Amsterdam Court of Appeals

Date: 11 April 2007

PETITION FOR A BINDING DECLARATION PURSUANT TO SECTION 7:907 BW

concerning:

1. **SHELL PETROLEUM N.V.**,
established and incorporated in The Hague, the Netherlands, electing domicile in Amsterdam, the Netherlands, at Burgerweeshuispad 301,
procurator litis: Mr B.J.H. Crans
attorneys: Mr S.E. Eisma and Mr M.A. Leijten

2. **THE SHELL TRANSPORT AND TRADING COMPANY LIMITED**,
established and incorporated in London, United Kingdom, electing domicile in Amsterdam, the Netherlands, at Burgerweeshuispad 301,
procurator litis: Mr B.J.H. Crans
attorneys: Mr S.E. Eisma and Mr M.A. Leijten

3. **STICHTING SHELL RESERVES COMPENSATION FOUNDATION**,
established in The Hague, the Netherlands, electing domicile in Amsterdam, the Netherlands, at Jachthavenweg 121,
procurator litis: Mr P.N. van Regteren Altena
attorney: Mr J.H. Lemstra

4. **VERENIGING VAN EFFECTENBEZITTERS**,
established in The Hague, the Netherlands, electing domicile in Amsterdam at Claude Debussylaan 54,
procurator litis and attorney: Mr E.J. Ferman

5. **STICHTING PENSIOENFONDS ABP**,
established in Heerlen, the Netherlands, electing domicile in Amsterdam at Strawinskylaan 1999,
procurator litis and attorney: Mr D.F. Lunsingh Scheurleer

6. **STICHTING PENSIOENFONDS VOOR DE GEZONDHEID, GEESTELIJKE EN MAATSCHAPPELIJKE BELANGEN**, established in Utrecht, the Netherlands, electing domicile in Amsterdam at Strawinskylaan 1999, procurator litis and attorney: Mr D.F. Lunsingh Scheurleer

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Petitioner 1 is the lawful heir and successor of N.V. Koninklijke Nederlandsche Petroleum Maatschappij; before being re-registered, Petitioner 2 was The "Shell" Transport and Trading Company p.l.c. Petitioners 1 and 2 will hereinafter be jointly and individually referred to as "**Shell**".

1 Introduction

1.1 The request

1.1.1 The objective of this request is that the Court of Appeals declares the agreement dated April 11, 2007 between Shell, Stichting Shell Reserves Compensation Foundation, Vereniging van Effectenbezitters, Stichting Pensioenfonds ABP and Stichting Pensioenfonds voor de Gezondheid, Geestelijke en Maatschappelijke Belangen (the "Settlement Agreement") (**Exhibit 1**) binding; the Settlement Agreement envisages allocating compensation to certain of Shell's shareholders in connection with a decline in the price of Shell stock that occurred after the re-categorizations of certain Shell oil and gas reserves. The Settlement Agreement is an agreement within the meaning of Article 7:907 (1) of the Dutch Civil Code.

1.1.2 In brief, the Settlement Agreement provides compensation to shareholders who resided or were domiciled outside of the United States, and who, during the period of April 8, 1999 through March 18, 2004, inclusive (the "**Relevant Period**"), purchased shares of N.V. Koninklijke Nederlandsche Petroleum Maatschappij (a.k.a The Royal Dutch Petroleum Company) and/or The "Shell" Transport and Trading Company p.l.c. on the Amsterdam Stock Exchange, Euronext, the London Stock Exchange or the stock exchanges in Austria, Belgium, France, Germany, Luxembourg and Switzerland (the "**Participating Shareholders**"). In return for such compensation, the Settlement Agreement provides that the Participating Shareholders will release all claims that they might have against Shell and legal entities and/or natural persons affiliated with Shell regarding the re-categorizations of certain oil and gas reserves.

1.1.3 The Settlement Agreement does not provide compensation to shareholders who (i) resided or (ii) were domiciled in the United States or (iii) who purchased shares or American

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Depository Receipts (the "**ADRs**") of N.V. Koninklijke Nederlandsche Petroleum Maatschappij and/or of The "Shell" Transport and Trading Company p.l.c. on the New York Stock Exchange (the "**US Shareholders**"). Based on the Settlement Agreement, Shell shall contemporaneously offer to US Shareholders a settlement similar to the terms contained in this Settlement Agreement, after obtaining approval from the US Court.

2 Petitioners

2.1 Shell

2.1.1 Effective December 21, 2005, Shell Petroleum N.V. (Petitioner 1) became the lawful heir and successor to N.V. Koninklijke Nederlandsche Petroleum Maatschappij by means of a legal merger under Article 2:309 of the Civil Code of The Netherlands, between Shell Petroleum N.V., as the acquiring company, and N.V. Koninklijke Nederlandsche Petroleum Maatschappij, as the company that was taken over and that ceased to exist once the merger was effected.

2.1.2 Effective July 20, 2005, The "Shell" Transport and Trading Company p.l.c, a public company, was reregistered as a private company and renamed The Shell Transport and Trading Company Limited (Petitioner 2).

2.1.3 Since 1907, N.V. Koninklijke Nederlandsche Petroleum Maatschappij and The "Shell" Transport and Trading Company p.l.c. have been the parent companies of the Royal Dutch/Shell Group of companies. During the Relevant Period, the ordinary shares of N.V. Koninklijke Nederlandsche Petroleum Maatschappij were listed on the stock exchanges of, among others, Amsterdam, London and New York. During the Relevant Period, the ordinary shares of The "Shell" Transport and Trading Company p.l.c. were listed on the stock exchanges of, among others, London and New York.

2.1.4 On March 18, 2004, 2,083,500,000 ordinary shares with a nominal value of EUR 0.56 each were outstanding in the capital of N.V. Koninklijke Nederlandsche Petroleum Maatschappij and 9,776,500,000 ordinary shares with a

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nominal value of GBP 0.25 each were outstanding in the capital of The "Shell" Transport and Trading Company p.l.c.[1]

2.1.5 In 2002, Royal Dutch Shell p.l.c. was incorporated in London, England. The current Head Office of Royal Dutch Shell p.l.c. is in The Hague. During the course of 2005, Royal Dutch Shell p.l.c. acquired all but a few of the shares of N.V. Koninklijke Nederlandsche Petroleum Maatschappij and of The "Shell" Transport and Trading Company p.l.c. On July 20, 2005, Royal Dutch Shell plc effectively became the new parent company of the Royal Dutch Shell Group.

2.1.6 The shares of Royal Dutch Shell p.l.c. are listed on the stock exchanges of Amsterdam, London and New York.

2.2 The Stichting Shell Reserves Compensation Foundation

2.2.1 The Stichting Shell Reserves Compensation Foundation (the "**Foundation**") was incorporated on April 10, 2007. Pursuant to its Articles of Association (**Exhibit 2**), the Foundation represents the interests of all legal entities and/or natural persons that, during the Relevant Period, purchased shares in the capital of Koninklijke Nederlandsche Petroleum Maatschappij N.V. and/or The "Shell" Transport and Trading Company p.l.c. on the Amsterdam Stock Exchange, Euronext, the London Stock Exchange or the stock exchanges in Austria, Belgium, France, Germany, Luxembourg and Switzerland. Pursuant to its Articles of Association, the Foundation has a structure with participants. As of the date of the filing of this Petition, the legal entities listed in (**Exhibit 3**) signed the "Participation Agreement" attached as **Exhibit 4** and as a result were registered as the Foundation's participants.

2.2.2 The Board of Directors of the Foundation consists of Mr M.J.G.C. Raaijmakers (Chairman), Prof. Mr M.J. Kroeze and Drs. G. Izeboud RA.

2.2.3 The Foundation will instruct a Claims Administrator or several Claims Administrators (the "**Claims Administrator**") to

[1] In addition to ordinary shares, on 18 March 2004 preference shares (1st Preference Shares (2,000,000) and 2nd Preference Shares (10,000,000)) were also outstanding in the capital of The "Shell" Transport and Trading Company p.l.c.

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undertake the actual process of processing claims and paying compensation based on the distribution plan (the "**Settlement Distribution Plan**"), as set out in Section 5.4, under the ultimate responsibility of the Foundation.

2.3 The Vereniging van Effectenbezitters

2.3.1 The Vereniging van Effectenbezitters (the "**VEB**") represents among others the interest of private shareholders. The VEB currently has approximately 40,000 members and is by far the largest organization of its kind in The Netherlands. Its articles of association are submitted as **Exhibit 5.** Pursuant to its articles of association, the VEB's objective is to represent the interests of securities holders in the broadest sense of the word. Among other things, the VEB tries to realize this objective by exercising the rights of the shares held by these shareholders.

