

Exhibit P

IN THE UNITED STATES DISTRICT COURT

DISTRICT OF NEW JERSEY

Civ. No. 04-3749 (JAP)

(Consolidated Cases)

Hon. Joel A. Pisano

ORIGINAL

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IN RE ROYAL DUTCH/SHELL |

TRANSPORT SECURITIES |

LITIGATION |
-----+

Videotaped Deposition of

SIMON HENRY

Washington, D.C.

Monday, October 16th, 2006

10:00 a.m.

Job No. 22-84924

Pages 1 - 236, Volume I

Reported by: Laurie Bangart-Smith



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Videotaped Deposition of
SIMON HENRY

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 notice, before Laurie
Bangart-Smith, Registered Professional Reporter
and Notary Public in and for the District of
Columbia.

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(Appearances continued)

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(Appearances continued)

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(Appearances continued)

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Also present:

Chris Martinez

Cali Day, Videographer

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E X H I B I T S

(None)

1 SIMON HENRY, October 16th, 2006

10:06:52 2 P R O C E E D I N G S

10:07:32 3 THE VIDEOGRAPHER: Here begins Tape

10:07:32 4 Number 1 in the deposition of Simon Henry, in the
10:07:36 5 matter of Royal Dutch/Shell Transport Securities
10:07:38 6 Litigation, in the United States District Court,
10:07:42 7 District of New Jersey, Case Number 04-374.

10:07:47 8 Today's date is October 16th, 2006. The time is
10:07:51 9 10:08 a.m. The video operator today is Cali Day
10:07:56 10 of LegaLink New York. This video deposition is
10:07:59 11 taking place at 1875 Connecticut Avenue,
10:08:02 12 Northwest, Washington, D.C., 20009.

10:08:07 13 Would counsel please identify themselves
10:08:08 14 and state whom they represent.

10:08:11 15 MR. MACFALL: Timothy MacFall,
10:08:13 16 Bernstein, Liebhard & Lifshitz, for plaintiffs in
10:08:14 17 the class.

10:08:15 18 MS. LAURENT: Christine Laurent from
10:08:16 19 Bernstein, Liebhard & Lifshitz on behalf of
10:08:18 20 plaintiffs in the class.

10:08:21 21 MR. BERNSTEIN: Stanley Bernstein,
10:08:22 22 Bernstein, Liebhard & Lifshitz.

10:08:26 23 MR. HABER: Jeffrey Haber, Bernstein,
10:08:27 24 Liebhard & Lifshitz, on behalf of lead plaintiff,
10:08:28 25 Peter M. Wood, in the class.

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SIMON HENRY, October 16th, 2006

MS. MACKINTOSH: Christine Mackintosh,
Grant & Eisenhofer, on behalf of the opted-out
plaintiffs.

MR. WARE: David Ware, Debevoise &
Plimpton, on behalf of Royal Dutch/Shell.

MR. SMITH: Colby Smith from Debevoise &
Plimpton on behalf of the corporate defendants,
Royal Dutch Petroleum and Shell Transport and
Trading, and for the witness.

MR. PLATT: Charles Platt, Shell
International, on behalf of Royal Dutch/Shell.

MS. TISKA: Tracey Tiska from Hogan &
Hartson for defendants KPMJ Accountants, N.V.

MR. FOUKAS: Savvas Foukas, Hughes,
Hubbard & Reed, for PricewaterhouseCoopers, LLP.

MS. MAZARAKIS: Akrivi Mazarakis, Mayer,
Brown, Rowe & Maw, Sir Philip Watts.

MR. MORSE: Adriaen Morse, Mayer, Brown,
Rowe & Maw, for Phil Watts.

MS. WICKHEM: Rebecca Wickhem of Foley &
Lardner, LLP, for Judith Boynton.

MR. FERRARA: Ralph Ferrara, LeBoeuf
Lamb, on behalf of the corporate defendants, Shell
Transport and Trading and Royal Dutch/Shell, and

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SIMON HENRY, October 16th, 2006

the witness appearing here today, Mr. Simon Henry.

THE VIDEOGRAPHER: The court reporter today is Laurie Bangart-Smith of LegaLink New York. Would the reporter please swear in the witness.

SIMON HENRY,
having been duly sworn, testified as follows:

EXAMINATION BY COUNSEL FOR PLAINTIFFS

BY MR. MACFALL:

Q Good morning, Mr. Henry.

A Good morning.

Q We met a few moments ago. My name is Tim MacFall. I'm going to be asking you a few questions today with regard to this litigation pending against Royal Dutch/Shell.

I'd like to go over a few ground rules, which I'm sure your counsel has already covered with you, but just for the sake of clarity, if at any point you feel like you need a break or you would like to consult with counsel, just indicate that to me, and I'm sure we can accommodate you. If at some point I ask a question that you don't understand or is unclear, just indicate that, and I'll be more than happy to rephrase it for you.

1 SIMON HENRY, October 16th, 2006

10:10:26 2 In order to have a clear record,
10:10:28 3 although the deposition is being video-recorded,
10:10:32 4 it's necessary for you to answer audibly, using
10:10:34 5 words, in order for the court reporter to record
10:10:37 6 it in the transcript.

10:10:38 7 Do you understand, sir?

10:10:40 8 A I do.

10:10:43 9 Q Mr. Henry, have you ever had your
10:10:45 10 deposition taken before, sir?

10:10:47 11 A Yes, I have.

10:10:49 12 Q Okay. Could you please briefly describe
10:10:52 13 what that deposition was taken in connection with.

10:10:56 14 A In November 2004 a deposition taken by
10:11:00 15 Securities and Exchange Commission in relation to
10:11:03 16 the same issues that this deposition covers.

10:11:07 17 Q And I take it by that you mean the
10:11:09 18 recategorization of certain proved reserves by
10:11:13 19 Royal Dutch/Shell; is that correct, sir?

10:11:14 20 A That's correct.

10:11:17 21 Q Separate and apart from that deposition,
10:11:19 22 have you ever had your deposition taken before,
10:11:23 23 sir?

10:11:23 24 A No.

11:24 25 Q Mr. Henry, could you please briefly

1 SIMON HENRY, October 16th, 2006

10:11:26 2 describe for me your educational background,
10:11:28 3 beginning with University.

10:11:30 4 A I studied mathematics at Cambridge
10:11:33 5 University in England from 1979 to 1982. I
10:11:38 6 graduated first class honors in 1982, was awarded
10:11:46 7 a Bachelor of Arts degree, and in 1986 received a
10:11:49 8 masters of arts degree from the same university.
10:11:55 9 That is the academic education.

10:11:57 10 I have a professional qualification in
10:12:00 11 addition. I'm an associate member of the
10:12:03 12 Chartered Institute of Management Accountants, a
10:12:04 13 U.K.-based institute, where I studied from 1986 to
10:12:12 14 1988 and became an associate member in 1989, and I
10:12:15 15 remained a member of that institution.

10:12:20 16 Q I believe you used the term "Chartered
10:12:22 17 Accountant." Is there another type of accountancy
10:12:25 18 in the U.K.?

10:12:28 19 A Yes. There are at least three types of
10:12:30 20 accountancy that I'm aware of: Certified
10:12:34 21 Accountant, Institute of Chartered Accountants,
10:12:46 22 and the Institute to which I belong, which is the
10:12:46 23 Chartered Institute of Management Accountants --
10:12:46 24 the Institute of Chartered Accountants of England
10:12:47 25 and Wales, and then there's the Institute of which

1 SIMON HENRY, October 16th, 2006

10:12:51 2 I'm a member, the Chartered Institute of
10:12:54 3 Management Accountants, so technically I'm a
10:13:01 4 Chartered Management Accountant.

10:13:05 5 Q Are you currently employed, sir?

10:13:07 6 A Yes, I am.

10:13:08 7 Q And could you please tell me by whom you
10:13:10 8 are currently employed.

10:13:11 9 A I'm employed by Shell International
10:13:13 10 Exploration & Production based in Rijswijk in The
10:13:18 11 Hague and the Netherlands.

