



The Annual General Meeting of Royal Dutch Shell plc

Jorma Ollila
Chairman

Jeroen van der Veer
Chief Executive

The Hague and London
15 May 2007



Jorma Ollila is Chairman of Royal Dutch Shell. Previously he was Vice-President of International Operations of Nokia in 1985. In 1986 he was appointed Vice President Finance of Nokia and served between 1990 and 1992 as President of Nokia Mobile Phones. Between 1992 and 1999 he was President and Chief Executive Officer of Nokia and from 1999 to 1 June 2006 Chief Executive Officer of Nokia. Prior to joining Nokia, he worked for Citibank in London and Helsinki.

Jorma was born in Finland in 1950, and is married with three children. He holds three M.Sc. degrees, in Political Science from the University of Helsinki, in Economics from the London School of Economics, and in Engineering from the Helsinki University of Technology.

He was awarded a Ph.D. (Pol.Sc.) h.c. degree by the University of Helsinki (1995) and a D.Sc. (Tech.) h.c. degree by the Helsinki University of Technology (1998). He is Chairman of the Board of Nokia and a Non-executive Director of Ford Motor Company.



Jeroen van der Veer is Chief Executive of Royal Dutch Shell plc. He joined Shell in 1971 and worked in manufacturing and marketing in the Netherlands, Curaçao and the United Kingdom. In 1992, he became a Managing Director of Shell Nederland. Three years later he became President and Chief Executive of the Shell Chemical Company in the United States. He was appointed a Group Managing Director in 1997.

Jeroen was born in the Netherlands, and is married with three daughters. He has two degrees – one in mechanical engineering from Delft University and another in economics from Rotterdam University.

He is a Non-executive Director of Unilever.

The following text is based on speeches delivered by Jorma Ollila and Jeroen van der Veer at the Annual General Meeting of Royal Dutch Shell plc in The Hague and London on 15 May, 2007.

Jorma Ollila, Chairman

Almost a year ago, on the first of June 2006 to be precise, I took over the role of Chairman of Royal Dutch Shell plc from my predecessor Aad Jacobs, whose excellent work I hope to continue.

It has been a positive experience, made even more positive by the good performance of your Company in 2006.

I benefited from an induction and training programme that included visits to Nigeria, Sakhalin and the oil sands in Canada. There, I saw first-hand the ongoing technological, environmental and social challenges Shell staff deal with, while moving the company forward.

I'm excited to work in a business that is at the heart of some of the world's most important challenges. As the world's population is growing and the developing world is indeed developing, demand for energy is surging. Yet there are over 2 billion people in the world who still have to gain access to modern energy services. They aspire to the same living standards others have come to take for granted.

As the Chief Executive has said on a previous occasion, the vision of a secure and clean energy future must be more than a rich man's concern, if it is to become a reality.

At the same time, we have a collective responsibility to stabilise greenhouse gas emissions and protect the natural habitats of whales, polar bears and other endangered animal species.

So, meeting the energy challenge is a truly gargantuan task. It requires a collective response from governments, industries, Non-Governmental Organisations and, ultimately, individual consumers.

Shell plays its part in meeting the energy challenge: we produce energy to help meet the growing demand and we do so in a responsible way.

We also have a strict Health and Safety policy. Its premise is: "no harm" . . . no harm to people and no harm to the environment. The Board's Social Responsibility Committee has a direct role in overseeing your company's approach to these social and environmental issues. This includes regular visits to Shell locations.

As you know, Shell has a one-tier Board, including non-executive directors and executive directors. The role of the Board and its Chairman is twofold:

The board sets the strategy, taking into account investment opportunities, risks and shareholder returns. . . and it supports the Chief Executive and his team in the execution of the strategy.

My experience so far is that the new company's governance structures put in place since 2005 provide an effective and transparent framework for the Board to meet its responsibilities.

The energy industry is changing fast – and the dedicated people of Shell are responding professionally, with a "can do" mentality, but with their feet firmly on the ground.

Jeroen van der Veer and his team have worked very hard to make 2006 another good year for Shell.

I would like to extend my thanks to the Chief Executive for the way he and his team have continued to move your Company forward on the path of delivery and growth.

I look forward to continuing my work as Chairman of Royal Dutch Shell plc in what are exciting times for our industry.

Jeroen van der Veer, Chief Executive

2006 was a good year for Shell. We made substantial progress in implementing our strategy: "more upstream, profitable downstream". We laid solid foundations for the future.

But we cannot sit still: growing populations and higher standards of

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living in the developing world translate into a global energy market twice the size of today's by the middle of the century.

As the demand for clean, cheap and convenient energy surges, supplying it becomes a more difficult and exciting challenge.

Our stakeholders expect Shell to operate, build and sustain a business that helps the world meet this challenge in a responsible way. And that's what we're doing.

