Royal Dutch Shell plc

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ROYAL DUTCH SHELL PLC

(*Registered under the CA 1985 and incorporated in England and Wales with registered number 4366849*)

Recommended cash and share offer by Shell for BG

Circular to Shell Shareholders and Notice of the Shell General Meeting

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This Circular is dated 22 December 2015.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND INDICATIVE STATISTICS

PART A
EXPECTED TIMETABLE OF PRINCIPAL EVENTS

PRINCIPAL EVENTS	TIME AND / OR DATE[1]
Publication of the Prospectus, this Circular and the Scheme Document	22 December 2015
Publication of Shell update on fourth quarter 2015 and full year unaudited results	20 January 2016
Publication of operational and trading update by BG	20 January 2016
Latest time for receipt by the Shell ADS Depositary of voting instructions for the Shell General Meeting	5.00 p.m. (New York City time) on 21 January 2016[2]
Latest time for receipt of forms of proxy and CSN Voting Instruction Forms for the Shell General Meeting	10.00 a.m. (Central European Time) on 25 January 2016
Voting record time for the Shell General Meeting	7.00 p.m. (Central European Time) on 25 January 2016[3]
Shell General Meeting	**10.00 a.m. (Central European Time) on 27 January 2016**
Court Meeting	**11.00 a.m. on 28 January 2016**
BG General Meeting	**11.10 a.m. on 28 January 2016[4]**
Publication of the Shell Group's fourth quarter 2015 and full year 2015 results	4 February 2016
Publication of the BG Group's fourth quarter 2015 and full year 2015 results	5 February 2016
Court Hearing	11 February 2016[5]
Effective Date	**15 February 2016[5]**
Admission and commencement of dealings in New Shell Shares on the London Stock Exchange	By 8.00 a.m. on 15 February 2016[5]
Issue of New Shell Shares and crediting of New Shell Shares soon after to CREST accounts	At or soon after 8.00 a.m. on 15 February 2016[5]
Delisting of BG Shares	8.00 a.m. on 15 February 2016[5]
New Shell Shares capable of being deposited with the Shell ADS Depositary in exchange for the corresponding class and amount of Shell ADSs, which may be traded on the New York Stock Exchange	16 February 2016[5]
Admission to listing and trading of the New Shell Shares on Euronext Amsterdam	By 9.00 a.m. (Central European Time) on 16 February 2016[5][6]
Latest date for (a) CREST accounts to be credited in respect of New Shell Shares and assured payment obligations in respect of any cash due and (b) dispatch of cheques and share certificates or nominee entitlement statements in respect of the New Shell Shares (in each case, where applicable)	14 days after the Effective Date[5]
Long Stop Date	31 July 2016[7]

(1) **The dates and times given are indicative only and are based on current expectations and may be subject to change (including as a result of changes to the regulatory timetable).** References to times are to UK times unless otherwise stated. If any of the times and/or dates above change, the revised times and/or dates will be announced via a Regulatory Information Service.

(2) Only those Shell ADS Holders who hold Shell ADSs at 5.00 p.m. (New York City time) on 4 January 2016 will be entitled to instruct the Shell ADS Depositary to exercise the voting rights in respect of the Shell Shares represented by their Shell ADSs at the Shell General Meeting.

(3) Only those Shell Shareholders registered on the register of members of Shell and those persons participating in a Shell Share Plan which results in them being eligible to vote at the Shell General Meeting as at 7.00 p.m. (Central European Time) on 25 January 2016 (or in the case of a postponement or adjournment of the Shell General Meeting as at 7.00 p.m (Central European Time) on the day which is two days (excluding non-Business Days) prior to the time set for the postponed or adjourned Shell General Meeting) will be entitled to attend and/or vote at the Shell General Meeting.
(4) To commence at the time fixed or, if later, immediately after the conclusion or adjournment of the Court Meeting.
(5) These times and dates are indicative only and will depend on, among other things, the dates upon which (i) the Conditions are satisfied or (where applicable) waived; (ii) the Court sanctions the Scheme; and (iii) a copy of the Court Order is delivered to the Registrar of Companies in England and Wales.
(6) New Shell Shares will be officially admitted to listing and trading on Euronext Amsterdam on the day following the Effective Date, but trading of the New Shell Shares on Euronext Amsterdam will be possible on the Effective Date.
(7) This is the latest date by which the Scheme may become effective unless Shell and BG agree, and (if required) the Court and the Panel allow, a later date.

