MR. FERRARA: Objection as to form. If
17 he can't recall any conversation on the topic, how
18 can he respond to the question "do you recall it
19 generally"? I mean --

20 MR. MACFALL: Well, he said he couldn't
21 recall specifics, he couldn't recall specifically.
22 He may have a general recollection. If he
23 doesn't, he can tell me he doesn't.

24 THE WITNESS: I would note for the
25 record that, as I stated earlier in my testimony,

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1 DAVID ANDREW SEXTON, September 13, 2006
2 I was getting an extraordinary amount of e-mails
3 every day and was having an extraordinary amount
4 of conversations every single day of the week, and
5 the reason my answer -- just to be explanatory --
6 is -- I just don't remember. There was so many
7 conversations. I would say during this time, as
8 evidenced by the written record, a general
9 question about reserves came up, but that's as far
10 as specific as I can make it.

11 MR. MACFALL: That's fine. Thank you.

12 (Exhibit No. 9 was marked for
13 identification and attached to the deposition
14 transcript.)

15 BY MR. MACFALL:

16 Q Mr. Sexton, I am now handing you a
17 document that is marked as Exhibit 9 for
18 identification. I'd ask you, sir, to take a look
19 at that and let me know if you recognize it.

20 A No, I do not.

21 Q I believe you had stated earlier that
22 you recall that there were e-mail exchanges
23 between Mr. Henry and Shell's GRC. Do you recall
24 if that individual was Mr. Pay in or about
25 February of 2003?

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1 DAVID ANDREW SEXTON, September 13, 2006

2 A Yes, I do.

3 Q And Mr. Pay was, in fact, the GRC during
4 that time period?

5 A That is correct.

6 Q Do you recall having any conversations
7 with Mr. Henry concerning a disagreement with
8 Mr. Pay regarding the Reserve Replacement Ratio,
9 that it should be publicly reported?

10 A No.

11 MR. MACFALL: Why don't we go off the
12 record for a few minutes. I believe I'm fairly
13 close to finishing.

14 THE VIDEOGRAPHER: We are going off the
15 record. The time is 3:21 p.m.

16 (Whereupon, a short recess was taken.)

17 THE VIDEOGRAPHER: We are back on the
18 record. The time is 3:24 p.m.

19 BY MR. MACFALL:

20 Q Mr. Sexton, I believe you indicated
21 generally that the Reserve Replacement Ratio
22 issue, as reflected in these documents, came up on
23 a number of occasions, and I believe you also
24 indicated that you don't recall specifically
25 receiving any guidance from either Mr. Simon or

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1 DAVID ANDREW SEXTON, September 13, 2006

2 The Hague with regard to that issue. Do you
3 recall if you requested any instruction or
4 guidance from either Mr. Simon or anyone else
5 within Shell about how to respond to inquiries
6 concerning the Reserve Replacement Ratio issue?

7 MR. FERRARA: Objection as to form.
8 Go ahead.

9 THE WITNESS: I do not recall
10 specifically but would suggest that information
11 would be provided as a matter of record.

12 BY MR. MACFALL:

13 Q Who would provide that information?

14 A Mr. Henry.

15 Q Would that information have been
16 provided to you in documentary form? Would it be
17 a document as opposed to an oral conversation?

18 A In one of your earlier exhibits it was
19 noted.

20 Q Now, I believe I asked you this with
21 regard to certain specific documents, but I'll ask
22 it more generally now. With regard to those
23 documents relating to questions and answers during
24 both the course of formal presentations and
25 one-on-one meetings, even those that you don't

0172

1 DAVID ANDREW SEXTON, September 13, 2006

2 have a specific recollection concerning, do you
3 have any reason to believe that what's
4 memorialized in the documents is inaccurate in any
5 way?

6 A I have no reason.

7 Q My final question is sort of a
8 housekeeping issue. At least I hope it's my final
9 question. I believe several times during today's
10 deposition you discussed or had mentioned
11 handwritten notes. My question is: Did you
12 produce such notes to counsel in connection with
13 this litigation?

14 A I think I stated earlier in my testimony
15 with regard to telephone calls, I did not keep any
16 notes or make any notes. I recognize many of the
17 pieces of paper you showed me today as coming from
18 my files. All the files that I retained several
19 years after I left the position, other than the

20 ones I left with my successor, I provided counsel.
21 Q Was it your habit during that -- or your
22 custom during your tenure at IR to put your --
23 well, to keep handwritten notes concerning the
24 various analyst presentations or one-on-one
25 meetings?