Before I summarise last year's progress, let me emphasise one point: our safety performance remains a critical priority for me and my colleagues in the leadership of Shell.

Every accident is one too many. Our work on operations and projects can be hazardous, and our people face safety risks travelling to and from work. I want you to know that we continue to undertake major programs across Shell to improve personal and process safety - which to me remains our top priority.

Results highlights

Turning to financial highlights, earnings for the Group in 2006 were 26.3 billion dollars, slightly higher than in 2005. So we delivered record earnings for the second consecutive year.

We did this in a year of high prices and margins, and despite security issues in the Nigerian Delta region.

Cash from operations of 31.7 billion dollars was more than 5% higher than in 2005.

We returned 16.3 billion dollars to shareholders, split roughly equally between dividends and buybacks.

We increased dividends by 9% in 2006 and further increased dividends in 2007 to \$0.36 a share - which is a measure of the confidence we have for the future. We are announcing all dividends in US dollars from the first quarter of this year onwards.

Net capital spending in 2006, including acquisitions and divestments, was some 21 billion dollars.

We plan net capital spending of 22-23 billion dollars this year, of which around 80% is earmarked for upstream projects.

We had good and competitive results in the first quarter of this year, as we announced two weeks ago.

Implementing strategy

In line with our strategy . . . "more upstream, profitable downstream", we focus on large-scale projects that play to our technological strength, and bring value for decades, while making full use of our strong brand in retail and marketing.

In the upstream part of our business our production last year was in line with 2005 production of 3.5 million barrels of oil equivalent (boe) per day, despite production from Nigeria's Delta region being constrained by security issues.

We had record Liquefied Natural Gas equity sales volumes, up 14%.

We added over 2 billion barrels oil equivalent of proved oil and gas reserves and oil sands mining reserves, a replacement ratio of over 150%.

New acreage amounted to 45 thousand square kilometres.

We continue to back our explorers with the industry's largest exploration budget, which will be over 2 billion dollars again in 2007.

We also brought new offshore projects on stream in Nigeria, New Zealand, Malaysia and Brunei.

In the Gulf of Mexico, the Mars platform was back in operation ahead of schedule, producing 20% more oil than it did before Hurricane Katrina struck.

For this achievement, Shell's Mars recovery team received the Offshore Energy Achievement Project of the Year award. I congratulate them.

We also made Final Investment Decisions, or achieved important progress, on other new projects:

In Brazil, we announced the go-ahead of the BC-10 ultradeep water project.

In the Gulf of Mexico, we announced the development of the ultradeep Great White, Tobago and Silvertip fields, via the Perdido host facility, designed to handle 130,000 boe per day.

In Canada, we received permission for the 100,000 barrels a day Athabasca Oil Sands Project Expansion I.

"We focus on large-scale projects that play to our technological strength, and bring value for decades, while making full use of our strong brand in retail and marketing."

And in Qatar, construction began on the massive Pearl GTL project. This will be the world's largest Gas-to-Liquids complex. Constructing Pearl GTL involves a workforce of 35,000 people – it's like building a city.

Shell was a partner in more than a third of the world's LNG supplies in 2006. We are on track to grow our position as one of the largest producers and suppliers of LNG.

The massive Sakhalin plant will come on stream next year. We have a further three LNG trains under construction in various parts of the world, and eight trains in the engineering and design phase.

With our partners, we delivered the first ever cargoes of LNG to Mexico and China.

In Europe, we have started marketing natural gas in Ukraine and Turkey.

We also have technology to convert coal into synthesis gas: coal gasification. It is the cleanest method for converting coal's energy potential into electricity.

Our coal gasification technology has been licensed to 15 projects in China, capturing the lion's share of the Chinese market. Five of them are now on stream.

We were also named supplier to the ZeroGen project in Australia and we sold two new licenses in Europe, in the UK and the Netherlands. In all three cases, the potential for CO2 capture and storage is being considered.

In the downstream we remained amongst the leaders in oil products unit earnings and cash flow.

We are divesting non-strategic assets and re-deploying capital to strategically important growth regions such as Asia.

We completed bitumen and lubricants acquisitions in China. Shell is now the largest international oil company marketing lubricants in China.

With over 46,000 service stations in over 90 countries Shell has the largest network in the world, refuelling over 200 cars every second. With partners, we are enlarging or building new retail networks in China, India, Indonesia, Turkey and recently also Ukraine.

Our Nanhai petrochemicals complex

in China is now operating at world-class performance levels, a tremendous achievement in its first year of operation.

We took a Final Investment Decision for a world-scale ethylene cracker in Singapore. Expansion in Singapore reinforces an important hub with access to fast-growing markets in the East.

Let me now discuss three major developments: Shell Canada, Sakhalin II and Nigeria

Shell Canada

Acquisition of the outstanding shares of Shell Canada has been completed.

This acquisition will help unlock Canada's oil sands.

Shell's position in the Canadian oil sands is a key strategic asset, for the following reasons: First, as demand for energy is surging and many of the world's easy resources have already been brought into production, heavy oil, shale and tight gas become increasingly important. Second, taking into account oil sands and shale, Canada holds the world's second-largest oil reserves after Saudi Arabia.

So, given growing energy demand, Canada's unconventional will help guarantee security of supply for us all.

Sakhalin

On Sakhalin II, Gazprom's entry into the project ends a period of uncertainty and clears the way for further growth opportunities.

Environmental considerations have influenced our onshore and offshore construction schedules during the past years, indeed, our Shell people in Sakhalin have been aware of the importance of a good environmental and social performance, and I feel that much of the criticism in the past was not justified.

I am confident that, now that Gazprom has become the major shareholder, environmental and social considerations will continue to be taken as seriously as they were before.

A positive sign is the acceptance by the Ministry of Natural Resources of the Russian Federation of the revised

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Environmental Action Plan.

Nigeria

In Nigeria, security issues and concerns about the safety of our staff forced us to reduce production in the Niger Delta. This year, operations in the Delta will continue to be challenging. Our aim is to repair damages and restart operations when it is safe to do so.

We remain committed to eliminating continuous gas-flaring in Nigeria, provided our people have safe and free access to the production sites . . . and provided funding is secured from our joint venture partners. At the start of 2006, six of the associated gas gathering projects had been completed and another five were at various stages of completion.

Our progress in 2006 on these remaining projects has been impacted by the difficult security situation in the Niger Delta.

CO₂ Management and Renewables

In meeting the world's energy challenge, there are things Shell can and cannot do.

We cannot decide which amounts or which types of energy countries should consume.

Governments decide the energy mix of their countries, through royalties, taxation levels and permitting requirements. And governments must answer political questions like:

- Should nuclear energy be part of the mix?
- Should we convert corn into ethanol?
- Should citizens save more energy?

The role of Shell is to produce energy in a responsible way. This means:

- Enhancing energy efficiency and reducing emissions in our production and refining. In 2006, facilities that Shell operates emitted greenhouse gases twenty percent below 1990 levels.
- We also create cleaner-burning transportation fuels, such as gas-to-liquids

- We make available our coal gasification technology to reduce pollution at coal-fired power stations;
- We further develop possibilities to capture CO₂ to inject it in mature oil fields for enhanced production, or to store it underground.
- And we would like to develop techniques to turn CO₂ into solid form through our mineralisation technology.
- We develop alternative energy, such as wind, thin-film solar and hydrogen. The offshore Noordzee wind farm began delivering power to 100,000 Dutch households last year.
- And we are developing advanced bio-fuels made from plant waste or wood chips.

People and technology

A few words on two key Shell assets: people and technology.

As our new brand campaign makes clear, Shell people from all corners of the world are fascinated by the energy challenge. They are optimistic and passionate about always improving things, despite sometimes working in very difficult circumstances. So the company has a responsibility to make certain our 108,000 employees and 300,000 contractors work in a healthy and safe environment.

Last year, we welcomed 6,000 new colleagues from over 60 countries. Over half had a technical background. For the first time in the century-old history of this company, we recruited more people in Asia than in any other part of the world.

To tap into the growing reservoir of talent in Asia, Shell has set up its third main R&D centre in Bangalore, joining those in Houston and the Netherlands.

Our Research & Development effort is paying off: the US Patent Board and the Intellectual Asset Magazine consider Shell's patent portfolio in both energy and environmental technology the strongest in the industry in terms of scale

and impact.

Shell is creating more options for the future than its competitors.

Sustainable Development

Looking ahead, I believe we will find ourselves operating in ever more challenging environments, using ever more sophisticated technologies while honouring our commitment to contribute to sustainable development.

We aim to produce more energy without adversely affecting the well-being of indigenous peoples and local communities.

This involves dilemmas and trade-offs: international NGOs, national governments, local communities and our customers rarely share the same priorities.

We are not perfect, but we try to do a good job by engaging with as wide a range of stakeholders as possible. One of our golden rules is "Respect our Neighbours". We look for solutions that

deliver maximum overall benefits and have minimum impact on individual groups.

Investing in the Future

This year, we celebrate the centenary of the merger between Royal Dutch and Shell Transport and Trading. As we look to the future, let me assure you that the current generation will continue to build Royal Dutch Shell as a sustainable business.

We strive to have the necessary skills, tools and controls throughout our organisation to be profitable and responsible in everything we do.

We will continue to invest in a strong portfolio and further growth of your business.

Let me summarise my message: I congratulate all Shell-staff with a good performance in 2006. We are investing in the future, creating many different options. And I am happy about that.

Thank you

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"We will continue to invest in a strong portfolio and further growth of your business."

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