PART B
INDICATIVE STATISTICS

Indicative statistics[1]

Number of Existing Shell Shares in issue as at the Latest Practicable Date (with no Existing Shell Shares held in treasury)	6,431,332,183
Number of New Shell Shares to be issued in connection with the Combination	up to 1,526,494,336
Number of Shell Shares in issue immediately following LSE Admission (with no Shell Shares held in treasury)	7,957,826,519
New Shell Shares as a percentage of the Shell Shares in issue immediately following LSE Admission (with no Shell Shares held in treasury)	approximately 19%

1 Please see paragraph 9 of Part VII (*Additional information*) for details of how these statistics are calculated.

PART I
LETTER FROM THE CHAIRMAN OF SHELL

Shell Directors:

Charles O. Holliday (*Chairman*)
Hans Wijers (*Deputy Chairman and Senior Independent Director*)
Ben van Beurden (*Chief Executive Officer*)
Simon Henry (*Chief Financial Officer*)
Guy Elliott (*Non-Executive Director*)
Euleen Goh (*Non-Executive Director*)
Gerard Kleisterlee (*Non-Executive Director*)
Sir Nigel Sheinwald GCMG (*Non-Executive Director*)
Linda G. Stuntz (*Non-Executive Director*)
Patricia A. Woertz (*Non-Executive Director*)
Gerrit Zalm (*Non-Executive Director*)

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Shell Centre
London SE1 7NA
United Kingdom

Head Office:
Carel van Bylandtlaan 30
2596 HR The Hague
The Netherlands

22 December 2015

To Shell Shareholders, Shell ADS Holders and, for information only, to persons with information rights

Dear Shell Shareholder,

RECOMMENDED CASH AND SHARE OFFER FOR BG GROUP PLC

BY ROYAL DUTCH SHELL PLC

1. INTRODUCTION AND SUMMARY OF THE TERMS OF THE COMBINATION

On 8 April 2015, the Shell Board and the BG Board jointly announced that they had reached agreement on the terms of a recommended cash and share offer to be made by Shell for the entire issued and to be issued share capital of BG.

Under the terms of the Combination, BG Shareholders (other than Restricted Shareholders) will be entitled to receive:

for each BG Share: **383 pence in cash; and**
0.4454 Shell B Shares.[2]

Based on the Closing Price of 1,469 pence per Shell B Share on the Latest Practicable Date, the terms of the Combination represent:

- a value of approximately 1,037 pence per BG Share; and
- a value of approximately £35.6 billion for BG's entire issued and to be issued share capital.

Based on the Closing Price of 2,208.5 pence per Shell B Share on 7 April 2015 (being the last Business Day before the date of the Announcement), the terms of the Combination represent:

- a value of approximately 1,367 pence per BG Share; and
- a premium of approximately 50% to the Closing Price of 910.4 pence per BG Share on 7 April 2015.

[2] As described in paragraph 11 of this Part, the issue of Shell B Shares is subject to the continuing applicability of the Dutch Revenue Service's confirmation of the Dutch tax treatment of the Shell B Shares (further details of such tax treatment are provided in paragraph 1 of Part XV (*Taxation*) of the Prospectus), such confirmation being conditional on the Combination being implemented pursuant to a scheme of arrangement. If Shell were to implement the Combination by way of a takeover offer in the specific circumstances set out in paragraph 12.1 of this Part, the share component of the Consideration would comprise Shell A Shares only and BG Shareholders would be entitled to receive 0.4454 Shell A Shares and 383 pence in cash per BG Share.

The Combination will result in existing Shell Shareholders and former BG Shareholders owning approximately 81% and 19%, respectively, of the Combined Group.[3]

BG Shareholders (other than Election Restricted Shareholders) will be entitled to elect to receive the share component of the Consideration in the form of Shell A Shares, as opposed to Shell B Shares, at the same exchange ratio.