2.3.2 As the supporter of the interests of securities holders, the VEB frequently acts during corporate meetings of shareholders. In addition and if necessary, the VEB also acts in pending lawsuits and provides information to securities holders, among other things through the media.

2.3.3 The VEB also attended the General Meetings of Shareholders of N.V. Koninklijke Nederlandsche Petroleum Maatschappij and has often spoken at these meetings amongst others on behalf of private shareholders. It has also corresponded with N.V. Koninklijke Nederlandsche Petroleum Maatschappij about the re-categorizations of reserves. In the establishment of the Settlement Agreement, the VEB represented the interests of the private shareholders.

2.3.4 A number of important European sister organizations of the VEB (Deutsche Schutzvereiniging für Wertpapierbesitz e.V. (Germany), Association pour la defense des Actionnaires Minoritaires (France), Assorisparmio (Italy), Sveriges Aktiesparares Riksförbund (Sweden) and European Shareholders Group) have joined the Foundation as participants and in this way support the Settlement Agreement. In addition, the United Kingdom Shareholders' Association expressed its support for the Settlement Agreement in a statement dated April 10, 2007 (**Exhibit 11**).

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2.4 The Stichting Pensioenfonds ABP

2.4.1 The Stichting Pensioenfonds ABP ("**ABP**") is the industry pension fund for employees and employers in the government and education sectors. ABP handles the pensions for 2.6 million employees and employers. With an invested capital of EUR 209 billion as at year-end 2006, ABP is one of the world's largest pension funds.

2.4.2 ABP is a Participating Shareholder. ABP corresponded with Shell regarding the re-categorizations. Also on behalf of PGGM (as defined below) and ten other Dutch pension funds, ABP urged Shell to treat shareholders equally, irrespective of the stock exchange where they purchased their shares and irrespective of their place of establishment or residence. ABP also filed a lawsuit in the United States within the scope of the re-categorizations of reserves (see Section 4.5.2). In the establishment of the Settlement Agreement, ABP represented the interests of its participants and will cease its lawsuit in the United States (except in case of termination in conformance with the stipulations of the Settlement Agreement).

2.5 The Stichting Pensioenfonds voor de Gezondheid, Geestelijke en Maatschappelijke Belangen

2.5.1 The Stichting Pensioenfonds voor de Gezondheid, Geestelijke en Maatschappelijke Belangen ("**PGGM**") offers a compulsory collective pension plan for the healthcare and welfare sectors. The goal is to provide a first-rate pension package at the lowest possible price for the more than 2 million current and former participants. Solidarity is the point of departure for this plan. PGGM invests the premium paid by employers and employees in such a way that the highest possible return is realized at acceptable risks. The fund invests globally. On December 31, 2006, PGGM had an invested capital of over EUR 80 billion.

2.5.2 PGGM is also a Participating Shareholder. Within the scope of the reserves re-categorizations, PGGM also urged Shell to treat shareholders equally, irrespective of the stock exchange where they bought their shares and irrespective of their place of establishment or residence. PGGM also filed a lawsuit in the United States within the scope of the reserves re-categorizations (see Section 4.5.2). In the establishment of

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the Settlement Agreement, PGGM represented the interests of its participants and will cease its lawsuit in the United States (except in case of termination in conformance with the stipulations of the Settlement Agreement).

3 Jurisdiction and Representativeness

3.1 Jurisdiction

3.1.1 The Amsterdam Court of Appeals has jurisdiction over this petition pursuant to article 1013 paragraph 3 of the Dutch Code of Civil Procedure (hereafter "**DCPR**")).

3.2 Representativeness

3.2.1 The Foundation and its participants on the one hand, and the VEB and its European sister organizations on the other, collectively represent a large number of geographically spread and by nature different private and institutional shareholders of The Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company p.l.c. during the Relevant Period. The Petitioners believe that the Foundation and its participants and the VEB and its European sister organizations are representative of the Participating Shareholders. Other participants may join the Foundation following the day this petition is filed, which will further strengthen the representativeness of the Foundation and its participants. At present, the institutional investors listed in Exhibit 3, and the VEB's European sister organizations mentioned in Section 2.3.4 have registered as participants of the Foundation.

4 Shell Oil and Gas Reserves Re-categorizations

4.1 Shell's re-categorizations of reserves

4.1.1 On January 9, 2004, following an internal review conducted under the direction of Shell management, and in consultation with the respective Boards of Directors of Shell's parent companies and the Group Audit Committee, Shell announced that it would re-categorize approximately 3.9 billion barrels of oil equivalent ("**boe**") out of its reported proved reserves (the "**January 9 announcement**"). The re-categorizations were based upon a determination that the reserves did not strictly

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comply with the definition of “proved” reserves established by the United States Securities and Exchange Commission (the “**SEC**”) in Rule 4-10 of Regulation S-X (“**Rule 4-10**”) and the interpretations of the definition published by the SEC.

4.1.2 After further reviews with the assistance of external petroleum engineering consultants, the Shell parent companies reported in their 2003 Annual Reports, dated May 22, 2004, that Shell would restate its previously reported proved reserves for years ended 2002 and prior as follows:

Year	Reduction in “Proved” Reserves	% Reduction
1997	3.13 boe	16%
1998	3.78 boe	18%
1999	4.58 boe	23%
2000	4.84 boe	25%
2001	4.53 boe	24%
2002	4.47 boe	23%

4.1.3 On January 9, 2004, Shell announced that following the re-categorizations of the reported “proved” reserves, it would also revise its previously announced Reserves Replacement Ratio (“**RRR**”) for the five-year period from 1998 through 2002 from approximately 100% to approximately 80%. The revision of Shell’s proved RRR over the Relevant Period can be represented as follows:

Year	1-Year RRR		3-Year RRR	
	Original	Restated	Original	Restated
1998	**182%**	**134%**	**n/a**	**n/a**
1999	**56%**	**-5%**	**n/a**	**n/a**
2000	**69%**	**50%**	**102%**	**60%**
2001	**74%**	**97%**	**66%**	**48%**
2002	**117%**	**121%**	**87%**	**90%**
2003	**n/a**	**63%**	**n/a**	**94%**

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4.1.4 In addition, Shell announced that, under the direction and oversight of the Group Audit Committee, it was undertaking a comprehensive, independent internal investigation into the circumstances surrounding the reserves re-categorizations. Based on the interim report on the investigation to the Boards of Directors by the Group Audit Committee on March 3, 2004, Shell announced that the Board of Supervisory Directors of N.V. Koninklijke Nederlandsche Petroleum Maatschappij and the Board of Directors of The "Shell" Transport and Trading Company p.l.c. had requested and received the resignations of the Chairman of the Shell Committee of Managing Directors, Sir Philip Watts, and the CEO of Shell's Exploration and Production business ("**EP**"), Walter van de Vijver, from all of their positions with the Royal Dutch/Shell Group and parent companies. On April 19, 2004, Shell also announced that Judith Boynton, the Group Chief Financial Officer, would step aside from that position.

4.1.5 On February 3, 2005, Shell announced that, following detailed field-level reservoir engineering reviews and internal audits of its reserves, it would restate approximately 1.4 billion boe of its reported proved reserves at year-end December 31, 2003 due to several technical reserves reporting issues.

4.2 SEC "proved" Reserves Criteria

4.2.1 In 1978, the SEC defined "proved reserves" as "the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, *i.e.*, prices and costs as of the date the estimate is made." The term "reasonable certainty" in this definition not only embodies standards respecting the existence and volume of available oil and gas resources, but also a company's ability to produce and sell them successfully.

4.2.2 This definition of "proved reserves" led to confusion among many parties. In order to end the confusion, in March 2001, the SEC staff issued formal guidance on the definition of "proved reserves". This formal guidance was preceded by an earlier but more informal guidance in 2000. In issuing its

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"March 2001 guidance", the SEC staff acknowledged that this issue, at least in part, resulted from its observation of problems of consistency and confusion in the reporting of proved reserves in the extractive industries. With the guidance from March 2001, the SEC hoped to address this confusion by providing additional insight into the SEC's interpretation of its proved reserves definition in a number of areas, including:

- emphasizing the conservatism underlying the definition of "proved reserves," highlighting that "[t]he concept of reasonable certainty implies that, as more technical data becomes available, a positive, or upward, revision is much more likely than a negative, or downward, revision";
- observing that "[e]conomic uncertainties such as the lack of a market (e.g. stranded hydrocarbons) . . . can also prevent reserves from being classified as proved";
- advising that, in "developing frontier areas . . . [i]ssuers must demonstrate that there is reasonable certainty that a market exists for the hydrocarbons and that an economic method of extracting, treating and transporting them to market exists or is feasible and is likely to exist in the near future" and that a "commitment by the company to develop the necessary production, treatment and transportation infrastructure is essential to the attribution of proved undeveloped reserves"; and
- with respect to hydrocarbon volumes whose production depends on the extension of government permits or licenses, indicating that automatic renewal of such permits or licenses "cannot be expected . . . unless there is a long and clear track record which supports the conclusion that such approvals and renewals are a matter of course."

4.3 Shell's Reserves Restatements

4.3.1 Shell's restatements arose from its determinations in 2004 and 2005 that several aspects of its interpretation and application of Rule 4-10 were not strictly in compliance with the rule and the SEC staff's interpretive guidance. In particular, Shell was of the opinion that its restatements involved reserves that did not meet the interpretation of the SEC staff, as these reserves had not been booked in accordance with certain SEC technical provisions, and reserves that did not appropriately take into account the effect of the year-end price of oil and natural gas.

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4.3.2 Shell's restatements primarily related to project maturity issues with proved undeveloped reserves. Proved undeveloped reserves comprised 88%, 91% and 90% of the restated volumes for the years ended December 31, 2002, 2001, and 2000, respectively. With respect to the project maturity issues, Shell announced that it had restated reserves:

- with respect to projects for which there were insufficient investment decisions to conclude that production was "reasonably certain";
- with respect to projects for which there was insufficient future market demand at the time the reserves were booked to conclude that it was "reasonably certain" that these volumes would be economically recoverable;
- with respect to projects for which it was not sufficiently assured at the time the reserves were booked that the government or supervisory authorities would grant approval; and
- with respect to projects in fields that had been deferred or where there were otherwise indications that the originally estimated reserves would not be "reasonably certain" of being produced.

4.3.3 With respect to the technical issues, in its 2003 Annual Report, Shell identified a number of such issues affecting its proved reserves, including the estimation of the lowest known hydrocarbon and the lateral extent of the proved area in fields, and the application of improved recovery techniques absent sufficient evidence of the success of such techniques as described in the SEC staff's March 2001 guidance.

4.3.4 Shell also restated reserves to conform to the SEC's rules regarding the use of oil and gas prices on the last day of the year for purposes of calculating reserve entitlements under certain production sharing contracts and other agreements. Shell previously had determined its reserves entitlements under these contracts using the prices it applied in business planning and investment decisions.

4.3.5 Finally, the February 2005 restatement announcement identified several additional technical areas, most notably the extrapolation of decline curves and recovery factors from specific well performance data.

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4.4 Governmental Proceedings arising out of Re-categorizations

4.4.1 Following the January 9, 2004 statement, government authorities from the SEC, the United States Department of Justice ("**DOJ**"), the United Kingdom Financial Services Authority ("**FSA**") and the Euronext Exchange commenced investigations relating to the circumstances surrounding Shell's reserves re-categorizations. Shell cooperated fully with these investigations by voluntarily providing documents and other information to the government authorities within the scope of these investigations.

4.4.2 On August 24, 2004, the FSA and SEC announced final settlements of their investigations with respect to Shell. Based on the terms of the FSA settlement, without admitting or denying the FSA's findings and conclusions, Shell agreed to the entry of a Final Notice by the FSA concluding that Shell breached market abuse provisions of the UK's Financial Services and Markets Act 2000 and the Listing Rules made under it. Shell also paid the FSA a penalty of GBP 17,000,000. As a result of the SEC settlement, Shell consented, also without admitting or denying the SEC's findings or conclusions, to an administrative order finding that Shell violated certain antifraud, reporting, recordkeeping and internal control provisions of the United States securities laws and related SEC rules. Shell also entered into a consent agreement with the SEC and pursuant to this agreement paid $120,000,000.00 civil penalty and undertook to spend $5,000,000.00 developing a comprehensive internal compliance program. The SEC shall allocate the amount of $120,000,000.00 to the Shell shareholders pursuant to the Fair Funds provisions of the Sarbanes-Oxley Act of 2002. At the time they settled with Shell, both the SEC and the FSA announced that their investigations continued with respect to individuals and other entities.

4.4.3 On June 29, 2005, the DOJ announced that it would not pursue a potential prosecution of Shell in connection with the reserves re-categorizations. This decision from the DOJ was inspired by Shell's full cooperation with the DOJ, the SEC settlement and SEC's response to the reserves re-categorizations, including Shell's self-reporting of the reserves issues to the relevant authorities, and Shell's comprehensive internal investigation.

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4.4.4 The SEC and FSA did not pursue any enforcement actions, not only against Shell but also against the individuals associated with Shell. This announcement was made following a hearing before the FSA's Rules Decisions Committee, when Sir Philip Watts and Walter van de Vijver were heard. Likewise, the SEC determined in August 2006 that it would not bring any enforcement actions against current or former Shell executives or employees, including Sir Philip Watts and Walter van de Vijver.

4.4.5 On 24 August 2005 Euronext Amsterdam requested the advisory committee referred to in the Euronext Amsterdam Stock Market Regulations to advise on the alleged breach by Royal Dutch Petroleum Company of Article 28h Fondsenreglement and, in case of any breach, on appropriate measures. Royal Dutch Petroleum Company took the position during the proceedings before the advisory committee that there had been no breach of Article 28h Fondsenreglement. By decision of 7 March 2006 the advisory committee declined to rule on Euronext's request, stayed the request for an indefinite period of time and asked Euronext to consider withdrawing the request. Euronext has not taken further action subsequent to this decision.

4.5 Civil proceedings filed in the United States

4.5.1 Following Shell's January 9, 2004 reserves re-categorization statement and subsequent announcements, fourteen securities class actions were filed in the United States District Court for the District of New Jersey against Shell and a number of individuals associated with Shell. The cases were consolidated before a single US federal judge, and two Pennsylvania public pension funds, The Pennsylvania Public School Employees' Retirement System ("**PSERS**") and the Pennsylvania State Employees' Retirement System ("**SERS**"), were named as Lead Plaintiffs under the terms of the Private Securities Litigation Reform Act of 1995. The Pennsylvania funds filed an amended consolidated complaint, naming as defendants Royal Dutch and Shell Transport, a number of Shell's current and former executive and non-executive directors and its outside auditors, KPMG and PwC. The plaintiffs based their claims on breach of the US federal securities laws. The defendants allegedly violated the

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antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. The claims were filed by a worldwide purported class of shareholders who acquired shares in Royal Dutch and/or Shell Transport over a putative class period from April 8, 1999 through March 18, 2004.

4.5.2 In addition to the PSERS and SERS consolidated class action, in January 2006, a number of European-based institutional investors, including ABP, PGGM and DEKA Investment GMBH ("**DEKA**"), also filed two securities actions. The arguments submitted in these actions essentially do not differ from the arguments in the PSERS and SERS consolidated class action, but the arguments of the European institutional investors do purport to plead claims over a longer period extending from April 1999 through February 2006. The U.S. Court ruled that these cases would have to be consolidated in as far as the discovery is involved. The European institutional investors already indicated that when a "class" is certified in the PSERS and SERS consolidated class action, they will opt out of this class. For the rest, the U.S. Court has stayed the cases of the European institutional investors in anticipation of the further proceedings in the PSERS and SERS consolidated class action. As a result of these developments, Shell has not yet responded to the complaints filed in these cases.

4.5.3 In the PSERS and SERS class action, Shell and the individual defendants filed two motions to dismiss the class action complaint. The first motion argued that the complaint failed in several respects as a matter of law to state a claim on which plaintiffs could seek relief. The second motion involved the designated court of the class action, namely that the claims of the non-U.S. investors who purchased Shell shares outside the United States were not properly before the Court. The Court granted the first motion in part, dismissing one claim against Shell and dismissing all claims against the current and former non-executive directors and several executive directors. The Court, however, denied the motion involving the claims of non-U.S. purchasers, finding that the plaintiffs had alleged sufficient facts as an initial matter to satisfy their "light burden" of proof on the issue at the pleadings stage of the case.