10:13:21 12 Q What position do you hold with Shell?

10:13:23 13 A I'm the Executive Vice President Finance
10:13:27 14 for the Exploration & Production Business.

10:13:34 15 Q How long have you been employed by
10:13:35 16 Shell?

10:13:37 17 A Twenty-four years and one month. I
10:13:42 18 joined in September 1982.

10:13:44 19 Q I realize this is a very long period of
10:13:46 20 time that we'd like to cover, but if you could
10:13:48 21 very briefly describe for me the various positions
10:13:50 22 that you've held within Shell since you've been
10:13:53 23 employed.

10:13:54 24 A I joined as an instrument engineer, in
10:13:58 25 the engineering function at Stanlow Refinery in

1 SIMON HENRY, October 16th, 2006

10:14:03 2 the United Kingdom. After four years in that
10:14:07 3 role, I moved to Internal Audit based in
10:14:10 4 Manchester in England. After two years in that
10:14:14 5 role, in 1988 I moved to Shell Haven Refinery in
10:14:19 6 Southern England to head an IT project, and in
10:14:25 7 1990 I moved to ShellMex House in London as the
10:14:30 8 head of Management Accounts for Shell U.K.
10:14:34 9 Downstream Business. In 1992 I moved to Egypt to
10:14:38 10 take over as Finance Manager of Shell Marketing
10:14:43 11 Egypt, and in 1994 I stayed in Egypt but moved to
10:14:48 12 the Upstream Exploration & Production Business as
10:14:53 13 Finance Controller.

10:14:57 14 In 1996 I returned to London in Shell
10:15:04 15 Center as the Shareholder Finance Advisor for the
10:15:07 16 Downstream Businesses in Asia Pacific. In
10:15:13 17 March 1998 I moved to Bangkok in Thailand as the
10:15:18 18 Finance Director for the Mekong Cluster, which was
10:15:23 19 Finance Director for all of Shell's Businesses in
10:15:26 20 Thailand, Vietnam, Laos and Cambodia. While I was
10:15:33 21 in Bangkok we reorganized, and I became the
10:15:37 22 General Manager of Finance for the Retail
10:15:41 23 Marketing Business in Southeast Asia, and for part
10:15:48 24 of that time I was also the General Manager of
10:15:51 25 Marketing in the Business. At the end of 2000,

1 SIMON HENRY, October 16th, 2006

10:15:55 2 December 2000, I returned to London again to take
10:15:58 3 over as head of Shell Group Investor Relations,
10:16:04 4 which I did for just over three years, and in
10:16:08 5 April 2004 I moved to my current position.

10:16:19 6 Q Could you please briefly describe for me
10:16:23 7 your duties and responsibilities in your position
10:16:26 8 at Internal Audit.

10:16:28 9 A I was a member of a ten-person team who
10:16:32 10 covered audit for manufacturing facilities,
10:16:39 11 supply, distribution in the U.K. Downstream and
10:16:45 12 Chemicals Businesses. I was the specialist member
10:16:48 13 of the team who had a manufacturing/refining
10:16:52 14 background, so I was there as a specialist
10:16:55 15 resource, but also at the same time I was studying
10:16:58 16 for my accountancy examination. So I actually did
10:17:02 17 a significant number of financial audit activities
10:17:06 18 to help with that study, and also participated
10:17:10 19 with some cross-audits with a different audit team
10:17:14 20 in marketing audit, specifically retail marketing
10:17:18 21 audit. I was both a Team Lead for an audit and a
10:17:24 22 member of Audit Teams, depending on the size and
10:17:28 23 the materiality of the audit.

10:17:30 24 Q Thank you. Are you familiar with the
10:17:33 25 term "proved reserves"?

1 SIMON HENRY, October 16th, 2006

10:17:36 2 A Yes, I am.

10:17:37 3 Q And could you please explain for me your
10:17:39 4 understanding of that term.

10:17:41 5 MR. SMITH: His understanding today?

10:17:43 6 BY MR. MACFALL:

10:17:44 7 Q Yes.

10:17:45 8 A My understanding of "proved reserves,"
10:17:47 9 reserves that are classified as reserves, proved
10:17:51 10 reserves under Regulation 4-10, defined with
10:17:58 11 reasonable certainty, meeting certain technical
10:18:02 12 and economic criteria as outlined both in
10:18:06 13 Regulation 4-10 and then subsequent guidelines
10:18:10 14 issued by the SEC.

10:18:19 15 Q Is your understanding of "proved
10:18:20 16 reserves" the same now as it was during the 2000
10:18:26 17 and 2003 time period?

10:18:29 18 A No, it is not.

10:18:31 19 Q Okay. Could you please explain for me
10:18:33 20 what your understanding of the term "proved
10:18:35 21 reserves," if you had such an understanding, was
10:18:37 22 during that time period.

10:18:40 23 MR. SMITH: Objection to form.

10:18:42 24 BY MR. MACFALL:

18:42 25 Q You can answer.

1 SIMON HENRY, October 16th, 2006

10:18:45 2 A My understanding of the "proved
10:18:46 3 reserves" at the time, 2000 to 2004, just in
10:18:52 4 context, I have the financial background and
10:18:56 5 clearly I was familiar with the requirements for
10:18:58 6 reporting financial data and standards. As head
10:19:01 7 of Investor Relations, I had a broader remit to
10:19:06 8 understand more broadly information that was put
10:19:08 9 into the public domain by Shell. And as my role
10:19:15 10 evolved over the years and different items became
10:19:19 11 of interest to investors, I took it on myself to
10:19:22 12 ask people in Shell for explanation at various
10:19:28 13 times of what "proved reserves" definitions meant
10:19:32 14 largely in the context of current or future
10:19:35 15 actions or events, such as an investment decision
10:19:38 16 and what impact that might have on the proved
10:19:43 17 reserves that Shell were to report. I had
10:19:46 18 basically a series of communications which were
10:19:50 19 usually on single, single issues. There was no
10:19:53 20 overriding or broad training learning program that
10:19:59 21 gave me that knowledge.

10:20:03 22 Q Describe for me how it is you came to
10:20:04 23 that understanding during that time period. Do
10:20:09 24 you recall what your understanding of the actual
10:20:10 25 term was during that time period?

1 SIMON HENRY, October 16th, 2006

10:20:14 2 MR. SMITH: Objection to form.

10:20:15 3 THE WITNESS: The -- just clarify the
10:20:18 4 question. My understanding of what --

10:20:21 5 BY MR. MACFALL:

10:20:22 6 Q Of the term "proved reserves." Let me
10:20:24 7 ask this: Did it differ from the understanding
10:20:26 8 that you just described previously regard to SEC
10:20:29 9 Rule 4-10?

10:20:31 10 MR. SMITH: Objection to form.

10:20:34 11 THE WITNESS: Okay. Firstly, I wasn't
10:20:36 12 familiar with Regulation 4-10 until a later date.
10:20:42 13 However, the words "reasonable certainty," what I
10:20:46 14 was familiar with, and the need to demonstrate
10:20:51 15 conditions that matter, that phrase "reasonable
10:20:54 16 certainty," such as commitment to proceed with a
10:20:57 17 project, I was at that time less aware than I now
10:21:03 18 am about some of the technical issues or some of
10:21:09 19 the economic issues that might enable a
10:21:14 20 hydrocarbon resource to be classified as proven
10:21:19 21 reserves or not.

10:21:21 22 BY MR. MACFALL:

10:21:21 23 Q Did you ever receive any formal training
10:21:24 24 within Shell in connection with proven reserves?

10:21:27 25 A Yes, I have.

1 SIMON HENRY, October 16th, 2006

10:21:27 2 Q And could you please describe that for
10:21:29 3 me.