Shell will also provide a Mix and Match Facility, which will allow BG Shareholders (other than Election Restricted Shareholders) to elect, subject to offsetting elections, to vary the proportions in which they receive New Shell Shares and cash. The Mix and Match Facility will not change the total number of New Shell Shares to be issued or the maximum amount of cash that will be paid under the terms of the Combination.

Shell intends to finance the cash consideration payable to BG Shareholders pursuant to the Combination from its own cash resources and, potentially, third party debt.

It is intended that the Combination will be implemented by means of a court-sanctioned scheme of arrangement of BG under Part 26 of the CA 2006.

The Scheme is subject to a number of Conditions summarised in paragraph 12.2 of this Part. The full terms and conditions of the Scheme are set out in the Scheme Document.

Subject to the satisfaction or, where applicable, waiver of the Conditions (other than those Conditions which relate to Admission), it is expected that the Scheme will become effective on 15 February 2016, with New Shell Shares (i) admitted to listing on the premium segment of the Official List and to trading on the main market for listed securities of the LSE by 8.00 a.m. on 15 February 2016; and (ii) admitted to listing and trading on Euronext Amsterdam by 9.00 a.m. (Central European Time) on 16 February 2016.

The aggregate value of the Consideration (based on the Closing Price per Shell B Share on 7 April 2015) represents approximately 35% of the market capitalisation of Shell (based on the Closing Price of Shell A Shares and Shell B Shares on 7 April 2015).

Therefore, owing to its size, the Combination constitutes a "class 1 transaction" for the purposes of the Listing Rules and so requires the approval of Shell Shareholders.

Accordingly, the Shell General Meeting has been convened for 10.00 a.m. (Central European Time) on 27 January 2016 at the Circustheater, Circusstraat 4, 2586 CW The Hague, the Netherlands. Shell Shareholders will be asked to vote in favour of the Shell Resolution to approve the Combination and the issue and allotment of the New Shell Shares.

I am writing to you to provide you with an explanation of the background to and reasons for the Combination and to explain why the Shell Board considers the Combination and the Shell Resolution to be in the best interests of Shell and the Shell Shareholders as a whole and unanimously recommends that you vote in favour of the Shell Resolution, as the Shell Directors intend to do in relation to their own individual beneficial holdings which amount in total to 470,450 Shell Shares, representing approximately 0.00731% of Shell's total issued ordinary share capital as at the Latest Practicable Date.

The Combination has also been unanimously recommended by the BG Board, with the BG Directors having irrevocably undertaken to vote in favour of the Scheme in respect of their own beneficial holdings.

The Prospectus prepared in accordance with the Prospectus Rules, which contains further details of the issue of the New Shell Shares, has been published on Shell's website (www.shell.com).

2. BACKGROUND TO AND REASONS FOR THE COMBINATION

The Shell Board believes that the Combination represents a compelling opportunity for shareholders of both Shell and BG to benefit from the significant value arising from the combination of two highly complementary portfolios. The Combination should lead to:

- **enhanced free cash flow** – the addition of BG's portfolio growth, especially from Brazil and Australia, combined with pre-tax synergies of $3.5 billion should enhance Shell's free cash flow. This enhances Shell's dividend potential in any reasonably expected oil price environment. In particular, it underpins Shell's intention to pay a dividend of $1.88 per Shell Share in 2015 and at least that amount in 2016 and plans for share buybacks in the period 2017 to 2020;

3 Please see paragraph 9 of Part VII (*Additional information*) for details of how the dilution statistics are calculated.

- **acceleration of LNG and deep water strategy** – Shell is a leading IOC player in worldwide LNG and deep water. The Combination complements Shell's strategy to grow in these themes. Shell expects the Combination to accelerate and de-risk its strategy; and
- **a springboard to reshape the Shell Group** – planned asset sales of $30 billion between 2016 to 2018 and refocused spending would result in a simpler, more focused group, concentrated around three pillars: upstream and downstream cash engines, deep water and LNG.

Enhanced cash flow, buyback potential and dividends potential

An enhanced set of upstream positions will be a springboard to change and re-shape the Shell Group, driving asset sales and refocused spending, resulting in a simpler, more focused group.

This in turn means the Shell Group can capitalise on its core strengths at greater scale, enabling more predictability in the group and smarter sequencing of the project opportunity funnels of the Combined Group.

