US West Coast Investor Road Show
16-18 September 2002

Purpose

The trip had three major themes: 1) visit several of the larger US shareholders to keep them abreast of current activities and to address any questions or issues they may have, 2) make marketing visits to shareholders that have a small holding in the Group in an effort to persuade them to increase their investment and 3) invite non-shareholders and/or sell side analysts to meetings where they can hear the company’s strategy in an effort to persuade them to make an investment or recommend the company and to address any issues or questions they may have.

Key messages

The material used for the meetings focused on four principal areas:

- A review of the company’s strategy which included: 1) strategic intent, 2) aspired portfolio, 3) desired ROACE returns and 4) and financial framework
- How the company did during the second quarter and some of the reasons behind our performance
- A review of the US upstream including where SEPCo operates, its strategy and current initiatives
- A review of the US downstream primarily focused on how that business will achieve its targets by 2004

Issues or question areas

There were a number of questions and/or issues that came up during the three-day visit but a summary of the more frequently asked or significant ones include:

- Discussion of the current state of the refining and marketing business, both globally and in the US
- What steps are we going to take to address the performance issues in the US downstream
- What makes up the 3% EP production target
- Our view of the oil price, the possible impact of the situation in Iraq and the Middle East situation in general
- Our view of the US gas market, where that was headed and our efforts to expand our presence
- What were our dividend and buy-back policies
- CEO accountability
- Current status of the discussions with the Saudis
- What is our decision making process when it comes to acquisitions in general
- Explanation of the specific strategic rationale for the acquisitions of Enterprise and Pennzoil-Quaker State
- Would we consider a change in our corporate governance structure
- Does Shell need to make a significant acquisition in an effort to gain size, so that we can continue to compete
- Where do negotiations currently stand with regard to the WE pipeline
- Discussion of GTL and where the next plant will be built
An Interesting Seven Days

A long weekend away was interrupted by a visit to Oman to see HM. The visit turned out to be very successful:

- Our apology for the production difficulties was graciously accepted
- The desire for concession extension was reiterated by HM
- An amicable settlement was reached on the long standing dispute of equity in OLNG train 3 (from 6% to 12% shareholding)

On Sunday night I travelled to the US West Coast for engagements with the investor community and the media, spending successive nights in San Francisco, Los Angeles and Seattle.

Investor Relations
In total seven engagement sessions were held with a fairly wide range of participants. We followed different formats for different players:

- One-on-one sessions with the large investors who know our company well; focusing on Q&A’s (Wells Fargo, Prudential and Capital Guardian – our largest investor in the USA)
- One-on-one sessions with promising new or smaller investors; focusing on presentation of the Group and its strategy (Dodge and Cox, WM advisors)
- Breakfast and lunch sessions with selected small to medium sized players (investors and analysts), where the approach of a formal presentation and Q&A’s was followed.

The presentation pack had three main elements: (i) our strategic direction, (ii) Q-2 results and (iii) a focused section on the US, primarily covering the GoM and OP. The responses were uniformly positive and supportive. The main questions revolved around:

- The delivery of the PQS and Texaco deals – which gave the opportunity to talk about our OP performance in the USA and contrast it with our impressive track record in WOUUSA, leaving no doubt that we can and will repeat this feat in the US now that we have our hands free;
- The natural gas outlook for North America – which provided good opportunities to talk about our strength in LNG and our position and plans for the USA and Mexico;
- The prospect of a large acquisition – which allowed me to describe our strategy of focused acquisitions and explain the rationale for the Enterprise deal.

Of course we took the opportunity to stress the breaking news on MonoDiameter.

West Coast Relations
Vilma Martinez had kindly organized an invitation to the Pacific Council on International Policy where I delivered a lunchtime speech followed by Q&A’s. The 60 invitees comprised senior business people, bankers, academia, journalists as well as the deputy mayor of LA and former California Governor and Mayor of Oakland – Jerry Brown. I did not read the speech but covered the high points as a precursor to a very lively Q&A session. As can be concluded from the closing remarks of Mayor Brown and the general feedback sampled after the event we clearly raised the profile
of the Group amongst this influential set of Californians. Bottom line: well worth the effort.

Media
While in Los Angeles I was interviewed by the LA Times (James Flanigan – Senior Economics Editor and Nancy Rivera-Brooks – Senior writer oil/energy industry) and Forbes Magazine (Paul Klebnikov). In both interviews we went over a very wide set of topics ranging from the strategic direction of the Group, to energy security for the USA, to the situation in Iraq; a topic that featured in all our sessions in the USA as it was headline news throughout our visit, and on which all our American relations wanted to hear a non-US opinion – especially when it would come from a leading oil company.
The interviews were constructive and pleasant; let’s see how the respective articles turn out.