10:21:30 4 A During 2004 -- and I can't recall the
10:21:35 5 exact date, but most likely third quarter time --
10:21:39 6 I participated in the training, the reserves
10:21:45 7 training that followed the recategorization
10:21:47 8 exercise that was provided for the EP Leadership
10:21:53 9 Team at that point in time, so roughly a full day
10:21:58 10 in terms of the requirements. And I've
10:22:03 11 subsequently been involved in various engagements
10:22:09 12 through the Reserve Committee about updated
10:22:12 13 guidance or updated understanding of the rules.

10:22:16 14 The formal training was the one day in 2004.

10:22:27 15 Q Prior to 2004 -- withdraw. In your
10:22:35 16 position as Finance Controller in Egypt in 1994,
10:22:39 17 did you ever have occasion to work with or utilize
10:22:47 18 proved reserves?

10:22:49 19 A Yes, I did.

10:22:50 20 Q And could you please describe that for
10:22:53 21 me.

10:22:54 22 A Proved reserves is the basis of the
10:22:56 23 calculation of depreciation, depletion,
10:22:59 24 amortization of the financial accounts, and
23:03 25 therefore I was responsible for that calculation

1 SIMON HENRY, October 16th, 2006

10:23:07 2 of the ultimate financial reporting of the
10:23:09 3 company, and therefore at the end of each year and
10:23:13 4 during each year at the quarter, quarter reporting
10:23:17 5 date, I was aware of what the currently reported
10:23:22 6 reserves for each of the assets within the country
10:23:27 7 were and what impact that had on the reported
10:23:29 8 depreciation, and I would be aware of changes that
10:23:33 9 were made inasmuch as they impacted the
10:23:36 10 depreciation charge, but I was not involved in or
10:23:43 11 really knowledgable about the underlying reasons
10:23:47 12 for the changes.

10:23:50 13 Q Could you please briefly describe for me
10:23:53 14 the relationship between proved reserves and
10:23:56 15 depreciation.

10:24:02 16 A The requirement under 569 for
10:24:06 17 depreciation of balance sheet amounts for Upstream
10:24:15 18 assets is to depreciate those assets on a unit of
10:24:20 19 production basis. This means that, for example,
10:24:23 20 if a hundred million dollars has been spent on the
10:24:25 21 asset, and there are \$50 million -- 50 million
10:24:30 22 barrels of proved reserves associated with the
10:24:33 23 asset, typically we would depreciate two dollars
10:24:36 24 for every barrel produced by that asset. The
24:40 25 calculation is slightly more complex in that there

1 SIMON HENRY, October 16th, 2006

10:24:43 2 is a differentiation between proved developed and
10:24:47 3 proved undeveloped reserve, but by and large, the
10:24:56 4 driver of depreciation is the total proved
10:25:00 5 reserves recorded against a given asset, and that
10:25:07 6 drives the calculation of depreciation, which
10:25:10 7 ultimately feeds into the net income calculation
10:25:14 8 for the fiscal unit.

10:25:18 9 Q Thank you. Directing your attention
10:25:27 10 specifically to late 2000, I believe you stated
10:25:30 11 that that was the time when you first started with
10:25:32 12 Investor Relations.

10:25:36 13 A That's correct. December 2000.

10:25:40 14 Q What position did you initially hold
10:25:41 15 with Investor Relations?

10:25:42 16 A As the head of Group Investor Relations,
10:25:45 17 I was responsible for all Investor Relations
10:25:48 18 activity around the world.

10:25:56 19 Q Could you please briefly describe for me
10:25:59 20 your duties and responsibilities a little more
10:26:00 21 fully in that position.

10:26:02 22 A Okay. I -- firstly, I reported to the
10:26:05 23 CFO at the time, Steven Hodge, and I was
10:26:11 24 responsible for all communications with investors,
10:26:17 25 current or potential, in Shell Transport and

1 SIMON HENRY, October 16th, 2006

10:26:21 2 Trading and Royal Dutch, and any of the markets in
10:26:26 3 which they traded or any investor community who
10:26:31 4 might potentially invest in either of those
10:26:33 5 securities.

10:26:35 6 I was responsible for regular
10:26:39 7 communications in terms of Quarterly Results
10:26:41 8 Announcements. I was responsible for some of the
10:26:48 9 regulatory announcements such as 6-Ks, Stock
10:26:53 10 Exchange releases that were made when an event
10:26:57 11 took place that required such a release. I was
10:27:01 12 responsible for the marketing and communications
10:27:03 13 plan and program by which the company communicated
10:27:08 14 with investors, both proactive and reactive. And
10:27:14 15 I was responsible for ensuring that executives
10:27:16 16 within the company were briefed on the market, on
10:27:20 17 developments in the market, on concerns that
10:27:22 18 investors had, and that meant that I was quite
10:27:29 19 involved in issues such as strategy discussions
10:27:34 20 and Business Plan development over that period.

10:27:44 21 Q Now, excuse me. When you say that you
10:27:46 22 were responsible for providing management with
10:27:51 23 feedback from the market, who specifically are you
10:27:55 24 talking about in terms of management?

10:28:00 25 A Primarily Sir Philip Watts, Judith

1 SIMON HENRY, October 16th, 2006

10:28:05 2 Boynton. I mentioned Steven Hodge when I first
10:28:07 3 arrived, in December 2000. Judith arrived in --
10:28:12 4 and she took over formally in September 2001, so
10:28:16 5 for most of my period in Investor Relations I
10:28:20 6 reported to Judy. And Sir Philip took over as
10:28:24 7 Chairman of CMD in June 2001, so again for most of
10:28:28 8 my period Sir Philip was the Chairman of CMD. He
10:28:36 9 was the main contact with the markets. So they
10:28:38 10 were my main individual contacts, but I also had a
10:28:41 11 role in broader sharing of information with
10:28:44 12 people, heads of Strategy, the heads of the
10:28:47 13 Business Units such as EP or Downstream, their
10:28:51 14 planners and particularly their finance
10:28:58 15 representatives.

10:29:00 16 Q During the period that you were at IR,
10:29:04 17 who was the head of EP?

10:29:06 18 A Initially it was Sir Philip Watts, as he
10:29:08 19 was then, until June of 2001, and then that month
10:29:13 20 he was replaced by Walter van der Vijver.

10:29:22 21 Q Now, in terms of the organization of
10:29:24 22 Investor Relations, did you have any direct
10:29:27 23 reports, meaning people who reported to you?

10:29:30 24 A Yes. We had a small team of ten people,
10:29:36 25 and we ran three offices, and I had three senior

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10:29:39 2 individuals report to me, which, when I first, uh,
10:29:44 3 first arrived, were Michael Harrop, who was based
10:29:48 4 in London who was responsible for the U.K. and
10:29:54 5 Republic of Ireland, all investors in those
10:29:58 6 countries. I had -- I'm struggling. I can't
10:30:02 7 remember his name. Jan, in the Netherlands, who
10:30:09 8 was shortly after replaced by Bart van der
10:30:16 9 Steenstraten, who was based in The Hague. My mind
10:30:26 10 has gone blank as to Jan's surname. Bart van der
10:30:34 11 Steenstraten was based in The Hague in the
10:30:36 12 Netherlands, and he was responsible for all
10:30:39 13 investors based in Continental Europe, and Dave
10:30:42 14 Sexton or David Sexton was based in New York, and
10:30:46 15 he was responsible for communication with
10:30:49 16 investors based in North America, both the U.S.
10:30:53 17 and Canada.

10:30:54 18 We also dealt with some Japanese
10:30:56 19 investors. Primarily we dealt with them in
10:31:01 20 London. They had small teams, and Dave Sexton
10:31:07 21 ultimately had one supporting analyst and an
10:31:11 22 assistant in New York. Mike had between two and
10:31:17 23 three supporting analysts based in London, because
10:31:20 24 London was the head office for the activity, and
10:31:23 25 London was where we did all the regulatory

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10:31:26 2 reporting, such as the quarterly results, and any
10:31:31 3 contribution to the annual filings were
10:31:33 4 coordinated out of London. And we had one analyst
10:31:36 5 in The Hague.