The result will be a new shape for the Shell Group which Shell expects will be a higher return, higher cash generative group with better shareholder returns in any reasonably expected oil price environment.

The Combined Group will be concentrated around three pillars – the Shell Group's upstream and downstream cash engines, deep water and LNG.

- In Deepwater, the Shell Group will create through the integration of the BG Group a world-class, highly competitive and profitable business within the Shell Group's new Upstream organisation.
- The Shell Group's Integrated Gas business, which has grown into a business that generated over the last three years on average $11 billion of cash flow per year from around $2 billion in 2009, will be established as a standalone organisation, reflecting both its enlarged scale and investment potential.

Shell aims to balance cash inflows and cash outflows over the business cycle, and to finance competitive investment programmes and shareholder distributions irrespective of short-term oil price fluctuations. Shell is becoming more focused on its core strengths and more resilient and competitive at all points in the oil price cycle while having a more predictable project development pipeline.

Following completion of the Combination, Shell's priorities for cash will be: (i) reducing debt; (ii) dividends; and (iii) share buybacks and capital investment, and Shell plans to pay down debt from 2016 in order to maintain a strong balance sheet and credit rating to underpin its business model.

Subject to progress with debt reduction and recovery in oil prices, Shell expects to withdraw the Scrip Dividend Programme in 2017 and undertake a share buyback programme of at least $25 billion in the period 2017 to 2020. Shell expects this buyback programme to offset the shares issued under the Scrip Dividend Programme and to significantly reduce the equity issued in connection with the Combination. From 2017, Shell expects that buybacks of both Shell A Shares and Shell B Shares will be possible without significant dividend withholding tax implications for Shell. Shell intends to buy back the cheaper of the Shell A Shares and the Shell B Shares from a Shell perspective.

In the near term, BG Shareholders will benefit from the dividends enjoyed by Shell Shareholders. Shell confirms its intention to pay dividends of $1.88 per Shell Share in 2015 and at least that amount in 2016. BG Shareholders will be entitled to receive each Shell dividend for which the record date falls after completion of the Combination.

In the medium term, all shareholders will benefit from the potential for enhanced cash flow and a continued drive to grow returns and enhance capital efficiency from the combined portfolio.

A leading IOC LNG player

The Shell Group already has a competitive position in integrated gas, with a broad-based and growing portfolio. Return on average capital employed, excluding identified items, from the business was 18% in 2014. Underlying earnings of $10.4 billion in 2014 represented an increase of 470% since 2009. Integrated gas is one of Shell's key growth priorities.

The Combination will further develop the Shell Group's competitive position as a major producer and supplier of LNG, including in the core growth regions of Asia and the Atlantic basin. The Shell Group and the BG Group will realise immediate benefits from their complementary LNG production operations.

The BG Group's competitive supply position and focus on marketing and shipping will also be further enhanced by the Shell Group's capabilities, volumes and relationships in these core areas for the future development of the global gas market.

The Combined Group's equity LNG capacity is expected to be 44 mtpa in 2018, compared to the Shell Group's 26 mtpa in 2014.

Deepening of competitive position in deep water Brazil

The Shell Group is well established as an innovation leader in deep water with approximately 10% of its total production already coming from deep water fields. The Shell Group's technology and capabilities in this area are recognised as among the best in the industry and return on average capital employed for deep water, excluding identified items, is attractive at 12% in 2014.

In 2013, the Shell Group entered the Libra pre-salt discovery in Brazil. This experience with Libra, coupled with its 100 years of history in Brazil, provides the Shell Group with a high level of confidence in the profitability and growth potential that can be unlocked by combining the Shell Group's capabilities, portfolio and relationships with the BG Group's competitive deep water position there.

The Combination will enhance the Shell Group's position as a major reserves holder and investor in Brazil, with the potential to increase the Shell Group's production from 48,000 boepd in 2014 to an estimated 550,000 boepd for the Combined Group at the end of the decade.

The BG Group's deep water Brazil acreage offers near-term growth and options in the Santos Basin, complementing the Shell Group's existing production, and longer-term growth potential from the Libra project.

