2012 Royal Dutch Shell plc.
Annual General Meeting

The Hague, Netherlands
London, United Kingdom

JORMA OLLILA

Chairman, Royal Dutch Shell plc
May 22, 2012

PETER VOSER

Chief Executive Officer, Royal Dutch Shell plc
May 22, 2012

Jorma Ollila is Chairman of Royal Dutch Shell. A Finnish national, he was appointed Chairman as from June 2006.

He started his career at Citibank in London and Helsinki, before moving in 1985 to Nokia, where he became Vice President of International Operations. In 1986 he was appointed Vice President Finance of Nokia. Between 1990 and 1992 he served as President of Nokia Mobile Phones. Between 1992 and 1999 he was President and Chief Executive Officer of Nokia and from 1999 to June 2006 he was Chief Executive Officer of Nokia.

Jorma was born August 15, 1950.

Peter Voser became Chief Executive Officer on July 1, 2009.

Previously, he was Chief Financial Officer since October 2004. He first joined Shell in 1982 and held a variety of finance and business roles in Switzerland, the UK, Argentina and Chile, including Chief Financial Officer of Oil Products. In 2002, he joined the Asea Brown Boveri (ABB) Group of Companies, based in Switzerland as Chief Financial Officer and member of the ABB Group Executive Committee.He returned to Shell in October 2004, when he became a Managing Director of Shell Transport and Chief Financial Officer of the Royal Dutch/Shell Group. He was a member of the Supervisory Board of Aegon N.V. from 2004 until 2006, a member of the Supervisory Board of UBS AG from 2005 until April 2010 and a member of the Swiss Federal Auditor Oversight Authority from 2006 until December 2010.

He is currently a Director of Catalyst, a non-profit organisation which works to build inclusive environments and expand opportunities for women and business. In March 2011, he was appointed to the Board of Directors of Roche.

Born in 1958, he is a Swiss citizen and is married to Daniela. They have three children.

The following text is based on speeches delivered by Jorma Ollila and Peter Voser at the Annual General Meeting of Royal Dutch Shell plc in The Hague and London on May 22, 2012.

Jorma Ollila

Your company has made good progress in 2011 on its strategy for profitable growth and has delivered solid returns to shareholders during this period. And I would like to thank the Shell staff for their hard work.

Chief Executive Officer Peter Voser will talk to you in more detail on performance and strategy in a moment.

The Board looks very closely at this, and the systems and processes in your company that drive technical standards and safety performance.

Let me give you an overview of the economic developments and the global outlook of the oil & gas industry.

Energy outlook

Rapid economic development in non-OECD countries is driving sustained, and long term demand growth for energy.

Energy demand could double in the first half of this century. This will require continued production of all forms of energy as supply struggles to keep up with demand.

These trends play alongside today's regulatory and political uncertainties, creating what we call "an era of volatile transitions", which is adding to both price and cost volatility in this long term energy growth trend.

We use consistent and conservative planning assumptions, despite this volatility, as you would expect in a long term business like ours.

We plan inside a \$50-\$90 range for oil, and \$4-\$6 for US gas, all underpinned by a \$40 per ton cost of carbon.

Set against this backdrop we think that natural gas, the cleanest burning fossil fuel, has an essential role in the long term security of energy supplies.

Natural gas outlook

Natural gas is a critical long-term component of the world's energy system.

Natural gas offers the world a tremendous opportunity to help meet the growing demand for affordable energy in the coming decades. At the same time, it offers the fastest and cheapest route to significantly reduce power-sector emissions of CO2.

The largest growth market for natural gas is in the Asia Pacific region with its rapidly growing economy and an increasing reluctance to burn coal for power generation.

Take China for example, its primary energy consumption could double by 2030 as it overtakes the US as the world's largest energy consumer. We expect that 20% of that demand growth to be met by natural gas.

Shell is the leading IOC in natural gas, and we have ambitious growth plans in LNG and tight gas.

Let me take a moment to talk to you about one of our exploration projects, in Alaska.

Alaska

The Arctic, and especially Alaska is an important play for Shell and we plan to explore here in the summer of 2012.

