Part 3
Underlying volume up 3% in 1999

- Gas sales up 6%
- Oil production up 1%
- Total boe up 3%

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NOTES:
Portfolio actions

- Divestments/dilutions
  - USA: Shallow GoM, Dw GoM dilutions, Cedar Creek Antidine
  - Philippines: Malampaya dilutions
  - Egypt: Northeast Mediterranean Deepwater farm-out
  - Canada: Plains properties
  - Australia: divestment WA-1-P

- Major investment decisions
  - Nigeria: Train 3, EA, Bonga
  - USA: Brutus
  - Canada: Athabasca
  - Iran: Soroosh/Nowrooz

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NOTES:
**Major projects underpinning production growth**

- Projects announced in 1999
  - On stream 2001 and after
  - Cumulative investment $5.8 bln

- Projects announced before 1999
  - On stream 2000 and after
  - Cumulative investment $1.5 bln

- On stream 1999
  - Cumulative investment $3.2 bln

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**NOTES:**
Oil production and gas sales
Hydrocarbon volumes 1999 to 2004: 5% a.a.i.*

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NOTES:
Tackling all lines of the P&L

- Unit margin
- Tax
- Royalty
- Exploration expense
- Depreciation
- Other
- Production cost

S/Aoe

Related programmes
- Portfolio management
  - Tax optimisation
  - Contract terms
- Focused exploration
  - "Volumes to Value"
- Capital allocation
- Global procurement
- Drilling the Limit
- Producing the Limit
- Manpower

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NOTES:

FOIA Confidential
Treatment Requested
Strategic Cost Leadership

Operating costs

- Unit operating costs
- Operating costs

1999 vs 1998
- Opex down $0.5 bln
- Cost per bce down 10%

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NOTES:
Unit operating cost improvements

USA

- Unit costs in 1999 down relative to 1998
  - USA down 24%
  - Oman down 19%

Oman

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NOTES:
Manpower reduced 14% in 1999

USA
UK
Canada
Gabon
Malaysia
Nigeria

NOTES:
The Global Procurement Revolution

$90 mn savings in 1999

- Contracting Strategy
  Some 40% of spend through global contracts

- eProcurement Strategy
  Shell / CommerceOne JV

- Contractor Value Strategy
  $42 mn savings achieved on relevant contracts

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NOTES: