

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

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**IN RE ROYAL DUTCH/SHELL  
TRANSPORT SECURITIES  
LITIGATION**

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) **Civil Action No. 04-374 (JAP)**  
) **(Consolidated cases)**  
) **Hon. Joel A. Pisano**  
)  
)

**DECLARATION OF DAVID SEXTON**

I, DAVID SEXTON, declare and say:

1. I am currently President of Shell Oil Products U.S. at Shell Oil Company. From July 1999 to July 2003, I was employed by Shell Oil Company as Manager of Investor Relations, North America.

2. Unless otherwise stated, I make this declaration on personal knowledge and am competent to testify as to the matters set forth herein.

3. I am informed that Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company, p.l.c. (collectively, "Shell") are defendants in the above-captioned securities class action. I understand that an issue in this case involves the nature and extent of any United States conduct from April 8, 1999 to March 18, 2004 relating to the estimation or reporting of proved reserves that Shell later restated. I am making this declaration in connection with Shell's submissions

on this issue. I previously was deposed in this matter on September 13, 2006. I understand that the Court and the parties have access to the transcripts of those proceedings.

#### **STRUCTURE OF SHELL'S INVESTOR RELATIONS DEPARTMENT**

4. For the entire period in which I was Manager of Investor Relations, North America, Shell's Investor Relations function was directed out of Shell's headquarters in London, England. Shell maintained separate investor-relations offices in London, The Hague, and New York to communicate with analysts and investors in different parts of the world. Each office had its own manager and its own staff, all of whom ultimately reported to the Head of Group Investor Relations, in London.

5. The London office was responsible for communicating with analysts and investors in the United Kingdom, Ireland, and Japan. The office in The Hague was responsible for communicating with analysts and investors in Continental Europe. And the New York office was responsible for communicating with analysts and investors in North America.

6. When I first became Manager of Investor Relations, North America, in July 1999, I reported to Susan Borges, who was Vice President of Corporate Affairs for Shell Oil Company and was based in Houston, Texas. From 2001

onward, I reported to the Head of Group Investor Relations, Simon Henry, who was based in London.

7. During my entire tenure (July 1999 to July 2003) as Manager of Investor Relations, North America, I was based in New York. The Investor Relations office in New York was small. From 1999 to 2002, the office consisted solely of my personal assistant and me. Later in 2002, we hired an additional employee, who was responsible for retail investors in North America and who reported to me. When I left Investor Relations in late 2003, I was replaced by Harold Hatchett, the current Vice President of Investor Relations, North America, who also is based in New York.

#### **RESPONSIBILITIES AS MANAGER OF NORTH AMERICAN INVESTOR RELATIONS**

8. As Manager of Investor Relations, North America, I had two main responsibilities: to provide information about Shell to United States shareholders and to encourage new United States investors to become Shell shareholders. In addition, I was responsible for organizing and arranging the logistics for Investor Relations presentations in the United States and monitoring the financial press in the United States.

9. I was the primary point of contact for investors and analysts based in North America. The New York Investor Relations office focused on



communicating with the North American market. We rarely communicated with investors or analysts based outside North America.

10. Occasionally, I was contacted by an investor or analyst from outside North America simply because of time-zone differences – at certain times, the London and The Hague Investor Relations offices were closed, but the New York office was still open. On a few other occasions, I was contacted by investors or analysts from outside North America with specific questions about Shell's assets or operations in the United States, such as questions regarding Shell's acquisition of Texaco's downstream interests and Shell's acquisition of the Pennzoil Quaker State Lubricants Company. Such contacts with non-North American investors and analysts, however, were very rare.

11. I was not responsible for the estimation or calculation of proved reserves; nor was I responsible for determining whether Shell's reported proved reserves complied with the United States Securities and Exchange Commission's requirements for the reporting of proved reserves. I did not play any role in either of those functions.

#### **TYPES OF INVESTOR-RELATIONS COMMUNICATIONS**

12. During my tenure as Manager of Investor Relations, North America, Shell regularly provided information on its proved oil and gas reserves (among other things) to the investment community as part of its wider overall investor-

relations program. Such information was provided in four principal types of communications: (i) the Fourth Quarter and Full Year Results Announcements in February of each subsequent year ("4<sup>th</sup> Quarter QRA"); (ii) an annual review of Shell's overall strategy that took place each year except 2002 ("Group Strategy Presentations"); (iii) a periodic update on Shell's Exploration and Production business (frequently in conjunction with presentations by other Shell businesses) ("EP Business Presentations"), and (iv) Shell's Annual Reports to shareholders (the same information was also filed with the SEC on Forms 20-F). Proved-reserves information also could have been discussed in one-on-one meetings and field trips with analysts and investors.