The board has assessed both the opportunity that Alaska exploration presents for shareholders, and the challenges that come with development in such a remote and environmentally-sensitive area

This year, through increased stakeholder engagement and support, and a more focused approach on permitting we have now received the majority of the permits we need for the 2012 drilling season.

The industry, including Shell, has drilled some 100 wells offshore Alaska – including some 35 in Arctic regions. In fact Shell has already drilled safely in the Chukchi and Beaufort Seas.

Nonetheless we have taken additional measures to reduce risks such as adding in an additional shear ram to our blow-out preventers and building up a strong oil spill response capability including a subsea capping capability and an Arctic containment system.

We are satisfied that your company made the right preparations to drill in this area, and I and the board are following this very closely.

Let me update you on your Board membership

Directors

I'm pleased about the positive ratings that the overall corporate governance arrangements our company receives, however we recognize that diversity on the board is an issue.

In line with the Davies report, the Board expects that 25% of the board will be women by 2015. We also actively looking to recruit directors from outside of our traditional regions, such as Asia Pacific.

You will have noticed a new face on the stage with us compared to last year, Linda Stuntz who was elected at last year's AGM.

Sir Nigel Sheinwald also joins the Board on July 1, 2012, subject to his election by shareholders at this AGM. He will become a member of the Corporate and Social Responsibility Committee. Among Nigel's many accomplishments were five years as the British ambassador to the United States and three years to the European Union.

Malcolm Brinded has stood down as an Executive Director as of April 1st this year after 37 years of a very distinguished career at Shell

Lord Kerr stands down at the AGM this year after 9 years as a Non-executive director, and I will come back to Lord Kerr's retirement later.

Hans Wijers will succeed Lord Kerr as Deputy Chairman and Senior Independent Director.

And finally Josef Ackermann joins the Nomination and Succession Committee.

Let me now give the floor to your company's Chief Executive Officer: Peter Voser

Peter Voser

Ladies and gentlemen

I am very pleased to be here today at the 2012 AGM

Safety in Shell

Let us look at the 2011 performance in Shell, first on safety. Safety is the top priority for Shell.

Recent incidents such as the Gannet oil leak in the UK serve notice that we need to stay vigilant and maintain our focus on the safety of our operations.

No one likes to see these incidents, but I am satisfied with Shell's prompt actions to address them. We are investigating the causes and will look to make changes to reduce the risks in future.

This industry is under intense scrutiny. However, I believe that Shell's technical expertise, safety culture and rigorous global standards, all of which you will hear more about later, demonstrate that we are operating responsibly, no matter how challenging the conditions are.

In 2011 our fatal accident rate was the lowest ever, but we still had 6 fatalities last year. Our goal is for zero fatalities and no incidents that harm our employees, contractors or neighbours, and together we have to make further improvements here.

In 2011 our total recordable case frequency was in line with our best ever performance of 2010.

We continue to make progress on road traffic safety, for example with a 41% reduction in incidents in 2011.

Financial performance

Let's look at the financial performance

Our underlying CCS earnings of some $25 billion have increased by some 37% from 2010 and 115% versus 2009

We have been investing for new growth, and selling down non-core positions in upstream and downstream.

Recently we announced a measured increase in dividend for the first quarter of 2012.

Our TSR - total shareholder return – was around 70% over the last 3 years, a sharp increase over the prior period, and a competitive performance from Shell.

Updating our priorities

Let me update you on the strategic priorities, and you'll see we are keeping the momentum on the strategic drive we have had in the company over the last few years.

2012+ Priorities

Continuous improvement through a relentless focus on performance is a major priority for the company.

Then it's about delivering on the growth projects that we have launched in the last years, and working on new options for the next wave of investment.

Shareholders are investing in Shell for profitable growth, and so are we.

Capital investment

Our organic investment in 2011 was $26 billion, similar to 2010 levels.

We've taken 12 final investment decisions in 2011, and 17 over the last two years.

Spending on these new projects is now building up, and this will drive our organic capex to $32 billion in 2012.

We've also taken on new portfolio options in 2011, in plays like exploration, Iraq gas, and liquids-rich shales, and increase our feasex costs…for example new LNG and chemicals options.

You can see the main investments on this chart, and we are putting the priority on a series of large themes, where we can have economies of scale on technology and contracting and procurement, the right diversity of political and technology risk, and the size of portfolio we need to impact our bottom line growth.

Key projects

You can see some of the projects we are currently commissioning or which are under construction.

About 80% of our current investment is Upstream, and some 60% of Upstream spending is in Australia and North America.

The portfolio of projects we have underway has an oil price break-even on an NPV basis of less than $60 per barrel.

These are attractive projects for our company and shareholders.

I want to highlight an area of frequent discussion at our AGM, Nigeria, and in particular our onshore joint venture, SPDC.

Nigeria

The overall security situation in Nigeria has been improving following the government amnesty in the Niger delta in 2009. This has allowed the SPDC joint venture to ramp up production to some 800,000 boe/d in 2011 from around 460,000 boe/d in 2009.

In the Nigerian onshore, the volume of operational spills decreased last year due to an increased focus on maintenance and better access to facilities, although I have to say that the number of these small operational spills trended up in 2011.

SPDC made further improvement in the remediation of spill sites caused by sabotage or oil theft.

In 2011 there were some 200 new spills, around 2/3rds of which were caused by sabotage or oil theft.

SPDC was able to remediate and certify 351 sites in 2011, leading to a reduction in the backlog of sites needing remediation from 400 to 274 sites.

There are some worrying trends however. During 2011 we started to see an increase in large scale oil theft and illegal refining. This has resulted in production stoppages and environmental damage.

Sadly, this year has also seen a return to violence in some areas, with two SPDC contractors shot and killed while on an environmental survey during a remediation project.

On the left you are looking at the Imo river area, specifically at some of the illegal refining operations. I visited the area myself a few weeks ago.

The oil theft and illegal refining is at large scale, with tank farms, barge building operations and barges shuttling crude to waiting tankers offshore.

In fact the oil theft was so prevalent we could not ensure the safety of our operation and shut in 25,000 barrels a day of production during part of 2011.

SPDC was only able to re-start production after government security forces increased their presence in the area, dismantling the infrastructure put there by the oil thieves.

SPDC does not take decisions like this lightly.

Nigeria has some 160 million people and receives more than 95% of the revenue from every barrel of oil onshore. The Nigerian government depends on oil for some 80% of its income. For the Nigerian people, many of whom live in poverty, the cessation of any oil income has immediate consequence.

Further, when production is shut in, either by choice or due to sabotage, and the pipelines depressurized, it is easier for thieves to install valves to steal from both the oil in the pipeline and when production is re-started. This perpetuates the cycle.

There are estimates that in total some 150,000 barrels a day of oil and condensate is stolen in Nigeria, worth some $7 billion at current market prices, there are no easy answers here, and Shell will play its part but we need the government to play a more active role.

On the UNEP report…. progress has been made on those recommendations pertaining to SPDC.

SPDC has supported the Rivers state government in the provision of emergency supplies of fresh water as well as planning for a long term solution.

In March, Bureau Veritas– an independent international standards verification agency – began work reviewing SPDC's emergency spill response and initial clean up practices.

In April the International Union for the Conservation of Nature (IUCN) convened the inaugural meeting of an independent advisory panel that will provide scientific recommendations to SPDC to help restore the biodiversity and habitats at SPDC spill sites, as well as make recommendations for improvements to company and national standards for remediation and rehabilitation of such sites.

On Flaring….

It is important to put Shell's flaring into context in Nigeria. Both our onshore and offshore ventures perform well compared to the rest of industry, however we need to do more here.

SPDC flared some 20% less gas in 2011 than in 2010, while increasing its oil & gas production by 7% in 2011.

The program to install or repair associated gas gathering equipment is beginning to have an effect.

And Shell is assessing new projects for onshore Nigeria, which will add new production and reduce flaring. These projects could cost some $4 billion on a 100% basis.

We expect these to be completed in the 2014 to 2015 timeframe, subject to approval by partners and the security situation, and we are nearly there with that.