The Combined Group will be the principal partner alongside Petrobras, working to ensure best practice and learnings are applied for the Combined Group's deep water development in Brazil in the coming decades.

Springboard for further portfolio change in the Shell Group

Shell continues to implement a strategy to improve financial performance, enhance capital efficiency and ensure strong project delivery.

The Combination accelerates this strategy, providing an enhanced set of upstream positions which will be a springboard to change and re-shape the Shell Group, resulting in a simpler more focused group, concentrated around three pillars – upstream and downstream cash engines, deep water and LNG.

The Combination will add some 25% to the Shell Group's proved oil and gas reserves as at 31 December 2014,[4] increasing them to approximately 17 billion boe, and 20% to oil and gas production for the financial year ended 31 December 2014, increasing it to 3.7 million boepd, with strong growth potential.

The enhanced suite of growth projects and options for development will create a more competitive cost structure which would be better suited to a potentially sustained period of oil price volatility and allowing a higher rate of portfolio restructuring and asset sales.

Capital investment and exploration spending for the Combined Group will be restructured and Shell expects a reduction of the capital investment programme to around $33 billion in 2016, $2 billion lower than previous guidance of $35 billion, assuming current macro-conditions, compared to the aggregate capital investment of the Shell Group and the BG Group on a combined group basis of $47 billion in 2014, with options to further reduce this spending level should conditions warrant. As part of this restructuring, combined conventional exploration spending will be reduced.

The Combined Group is expected to make substantial disposals following completion of the Combination. Subject to achieving what the Shell Board considers to be reasonable value for such operations, Shell expects these disposals to reach $30 billion during 2016 to 2018.

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4 Based on the Shell Group's proved oil and gas reserves calculated on an SEC basis as at 31 December 2014 of 13,081 mboe and the BG Group's proved oil and gas reserves of 3,612 mboe calculated on a PRMS basis as at the same date. Please see paragraph 9 of Part VII (*Additional information*) for further information.

3. FINANCIAL EFFECTS OF THE COMBINATION

Following the OPEC meeting in November 2014, oil markets have entered a downturn which could last for several years. Natural oil field decline accounts for several million barrels per day of production that needs to be replaced annually to match demand, which is also growing. Shell's view is that the fundamentals of supply and demand, and in particular the requirement for significant and sustained global investment to deliver in excess of 5 million barrels per day of new oil supplies per year, means that oil prices today are unsustainably low.

The timing and magnitude of any oil price recovery are uncertain. In addition, the volatility of oil prices appears to have increased, meaning that Shell will need to manage its finances through significant swings in oil prices.

Shell believes that the Combination has the potential for significant value creation for both sets of shareholders.

High-grading of the Combined Group's longer-term portfolio, increased asset sales and refocused capital investment should enhance Shell's free cash flow and improve the ability to cover capital expenditure, interest and dividends in any reasonably expected oil price environment.

The significant equity component of the Combination means that the effective offer price changes with movements in the share price of Shell, which is in turn influenced by factors such as equity markets and oil price movements.

- The NAV oil price breakeven for the Combination is estimated to be in the low $60s Brent oil prices, taking account of the transaction structure, current equity market conditions, reduced operating cost forecasts and capital expenditure over time, together with other factors, including synergies.
- Shell expects the Combination to be accretive to cash flow from operations per share in 2016 assuming Brent oil prices of $50 or higher.
- Shell's assessment is that there should be accretion to free cash flow per share in 2016 as a result of the Combination assuming Brent oil prices of $50 or higher.[5] This underlines the benefits of the Combination for shareholders, particularly in the current oil market downturn, as it structurally reduces the oil price breakeven of the Shell Group. This also underlines Shell's stated intention to pay a dividend of at least $1.88 per Shell Share in 2016.
- Shell expects the Combination to be accretive to earnings per share in 2017, on a CCS basis and excluding identified items, assuming a Brent oil price of $65 or higher.[6]
- Shell expects the impact of the Combination to be neutral to the Shell Group's return on average capital employed in 2018 at a $60 Brent oil price, and accretive thereafter at similar oil prices.[7]

These estimates[8] reflect the significant potential for creation of value for shareholders in the Combination.

Information regarding the presentation of the Combination in the Shell Group's accounts under IFRS 3 and 13 is provided in paragraph 9 of this Part.