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4.5.4 The parties in the PSERS and SERS consolidated class action have been engaged in fact discovery for almost one year, including the production of documents and depositions of more than fifty fact and expert witnesses. In addition, the parties have identified experts and exchanged expert reports and supporting material relating to (i) damages and economic loss issues; (ii) standards and practices in oil and gas reserve estimation and reporting; and (iii) issues concerning the recognition of judgments by United States courts in judicial systems and proceedings outside the United States.

4.5.5 Also in view of the second motion, at the request of Shell, the U.S. Court has scheduled a four-week evidentiary hearing in June 2007 to hear evidence on the jurisdiction issue described above as well as on matters respecting the certification of a plaintiff class under U.S. law and, potentially, motions for summary judgment on specific factual and legal issues. With respect to the claims of non-U.S. investors, the Court has made clear that in order to proceed to the actual, substantive trial, plaintiffs will need to establish that the claims of the non-US investors are properly before the Court by a "preponderance" of evidence. The June 2007 hearing will in no event include a hearing on the underlying liability issues.

4.5.6 Currently, with the exception of the proceedings referred to above, there are no other proceedings pending against Shell Petroleum N.V. or against The "Shell" Transport and Trading Company Limited in connection with the re-categorizations of certain oil and gas reserves anywhere in the world. The number of claim letters received by Shell is negligible. The vast majority of the shareholders that resided or were domiciled outside of the United States or that purchased their shares on exchanges outside the United States have not expressed any intent to hold Shell liable. Under Dutch law, the statute of limitations on such claims for compensation expires in the beginning of 2009.

5 Main Terms of the Settlement Agreement

5.1 Introduction

5.1.1 After the announcement of the re-categorizations, the price of Shell's shares fell. Shell has determined to offer the Participating Shareholders compensation for the damages

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the Participating Shareholders allegedly suffered as a result of the price fall. However, Shell does so without admitting (i) that it engaged in any wrongdoing, (ii) that any laws, rules or regulations have been violated or (iii) that shareholders have suffered any damages that qualify for compensation in connection with the re-categorizations. In light of the compensation to be offered, Shell entered into negotiations with the Foundation, associations that represent the interests of individual shareholders and the institutional investors as to the terms. This resulted in the establishment of the Settlement Agreement, and the supplemental agreements (the "**Ancillary Agreements**"), entered into by the Petitioners on April 11, 2007. The Settlement Agreement currently binds only the parties who signed this agreement. The Petitioners would like the agreement to be binding not only for the shareholders who are already a party to this agreement and as a result can claim compensation, but also for other shareholders from the Relevant Period. The Settlement Agreement provides compensation for the Participating Shareholders and settles all current and future claims from the Participating Shareholders.

5.2 Covered shareholders

5.2.1 The Settlement Agreement applies to so-called Participating Shareholders. Participating Shareholders are the shareholders who resided or were domiciled outside of the United States during the Relevant Period and purchased shares of N.V. Koninklijke Nederlandsche Petroleum Maatschappij and/or The "Shell" Transport and Trading Company p.l.c. on the Amsterdam Stock Exchange, Euronext, the London Stock Exchange or the stock exchanges in Austria, Belgium, France, Germany, Luxembourg and Switzerland.

5.2.2 According to the definition of Participating Shareholders, the Settlement Agreement does not involve shareholders who resided or were domiciled in the United States or who had purchased N.V. Koninklijke Nederlandsche Petroleum Maatschappij or The "Shell" Transport and Trading Company p.l.c. shares or ADRs on the New York Stock Exchange. Shell will offer these shareholders at the same time these proceedings are filed an agreement with similar terms as

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those of the Settlement Agreement, after obtaining approval from a U.S. Court.

5.2.3 Many of the Participating Shareholders hold bearer shares. As a result, it is impossible to know precisely how many Participating Shareholders there are or to know their identity. However, the Petitioners estimate that more than 500,000 shareholders will meet the definition of a Participating Shareholder. The nature of the shares becomes even more taxing where the personal data of the shareholders are involved. Tracing these data for all Participating Shareholders is impossible. Soon after filing this petition, the Petitioners will submit to the Court of Appeals a list of possible Participating Shareholders and their address data; however, this list will be far from complete. However, the fact that the Petitioners by no means know the names of all Participating Shareholders does not stand in the way of the Petitioners being confident that they will be able to reach the Participating Shareholders with a large-scale announcement campaign. The experiences with the unification in 2005, as described in Section 2.1, show that this is very possible.

5.2.4 At the time of the unification in 2005, Royal Dutch Shell p.l.c. managed to make its public offer for the shares in N.V. Koninklijke Nederlandsche Petroleum Maatschappij known in such a way that more than 98% of the shares were tendered in response to the public offer. The announcement campaign conducted at that time currently can be conducted in a similar way. Moreover, Shell naturally has experience in calling its shareholders to general meetings of shareholders. Also in light of this experience, the Petitioners firmly believe that they will be able to reach the vast majority of the Participating Shareholders. After they have filed this petition, the Petitioners will be able to provide the Court of Appeals insight into their announcement plan.

5.3 Total Settlement Payment

5.3.1 The Settlement Agreement provides for a number of payments. First of all, Shell undertakes to pay the settlement amount (the "**Settlement Amount**"). In addition, an amount will be paid for the purpose of guaranteeing every Participating Shareholder a minimum amount in compensation (the "**Shareholders' Payment**").Furthermore, there is an

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additional payment (the "**Settlement Amount Addition and Auditors' Settlement Amount**") and the SEC Amount (the "**SEC Amount**"). The different payments will be explained below.

5.3.2 If the Settlement Agreement is declared binding, Shell will pay $340,100,000 by way of Settlement Amount. Following a binding declaration Shell will pay this money into an escrow account jointly controlled by Shell and the Foundation within twenty days. The money will remain in the escrow account until the Settlement Agreement can no longer be terminated (Section I, A, p. 6 of the Settlement Agreement).

5.3.3 If the Settlement Agreement is declared binding (and has not been terminated), Shell will also provide $12,500,000 in settlement relief in addition to the amount of $340,100,000. Shell will also pay this amount into an escrow account within twenty days after the binding declaration ordered by the Court of Appeals. However, this amount will not be divided in the manner provided in the Settlement Distribution Plan as described in Section 5.4. This amount will be equally distributed among all Participating Shareholders who timely claimed part of the Settlement Amount. This means that every Participating Shareholder, irrespective of the number of shares he/it held in the Relevant Period, can claim an equal portion of this additional amount (Section II, D, p. 17 of the Settlement Agreement). Accordingly, the effect of this additional amount is that every Participating Shareholder will receive a specific minimum amount in compensation.

5.3.4 The Settlement Agreement also provides that if Shell settles with US Shareholders on terms more favorable than those contained in the Settlement Agreement, it will under certain circumstances (as more fully set out in the Settlement Agreement), provide additional settlement relief to Participating Shareholders (Settlement Amount Addition and Auditors' Settlement Amount) (Section I, B, pp. 6-8 of the Settlement Agreement).

5.3.5 Finally, the Settlement Agreement provides that Shell will use its reasonable best efforts to persuade the SEC to permit the $120,000,000 that Shell paid pursuant to the consent agreement described in Section 4.4.2 above to be distributed at the same time as the settlement relief provided by the

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Settlement Agreement is distributed. Under the Ancillary Agreement executed by the Petitioners in connection with the Settlement Agreement (the "**Ancillary Agreement**"; **Exhibit A** to the Settlement Agreement), this money can then be distributed consistent with the Settlement Distribution Plan (Section I, H, pp. 11-12 of the Settlement Agreement).

5.3.6 The SEC staff has meanwhile informed Shell that they will recommend in conformance with Shell's wish that the SEC makes the amount of $120,000,000 available to **all** shareholders in question of N.V. Koninklijke Nederlandsche Petroleum Maatschappij and The "Shell" Transport and Trading Company p.l.c. on equal terms, irrespective of where these shares were purchased and irrespective of where these shareholders are domiciled or established. The SEC staff's letter dated March 30, 2007 is submitted as (**Exhibit 6**).

5.4 Settlement Distribution Plan

5.4.1 Assuming that the Settlement Agreement will not be terminated in conformance with its terms, the compensation will be distributed based on the claim forms submitted by Participating Shareholders. The amount of the compensation is determined by a distribution plan (the "**Settlement Distribution Plan**").The Settlement Distribution Plan is attached as **Annex C** to the Settlement Agreement.

5.4.2 The Settlement Distribution Plan allocates settlement relief to Participating Shareholders taking into account the relative strength of claims. The Settlement Distribution Plan has been reviewed by the Board of Directors of the Foundation, who believe it to be a fair allocation of the settlement proceeds.