10:31:40 6 Q I believe you indicated that these
10:31:42 7 individuals, Mr. Harrop, Mr. van der Steenstraten
10:31:47 8 and Mr. Sexton, were responsible for
10:31:49 9 communications with investors. Could you please
10:31:52 10 elaborate on what it is you mean by responsible
10:31:55 11 for communications with investors.

10:31:58 12 A Each of them would be the first contact
10:32:01 13 for any questions that an investor might have
10:32:04 14 about the companies, it's complex, and listing
10:32:10 15 with two companies forming a single group with
10:32:13 16 listings in different countries, but typically
10:32:16 17 investors were looking at the overall performance
10:32:21 18 of the Royal Dutch/Shell Group of Companies and
10:32:23 19 the questions -- any questions they had on
10:32:26 20 performance or events affecting the company,
10:32:30 21 events in the market, changes in oil price, for
10:32:33 22 example, questions would come into one of the
10:32:37 23 three offices, and any U.S.-based investor would
10:32:41 24 contact the New York office, and a European-based
10:32:44 25 investor would contact The Hague, so first point

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10:32:47 2 of contact.

10:32:48 3 Secondly, proactive communications
10:32:52 4 around, for example, Quarterly Results
10:32:53 5 Announcement, where any of the three individuals
10:32:57 6 would be tasked with proactive contact with
10:33:02 7 investors, either direct with the investment
10:33:06 8 company or with sell side research analysts around
10:33:13 9 those events, so proactive contact, typically on
10:33:15 10 the telephone or maintaining general contact
10:33:18 11 through regular meetings with effectively the
10:33:24 12 important opinion formers in the market.

10:33:30 13 And lastly, they were tasked with
10:33:33 14 arranging events, communication events within
10:33:39 15 their own market, aligned with the Global
10:33:42 16 Communications Plan or the Marketing Plan, which
10:33:46 17 was a roll-in plan that I maintained in London,
10:33:49 18 agreed with Judy and Phil about the communication
10:33:54 19 strategy and the key events, the key communication
10:33:57 20 requirements, usually on a look-forward basis
10:34:02 21 between three and nine months, maybe up to 12
10:34:04 22 months, as to when we would visit certain
10:34:07 23 locations, when executives would meet with
10:34:10 24 investors. And for example, if we planned a
10:34:14 25 presentation in the United States, we would

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10:34:15 2 typically meet with investors around that meeting
10:34:19 3 or that presentation, and Dave Sexton would make
10:34:23 4 those arrangements. That was his relationship
10:34:28 5 with the U.S.-based investors, and he would
10:34:32 6 arrange the meetings and arrange all of the
10:34:35 7 communication around a particular event, and that
10:34:38 8 was done basically on three different markets,
10:34:41 9 given that the markets had quite different
10:34:46 10 characteristics.

10:34:47 11 Q Now, with respect to the Global Strategy
10:34:48 12 Plan, in addition to logistics -- for example,
10:34:52 13 site visitations, dates, et cetera -- were -- did
10:34:58 14 that plan include substantive issues or points or
10:35:02 15 information that Shell wanted to communicate to
10:35:04 16 the markets?

10:35:06 17 MR. SMITH: Objection to form.

10:35:11 18 THE WITNESS: Typically the plan would
10:35:13 19 look at, first of all, as I mentioned earlier,
10:35:20 20 what is the current state of the company in the
10:35:36 21 market, what are the current concerns of
10:35:45 22 investors, what are the questions they are asking,
10:35:53 23 what are the competitors doing. So it was
10:35:55 24 externally focused. What are the typical events
10:35:58 25 in the external market or events within Shell,

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10:36:01 2 such as a major investment decision, that we
10:36:04 3 expect to happen over a period; and how should we
10:36:08 4 best manage the communication process, both in
10:36:14 5 content, so yes, we did look at specific issues
10:36:17 6 whether they were of concern to the market, and
10:36:22 7 also in processes to which markets had different
10:36:25 8 specific concerns, which markets had we not been
10:36:29 9 making as much impact as we would have wished.
10:36:35 10 That's essentially a Marketing Plan.

10:36:47 11 BY MR. MACFALL:

10:36:48 12 Q Did that Global Strategy Plan make
10:36:54 13 allowances for the different geographic regions
10:36:59 14 you described in terms of presentation? By that I
10:37:01 15 mean the United States, Continental Europe and the
10:37:04 16 U.K.

10:37:06 17 A Yes, it did. Three very different
10:37:09 18 markets in terms of the way companies communicated
10:37:17 19 to the market, the type of concerns, the type of
10:37:19 20 investors in the market, and where they perceived
10:37:26 21 value to be in the company. The securities are
10:37:28 22 primarily listed in London and Amsterdam, and the
10:37:34 23 price for all of the securities associated with
10:37:35 24 the Royal Dutch/Shell Group of Companies is very
10:37:38 25 firmly set in the London market. It is set there

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10:37:42 2 because that is where the major shareholders are,
10:37:45 3 that is where the major trading takes place, that
10:37:50 4 is where the major opinion-formers on the
10:37:52 5 performance of the company in terms of the City of
10:37:54 6 London and the research analysts sit.

10:37:57 7 Shell and BP constitute then I think
10:38:01 8 about something like 13, 14 percent of the FTSE
10:38:04 9 Index, FTSE 100 Index. It's a similar percentage
10:38:12 10 today but slightly higher today at unification.
10:38:17 11 So any U.K. investor has to have an opinion on
10:38:20 12 those two companies. Also, any investor who is
10:38:24 13 making a choice about what they can invest in will
10:38:28 14 not go long on both BP and Shell, because then
10:38:34 15 they will be overweighted, overexposed to the U.K.
10:38:42 16 Index.

10:38:42 17 So not only was the price set in London,
10:38:44 18 but it was very sensitive to issues between Shell
10:38:48 19 and BP. It was very difficult for a long-term
10:38:52 20 investor with a large holding to favor both
10:38:54 21 companies, because it increased that portfolio
10:38:59 22 risk and exposure to one industry. So that was
10:39:04 23 clearly the focus, and the U.K. market would not
10:39:08 24 just be on the strength of the company, but it
10:39:10 25 would be on the issues that impacted people's

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10:39:15 2 perceptions of BP and Shell. That is where we
10:39:18 3 differentiate. We couldn't make a difference to
10:39:22 4 people's view of the Oil and Gas sector. It was
10:39:26 5 difficult to make in-roads into that prospectus on
10:39:29 6 the major multi-nationals versus the mid caps.
10:39:33 7 Therefore, the focus was very much Shell versus
10:39:35 8 BP.

10:39:37 9 Continental Europe investors tend to
10:39:40 10 have what we would term a longer time frame, a
10:39:43 11 longer, a mindset, a different mindset. They were
10:39:46 12 very much focused on strategy and much less
10:39:50 13 focused on quarterly results, so in Continental
10:39:55 14 Europe we could -- the only discussions I had on
10:40:00 15 long-term environmental performance and renewable
10:40:04 16 energy opportunities while I was in Investor
10:40:14 17 Relations re Continental Europe, and that was a
10:40:19 18 reflection of the fact that large investors in
10:40:22 19 Scandinavia or in Germany or the Netherlands place
10:40:26 20 a higher premium on certain types of activities by
10:40:30 21 energy companies.

10:40:33 22 The Continental Europe, the main
10:40:38 23 competition was Total, a French company, and BP,
10:40:44 24 and therefore again you ensure that you are
10:40:47 25 pressing the right buttons from an investor

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10:40:49 2 perspective when talking to them in terms of
10:40:52 3 competitive positioning against those two
10:40:55 4 companies.

10:40:55 5 For the U.S., the U.S. itself is by far
10:40:59 6 the largest market in terms of available capital,
10:41:03 7 but as a non-U.S. company we were competing
10:41:09 8 against -- the competition was much tougher, so to
10:41:15 9 have a voice that would be heard, you needed to
10:41:18 10 target investors perhaps with more choice. In the
10:41:24 11 U.K. there are only a certain number of investors,
10:41:27 12 and similarly in Continental Europe. The U.S. is
10:41:32 13 a much larger market, so we had to be more
10:41:35 14 selective in looking to talk to people who were
10:41:38 15 potential buyers and not wasting our time and
10:41:41 16 effort where that was not a possibility.