0173

1 DAVID ANDREW SEXTON, September 13, 2006

2 A Generally, the notes you saw there,
3 which were the questions that were raised in
4 one-on-ones or the questions in a few bullet
5 points, and the answers were the record of the
6 event. Other records I just didn't -- first of
7 all, I did not keep handwritten records of
8 telephone conversations of any sort. The only
9 records of one-on-one meetings, analyst
10 conferences and else, were largely what you saw in
11 the exhibits, and I provided all of that to
12 counsel.

13 Q I was wrong. It wasn't my final
14 question. I'll try and keep it brief, though.

15 With regard to the e-mails you had
16 mentioned between you and the various analysts
17 during your tenure at IR, as well as potential
18 investors, do you know if those were stored by the
19 company after you left IR?

20 A That involves our company's IT policy,
21 and I'm just not privy to that information.

22 MR. MACFALL: Thank you, Mr. Sexton. I
23 have no further questions.

24 THE WITNESS: Thank you very much.

25 THE VIDEOGRAPHER: This marks the end of

0174

1 DAVID ANDREW SEXTON, September 13, 2006
2 the deposition of Mr. Sexton. The total number of
3 tapes used today is two. We are going off the
4 record. The time is 3:28 p.m.

5 (Signature having not been waived, the
6 videotaped deposition of DAVID ANDREW SEXTON was
7 concluded at 3:28 p.m.)
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0175

1 DAVID ANDREW SEXTON, September 13, 2006

2

3 ACKNOWLEDGEMENT OF WITNESS

4

5 I, DAVID ANDREW SEXTON, do hereby
6 acknowledge that I have read and examined the
7 foregoing testimony, and the same is a true,
8 correct and complete transcription of the
9 testimony given by me, and any corrections appear
10 on the attached Errata sheet signed by me.
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(DATE) _____ (SIGNATURE) _____

0176

1 DAVID ANDREW SEXTON, September 13, 2006
2 E R R A T A S H E E T
3 IN RE: ROYAL DUTCH/SHELL SECURITIES LITIGATION

4 RETURN BY:
5 PAGE LINE CORRECTION AND REASON

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0177

1 DAVID ANDREW SEXTON, September 13, 2006
2 E R R A T A S H E E T
3 IN RE: ROYAL DUTCH/SHELL SECURITIES LITIGATION

4 RETURN BY:
5 PAGE LINE CORRECTION AND REASON

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(DATE) _____ (SIGNATURE) _____

0178

1 DAVID ANDREW SEXTON, September 13, 2006
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3
4 CERTIFICATE OF SHORTHAND REPORTER -- NOTARY PUBLIC
5 I, Laurie Bangart-Smith, Registered

6 Professional Reporter, the officer before whom the
7 foregoing deposition was taken, do hereby certify
8 that the foregoing transcript is a true and
9 correct record of the testimony given; that said
10 testimony was taken by me stenographically and
11 thereafter reduced to typewriting under my
12 supervision; and that I am neither counsel for,
13 related to, nor employed by any of the parties to
14 this case and have no interest, financial or
15 otherwise, in its outcome.

16 IN WITNESS WHEREOF, I have hereunto set
17 my hand and affixed my notarial seal this 14th
18 day of September, 2006.

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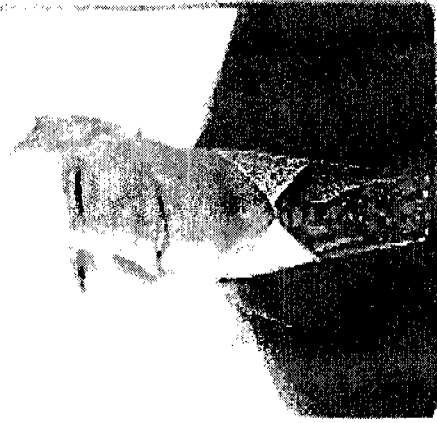
My commission expires: March 14th, 2011

LAURIE BANGART-SMITH
NOTARY PUBLIC IN AND FOR
THE DISTRICT OF COLUMBIA

Royal Dutch / Shell Group of Companies

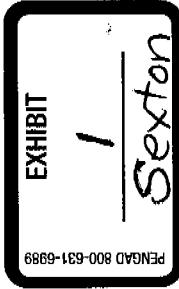
Investor Relations Presentation to the Financial Community New York, December 16th 1999

Mark Moody-Stuart – Chairman of the Committee of Managing Directors of the Royal Dutch/Shell Group of Companies and Chairman of the "Shell" Transport and Trading Company, plc.



Maarten van den Bergh – Vice-Chairman of the Committee of Managing Directors of the Royal Dutch/Shell Group and President of the Royal Dutch Petroleum Company

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Disclaimer

This presentation contains forward-looking statements that are subject to risk factors associated with the oil, gas, power, chemicals, coal and renewables businesses. It is believed that the expectations reflected in these statements are reasonable, but may be affected by a variety of variables which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.



Royal Dutch / Shell Group of Companies

NOTES:

Targets and challenges from last year

From Dec 1998

Underlying costs improvement of \$2.5 bln by 2001 (incl. US alliances)

M manpower down by 4000 by 1999 + 900 in associates, +6,500 transferred out of Chemicals + more to come

Further cost improvements in associates

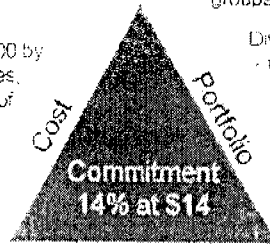
From 21 to 13 product groups in Chemicals

Divest 40% Chemicals assets - includes 50% Montell

Already actions on 5 refineries

Partial sale of Tejas

Reduction interests Asia and Alura



\$11 bln Capital Investment

Write down and restructuring costs of \$4.1 - 4.7 bln

OP and Chemicals reduce capital employed

Exploration expense restricted to \$0.5 bln



Royal Dutch / Shell Group of Companies

NOTES:

Portfolio actions announced total \$12 bln

EP	GP	OP	Chemicals	Other
GoM Shallow Water	Transok	El Dorado	Montell	
GoM Europa	Coral NGLs	Shell Haven	Polystyrene	
GoM Angus		Niigata	PU foams	
GoM Macaroni		Sola	GPR	
Canada Plains		LPG businesses	WAVIN	
Cedar Creek		Retail Networks		
Malampaya		Head Offices		

Completed or contracted: \$8 bln*

Announced but not yet finalised: \$4 bln*

*Effect on capital employed



Royal Dutch / Shell Group of Companies

NOTES:

REDACTED

A more competitive organisation

<u>How we were</u>	<u>How we are</u>
Matrix organisation Diffuse accountability	Accountable CEO's
National focus	Global businesses
Multiple hierarchies	Flatter organisations
Job for life Internal recruiting	Open & external resourcing
Traditional remuneration structures	Performance pay & share options extending deeper
Functions detached from businesses and market	Internal service providers compete for 3rd party business



Royal Dutch / Shell Group of Companies

NOTES:

*Cost improvements including exploration
expense estimated at \$1.8 billion in 1999*

- Bottom line effect
- not a run rate
- Simple formula
- Reported by sector

\$1.8 bln does not include

- Lower depreciation benefits
- Businesses being divested
- Capital spend efficiencies
- Product supply costs
- Revenue enhancements, tax efficiencies, lower work. cap.



Royal Dutch / Shell Group of Companies

NOTES:

REDACTED

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Royal Dutch / Shell Group of Companies

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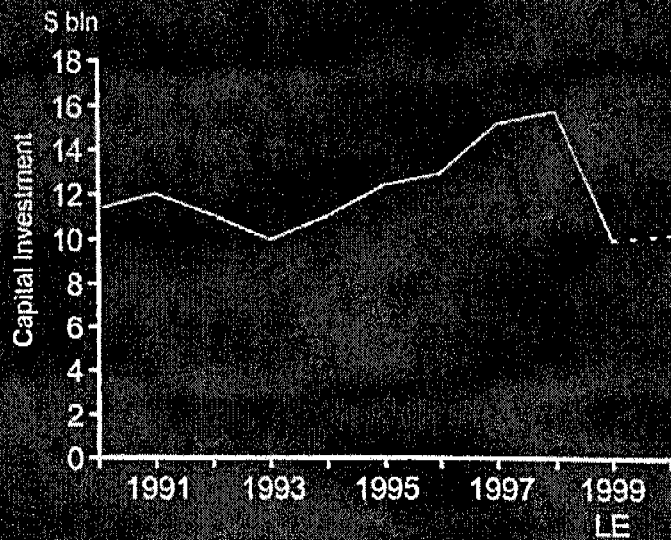