5.4.3 The Settlement Distribution Plan determines how much every Participating Shareholder will receive from the Royal Dutch Shell Group Settlement Fund (the "**Settlement Fund**"). The claim from a Participating Shareholder in the Settlement Fund is called a recognized claim (the "**Recognized Claim**"). The amount of a Recognized Claim is determined as follows: (i) for very share bought during the Relevant Period but sold before January 9, 2004, or for every share bought during the Relevant Period for a purchase price of less than the "90 Day Lookback Price" (defined in the Settlement Distribution Plan as the average price during the 90 days after March 18, 2004,

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which means GBP 3.86 for The “Shell” Transport and Trading Company, p.l.c. and EUR 40.63 for N.V. Koninklijke Nederlandsche Petroleum Maatschappij), the Recognized Claim will be EUR 0.05 for every share in N.V. Koninklijke Nederlandsche Petroleum Maatschappij and EUR 0.01 for every share in The “Shell” Transport and Trading Company, p.l.c.; (ii) for every share bought during the Relevant Period but sold between January 9, 2004 and March 18, 2004, the Recognized Claim is the artificial inflation (as explained in the annex to the Settlement Distribution Plan) on the date of purchase less the artificial inflation on the date of sale; (iii) for every share bought during the Relevant Period but held on or after March 18, 2004, the Recognized Claim per share will be the artificial inflation on the date of purchase.

5.4.4 Once all claims filed in time and the total amount of the Recognized Claims have been established, every Participating Shareholder will receive the compensation. This compensation is based on the one hand on the percentage of the total Recognized Claims represented by the Recognized Claim in question and, on the other hand, the amount of the Settlement Fund. Thus, if a certain Recognized Claim represents 0.01% of the total Recognized Claims, the Participating Shareholder in question will receive compensation of 0.01% of the Settlement Fund.

5.5 End of Claim to Payment

5.5.1 A Participating Shareholder’s right to payment will, consistent with 7:907 paragraph 6 DCC, lapse one year after the date on which it is known to the Participating Shareholder in question that the compensation is due and payable (Section II, C, 6, p. 17 of the Settlement Agreement).

5.6 Forfeiture of Right to Damages

5.6.1 All shareholders within the definition of Participating Shareholder who do not submit an intention not to be bound by the binding declaration will be bound by it. In addition, in conformance with the Settlement Agreement, the right to damages as to Shell and all of its related companies and as to all of their past and present directors, officers, employees, members, partners, principals, agents, attorneys, advisors, representatives, auditors (including internal, external and

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independent auditors), accountants, consultants, service providers and insurance carriers and, as to persons who are released, their respective estates, heirs, executors, agents, attorneys, accountants, trusts, trustees, administrators and assigns regarding the re-categorizations of reserves will be forfeited. The Participating Shareholders will waive each and every known and unknown claim that arises from or relates to Shell's reserves re-categorizations.

5.7 Termination Rights

5.7.1 Article 7:908 paragraph 4 DCC provides parties with the opportunity to terminate the agreement after it has been declared binding on the grounds that the declaration affects too few persons. Consistent with this provision, the parties have agreed that Shell, in this context to be read as Petitioners 1 and 2 collectively, will be entitled to terminate the Settlement Agreement within six months after it has been declared binding, if one of the following situations occurs (Section XI, F, pp. 35-36 of the Settlement Agreement).

5.7.2 First, Shell shall have this right if the United States District Court for the District of New Jersey, in the class action referred to in Section 4.5.1, certifies a class that does not include Participating Shareholders and the certification order (or other order determining that there is no jurisdiction over such shareholders) has become final, and if a group of Participating Shareholders who, in the aggregate, would have received an amount equal to or greater than 5% of the $340,100,000 Settlement Amount timely announced in writing their intention not to be bound by the binding declaration.

5.7.3 If there is no final certification order in the United States class action or there is a final certification order that encompasses Participating Shareholders, then Shell will be able to terminate the agreement if persons or entities who, in the aggregate, would have received an amount equal to or greater than 0.5% of the $340,100,000 Settlement Amount, submit timely written notifications of their intention not to be bound by the binding declaration. In this case, it is extremely uncertain to Shell whether the binding declaration will have actual consequences for Participating Shareholders, since it is not ruled out in this case, contrary to the case mentioned in Section 5.7.2, that the Participating Shareholders despite the

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binding declaration will nevertheless claim compensation through the class action, as a result of which the total compensation to be paid by Shell to Participating Shareholders will not be limited to the compensation set out in the Settlement Agreement and declared binding.

5.7.4 In either case, Shell must exercise this right to terminate within six months of the deadline for submitting notifications of intentions not to be bound by the binding declaration.

6 Implementation of the Settlement Agreement

6.1 Information Available to Shareholders

6.1.1 As set out in the Settlement Agreement, the Petitioners propose that the Claims Administrator will establish and maintain a website on which it will post the Announcement and Summons, the Summary Announcement, the Participating Shareholders' Notice, the Settlement Agreement, other settlement-related documents and information regarding the settlement (Section V, A, pp. 28-29 of the Settlement Agreement). In addition, the Petitioners propose that the Claims Administrator will (i) open an e-mail address, and (ii) establish a telephone bank designed to allow Participating Shareholders to make toll-free calls (including telephone operators able to speak English and Dutch).

6.2 Surety

6.2.1 As discussed above at Section 5.3.2, if the Settlement Agreement is declared binding, Shell will, within twenty days of the declaration, wire transfer the Settlement Amount into an escrow account that will be under the joint control of Shell and the Foundation. A copy of the draft Escrow Agreement is attached as **Exhibit E** to the Settlement Agreement. Petitioners 1 and 2 are companies within the Royal Dutch Shell Group, which are moreover very creditworthy.

6.2.2 The escrow account bears interest. The interest earned on the Settlement Amount while it is in the escrow account will accrue to the benefit of Participating Shareholders.

6.2.3 The Settlement Agreement stipulates that once all termination rights under the Settlement Agreement have expired (and

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assuming that the Settlement Agreement is not terminated), the monies in the escrow account will be transferred to an account under the control of the Foundation (Section I, A, p. 6).

6.3 Handling of the claims

6.3.1 Participating Shareholders will be required to submit a claim form to the Claims Administrator in time, namely within the term as mentioned in Article 7:907 (7) of the Civil Code, in order to obtain payment. This form will be provided to Participating Shareholders together with the announcement of the general binding declaration.

6.3.2 Each claim for settlement relief submitted by a Participating Shareholder will be assessed by the Claims Administrator. The Claims Administrator will act as an independent reviewer and at the instructions of the Foundation will ensure that for each Participating Shareholder who submits a claim form the payment that this Participating Shareholder can claim pursuant to the Settlement Distribution Plan is determined (Section II, C, 5, p. 16 of the Settlement Agreement).

6.4 Dispute settlement

6.4.1 The Settlement Agreement also provides for a dispute committee (the "**Dispute Committee**"). This committee has three members: one member will be appointed jointly by Petitioners 1 and 2, one member by the Foundation and one member will be appointed jointly by the two members appointed in the manner described above. The members of the Dispute Committee are impartial and independent of the Petitioners and of the participants in the Foundation. If a Participating Shareholder disagrees with the decision made by the Claims Administrator respecting his, her or its claim, the Participating Shareholder may submit the disputed claim to the District Court in Amsterdam or the Dispute Committee (Section II, C, 5, pp. 16-17 of the Settlement Agreement).

6.5 Costs associated with implementing the settlement

6.5.1 Shell will pay all costs of implementing the Settlement Agreement, including, for example, the costs for providing all notices required by the WCAM, and calculating and

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distributing settlement relief to Participating Shareholders. Shell will also pay all reasonable out-of-pocket expenses incurred by the Foundation in connection with implementing the Settlement Agreement (Sections I, E and I, G, pp. 9-10 of the Settlement Agreement).

6.5.2 In addition, Shell will pay $ 6,250,000 to the VEB, which amount the VEB will use (in conjunction with other European shareholder organizations also representing the interests of private shareholders, amongst others) to announce and propagate the Settlement Agreement and, in as far as necessary, to assist individual shareholders in submitting claim forms in order to reach as many private Participating Shareholders as possible and give them the opportunity to make use of the Settlement Agreement.

6.5.3 Finally, as set out in the Ancillary Agreement, Shell will pay $47,000,000 in attorneys' fees and expense to the Foundation's counsel.

6.5.4 No costs associated with implementing the Settlement Agreement – other than any taxes due on the different payments – will be paid out of the different payments.