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5 Free cash flow per share is calculated as the net of cash flow from operations less cash flow from investing activities, divided by share count. The statement regarding 2016 reflects accretion without taking into account any asset sales resulting from the Combination.

6 If the Combination completes, an annual non-cash post-tax charge to the Shell Group's income statement is expected through a step up in annual depreciation charges of approximately $1 billion, which has been included in this statement.

7 For the purpose of this statement, Shell defines return on average capital employed as income for the relevant period on a CCS basis excluding identified items, as a percentage of the average capital employed for the period. Forward-looking assessments of the impact of the Combination on the Shell Group's return on average capital employed have been compiled by Shell management.

8 The statements that the Combination is expected to be accretive to free cash flow per share, cash flow from operations per share, earnings per share, or the statement as to the effect on return on average capital employed, should not be construed as profit forecasts and are, therefore, not subject to the requirements of Rule 28 of the City Code. These statements were calculated as at the Latest Practicable Date.

4. SYNERGY POTENTIAL OF THE COMBINATION

As described in the Announcement, Shell believes the Shell Group has a strong and complementary portfolio and country fit with the BG Group, providing the opportunity for synergies to be realised in a number of areas.

Shell has been able, as a result of its analysis and its integration planning work, to identify pre-tax synergies that are expected to be $3.5 billion in 2018. This expected level of identified pre-tax synergies comprises $2 billion of operating cost savings and a $1.5 billion reduction in exploration expenditure in 2018.

The potential sources of quantified cost savings arising as a direct result of the Combination include savings from:

- corporate, administrative, organisational and IT operational efficiencies;
- efficiencies in marketing and shipping costs;
- efficiencies in procurement spend; and
- reduced exploration expenditure enabled by high-grading and optimisation of the combined exploration portfolio.

These savings are incremental to any savings already planned by Shell and BG which are expected to take place regardless of whether the Combination completes or not.

The cost savings referred to in the first two bullets above are expected to be recurring.

Shell estimates that the implementation of the operating cost savings would give rise to one-off costs of approximately $1,230 million incurred in the first two years following completion of the Combination to the end of 2017, of which approximately 70% would be incurred in 2016 and 30% in 2017. No material costs are expected to arise in relation to the implementation of the reduction in exploration expenditure.

The quantified estimated synergies referred to above are set out in more detail in paragraph 7 of Part VII (*Additional information*) which is substantially in the form of Part A of the Appendix to the Management Day Update, which was reported on under the City Code by Deloitte and by Shell's financial adviser, Bank of America Merrill Lynch. The Shell Directors confirm that there have been no material changes since the Management Day Update to these reported synergies, which remain subject to the bases of belief, principal assumptions and sources of information set out in paragraph 7 of Part VII (*Additional information*). Deloitte and Bank of America Merrill Lynch have also confirmed to Shell that the reports that they produced in connection with these synergies, which were included in Parts B and C of the Appendix to the Management Day Update, continue to apply.

In addition, Shell is confident of realising additional synergies that cannot be quantified for reporting under the City Code. These include opportunities in LNG, project coordination and best practice learnings.

Shell expects 2018 exploration spend for the Combined Group to be less than $3 billion, a 40% reduction from 2014 levels on a combined Shell and BG basis.

5. INTEGRATION PLANNING

Shell and BG have established a joint integration planning team that has commenced integration planning but will need to undertake further work to ascertain the appropriate areas and processes for integration. The joint integration planning team is led by Huibert Vigeveno of the Shell Group, EVP Integration and, formerly, Executive Chairman for the Shell Group in China, and Sinead Lynch of the BG Group, EVP Safety and Sustainability and a member of BG's Corporate Executive Team, and consists of personnel from across the businesses and functions of both the Shell Group and the BG Group who have the relevant experience to manage effectively the integration process. The objective of this joint team is to deliver the benefits of the Combination as fast as possible after completion of the Combination while minimising disruption to the business of the Combined Group.

Shell aims to have fully validated its synergy estimates and finalised a detailed integration plan as soon as practicable after completion of the Combination, following engagement with appropriate stakeholders. The final integration plan will set out the objectives of the integration programme and its scope (including any proposed changes to organisation structure, the processes subject to review and a communications timeline for stakeholder consultation).