#### **PREPARATION OF INVESTOR-RELATIONS MATERIALS**

13. Shell's communications containing information about its proved reserves and related data were prepared and approved by Shell's Investor Relations offices in London and The Hague. For example:

a) Each 4<sup>th</sup> Quarter QRA was prepared by Shell's Investor Relations personnel in London and The Hague. The data on which the 4<sup>th</sup> Quarter QRA was based were aggregated and prepared by the Group reporting function based in London. During my tenure as Manager of Investor Relations, North America, my colleagues in London and The Hague who prepared the 4<sup>th</sup> Quarter QRA occasionally consulted me with specific questions about United States issues.



The New York Investor Relations office, however, was never involved in approving the 4<sup>th</sup> Quarter QRA or issuing the 4<sup>th</sup> Quarter QRA to any regulatory agencies. Once the 4<sup>th</sup> Quarter QRA had become public information, it was sent to financial analysts. Before 2002, I was responsible for sending the 4<sup>th</sup> Quarter QRA via fax or email to analyst contacts in North America, and my colleagues in the London and The Hague Investor Relations offices were responsible for sending the 4<sup>th</sup> Quarter QRA to analysts in their geographic regions. After 2002, however, the London Investor Relations office assumed responsibility for sending the 4<sup>th</sup> Quarter QRA to all analysts, including those in the United States.

b) The direct remarks and presentation materials for the Group Strategy Presentations and EP Business Presentations were prepared and approved by Investor Relations personnel in London and The Hague. For Group Strategy Presentations, I was responsible for preparing the presentation materials for the portion of the presentation addressing Shell's Chemicals business. I was not responsible for the portions of the presentation addressing Shell's Exploration and Production business. Those portions of the presentation were prepared by Investor Relations personnel in either London or The Hague.

c) The briefing materials for the Group Strategy Presentations and EP Business Presentations were initially prepared by the business units themselves

and were later finalized and approved by Investor Relations personnel in London and The Hague.

14. Thus, neither I nor anyone else in the New York Investor Relations office was responsible for preparing or approving the primary communications between Shell and its investors concerning proved reserves. My role in preparing Investor Relations materials generally was limited to providing information on Shell's North American assets and operations and commenting on whether the materials prepared in Europe would resonate with investors in North America.

#### **DISSEMINATION OF INVESTOR-RELATIONS MATERIALS**

15. During the period in which I was Manager of Investor Relations, North America, Shell sent market-sensitive information simultaneously to financial markets throughout the world through releases to stock exchanges and worldwide wire services. For example, the 4<sup>th</sup> Quarter QRAs were issued from the London or The Hague Investor Relations offices directly to the stock exchanges and wire services.

16. Moreover, during this period, Shell's Investor Relations program was structured such that significant presentations and communications with investors and analysts, such as Group Strategy Presentations and EP Business Presentations, took place first in London or The Hague before being repeated the following day in the United States.



17. The various Investor Relations presentations and meetings that took place in the United States were held to discuss Shell's activities and strategy with United States-based analysts and investors, just as presentations and meetings in Europe were held to discuss Shell's activities and strategy with European analysts and investors. On very rare occasions, investors or analysts from outside the United States were permitted to attend presentations held in the United States if they had been unable to attend the corresponding presentation in Europe. At all other times, however, the audience for the United States presentations consisted of analysts and investors based in the United States. Similarly, the one-on-one meetings in the United States were conducted almost exclusively with United States-based investors and analysts. Shell held separate one-on-one meetings outside the United States for analysts and investors based outside the United States.

18. In sum, during my tenure as Manager of Investor Relations, North America, the New York Investor Relations office acted as an outpost of Shell's primary Investor Relations offices in London and The Hague. The New York office did not prepare or approve Shell's communications containing information about its proved reserves and related data. The New York Investor Relations office's role was principally limited to commenting on North American issues. The dissemination of information related to Shell's proved reserves originated in London and The Hague. In this context, I cannot recall an occasion when



information related to Shell's proved reserves ever was disseminated into the market for the first time in the United States.

I declare under penalty of perjury under the laws of the United States  
that the foregoing is true and correct.

Dated: Houston, Texas  
June 6, 2007

  
DAVID SEXTON