Royal Dutch / Shell Group of Companies

NOTES:

REDACTED

Disciplined capital investment programme now in place



Recent major projects committed include:

- EP
 - Brutus
 - Bonga/EA
 - Soroosh/Nowrooz
 - Athabasca
- GP
 - NLNG Train 3
 - MLNG Tiga
 - 3 US power plants
- Chemicals
 - SMPO Singapore
- OP
 - Scotford
 - Retail



Royal Dutch / Shell Group of Companies

NOTES:

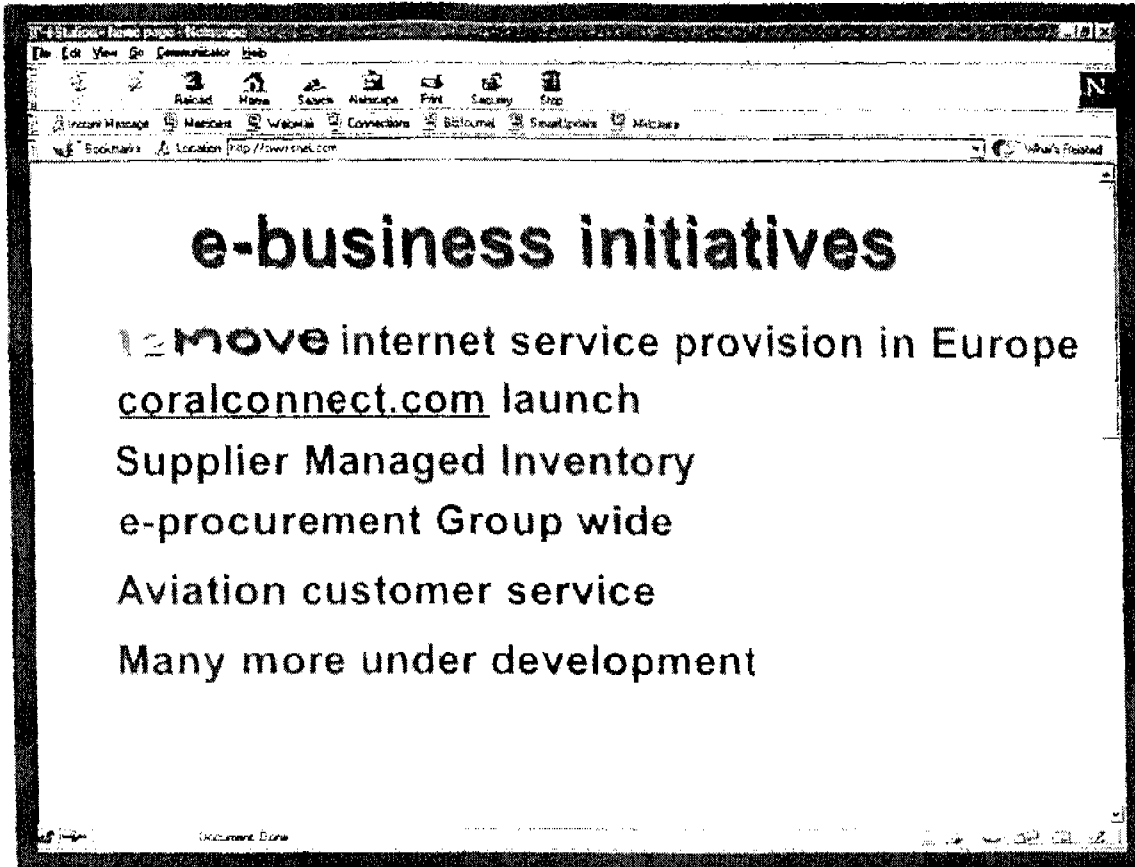
Customer focus helps grow profits

- CH
Supplier managed inventory
"Virtual" crackers
- OP
Non-fuels retailing, differentiated fuels,
Global Oil Products structures: Aviation, Marine, LPG
- EP
EA financing Nigeria
Linked project development in Iran
- Shell Services International
Supplies IT services to Enterprise Oil plc
Markets Kalido data-warehousing package
- Shell Capital new propositions
- Many e-business initiatives implemented and underway