10:41:43 17 U.S. investors had their highest focus
10:41:49 18 on the quarterly results and are much more
10:41:56 19 analytical than European investors, so numbers
10:42:00 20 mattered to U.S. investors more than the European,
10:42:04 21 and typically large U.S. investors have a longer
10:42:11 22 time horizon than the U.K., and therefore you're
10:42:14 23 always looking to appeal to people who will keep,
10:42:17 24 buy and hold the stock for a significant period of
10:42:20 25 time. Clearly our main competitors in the U.S.

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10:42:24 2 market in our own sector were Exxon, Chevron,
10:42:29 3 Conoco, plus their various offshoots, Texaco,
10:42:34 4 Phillips. BP and Total also are competitors here,
10:42:40 5 because they were an alternative investment for a
10:42:51 6 U.S. investor who was interested in non-U.S.-based
10:42:56 7 oil and gas companies, large oil and gas, but the
10:42:59 8 U.S. market has also much more competition from
10:43:03 9 other large caps or other major capitalized
10:43:08 10 companies, so we're also in competition with GE,
10:43:12 11 Microsoft, much less so in Europe where people are
10:43:16 12 more sector-focused.

10:43:23 13 So given that we knew investors had a
10:43:26 14 different perspective -- there was also the issue
10:43:29 15 that U.S. investors very rarely looked at the
10:43:32 16 value of the business outside North America, and
10:43:34 17 therefore any communications inside North America
10:43:38 18 would have an element focused on our Business
10:43:43 19 inside North America, a much greater element than
10:43:46 20 our global presentations. So the U.S., while
10:43:50 21 being important to our other investors, was just
10:43:54 22 one country, whereas to a U.S. investor it's "the"
10:44:00 23 country, the domestic versus foreign split.

10:44:04 24 Q Now, with regard to United States, with
10:44:08 25 United States investors, did those communications

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10:44:10 2 also focus on Shell's global operations or
10:44:13 3 operations outside North America?

10:44:18 4 A Yes. They would always talk about the
10:44:20 5 global position. Quite frequently a third to
10:44:23 6 50 percent of the content would focus on North
10:44:25 7 American operations, whereas typically for a
10:44:30 8 global presentation it may be somewhere from zero
10:44:33 9 to 15 percent of the presentation, depending on
10:44:38 10 the global investor concerns.

10:44:47 11 Q Directing your attention specifically to
10:44:51 12 the 2001 to 2003 time frame, do you recall the
10:44:56 13 approximate breakdown of investment by investors
10:45:04 14 in the United States versus investors in
10:45:07 15 Continental Europe versus investors in the U.K.?

10:45:13 16 MR. SMITH: Objection to form.

10:45:14 17 THE WITNESS: When I first took over, we
10:45:15 18 had little or no direct information about current
10:45:20 19 holders of Shell stock. We didn't do market
10:45:24 20 analysis in terms of taking -- doing research,
10:45:30 21 regular research on who was currently holding the
10:45:33 22 stocks. The U.S. market is relatively easy and
10:45:36 23 transparent, the U.K. slightly less so, and the
10:45:40 24 Continental European market where they were
10:45:45 25 primarily holders of Royal Dutch bearer shares

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10:45:51 2 listed on the Amsterdam Exchange, and bearer
10:45:51 3 shares meaning you don't have to identify
10:45:53 4 yourself, so fundamentally it was very difficult
10:45:55 5 to identify shareholders in Royal Dutch trading on
10:45:59 6 the Amsterdam Exchange.

10:46:03 7 To the best of our knowledge at the
10:46:05 8 time, the total percentage of shares held in the
10:46:09 9 U.S. was between 25 and 30 percent. At the time
10:46:14 10 also, Royal Dutch Petroleum was a full member of
10:46:18 11 the Standard & Poore's 500 index, which meant that
10:46:22 12 index funds investing in the United States were
10:46:25 13 typically based in and investing in the United
10:46:28 14 States would hold some Royal Dutch/Shell as part
10:46:33 15 of their Index fund.

10:46:38 16 In July 2002 the S&P changed their
10:46:44 17 requirement for membership of the Index to exclude
10:46:49 18 any companies that were primarily listed and
10:46:55 19 traded outside the United States, so Royal Dutch
10:46:57 20 was removed from the Index in the middle of 2002,
10:47:02 21 after which we saw, as you might expect, some
10:47:05 22 flowback of stock held to Europe. The percentage
10:47:12 23 fell to be, we believe, between 20 and 25 percent,
10:47:17 24 maybe lower than 20 percent over a period, bearing
10:47:21 25 in mind always that some of the bearer shares who

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10:47:25 2 we could not identify may have been based in the
10:47:27 3 United States.

10:47:28 4 So our main source of information, we
10:47:30 5 did set up market intelligence through Thompson
10:47:36 6 Financial. We also did a one-off survey of
10:47:43 7 holders by a company called Taylor Rafferty that
10:47:48 8 helped us to identify in a much better way who
10:47:53 9 were our current shareholders and where they were,
10:47:56 10 and we maintained that on a monthly basis until
10:48:00 11 I -- until after I left Investor Relations. So we
10:48:04 12 started off above 25 percent. We ended up
10:48:08 13 somewhere probably around 20 percent over that
10:48:11 14 period.

10:48:12 15 BY MR. MACFALL:

10:48:13 16 Q Okay. Am I correct that the loss of
10:48:22 17 approximately five percent of the investors in the
10:48:26 18 United States as a consequence of Royal Dutch's
10:48:34 19 exclusion from the S&P 500 Index was primarily a
10:48:41 20 result of the loss of investors whose investment
10:48:44 21 decisions were keyed into the S&P 500 Index; is
10:48:47 22 that correct?

10:48:48 23 MR. SMITH: Objection to form.

10:48:51 24 THE WITNESS: That was our
10:48:51 25 interpretation of the facts as we saw them,

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10:48:54 2 because there's no way we could tie everybody's
10:48:58 3 transactions. It was an approximate loss at the
10:49:01 4 time, and in fact, I think the actual loss was
10:49:04 5 more than that over a longer period of time,
10:49:06 6 because many of the non-index funds in the U.S.
10:49:11 7 would actually track their performance against an
10:49:13 8 index and therefore probably held Royal Dutch as a
10:49:16 9 hedge against the Index itself for their own
10:49:19 10 performance. And once that link was broken, there
10:49:21 11 was less incentive for them to hold Royal Dutch as
10:49:24 12 well, so I think over time it probably led to a
10:49:27 13 greater reduction, but that's a personal opinion
10:49:31 14 based on the facts that we saw.

10:49:33 15 BY MR. MACFALL:

10:49:36 16 Q At that time, approximately July of
10:49:38 17 2002, did Shell embark on any strategy in order to
10:49:44 18 compensate for the loss of those investors in the
10:49:47 19 United States?

10:49:50 20 A It was around about that time, not
10:49:51 21 necessarily pursuant to, we looked at our, the
10:49:57 22 holdings we could identify in the U.S. retail
10:50:01 23 investor sector, a very large sector in which we
10:50:13 24 felt, on analysis, we were underrepresented and
10:50:15 25 that there was potential to market the stock into

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10:50:19 2 the U.S. retail investor sector. Now, one of our
10:50:21 3 primary competitors, Exxon, is very highly
10:50:25 4 represented in that sector and is a not dissimilar
10:50:28 5 type of stock. We felt that we should have a good
10:50:31 6 opportunity, because it was a very large and
10:50:33 7 liquid market.

10:50:34 8 Q Did Shell undertake any actions in order
10:50:36 9 to become more active in the retail sector?