Following completion of the Combination, the integration team will endeavour to ensure that the identified synergies of the Combination are properly monitored, reported and fully realised as planned. The Shell Directors are confident that the integration of the Shell Group and the BG Group can be achieved without undue disruption to the business of the Combined Group.

6. MANAGEMENT AND EMPLOYEES

Shell attaches great importance to the skills and experience of the existing management and employees of the BG Group. The Combined Group will augment the capabilities of both the Shell Group and the BG Group, will offer significant opportunities for employees in a business of greater size and scope and will incorporate the skills and talents present in both the Shell Group and the BG Group.

The Shell Board recognises that in order to achieve the expected benefits of the Combination, including the operating cost synergies identified in paragraph 4 of this Part, operational and administrative restructuring will be required following completion of the Combination. Shell expects such restructuring will involve job reduction and rationalisation of office locations.

As noted in paragraph 5 of this Part, Shell is in the process of integration planning and will need to undertake further work to ascertain the areas in which such rationalisation would be appropriate. Until its integration planning is complete, any appropriate consultation with relevant employee representatives has taken place and Shell has engaged with the appropriate stakeholders, Shell cannot be certain of its post-completion actions and the impact they will have on the employment and places of business of the Combined Group. Therefore, the detailed steps for the expected operational and administrative restructuring are not yet known, however, according to current integration planning:

- the BG Group's business is envisaged to be integrated into the Shell Group's businesses,
- the Shell Group's current intentions contemplate office consolidation where practical in certain locations around the world, and
- with regards to office footprint rationalisation in the UK, Shell will, following completion of the Combination, undertake a comprehensive review during the course of 2016.

Shell currently expects an overall potential reduction of approximately 2,800 roles globally across the Combined Group or approximately 3% of the total Combined Group workforce. These reductions are in addition to the previously announced reduction in the Shell Group's headcount and contractor positions by 7,500 globally.

Shell has given assurances to the BG Directors that, upon and following completion of the Combination, it intends to fully safeguard the existing employment rights and pension rights of all of the BG Group's management and employees.

Shell will engage and consult with affected employees and any appropriate employee representatives in accordance with its legal obligations following completion. Shell aims to retain the best talent across the Combined Group.

Consistent with this aim of retaining the best talent across the Combined Group, the following members of BG's Corporate Executive Team have been conditionally appointed to, and have accepted, roles within the Combined Group:

- Sami Iskander (currently BG Group Chief Operating Officer): EVP Joint Ventures;

- Steve Hill (currently BG Group EVP Global Energy Marketing and Shipping): EVP Gas and Energy Marketing and Trading;
- Tom Melbye Eide (currently BG Group General Counsel): General Counsel Upstream; and
- Katie Jackson (currently BG Group EVP Global Strategy and Business Development): VP Commercial/ NBD Europe/CIS.

These appointments are conditional upon, and effective from, completion of the Combination.

These individuals will be engaged on Shell Group terms and conditions comparable to those recruited to positions of equivalent seniority within the Shell Group in the ordinary course. Prior to their taking up these roles on completion of the Combination, these executives will continue to work exclusively for the BG Group.

Each of Goldman Sachs International, Robey Warshaw LLP and N M Rothschild & Sons Limited (the "**BG Financial Advisers**") has reviewed the terms of the executives' appointments, and their remuneration arrangements, with the Combined Group, and each of them considers them to be fair and reasonable. In providing its advice, each of the BG Financial Advisers has taken into account the commercial assessments of the BG Directors.

BG Executive Directors

Helge Lund, BG's Chief Executive, and Simon Lowth, BG's Chief Financial Officer, (the "**BG Executive Directors**") will resign from their BG directorships with immediate effect from the Effective Date. Their employment will terminate on the day following the Effective Date.