Return to Europe
On Wednesday evening I returned to Europe for meetings with:
1. the Chairman or RAMC, Arnoud Loudon who kindly came to Rotterdam Airport for the session.
2. HRH Prince Saud, at his request, to discuss the 5 September letter the Kingdom had sent us on the Natural Gas Initiative. Details will be provided in a separate message.
3. the September class of the INSEAD SSLDP. Unlike the April session this course has been a great success. There were two areas they wanted to discuss:
   a. Strategic Direction – rationale for aspired portfolio; relationship SPU–physical organization; cross business opportunities.
   b. Unlocking Performance – stretch targets and non-delivery; accountability; role models in the industry; Shell’s balance on self-criticism vs. self-confidence.
These subjects provided a good basis for an energizing discussion on the direction of the Group, where we came from and where we are headed, the role of SPU’s in this journey, the focus on delivery and accountability and, not least, pride in Shell.

Altogether an interesting week that started off with a visit to Oman and concludes today with a meeting with HE Abdul Macki, Minister of National Economy of the Sultanate.
US West Coast Tour
16-18 September 2002

Wells Fargo – San Francisco

Refinery conditions are weak – in your opinion, what is the outlook?

- 3rd quarter looks weak
- Conditions will not improve until the economy picks up
- The global businesses like aviation, lubes and marine all are doing OK

US OP restructuring – where do you stand?

- Outside the US, our OP business is the leader
- But in the US, our OP business is the worst
- All of the steps to improve the US business are defined as know how to improve, based on our experience outside the US
- Examples include...cutting costs, re-branding, restructuring, etc.
- Goal is 12% ROACE by 2004

Your 3% production target – what are the key areas?

- Enterprise gave us a 6% increase
- Projects coming on stream soon include EA, Athabasca

What do you see the capital spending level at for the upstream next year?

- Around $7.5 bln

How much does OPEC’s decision factor into your strategy/decisions?

- Large projects require a conservative view
- We do make exceptions to our capital budget in selected cases such as increased in-field drilling in the North Sea
- Nigeria is a country that you just have to manage how projects are developed
- The real issue here is to have a wide geographic spread

Where do you have some flexibility?

- Talked about how capital is allocated globally
- Very happy with the US OP strategy around Equilon/Motiva and PQS
- In a strange way, the poor economy in the US makes it easy to sell our people on the need for change in the US downstream
• Re Enterprise, we had a lot of fixed price oil and needed more royalty oil to take advantage of higher prices
• Saudi project has been to date very disappointing
• Doing business in China is very tough – have to watch out that you are not committing to projects there simply because it is China

What is your share buy back and dividend policy?
• Reviewed dividend policy
• Reviewed share buyback policy
• Mentioned TSR as another metric

Can you comment on the subject of CEO accountability?
• Mentioned Brent Spar and Wiwa cases
• Talked about our business principles – SD and fundamental human rights were a new concept not too long ago
• We recently reviewed and re-published our corporate governance policy

Is Shell speaking out on this issue?
• We let our record speak
• And, we let other people speak
Prudential – San Francisco

What is the probability of low oil prices and low demand next year if the US invades Iraq?

- I admire President Bush
- The real question for us is – what do we afterwards

Where do you stand re the Saudi deals?

- We got a letter
- It has been a pretty painful and pathetic process
- The original intent of asking foreign oil companies to come in has been whittled away

What about the export from Russia to Europe of middle distillate products?

- Really not much impact because not a lot of pipeline capacity
- Ultimate question is security of supply for the US

Will Nigeria leave OPEC?

- Do not know

What is the silliest question that you usually get?

- I try not to look at questions as being silly but treat them with respect

What part of Shell would go to today if you were 20 years younger?

- Probably EP
Lunch – San Francisco

What is your involvement in Athabasca?

- Shell Canada has a 60% share
- CVX and Western Mining are the other partners
- Will produce 155,000 barrels per day

How do you deal with environmental issues at Athabasca?

- We will restore the land to a similar condition in a systematic way
- It is heavy oil
- Up front, we decided that the project must have a lower impact on greenhouse gases than the same amount of imported oil. We have addressed 70% of the difference and working on the remaining 30%

Tensions in the Middle East, higher oil prices…what is going to happen?

- We do scenarios to try and figure out what is going to happen
- We are the largest foreign company operating in the Middle East
- One can do some things and one can also get ready to do some things
- We screen all of our projects on a range of prices
- Higher oil prices might be trouble for the world economy…that is why we treasure our financial strength and maintain a global spread

What is your view on North America gas?

- We would like more, but not at any price
- We walked away from Barrett when the price got too high
- LNG imports are another dimension to this question
- The US is a natural absorber of LNG

What are you going to do about Intergen?