These are the final two projects which should allow us to reduce the flaring intensity in Nigeria to below the current global average.

Now, turning to other areas of the company.

Biofuels growth

In 2011, with the finalization of our Brazil biofuels JV, Raizen, Shell moved for the first time into the mass production of biofuels.

This joint venture manufactures some 2 billion liters of ethanol from sugarcane annually, producing significantly less CO2 on a life cycle basis than conventional fuel.

The majority of Raizen's sugarcane crop is rain fed and not irrigated, making the ethanol it produces less water intensive than many competing crops in different regions.

We are also looking at several "next generation" biofuels technologies, in R&D partnerships, some of these go ahead and others don't work out and we move on.

Sustainable biofuels should play a large role in helping to meet customers fuel demand and to limit CO2 emissions

Oilsands

Turning to the Oil Sands, in 2011 we completed our 100,000 barrel per day oil sands expansion project which took total capacity to some 250,000 barrels per day.

On the tailings side, last year the industry agreed to set aside intellectual property rights and cooperate on tailings research, this year a much broader collaboration has been agreed with the aim to accelerate the improvement of environmental performance across the industry.

On CO_2, with financial support from the Alberta and Canadian governments, we plan to capture and store about 1 million tonnes of CO_2 per annum from the Scotford Upgrader using a CCS project called Quest. We expect to take FID on this project this year.

There is a lot of focus on the emissions from the oil sands facilities, but let's put this in perspective. If Shell's oil sands operation were in the United States, it would be approximately the 150th largest direct emitter of Greenhouse gasses, according to EPA data. Number one is a coal fired power station with some 23 million tonnes of CO_2 equivalent per year. By comparison our oil sands operations and our in situ business together emit some 5 million tonnes a year.

Outlook

Turning to our future outlook, where we set new targets earlier this year.

Updating growth outlook

Cash flow from operations was $136 billion for 2008 to 2011 at an $87 average oil price.

We are expecting cash flow from operations to be some 30-50% higher for 2012-15 in aggregate, or around $175 to $200 billion, assuming $80-$100 Brent.

This outlook is underpinned by the ramp-up of the projects we have brought on stream in the last few years, and new project start-ups.

Capital efficiency is an important part of our strategy, and we are expecting around a quarter of a million barrels per day of licence expiries and asset sales over the next few years. If those impacts play out, then we would expect our production to average 4 million boe per day in 2017-18, some 25% higher than 2011 levels.

Dividend track record

Shell has a strong track record on dividends, and dividends are the company's main route to return cash to shareholders.

Over the last 10 years, we have paid more dividends than any of our sector peer group.

Including the time before unification, we have not cut our dividend for decades, and I would like to highlight that we maintained our dividend across the credit crisis years.

In fact, in 2011, 1 out of 8 pounds paid in dividends on the FTSE was paid by Shell.

The resumption of the measured, affordable dividend growth we have confirmed with the first quarter 2012 reflects the improving financial position in the company and delivery of our strategy.

And with that let me hand you back to the Chairman

Recent speeches by Shell's senior leadership

- Global legal challenges facing the petro-chemical industry, *Peter Rees*
- Energy demand, supply and downstream infrastructure challenge, *Mark Williams*
- Water, energy and the resource consumption puzzle: It's time for solutions, *Peter Voser*
- The natural gas revolution: a secure, abundant force for good, *Peter Voser*
- Growing global energy demand: a defining moment for Louisiana, *Marvin Odum*
- Shell and corporate tax, *Simon Henry*
- Meeting the needs of 9 billion people, *Marvin Odum*
- Qatar's role in the energy landscape of the future, *Peter Voser*
- New Frontier: engineers and the global energy challenge, *Malcolm Brinded*
- The case for shale and tight gas, *Malcolm Brinded*
- The integration challenge, *Marvin Odum*
- 9 billion reasons to address the world's energy challenge now, *Peter Voser*
- Growing cities, growing responsibility, *Marvin Odum*
- Changing direction towards a new energy future, *Jorma Ollila*
- Canada: a proving ground for responsible oil and gas development, *Marvin Odum*

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