7 Procedural Issues

7.1 Announcement of Settlement Agreement and Petition

7.1.1 Consistent with the terms of the Settlement Agreement, the WCAM and as prescribed by the Court, the Petitioners will announce the execution of the Settlement Agreement and their request to declare the Settlement Agreement binding. The Petitioners request that the Court determine that this announcement should be distributed by mailing an individual announcement (the "**Announcement and Summons**") to all potential Participating Shareholders for whom the Petitioners have an address and by publishing a summary announcement (the "**Summary Announcement**") in daily newspapers. In order to reach as many Participating Shareholders as possible, the Petitioners will also post the Announcement and Summons on Shell's, the Claims Administrator's, the Foundation's and the VEB's websites. A proposed Announcement and Summons and a proposed Summary

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Announcement will be sent to the Court as soon as possible after this petition has been filed.

7.1.2 The Announcement and Summons and Summary Announcement will include, among other things, the following information (i) a description of the persons and entities eligible to be Participating Shareholders, (ii) the date on which the Court will hear argument as to whether it should declare the Settlement Agreement to be binding, (iii) how potential Participating Shareholders may obtain access to settlement-related documents and (iv) how potential Participating Shareholders and any foundations and associations as referred to in Article 1014 DCPR may submit a defense.

7.1.3 The Summary Announcement will include, among other things, a summary of the Settlement Agreement and information regarding how potential Participating Shareholders may obtain additional information. The Summary Announcement will be provided in the language that is consistent with the language of the newspaper in which it is published.

7.1.4 The Petitioners are fully aware of the size of the group of Participating Shareholders (estimated to be in excess of 500,000 shareholders). Moreover, this group is spread throughout a large number of predominantly European countries. Therefore, in order to reach as many shareholders as possible, the Petitioners will publish the Summary Announcement in a large number of newspapers. In this way, the Petitioners believe that within the scope of these proceedings they comply with what the legislature deemed necessary according to the relevant parliamentary history of Article 1013 paragraph 5 DCPR in a situation where there are a large number of parties spread throughout a large number of countries. In this connection, the Petitioners point out that notices published in connection with the 2005 unification of Koninklijke Nederlandsche Petroleum Maatschappij N.V. and The “Shell” Transport and Trading Company p.l.c. were published in a large number of national and foreign media. Such notices turned out to be very effective in reaching shareholders of Koninklijke Nederlandsche Petroleum Maatschappij N.V. at that time; more than 98% of the shares were tendered pursuant to the public offer notified by Royal Dutch Shell p.l.c.

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7.1.5 Finally, and as described above, the Petitioners shall post the Announcement and Summons and the Summary Announcement on the following websites: www.shell.com, www.shellsettlement.com, **www.veb.net** and www.shellcompensation.com, www.abp.nl and www.pggm.nl. The Petitioners shall also cause the Claims Administrator, as described in Section 6.1, to post this Petition, the Settlement Agreement, the Settlement Distribution Plan, the Announcement and Summons and the Summary Announcement on its websites. The Claims Administrator will post these documents on its website starting from the time the Announcement and Summons is mailed and the Summary Announcement is published and will retain those texts on its website up to and including the date by which the settlement relief contemplated by this Settlement Agreement is disbursed.

7.2 Defenses to the Settlement Agreement

7.2.1 Consistent with Article 1013 paragraph 5 DCPR, the Settlement Agreement provides that potential Participating Shareholders and possible foundations and associations as referred to in Article 1014 DCPR may, through counsel licensed to practice in this Court, file a defense to the Petitioners' request to declare the Settlement Agreement binding (Section VI, p. 29 of the Settlement Agreement). Such counsel may also appear before the Court to argue the defense at the hearing at which the Court will consider whether to declare the Settlement Agreement binding. Counsel will also be able to review, subject to execution of a confidentiality agreement, certain materials relating to the merits of the reserves re-categorizations in connection with the defense (Section V, p. 28 of the Settlement Agreement).

7.2.2 As provided in Article 282 (in conjunction with Article 278) DCPR, the Settlement Agreement recognizes that any potential Participating Shareholders and possible foundations and associations as referred to in Article 1014 DCPR who wish to defend against the Petitioners' request that the Court issue a binding declaration with respect to the Settlement Agreement may file a defense with the Court. Although Article 282 paragraph 1 DCPR allows an interested party to have until the date of the oral hearing to submit a defense

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document, Article 1013 paragraph 6 DCPR allows the Court to diverge from this and to determine that such defense must have been submitted prior to the date set for hearing the Petition.

7.2.3 In this case, the Petitioners are unable to foresee whether any defenses will be submitted respecting this Petition or how many defenses will be submitted. However, should a defense be submitted, it would be in the best interests of proper procedure in general and also in the best interests of the Petitioners, that both the Petitioners and the Court of Appeals be given time to become acquainted with any defenses raised against the Petition. In particular, the Petitioners should be afforded an opportunity to prepare for the hearing. For these reasons, the Petitioners request that the Court orders that the latest date at which any defense document must be submitted be set at six weeks prior to the date set for the hearing.

7.3 Term for Notice of Intention not to be Bound

7.3.1 If the Court declares the Settlement Agreement binding, potential Participating Shareholders will be entitled to indicate that they do not wish to be bound by the binding declaration. Among other things, this right is described in the Announcement and Summons and the Summary Announcement that will be provided. The shareholders who do not wish to be bound by the Settlement Agreement must inform the Claims Administrator in writing of this. The address of the Claims Administrator will be set out in the Announcement and Summons and the Summary Announcement. The Petitioners request the Court to set the so-called opt out time period described in 7:908 paragraph 2 DCC at three months (Section VII, A, p. 30 of the Settlement Agreement).

7.4 Term for Unknown Claims

7.4.1 The Settlement Agreement also provides that, unless otherwise ordered by the Court, any Participating Shareholder who does not submit a notification of an intention not to be bound by the binding declaration by the Exclusion Date will be bound by the binding declaration and the release, whether or not the Participating Shareholder makes a claim for

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settlement relief under the Settlement Agreement (Section IX, pp. 31-33 of the Settlement Agreement).

7.4.2 The only exception to this is if a Participating Shareholder could not have known of an unknown claim as of the deadline for submitting a notice of intention not to be bound by the binding declaration. Such a Participating Shareholder will not be bound by the binding declaration if he, she or it provides a written notification of an intention not to be bound by the binding declaration no later than 180 days after learning of the unknown claim. A Participating Shareholder seeking to rely on this provision must, among other things, include in the notification a statement of why he, she or it could not have known of the unknown claim as of the deadline for submitting notices of an intention not to be bound by the binding declaration.

8 Reasonableness of the Settlement Agreement

8.1 Introduction

8.1.1 Participating Shareholders eligible for compensation under the Settlement Agreement may choose to commence proceedings against Shell for recovery of any loss that may have been suffered as a result of its re-categorizations of reserves. Shell, however, and with it the other Petitioners and the Participants of the Foundation believe that the Settlement Agreement offers the Participating Shareholders the best chance for comparatively swift and reasonable compensation. There are several reasons why a binding declaration of the Settlement Agreement, which would provide compensation of at least $352,600,000 to Participating Shareholders, would therefore be considered fair and reasonable.

8.2 Broad Support from Non-U.S. Shareholders and Shareholder Organizations

8.2.1 First of all, the proposed settlement is supported by a broad group of non-United States shareholders and shareholder organizations who are sufficiently representative of the non-United States shareholder population and who account for a significant percentage of Shell shares traded during the Relevant Period.

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8.2.2 In addition, the vast majority of the shareholders did not file any action against Shell. What is more, outside the United States not a single action has been filed against Shell in connection with the re-categorizations of the oil and gas reserves. Also, the number of claims Shell received from non-U.S. shareholders is negligible. In fact, if the Settlement Agreement is declared binding, the Participating Shareholders who did not file any action against Shell will receive a voluntary payment without having had to incur substantial costs for potential separate litigation.

8.2.3 If the Participating Shareholders would still wish to file actions, each Participating Shareholder would have to do so individually, since proceedings similar to the class action in the United States are in any case not available in Europe and the facts based on which a court must render a judgment demands that each claim be separately dealt with. In that case, the court will have to rule on a number of very complex legal and factual issues, which not only includes the liability issue, but also the causal link between conduct and loss and the size of the loss. These proceedings will take many years.