Royal Dutch / Shell Group of Companies


NOTES:



NOTES:

euroShell Fuel Card
Renewed through SEOP + Shell Capital

- 4 million cards issued
- \$5 billion pa transaction value
- accepted in 30 countries




1998:

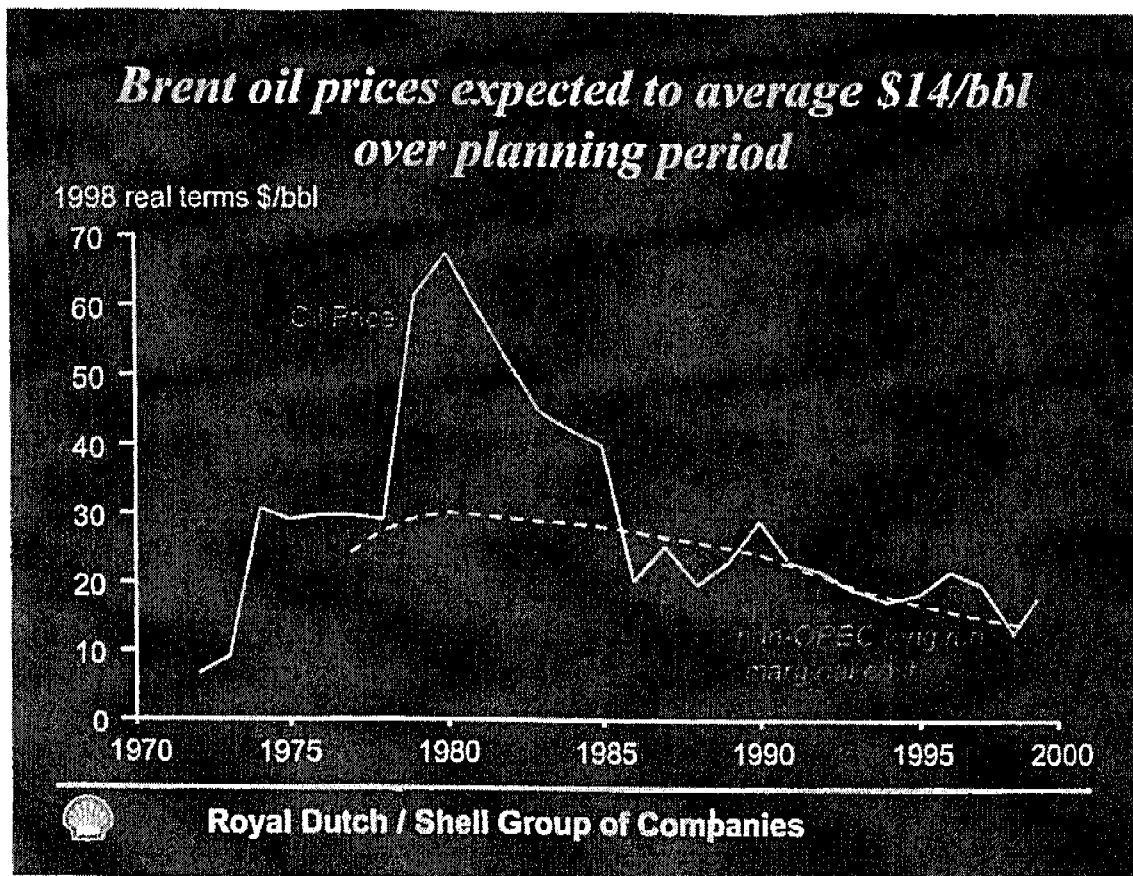
- Cost centre approach
- Fragmented systems

1999:

- Single pan-European cards business
- 45% cost reduction (\$15 mln pa)
- e-Commerce platform
 - Financial Products
 - Management Information
 - Route Planning
- Broader customer relationship

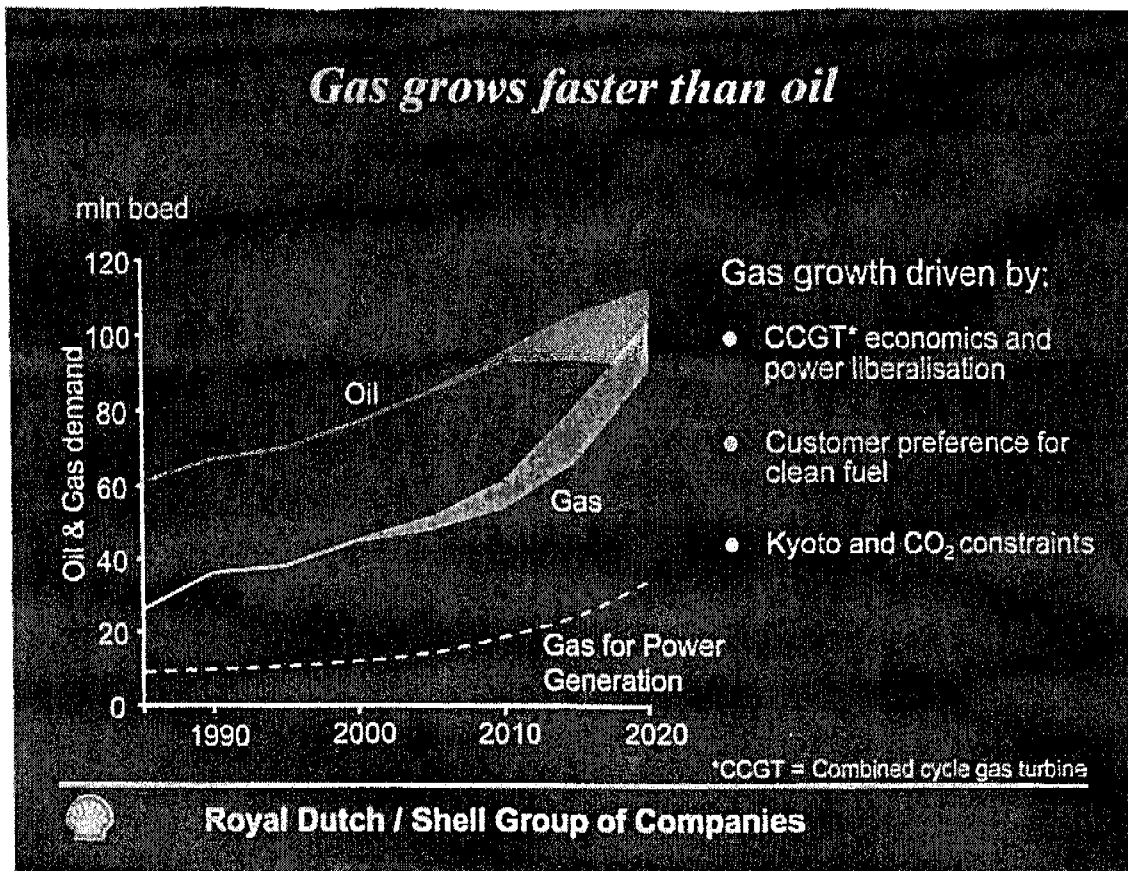
 **Royal Dutch / Shell Group of Companies**

NOTES:



NOTES:

REDACTED



NOTES:

REDACTED

Plan assumptions

10 year average	Last 12 months average (to end Sept 99)		Plan assumptions 2000	Roadmap premises 2001
18.3	14.6	Brent \$/bbl	14	14
2.0	2.1	Henry Hub Gas prices - \$/mscf	2.3	2.2
N.A.	1.95	WOUSA Gas realisations - \$/mscf	2.00	1.90
3.2	2.8	GDP growth %	2.0 - 2.5	1.5 - 2.0
307	219	EU Naphtha Cracker \$/tonne	180	180
309	218	US Ethane Cracker \$/tonne	120	180



Royal Dutch / Shell Group of Companies

NOTES:

REDACTED

*Planned refining assumptions....
tougher than last year*

10 year average	Last 12** months average	Marker Margin \$/bbl	Plan assumptions for 2000	Roadmap premises 2001
2.2	1.1	Rotterdam	1.50	1.85
2.9	0.8	Singapore	1.00	1.35
2.8*	1.9	US Gulf Coking	2.25	2.55
5.6*	6.1	US West Coast	5.10	5.10

* 8 year average
** to end November



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NOTES:

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Competitive landscape is changing