10:50:40 10 A Firstly, we recruited an individual into
10:50:42 11 the New York office who helped to develop
10:50:48 12 materials to communicate with brokers who
10:50:55 13 typically communicated ultimately to the retail
10:50:58 14 investors, and we held various communication
10:51:03 15 events that were targeted primarily at the
10:51:10 16 brokers, who would then communicate down into the
10:51:12 17 retail sector, but obviously, if it was a webcast
10:51:16 18 type communication, retail investors could listen
10:51:18 19 in direct as well, so yes, we developed a
10:51:21 20 marketing program targeted at U.S. retail
10:51:23 21 investors.

10:51:32 22 Q As part of that retail marketing
10:51:34 23 program, did Shell increase the number of
10:51:38 24 one-on-one meetings between senior management and
10:51:42 25 investors or potential investors in the United

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10:51:45 2 States?

10:51:46 3 MR. SMITH: I just want to make sure
10:51:47 4 we're clear about the time frame. We're still
10:51:49 5 talking about after the removal from the S&P 500?

10:51:54 6 MR. MACFALL: That's correct.

10:51:55 7 MR. SMITH: Okay.

10:51:56 8 THE WITNESS: Well, strike that truth,
10:51:56 9 no, because one-on-one meetings with investors,
10:51:59 10 with retail investors would not be very efficient
10:52:02 11 use of management time. You communicate to retail
10:52:05 12 investors through brokers, essentially, and
10:52:07 13 through -- if you hype mass market communications
10:52:12 14 techniques such as materials available from the
10:52:15 15 website mail shots, the one-on-one meetings were
10:52:23 16 typically with large investors, Fidelity, Putnam,
10:52:28 17 State Street, and they were pretty much held at
10:52:33 18 the same level, following the exclusion from the
10:52:37 19 S&P.

10:52:51 20 BY MR. MACFALL:

10:52:51 21 Q Now I'd like to go back to some of the
10:52:54 22 types of communications that Shell had with the
10:52:57 23 market, and I believe you mentioned quarterly
10:53:00 24 announcements; is that correct?

10:53:01 25 A That's correct.

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10:53:02 2 Q Could you please describe for me what
10:53:04 3 that was.

10:53:07 4 A A Quarterly Results Announcement is --
10:53:12 5 technically it is roughly a 20-page document
10:53:20 6 reporting the financial results of the prior three
10:53:22 7 months. Our quarters are the calendar quarters.
10:53:25 8 They're from January to March, April to June and
10:53:28 9 so on, and typically four weeks after the end of
10:53:31 10 the quarter we would make a Stock Exchange release
10:53:38 11 in the London market or on the London Exchange,
10:53:40 12 simultaneously with the Amsterdam Exchange, and
10:53:48 13 this release was primarily financial figures, but
10:53:51 14 also contained supporting text narrative to
10:53:55 15 explain the results in the given period in
10:53:59 16 comparison with previous or prior periods.

10:54:05 17 That would usually be accompanied with,
10:54:08 18 depending on what time of year and the current
10:54:13 19 state of performance, either a conference call
10:54:15 20 with analysts hosted by myself or a physical
10:54:20 21 presentation, which would also be typically
10:54:23 22 webcast to analysts, hosted by either the CFO,
10:54:28 23 which would have been Steven Hodge or Judy Boynton
10:54:33 24 later, or on occasion by the Chairman of CMD, Sir
10:54:42 25 Philip Watts.

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10:54:47 2 Q And just going back to the actual QRA
10:54:50 3 for a moment, you indicated that it reported
10:54:54 4 financial information. Did the QRA report proven
10:54:58 5 reserves?

10:54:59 6 A No, it did not.

10:55:00 7 Q Do you recall if the QRA reported --
10:55:05 8 withdrawn. Are you familiar with the term
10:55:07 9 "Reserves Replacement Ratio"?

10:55:14 10 A Yes, I am.

10:55:15 11 Q Could you please describe for me your
10:55:17 12 understanding of that term.

10:55:18 13 A Reserves Replacement Ratio is, for any
10:55:23 14 given period, equal to the number of new additions
10:55:28 15 to proved reserves, reported proved reserves,
10:55:32 16 divided by the production in the same period.

10:55:39 17 Q Do you recall if Shell reported its
10:55:43 18 Reserves Replacement Ratio in the QRAs?

10:55:47 19 A Within the narrative, typically for a
10:55:50 20 fourth quarter QRA, there would be a reference to
10:55:56 21 the Reserves Replacement Ratio for the previous
10:56:00 22 year, although this was not a regulatory
10:56:04 23 requirement to include it in that document, so I
10:56:07 24 cannot recall every single year that we've done
10:56:10 25 that explicitly. I'm just thinking typically

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10:56:16 2 we've given -- more recently we've given a range,
10:56:21 3 not a specific figure.

10:56:22 4 Q When you say "more recently," what
10:56:25 5 period --

10:56:26 6 A Since 2004.

10:56:37 7 Q Do you recall if Discounted Cash Flow
10:56:39 8 was reported in the QRAs?

10:56:41 9 A The standardized measure?

10:56:44 10 Q Yes.

10:56:45 11 A No, it was not reported in the QRAs.

10:56:51 12 Q Are you familiar with the term "Return
10:56:53 13 On Average Capital Employed"?

10:56:55 14 A Yes, I am.

10:56:56 15 Q Could you please explain for me your
10:56:59 16 understanding of that term.

10:57:05 17 A Simply, that's the net income divided by
10:57:08 18 the capital employed at the beginning and end of
10:57:13 19 the period, the average across the period. That's
10:57:15 20 a simple definition. There's slightly more
10:57:19 21 nuances to it if you wish to calculate it from a
10:57:26 22 given set of figures.

10:57:31 23 Q Is the ROACE or the Return On Average
10:57:34 24 Capital Employed something that Shell reported in
10:57:41 25 its QRAs?

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10:57:49 2 A Q1, 2 and 3 reporting, typically not.
10:57:53 3 For Q4 it would be in the narrative and possibly
10:58:02 4 in some of the tables for the QRA. I'd have to
10:58:06 5 say I don't recall exactly what we would include.
10:58:10 6 It may not have been the same from year to year.

10:58:19 7 Q Do you know who was responsible for
10:58:21 8 drafting the QRAs?

10:58:25 9 A Michael Harrop, when he reported to me,
10:58:27 10 and from -- in other words, one of my team, and
10:58:30 11 from December 2002 Michael was replaced by Gerard
10:58:37 12 Paulides with the same role and responsibility.
10:58:41 13 They drafted the QRA under my guidance.

10:58:51 14 Q And when you say under your guidance,
10:58:52 15 could you please describe for me more fully your
10:58:58 16 involvement in the preparation of the QRAs.

10:59:00 17 A I mentioned the QRAs in two sections.
10:59:03 18 There is a narrative and there is a set of data.
10:59:04 19 The data was prepared by the Group Reporting
10:59:07 20 function, a small team based in London. All
10:59:13 21 financial statements would come through there with
10:59:16 22 auditors normal financial reporting process.
10:59:23 23 Based on those data, Mike and then Gerard would
10:59:29 24 prepare a first draft of what they believed should
10:59:34 25 be in the QRA for that period.

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10:59:36 2 The prime purpose of the QRA, the
10:59:40 3 narrative, was to communicate an explanation for
10:59:44 4 Business drivers that were impacting the results
10:59:49 5 to enable investors to understand what had driven
10:59:52 6 the earnings, the cash generation and the balance
10:59:54 7 sheet for the period. So they were looking for
10:59:56 8 explanations. They, in turn, worked with each of
11:00:01 9 the primary Businesses. We had four primary
11:00:04 10 Businesses: Exploration & Production, Gas and
11:00:07 11 Power, Oil Products and Chemicals. So they worked
11:00:13 12 with the finance contacts in each of the
11:00:15 13 Businesses to help draft the narrative, and they
11:00:21 14 would bring in events that had happened, new
11:00:25 15 acreage, drilling success or whatever there
11:00:28 16 happened to be.