8.3 Consistency with "market-rate" Settlements in United States

8.3.1 Second, the proposed Settlement Agreement would offer the certainty of a swift payment of $352,600,000. In addition, under certain circumstances, Participating Shareholders also can be paid additional money if the United States case were to settle pursuant to an agreement that would provide United States purchasers with a greater percentage recovery than Participating Shareholders would obtain under the Settlement Agreement.

8.3.2 The Settlement Amount mentioned above is in line with – and actually at the high end of – similar securities class-action settlements in the United States. This is explained in more detail in the submitted opinions from Allen Ferrell, Professor at Harvard Law School, in Cambridge, Massachusetts, United States (**Exhibit 7**) and from Michael E. Perino, Professor at St. John's University School of Law, in Jamaica, New York, United States (**Exhibit 8**). Prof. Ferrell's opinion was written at the instructions of Shell and Prof. Perino's opinion was written at the instructions of the Foundation. Both Prof. Ferrell and Prof. Perino conclude that the proposed settlement

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amount is reasonable. According to Prof. Ferrell's explanation, securities class actions against financially healthy companies have settled for a median recovery of approximately 9.4% of so-called "plaintiffs'-style damages" (based on the plaintiffs' damages models), after subtracting attorneys' fees. In the opinion from Dr. Kenneth D. Gartrell, which is also submitted and which was written at the instructions of the Foundation, the plaintiffs'-style damages are calculated for all Participating Shareholders (**Exhibit 9**). The Settlement Agreement provides compensation for the Participating Shareholders of 10.5% (in which Shell will separately reimburse the attorneys' fees and these fees therefore will not be deducted from these 10.5%), based on the U.S. plaintiffs' damages expert's model. The proposed settlement here thus is nearly 12% higher than the median settlement.

8.3.3 Moreover, if Shell succeeds in convincing the SEC to pay (part of) the $120,000,000 SEC payment to all U.S. and non-U.S. shareholders, the Participating Shareholders would receive an additional amount.

8.4 Reasonable Balance between Risks of Litigation and Rewards of Settling

8.4.1 Third, the Settlement Agreement strikes a fair and reasonable balance between any risks connected to possible litigation to be conducted by Participating Shareholders and the rewards for the Participating Shareholders that may be obtained from settling. Each Participating Shareholder is free to litigate his, her or its claim. That may be done individually, or by taking the initiative to join with other individual shareholders. Every variant of litigation constitutes substantial risks, both class actions in the United States – currently in progress – and individual claims.

8.4.2 The Petitioners realize that the compensation in a U.S. action may prove to be higher than the amount offered by Shell. However, the chance of actually obtaining such compensation is many times lower than the chance of payment of the compensation offered in the Settlement Agreement. For compensation in a U.S. action, the shareholder at any rate must overcome the following barriers/risks: (i) the risk that the United States court might refuse to entertain the Participating

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Shareholders' claims, (ii) the risk that the United States court might decline to certify a worldwide class, (iii) the risk that the plaintiffs might lose the case on the merits, (iv) the reduction of any recovery to pay class counsel's attorneys' fees, and (v) the substantial delay in obtaining any recovery that might be available. A number of these risks will be discussed in more detail below.

8.5 Risk that U.S. Court Will Refuse to Entertain Participating Shareholders' Claims (i)

8.5.1 First, there is a substantial risk that the United States court ultimately will refuse to entertain claims on behalf of the Participating Shareholders under United States securities laws. As explained in the accompanying opinion of John C. Coffee, Jr., Professor at the Columbia University School of Law, in New York (**Exhibit 10**) (written at Shell's request), the legal question the court should decide is whether the Participating Shareholders satisfy what is called the "conduct test". The burden of proof regarding the conduct test falls on the Participating Shareholders. In the scope of this test, the Participating Shareholders must show that Shell's conduct (the re-categorizations of certain oil and gas reserves) took place in the United States to a sufficient extent to warrant applying the United States securities laws to non-United States transactions in non-United States securities by non-United States persons and entities.

8.5.2 There is a significant risk that the U.S. Court would hold that the requisite amount of the alleged conduct did not occur in the United States. For example, Shell compiled its proved-reserves information in The Hague, based on information received from operating units throughout the world. In addition, virtually none of the re-categorized reserves were in the United States; the relevant information provided to Shell officials in The Hague also originated from non-United States sources. Moreover, the allegedly false and misleading information was prepared in, and then published to the investing public from, the Royal Dutch Petroleum Company's headquarters in The Hague and The "Shell" Transport and Trading Company's headquarters in London – not in or from the United States. Thus, a United States court might very well conclude that any conduct that (i) occurred in the United States, and (ii) which allegedly affected the non-United States

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operating units, and (iii) which allegedly led to the non-United States preparation and publication of Shell's challenged information pales compared to the more significant and more important conduct that occurred outside the United States.

8.5.3 Even if the United States court concludes that Participating Shareholders' claims satisfied the conduct test, the court still could exercise its discretion to exclude the foreign purchasers. The United States Court can do so in the scope of the certification of the class. The United States Court may hold that the group of Participating Shareholders cannot belong to the class because of the unique issues and problems their claims would pose. For example, the United States court could conclude that a worldwide class consisting mostly of non-United States members would pose too many manageability issues. The court also could conclude that the Participating Shareholders' unique interests are not adequately represented in the litigation, because the two lead plaintiffs are United States pension funds that are entitled to assert their alleged claims under the United States securities laws and do not have to risk litigating issues concerning the "conduct test." The Petitioners note that the only purported representative of the foreign purchasers is an individual investor – Peter Wood – who claims to be a resident of Andorra and whose only acquisitions of Shell securities during the Relevant Period consisted of purchases through a dividend reinvestment plan, not on the open market.

8.5.4 In addition, the U.S. court could conclude that, for the foreign purchasers, a worldwide class action would not be a qualified form of litigating superior to other forms of litigation available to the Participating Shareholders – a prerequisite for class certification under Fed. R. Civ. P. 23(b)(3) – being the possibility that the Court of Appeals will declare a settlement binding. A large number of non-U.S. shareholders and shareholder organizations, representing a large number of shares, have expressed to be in favor of having their claims resolved in the Court of Appeals through this Petition for a binding declaration. The U.S. court could accord great weight to that preference in deciding whether to include the foreign purchasers in any U.S. class.

8.5.5. The United States court also could conclude that the Participating Shareholders' claims should be dismissed on

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grounds of *forum non conveniens*. The *forum non conveniens* doctrine allows a court in the United States to exercise its discretion to dismiss a case over which this U.S. Court otherwise would have jurisdiction based on the fact that (i) an adequate alternative forum exists, (ii) the U.S. Court must accord some degree of deference to the plaintiff's choice of forum, and (iii) this is demanded by the relevant private and public interests. Private interests include such factors as relative ease of access to sources of proof, availability of compulsory process for attendance of unwilling witnesses, the cost of obtaining attendance of willing witnesses, and "all other practical problems that make trial of a case easy, expeditious and inexpensive." *Gulf Oil v. Gilbert*, 330 U.S. 501, 508 (1947). Public interests include administrative difficulties such as "when litigation is piled up in congested centers instead of being handled at its origin," the undesirability of imposing the burden of jury duty "upon the people of a community which has no relation to the litigation," the "local interest in having localized controversies decided at home," and the undesirability of requiring a court to construe and apply foreign law (*Gulf Oil v. Gilbert*, 330 U.S. 508-509 (1947)).

8.5.6 Under this entirely discretionary standard, the United States court could conclude that Participating Shareholders' claims should be litigated outside the United States, where the claims arose, where Participating Shareholders live and bought their Shell stock, and where the defendants – Shell – and most of its employees – the relevant witnesses – are located. Especially the filing of the subject petition proceedings may induce the United States court to decide that the courts of The Netherlands provide an adequate alternative forum for resolving Participating Shareholders' claims. It is also very likely that United States court will disregard the Participating Shareholders' supposed "choice" of a United States forum, because (i) the United States lead plaintiffs – not Participating Shareholders – chose that forum, and, in any event, (ii) the normal deference to a plaintiff's choice of forum "applies with less force when the plaintiff or real parties in interest are foreign," as are Participating Shareholders. *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 255 (1981). In addition, the United States court could conclude that relevant private and public interests constitute grounds to refuse to entertain the Participating Shareholders' claims,

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because the main events at issue – Shell's preparation and publication of its proved reserves and financial statements – all occurred outside the United States.

8.6 Risk of Denial of Class Certification in United States (ii)

8.6.1 If the United States court were to retain Participating Shareholders' claims, the court still could refuse to certify the proposed worldwide class of Shell shareholders. The court has scheduled an evidentiary hearing on the United States plaintiffs' anticipated motion for class certification, and Shell has stated that it intends to argue that certification of a worldwide class consisting of many hundreds of thousands of shareholders who purchased Shell securities during a nearly five-year period would be unjustified.