- They have been a successful project developer
- But they are not immune to the global recession
- We want them to shift from developing new projects to making the most that they have
- It will take a few years to fix things

Your production profile – can you discuss it?

- We are sticking to our target of 3% growth
- Some barrels are more equal than others
- Nigeria terms are better than Angola
Does having a too low reference oil price impact your ROACE?

- We are keen to remain conservative when projecting oil prices

Will the Middle East importance wane as Russia and its former satellites increase production?

- Russia will be hurt at lower oil prices
- The type of reservoirs they have, the pipeline distances and the distance to markets all make this tough
- The issues with Venezuela will get fixed
- West Africa will increase in strategic importance for the US
- Japan – will it tolerate getting more and more of its oil from the Middle East
- We are getting into solar, wind and hydrogen to position our company for the future
**Dodge and Cox – San Francisco**

What has changed in your company over the last 5-10 years?

- Reviewed roadmap
- Reviewed aspired portfolio

Do a lot of the recent big energy mergers make sense to you? Should we do more?

- Do not always need to get bigger to compete
- For example, in retail, we want to be either 1 or 2 in every country and have left some countries as a result

Do you need to be the leader in all geographies in all of your businesses?

- Not necessarily

How competent are the national oil companies in places like Saudi Arabia, Iran, etc?

- Iran – it is perilous with how they manage large fields and they are mismanaging them
- Iraq – is producing around 1.5 mil barrels, was producing over 3 before the Gulf war...the infrastructure is still there, the shipping facilities are there, which means it is not impossible for them to increase production fairly rapidly

Is the issue with terrorism making your life difficult?

- Used the example about a board member and Egypt to respond

Technology – is it really making a difference?

- Talked about how 3D seismic was developed
- Monodiameter – discussed it
- 50% of EP budget is for drilling

Is the price of oil going to go down over time?

- We are bearish

What are you doing with your free cash flow?

- Dividends, share buybacks

How do you contrast yourselves with ExxonMobil?

- We have projects in a great many places
• We set boundary conditions and allow people to act within those conditions
Breakfast – Los Angeles

Why is your US OP business doing so poorly?

- Until recently we did not have freedom of action
- Now, we can do what we do elsewhere in the world

What are you going to do with the US OP business moving forward?

- Had to do the purchase of Equilon/Motiva in the number retail market in the world
- Will re-brand our stations, cut staff
- But do not see more acquisitions
- Wanted to buy PQS to give lubricants a holistic offering
- You need to make focused acquisitions to give you strategic positions
- I am not very big on buying something that I have to fix

What needs to happen to the overall downstream business to make it improve?

- Our goal is 12% ROACE in the US
- Downstream business is weak right now everywhere in the world
- Higher oil prices put that business under pressure
- But we will have some bad years in the downstream

Re your 3% production target, how much comes from new discoveries?

- Very little
- Only a small amount and we pretty know where that is

How do you allocated the capital by region?

- $12 bln in total
- Allocation of capital is consistent with the aspired portfolio

Do you have specific targets by business?

- All mature businesses must be capable of earning 15% ROACE
- If you cannot meet that goal, then your plan must describe how you will get there

What is the 5% growth?

- That is the growth is capital employed as a result of our investment program

Do you forecast EPS growth?

- No
• We set production targets, cost saving targets, dividend targets, buy back targets, etc.

What is the long-term viability of OPEC?

• Do not really have an answer to that question
• People are talking now about GASPEC
• We are not short of projects to do

What do you look at when you do acquisitions?

• Enterprise was very opportunistic…a good fit…easy to absorb
• Have to look at affordability
• Want to have exposure at the upside of commodity prices

How does Enterprise fit into your aspired portfolio?

• It fits in the growth area

What was the impact of your leaving the S&P 500?

• Around 200 million shares

Your production target is 3% -- why so low?

• It is a realistic number

How do your F&D costs compare to your competitors?

• Gone up a bit last year, but still comparable

Where is the US gas market headed?

• Have to be careful with all of the things happening – economy, Iraq, war premium, etc.
• Do not expect oil prices to go a lot higher
• Do not have a strong position here in the US
• LNG imports – discussed our current efforts

How do you evaluate acquisitions?

• Like to do focused acquisitions
• Must have a strategic impact
• Must be immediately obvious why one did it
• Must be affordable
Capital Guardian – Los Angeles

What is your view of the press?

- I was puzzled by the article in the FT
- Two people quoted in it said they were misquoted

Your governance structure – should you change?

- We are not constrained by our governance structure to do business
- I have a three-month contract
- Have published a new corporate governance policy
- Majority of the board of ST&T are from the outside
- Re RD, they have a two-tiered board structure – majority is independent
- Our joint board committees will work fine under the new US rules

Does RD/Shell need to do something re scale in order to compete?