11:00:28 17 That draft would then be discussed with
11:00:31 18 myself. We would make amendments, we would take
11:00:35 19 it back into the Businesses for their comments,
11:00:40 20 because typically it's a very small group of
11:00:44 21 people involved, so two, maybe three people in a
11:00:48 22 given Business. We would get agreement with the
11:00:50 23 Business, and then the final draft would be
11:00:54 24 presented to both the Group Controller, the Group
01:03 25 Treasurer as it was then, and the CFO, so

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11:01:06 2 ultimately the CFO was the owner in the company,
11:01:11 3 and with support from the CFO it would then be
11:01:15 4 sent to what was then the CMD.

11:01:18 5 Typically they would review that the
11:01:20 6 Tuesday before the results, which were on a
11:01:24 7 Thursday, always released on a Thursday morning,
11:01:26 8 and on Wednesday the Board would meet or
11:01:30 9 effectively what was called then "The Conference,"
11:01:33 10 which was both Boards, the Board of Royal
11:01:35 11 Dutch/Shell Transport, and then they would be
11:01:38 12 appraised of the release, and very occasionally
11:01:42 13 they would have a comment to make a change to the
11:01:50 14 QRA release, so that was the process, and I was
11:01:51 15 ultimately driving that process.

11:01:53 16 Q On those rare occasions when the Boards
11:01:55 17 had a comment, would that have been to the
11:01:58 18 narrative portion of the QRA?

11:02:00 19 A Correct.

11:02:01 20 Q To whom would they communicate those
11:02:04 21 comments?

11:02:04 22 A The Board?

11:02:05 23 Q Yes.

11:02:06 24 A They would communicate them immediately
11:02:08 25 back to me.

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11:02:12 2 Q I take it then that you would effect --
11:02:13 3 well, what action, if any, would you take in
11:02:16 4 response to a Board comment?

11:02:19 5 A I would do as I was asked.

11:02:24 6 Q Do you recall any specific instances of
11:02:26 7 the Boards providing you with comments to the
11:02:29 8 QRAs?

11:02:33 9 A I remember one specific instance around
11:02:37 10 Q4 2002, which would have been in February 2003, I
11:02:44 11 had in feedback on some of the narrative then.

11:02:52 12 Q Do you remember specifically the topics
11:02:53 13 that that feedback concerned?

11:02:55 14 A It was associated with production
11:02:57 15 growth.

11:03:10 16 Q Do you have any more specific
11:03:11 17 recollection? I mean can you describe any more
11:03:13 18 specifically for me what those comments involved?

11:03:27 19 A The QRA, as drafted, sometimes contained
11:03:30 20 forward-looking statements with appropriate
11:03:33 21 provisos at random but expectations either for
11:03:37 22 industry developments or for the performance of
11:03:39 23 the company, and it is a Stock Exchange release,
11:03:43 24 and therefore if you're making a projection about
11:03:46 25 future production growth, we would take -- we

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11:03:48 2 would put the statements into the Stock Exchange
11:03:50 3 Release, as that is the primary file document, and
11:03:54 4 we would then later communicate on them.

11:03:57 5 So at the end of that particular year,
11:03:59 6 end of 2002, we had been looking at future
11:04:02 7 production projections, and the wording that we
11:04:08 8 were seeking to achieve was not accepted by the
11:04:12 9 Board, and they made some changes.

11:04:14 10 Q Okay. And I don't mean to belabor the
11:04:18 11 point, although I am. Do you recall specifically
11:04:21 12 what the issue of the wording was?

11:04:26 13 A We, we were proposing rather less
11:04:30 14 specificity around future production growth
11:04:33 15 targets. They wanted to include a more specific
11:04:39 16 target for production growth.

11:04:41 17 Q Whether you say "a more specific
11:04:43 18 target," are you talking about a quantification of
11:04:46 19 the production target?

11:04:48 20 A Yes.

11:04:50 21 Q Now, I believe you also stated that in
11:04:52 22 conjunction with the QRAs, there were
11:04:55 23 presentations made, either a press conference,
11:05:00 24 teleconference, or a more formal -- or a live
11:05:03 25 physical meeting; is that correct?

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11:05:06 2 A That is correct. All of those could
11:05:07 3 take place: Press conference, teleconference, and
11:05:13 4 a physical conference with investors and analysts.

11:05:18 5 Q Dealing with the first of those, press
11:05:20 6 conferences, were such conferences held in
11:05:26 7 connection with each QRA?

11:05:29 8 A Typically, no. It was just done in the
11:05:31 9 mid-year and at the end of the year, and that's
11:05:35 10 reflected U.K. market practice. It's not a
11:05:38 11 requirement in the U.K. to report quarterly
11:05:43 12 financial results. It's just a requirement to
11:05:44 13 report six-monthly. And the customer practice in
11:05:46 14 the London market is for the Chief Executive or
11:05:49 15 the CFO to hold a press conference in releasing
11:05:54 16 the mid-year results and the full-year results, so
11:05:57 17 we tended to follow that practice.

11:05:59 18 The press conferences would be held in
11:06:00 19 London, by exception they would be held in The
11:06:04 20 Hague, and sometimes simultaneously in London and
11:06:10 21 The Hague, depending on the needs of the moment.
11:06:16 22 And they were organized by our press team, but all
11:06:21 23 the material, all the messages, all of the
11:06:25 24 preparation of the executives would be coordinated
11:06:30 25 as one exercise by myself and the head of Media

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11:06:32 2 Relations.

11:06:37 3 Q I was about to ask: Who was the head of
11:06:38 4 Media Relations during the period of 2001 and
11:06:45 5 2004?

11:06:46 6 A It was a lady by the name of Mary Jo
11:06:49 7 Jacobi. Her actual title was a bit more broad,
11:06:53 8 but she drove the strategy in the communication
11:06:56 9 approach for external relationships other than
11:07:01 10 investors, which included the media.

11:07:10 11 Q I believe you indicated that the CFO
11:07:12 12 would normally speak at a press conference; is
11:07:14 13 that correct?

11:07:15 14 A Would usually be there, quite often
11:07:18 15 speak, but if the conference was in the
11:07:23 16 Netherlands, it would be hosted by whoever was the
11:07:27 17 President of Royal Dutch at the time, which
11:07:29 18 throughout this period was Jeroen van der Veer,
11:07:33 19 and the conference was typically held in Dutch as
11:07:36 20 well, not in English. In the U.K., if Sir Philip
11:07:43 21 Watts was present, Sir Philip would lead the
11:07:46 22 presentation, and usually Judy would be at the
11:07:48 23 presentation, and maybe she talked to the
11:07:50 24 financial results and answered the financial
11:07:52 25 questions.

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11:07:57 2 Q I take it by your answer then that
11:07:59 3 Mr. Watts would not participate in all press
11:08:01 4 conferences regarding QRAs.

11:08:04 5 A Not all press conferences, no. He
11:08:06 6 didn't participate in the Dutch, and I think there
11:08:09 7 were one or two in the period where Judy would
11:08:12 8 lead.

11:08:17 9 Q Now, were members of the financial media
11:08:19 10 and other media invited to these press
11:08:21 11 conferences?

11:08:24 12 A The financial media, yes. We also
11:08:28 13 typically held a teleconference before a physical
11:08:31 14 press conference that was held at the wire
11:08:35 15 services: Bloomberg, Reuters and AFP, and other
11:08:43 16 news services. We would hold a brief 30-minute
11:08:49 17 teleconference immediately after we had issued the
11:08:52 18 results to the Stock Exchange, the purpose there
11:08:55 19 being to give an opportunity for the wire
11:09:00 20 journalists to ask questions of -- again typically
11:09:06 21 it was either Sir Philip or Judy or both, to ask
11:09:15 22 questions of them so they had a better
11:09:17 23 understanding to put the stories out on the wires,
11:09:20 24 because on any given results announcements of the
11:09:20 25 day, the wires tend to set the tone for the day

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11:09:24 2 for media reporting. And that was usually about
11:09:27 3 an hour, 90 minutes before the press conference
11:09:32 4 itself.