8.6.2 Under United States law, a court cannot certify a class unless the plaintiffs prove that (i) the proposed class is so numerous that joinder of all members is impracticable; (ii) common questions of law or fact exist among the class members; (iii) the class representatives' claims are typical of those of the class; (iv) the class representatives and class counsel will fairly and adequately protect the class members' interests; (v) "questions of law or fact common to the members of the class predominate over any questions affecting only individual members," and (vi) a class action would be "superior to other methods for the fair and efficient adjudication of the controversy." Fed. R. Civ. P. 23(a) & (b)(3).

8.6.3 The plaintiffs have not yet filed a motion on the point of class certification. Therefore, Shell has not yet contested this point in the class action. Shell has questioned whether the plaintiffs will be able to establish that their proposed class meets the criteria for certification. There are a number of reasons why Shell believes that the class does not satisfy the criteria for certification.

8.6.4 First, Shell's economics expert has presented a report substantiating that disparities existed between the trading of securities of the Royal Dutch Petroleum Company and those of The "Shell" Transport and Trading Company p.l.c., whose prices did not move in tandem on their respective markets. These disparities suggest significant differences between the circumstances of shareholders.

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8.6.5 Second, Shell has suggested that the changes in facts and in corporate knowledge relating to proved reserves throughout the nearly five-year putative class period preclude adjudicating claims of corporate scienter (this term will be explained in Section 8.7.1 below) on a class wide basis for the entire class period.

8.6.6 Third, Shell's economics expert has stated that, even if the United States plaintiffs could establish Shell's liability, damages could not be presumed or modeled but would need to be calculated on a shareholder-by-shareholder basis.

8.6.7 Fourth, Shell has suggested that the proposed class fragments into too many different groups. Shell has noted the following different groups in the so-called class: (i) those who bought on United States markets or are United States residents, and those who bought on non-United States markets and are non-United States persons or entities; (ii) those who bought and sold Shell securities before Shell first announced its re-categorizations of proved reserves on January 9, 2004, and those who held their stock until after January 9, 2004; (iii) those who bought Shell securities between January 9 and March 18, 2004, after Shell had announced the vast majority of the re-categorized reserves, and those who bought before January 9, 2004; (iv) those who bought Shell securities before June 30, 2000, when the SEC's staff announced guidance to clarify confusion about how to interpret the SEC's regulation concerning the reporting of proved petroleum reserves, and those who bought after that date; and (v) those who decided to continue to hold their Shell securities until the market price had recovered to or above their purchase price, and those who sold before the stock price had recovered or who never experienced a full price recovery.

8.6.8 The United States plaintiffs can be expected to challenge Shell's arguments against class certification. Nevertheless, there is a risk that the United States court could decline to certify the proposed worldwide class for any of these reasons and possible for other reasons, as well.

8.7 Risk of Loss on the Merits (iii)

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8.7.1 If the United States court were to certify a worldwide class including Participating Shareholders, the class still could lose the case on the merits. Under United States law, the plaintiffs and the class cannot prevail on their claims unless they prove that (among other things) Shell's financial statements and other representations about its proved reserves were materially false and that Shell acted with "scienter" when it made those statements – *i.e.*, that it actually knew or recklessly disregarded that the statements were materially false. Mere negligence will not suffice to establish liability under the U.S. securities laws (please refer to *Ernst & Ernst v. Hochfelder*, 425 U.S. 185 (1976)). The scienter requirement presents a high hurdle that the class might not be able to surmount.

8.7.2 The SEC, the DOJ, the FSA, and Euronext all investigated Shell's re-categorizations of its proved reserves, and all of them declined to institute actions against Shell or its directors or officers. In fact, the FSA did not adopt its own staff's recommendation to commence proceedings against Shell's former chairman (Sir Philip Watts) and the former head of Shell's Exploration & Production unit (Walter van de Vijver). Shell itself has entered into settlements with the SEC and the FSA, but it did so without admitting liability, and those settlements may not be submitted and used in the class action.

8.7.3 In addition, even if the class could prove that Shell acted with scienter, the United States court still could conclude that at least certain segments of the class failed to prove transaction causation and/or loss causation, both of which are essential elements of a claim under the U.S. securities laws, *see, e.g., Dura Pharmaceuticals, Inc. v. Broudo*, 544 U.S. 336, 341-42 (2005). For example, Shell will argue that class members who bought and sold before the January 9, 2004 announcement of the reserves re-categorizations could not have suffered any loss caused by the alleged fraud, because, even if Shell's purported misstatements had inflated the price of Shell stock, those class members both bought *and sold* at an allegedly inflated price. Similarly, Shell will argue that persons who bought after January 9, 2004, when Shell announced the bulk of the re-categorizations and the continuing study of its proved reserves, were on notice of the

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potential problem and thus could not reasonably have relied on Shell's prior financial statements.

8.8 Depletion of Any Recovery for Attorneys' Fees (iv)

8.8.1 Even if the United States class were to prevail on the merits and recover damages, any such recovery would be reduced to pay the class counsel's attorneys' fees and expenses. In securities litigation in the United States, plaintiffs' attorneys generally work on a contingency arrangement and are paid their fees and expenses from any recovery in the case (whether through a settlement or a judgment). The fee arrangement between the lead plaintiffs and their counsel in the United States litigation has not been disclosed, but contingency fees typically can consume a substantial percentage of any recovery. It is very likely that the United States class thus loses a substantial portion of its recoverable damages even if it prevails on the merits.

8.9 Delay in Obtaining Any Recovery (v)

8.9.1 Any recovery in the United States litigation, after a reduction for class counsel's fees and expenses, also would not be available for many years – perhaps not until 2012 or even later. Under the present schedule, the United States case is unlikely to go to trial before 2009. A trial would take a substantial amount of time, and post-trial motions probably would not be decided until the end of 2009 or perhaps 2010. Any appeal to the United States Court of Appeals for the Third Circuit would not be resolved until some time in 2011, if not later. And a certiorari petition to the United States Supreme Court could take another six to twelve months or longer (assuming that the Supreme Court grants certiorari and hears the case on the merits). Thus, any recovery in the United States could be five years away, or more.

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Petition

On the foregoing grounds, the Petitioners petition the Court of Appeals to:

(i) declare the Settlement Agreement concluded between them on April 11, 2007, considering that Settlement Agreement was further supplemented with and by the Settlement Distribution Plan, providing for compensation to be paid for damage that might possibly have been caused by the aforementioned re-categorizations of reserves, pursuant to article 7: 907 of the DCC, to be binding for the persons referred to in the Settlement Agreement (the "entitled" persons/entities) and also declare the Settlement Agreement binding for those parties that acquired rights in accordance with Article 7: 907 paragraph 1 Civil Code, last full sentence;

(ii) and determine that the Notice as referred to in Article 1013 paragraph 5 DCPR shall be published in those newspapers to be designated by the Court of Appeals;

(iii) and determine that any defense documents to be entered into the proceedings must be filed no later than six weeks prior to the day of the hearing set to deal with the Petition;

(iv) and also determine that the time period within which any entitled party must issue a written notice to the effect that this party does not wish to be bound, ends on the last day of the third calendar month following the end of the calendar month in which the announcement as referred to in Article 1017 paragraph 3 DCPR shall be made, or any other such time period as shall be deemed to be suitable by the Court of Appeals in the proper pursuit of justice.

April 11, 2007, Amsterdam

Procurator litis Petitioners 1 and 2

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Procurator litis Petitioner 3

Procurator litis Petitioner 4

Procurator litis Petitioners 5 and 6

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List of Exhibits

Exhibit 1	Settlement Agreement with Annexes
Exhibit 2	Articles of Association of the Stichting Shell Reserves Compensation Foundation
Exhibit 3	List of participants of the Stichting Shell Reserves Compensation Foundation
Exhibit 4	Participation Agreement
Exhibit 5	Articles of Association of the Vereniging van Effectenbezitters
Exhibit 6	Letter from the SEC dated March 30, 2007
Exhibit 7	Opinion of Prof. Allen Ferrell
Exhibit 8	Opinion of Prof. Michael E. Perino
Exhibit 9	Opinion of Dr. Kenneth D. Gartrell
Exhibit 10	Opinion of Prof. John C. Coffee
Exhibit 11	Statement by United Kingdom Shareholders' Association dated April 10, 2007

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