	Total operated production mln boed	Operated Deepwater production mln boed*	Equity Oil reserves bln bbls	Equity Gas reserves Tcf	1999 LNG equity sales volumes mtpa **	2001 LNG equity sales volumes mtpa **	Service Stations *** (000's)
Shell	5.5	0.6	10.0	60.5	5.4	7.9	46
ExxonMobil****	2.2	0.0	11.0	58.0	5.1	5.3	48
BP Amoco/Arco	3.4	0.3	12.2	42.6	2.2	2.7	30

* Deeper than 500 metres, estimated 1999 production

** Estimated volumes

*** 8,350 stations in BP/Mobil European alliance all included under BP Amoco/Arco

**** Before any forced regulatory divestment effects



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NOTES:

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Shell is building on a strong competitive position

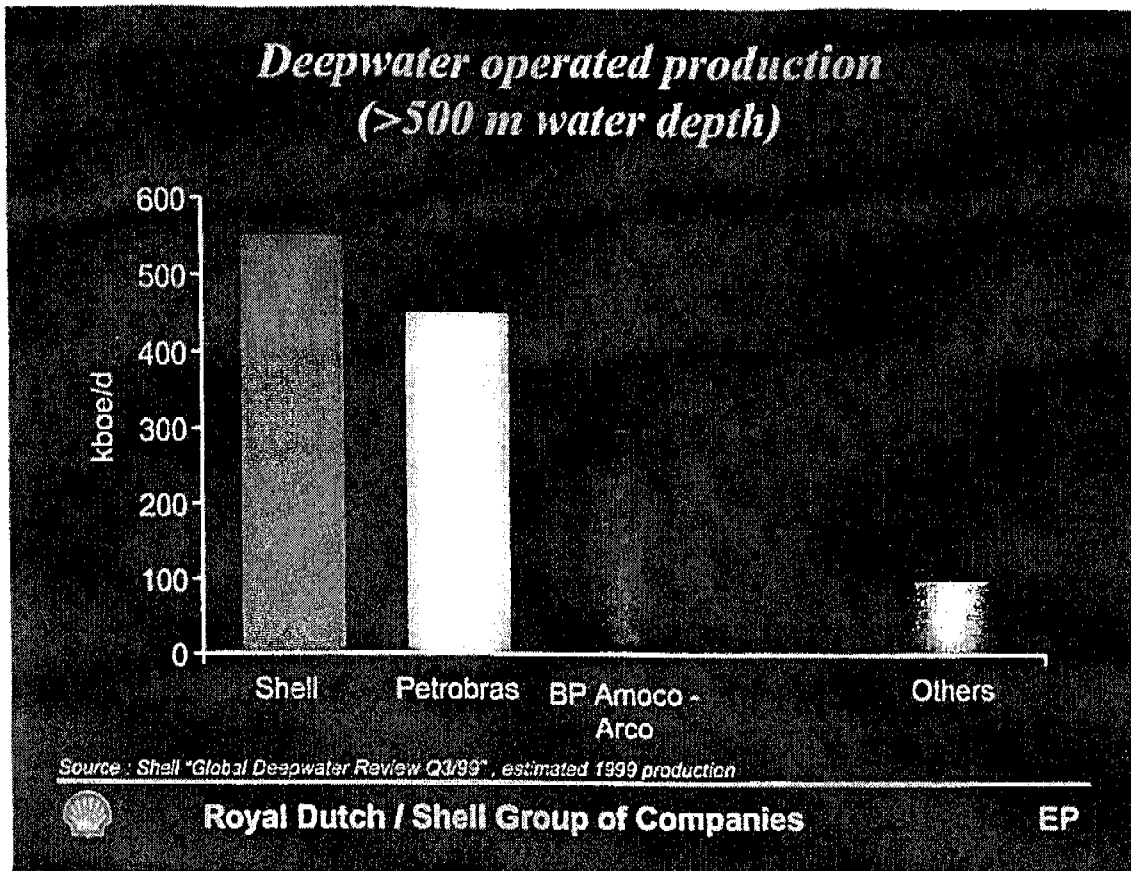
- The leading EP operator
- The leading company in Deep Water
- Largest private company gas reserves
- The lowest finding and development costs
- The best known and preferred brand in the oil industry
- Selling to 20 million customers per day via 46,000 service stations in 90 countries
- 75% of Chemicals capacity world-scale post rationalisation
- The lowest cost LNG plant builder and operator
- Leading independent power plant developer
- Cleaner energy provision platforms



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NOTES:

REDACTED



NOTES:

REDACTED