11:09:33 5 Q And those wire services typically
11:09:36 6 disseminated articles concerning Shell's results
11:09:43 7 worldwide, correct?

11:09:44 8 MR. SMITH: Objection to form; lack of
11:09:47 9 foundation.

11:09:48 10 BY MR. MACFALL:

11:09:48 11 Q Withdrawn. Do you -- are you familiar
11:09:49 12 with the scope of -- withdrawn. Let me try this
11:09:57 13 again. Did the wire services periodically or
11:10:02 14 typically write articles concerning the results
11:10:14 15 announced by Shell?

11:10:15 16 MR. SMITH: Objection to form.

11:10:20 17 THE WITNESS: They always, we hoped,
11:10:22 18 wrote an article about the quarterly results and
11:10:27 19 the performance of the company.

11:10:31 20 BY MR. MACFALL:

11:10:32 21 Q As part of your market monitoring
11:10:35 22 activities as head of IR, did you review those
11:10:39 23 articles?

11:10:45 24 A Not all of them, but I would typically
11:10:48 25 follow Bloomberg's and other news services that

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were notified to me as having carrying a particularly interesting article.

Q Are you aware of whether those articles were disseminated globally over the wire at the same time?

A I guess I was only following them from the U.K., and so it would be an assumption from me that they would be available globally by whatever mechanism the wire services would use. I was only personally following them in the U.K.

Q Now, with regard to the press conferences that were conducted concerning the QRAs, you indicated that members of the financial media attended those conferences. Who determined who to invite to those conferences?

A The team reporting to Mary Jo Jacobi.

Q Could you please describe the format of those conferences for me.

A Just to be clear, we're talking about the press conferences, not the investor or the analyst conferences, which were a quite separate event?

Q That's correct.

A I guess if it were U.K.-based, we would

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11:12:23 2 have somewhere between 20 and 30 journalists. We
11:12:27 3 would either rent a room in a London hotel or
11:12:30 4 other conference venture or invite the journalists
11:12:36 5 to Shell Center, the head office in London. Phil
11:12:39 6 or Judy would start with their 10-, 15-minute
11:12:43 7 presentation on the results. It would have
11:12:47 8 somewhere between seven and ten slides, simple
11:12:50 9 description or explanation of the results,
11:12:52 10 followed by an open Q&A. There would usually be a
11:12:59 11 telephone call-in option, such that journalists
11:13:03 12 who could not attend physically could also listen
11:13:06 13 and also ask questions, and the whole event would
11:13:10 14 last for maybe an hour.

11:13:13 15 Q Now, with regard to the presentation on
11:13:15 16 the results, I take it that -- withdrawn. Did
11:13:18 17 Mr. Watts and Ms. Boynton utilize prepared
11:13:24 18 statements during that portion of the
11:13:26 19 presentation?

11:13:26 20 A Yes, they did.

11:13:27 21 Q Who was responsible for drafting those
11:13:29 22 prepared statements?

11:13:32 23 A Ultimate responsibility for the press
11:13:34 24 statements would be with Mary Jo, but in fact,
11:13:37 25 they were extracts from, although very similar to,

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11:13:41 2 the statements that would be used by either Sir
11:13:45 3 Philip or Judy or myself in investor
11:13:50 4 communications, so it was basically one
11:13:52 5 preparation process, and Mary Jo's team would --
11:13:56 6 "dumb down" would be maybe the wrong word, but
11:14:04 7 they would make it more understandable to
11:14:07 8 journalists relative to the investors who are
11:14:08 9 shall we say more liberate in their interests.

11:14:10 10 MR. FERRARA: Tim, we've been going for
11:14:12 11 a little more than an hour. Would it be
11:14:15 12 convenient to take a brief break?

11:14:18 13 MR. MACFALL: If I could just finish up
11:14:24 14 with a couple more questions.

11:14:27 15 MR. FERRARA: Sure.

11:14:28 16 BY MR. MACFALL:

11:14:28 17 Q Do you recall if journalists from the
11:14:31 18 financial media in the United States typically
11:14:33 19 attended the QRA or the Quarterly Result press
11:14:39 20 conferences?

11:14:39 21 A Almost never, because they were held at
11:14:41 22 9:00 in the morning, and that was 4:00 a.m. in New
11:14:44 23 York. What we did have is the Bureau
11:14:48 24 representative usually from the "Wall Street
11:14:49 25 Journal" would be present, but the London Bureau

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11:14:54 2 as based in London. I don't recall too many
11:15:00 3 others. "New York Times" was occasionally
11:15:03 4 represented.

11:15:06 5 Q Now, when you say "represented," do you
11:15:07 6 mean that those individuals were physically
11:15:12 7 present at the press conference?

11:15:14 8 A Or they would call in. They were always
11:15:18 9 invited, but they didn't always attend.

11:15:24 10 Q Now, just for clarification, because I
11:15:27 11 was actually asking specifically with regard to
11:15:30 12 physical attendance at the conferences, but you
11:15:33 13 may have answered this: Do you recall if members
11:15:36 14 of the financial media in the United States
11:15:38 15 typically participated by telephone in those press
11:15:44 16 conferences?

11:15:49 17 A Journalists based in the United States,
11:15:51 18 almost never, from my memory. I don't even
11:15:58 19 remember, because it wasn't my invitation list.
11:16:02 20 If we would bother to invite them, we would just
11:16:07 21 invite the London Bureau because of the time and
11:16:10 22 distance.

11:16:11 23 MR. MACFALL: Why don't we go off the
11:16:13 24 record.

16:14 25 THE VIDEOGRAPHER: We're going off the

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11:16:15 2 record. The time is 11:16 a.m.

11:16:18 3 (Whereupon, a short recess was taken.)

11:42:10 4 THE VIDEOGRAPHER: We are back on the

11:42:10 5 record. The time is 11:42 a.m.

11:42:15 6 BY MR. MACFALL:

11:42:16 7 Q Mr. Henry, prior to the break we were
11:42:18 8 talking about the press conferences that were held
11:42:20 9 in conjunction with the QRAs. I believe you
11:42:25 10 stated that members of the financial media from
11:42:27 11 the United States were invited but with certain
11:42:29 12 exceptions which you specified usually did not
11:42:33 13 attend. I'd like to ask: Do you recall
11:42:41 14 specifically which members of the United States
11:42:43 15 financial media were invited to those press
11:42:46 16 conferences?

11:42:47 17 MR. SMITH: Objection to form and
11:42:48 18 foundation.

11:42:51 19 THE WITNESS: To the best of my
11:42:54 20 knowledge, it would be the London-based Bureau of
11:42:57 21 Representatives of the "Wall Street Journal," the
11:42:59 22 "New York Times." And just to be clear, the same
11:43:04 23 was true about the wire services. It was the
11:43:07 24 London representatives. All reports that came out
11:43:13 25 following any of the discussions, quarterly

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11:43:17 2 results or otherwise, would come from the London
11:43:20 3 office; for example, Bloomberg. We never, in my
11:43:25 4 experience, spoke to U.S.-based journalists or
11:43:32 5 financial media.

11:43:34 6 BY MR. MACFALL:

11:43:36 7 Q Are you aware if representatives from
11:43:41 8 "Investors Business Daily" was invited to the
11:43:44 9 press conference?

11:43:46 10 A No.

11:43:47 11 Q No, you're not aware or no, they were
11:43:49 12 not invited?

11:43:50 13 A I'm not aware.

11:43:51 14 Q And I believe you, uh, you mentioned
11:43:53 15 Bloomberg. That would have been the London
11:43:55 16 representative of Bloomberg, correct?

11:43:56 17 A Correct.

11:43:57 18 Q Okay. How about Thompson's; do you
11:44:01 19 recall if anybody from Thompson's was normally
11:44:07 20 invited?

11:44:09 21 A I don't recall if Thompson's were
11:44:12 22 invited. The only relationship I had with
11:44:15 23 Thompson's that I was aware of was, in fact, the
11:44:19 24 shareholder information that they started to
11:44:22 25 gather for us during 2002.