- Do not have to do things for size sake alone
- Trick is to look at the various pieces of Shell -- is each piece a size that can work?
- Want to do focused acquisitions, not just one to get big

What about NA gas?

- Talked about Barrett
- Talked about gas imports from LNG into the business and what we were doing

Are you worried about the LNG contract at Guangdong and the possible impact it may have on other contracts?

- We factored the lower price in the overall economics of the deal
- At Sakhalin, liquids will play a key role

How do you protect yourselves in Korea and other places in LNG?

- In the contracts, we have re-negotiation clauses, so we are somewhat protected
- Japanese are usually very loyal
- Sakhalin – will probably grant some equity participation

China and the WE pipelines – where does that stand?

- JVFA – a good step in the process
- The key outstanding issue is – who buys the gas and what is paid for it
- PetroChina is already doing some good work on the pipeline
How do you negotiate prices re a pipeline in China?

- The leaders of China said they must be foreign oil participation; so negotiating price was not too hard

Where is GTL?

- 1st plant is at Malaysia
- Best place for the next plant is Qatar or Iran
- The next plant will be 75,000 barrels per day
- Competitive with LNG

What is the current environment right now re refining?

- Not going to turn around unless the economy picks up and the oil price moderates

Chemical business – where is it right now?

- Still bad, but doing better
- Our people feel good about it, but have a way to go

Oil demand – where is that going?

- Growth will be in the developing world
- Not bullish on the long-term price

Dow’s new cracker – impact on future supply agreements?

How do you balance say doing buy backs with acquisitions like Barrett?

- Discussed Enterprise and why we did the deal
- We evaluated Enterprise just like we do a project
- Share buy backs are sometime a challenge – but they do bring a positive psychological impact to the business

We your RRR for 2002 where will that be?

- No answer
- We always strive to replace production

Where is the Saudi deal?

- We got a letter
- It has been a long and tortuous process
WM Advisors – Seattle

Is your capital production premised to replace your production?

- Yes
- And we have done that if you look over the last 5-6 years

What is your scorecard based upon?

- Common framework
- ½ is straightforward – TSR, ROACE
- ½ is operational piece – HSE, people measures, strategic milestones

Can you take on additional gearing? Do you see yourself making a sizable acquisition?

- Never say never, but…
- With a sizable acquisition usually comes a lot of baggage
- European downstream where we want to be 1 or 2 – here, we have done swaps, etc…this is what we like to do

How will oil production change over the next decade?

- You tell me about Iraq
- Long-term marginal cost of oil is less than $20
- Cannot see a long-term war premium for oil

What about technological developments and other impacts on costs?

- Discussed 3D seismic and how it got started
- Discussed monodiameter story
- We have people in all of our businesses that continue to do research
- We are the biggest operator of production and this serves as a test bed

Can you comment on the Saudi agreement?

- XOM is the leader of core venture 1
- We are the leader of core venture 3
- The Saudis know what the bottom line is

Can you give us a Middle East overview re Saudi/Iraq?

- We are the largest private company today in the ME
- Country chairman of the ME countries are meeting today to discuss what we are going to do
• We developed 3 scenarios for this situation but still not certain what is going to happen to prices – they may spike, then decline
• Big question – how long will hostilities last?
• Discussed possibility of increased Iraq production

US gas markets – where are they going?

• Got to look ahead and not behind
• Discussed what we are doing re LNG
Lunch – Seattle

Are the American oil companies operating at a disadvantage vs. RD?

- Where the company resides does not matter
- 28% of Shell capital employed is here in the US
- Not much of a disadvantage
- In Shell, there is a wide range of diversity – countries of operations, gender, etc.

What is your F&D costs?

- Middle of the road

Can you give us an overview of the refining business?

- We have sold or entered into JVs for a number of our refineries
- Situation is currently pretty dismal
- Do not anticipate any improvements when you have high oil prices and weak demand

Can you talk about renewables?

- Could be 30% of energy by 2050
- Currently do not make much money in solar
- Wind is mostly here in the US and we are making money
- Hydrogen and fuel cells appear to be the future

Will your business go up if there is a war with Iraq?

- Iraq is more serious that just the impact on oil prices, it is a moral issue

How much a factor is political issues when developing your strategy?

- We sell fuel to everyone
- But, we chose not to operate in certain places such as the Sudan or Burma

What is your appetite for a large acquisition?

- We are very careful with acquisitions
- Most acquisitions destroy value

What is your capital budget for EP?

- $7.5 bln
- Exciting areas include the deepwater, Nigeria
- MRH is the real challenge