Each of the BG Executive Directors has entered into an agreement with BG under which, in accordance with their service contracts, they will each be entitled to receive a lump sum change of control payment. They will also be treated as "good leavers" for the purposes of the BG Share Plans. Their replacement awards over Shell B Shares (as described in paragraph 8.12 of Part XVI (*Directors, senior management and corporate governance*) of the Prospectus) will continue and will vest on the normal vesting date, subject to the achievement of the applicable Shell performance conditions. Consistent with the determinations in relation thereto made by the BG non-executive directors, a reduction for time prorating in accordance with the rules of the BG LTIP (as described in paragraph 8.12 of Part XVI (*Directors, senior management and corporate governance*) of the Prospectus) is to be applied, reflecting service during the original three year vesting period.

Each of Mr Lund and Mr Lowth will be paid a cash bonus in March 2016 in respect of the 2015 financial year, subject to the BG's remuneration committee's assessment of performance during the year. Neither BG Executive Director will be entitled to a bonus in respect of any part of the 2016 financial year providing that the Court Order is made not later than 31 March 2016. If the Court Order is made after 31 March 2016, each of the BG Executive Directors will be paid a prorated bonus in respect of the part of the 2016 financial year during which he works, subject to the BG's remuneration committee's assessment of performance.
The BG Executive Directors will no longer be bound by their post-termination restrictive covenants (including their non-competition clause), save for a restriction on soliciting certain employees of the BG Group, which will continue to apply for 12 months following termination of employment (in the case of Mr Lund), and six months following termination of employment (in the case of Mr Lowth)

BG Pension Scheme

Following discussions between Shell Petroleum N.V. and BG Group Pension Trustees Limited, Shell Petroleum N.V. and BG Group Pension Trustees Limited entered into non-binding heads of terms in relation to the BG Pension Scheme. These heads of terms provide that Shell Petroleum N.V., BG and BG Group Pension Trustees Limited will, prior to the Effective Date but subject to and conditional upon the Scheme becoming effective, enter into binding amendments to the trust deed and rules of the BG Pension Scheme in order to vary the circumstances in which BG Group Pension Trustees Limited's powers to windup the BG Pension Scheme will become effective. The heads of terms further provided that: (i) Shell Petroleum N.V. will guarantee all payment obligations of the employers from time to time participating under the BG Pension Scheme, subject to a cap of: (a) £1 billion until 2028; and (b) thereafter, no more than £500 million until 2033 (after which the guarantee shall expire); and (ii) there will be no change to the existing funding commitments or the pre-agreed discount rate and reserve for expenses in determining technical provisions.

7. INFORMATION ABOUT THE BG GROUP

The BG Group is an international oil and gas company, with a broad portfolio of business interests focused on exploration and production and LNG. Active in more than 20 countries on five continents, the BG Group combines a deep understanding of gas markets with a proven track record in finding and commercialising reserves.

The BG Group's strategy is to create value by leveraging its capabilities in exploration and from its highly competitive LNG business. The BG Group has two business segments: Upstream and LNG Shipping & Marketing. The BG Group's Upstream production is currently sourced from base assets in 10 countries and key growth projects in Brazil and Australia. Wide geological technical expertise combined with commercial agility enables the BG Group to access exploration opportunities, targeting low-cost early entry positions. The BG Group also explores at existing hubs, aiming to leverage basin knowledge and existing infrastructure. In LNG, the BG Group's skills and capabilities span the whole LNG value chain.

As at the Latest Practicable Date, the market capitalisation of BG was approximately $46.3 billion. For the year ended 31 December 2014, on a business performance basis[9], the BG Group generated revenue and other operating income of $19,546 million and profit before tax of $6,268 million. For the same period, the BG Group also generated pre-tax operating cash flow of $10,015 million and production of 606 kboepd. As at 31 December 2014, the BG Group had gross assets of $61,846 million.

8. CURRENT TRADING AND PROSPECTS

Shell

Upstream

Nine months Upstream earnings excluding identified items were $1,287 million compared with $14,775 million for the first nine months of 2014. Identified items were a net charge of $6,617 million, compared with a net charge of $1,579 million for the first nine months of 2014.

Compared with the first nine months of 2014, earnings excluding identified items reflected significantly lower oil and gas prices, partly offset by lower costs. The weakening of the Australian Dollar and Brazilian Real reduced earnings by some $684 million and $446 million respectively compared with the same period in 2014. The impact of these items on the first nine months of 2015 was some $1,279 million after tax, compared with an impact of some $149 million after tax in the same period in 2014.

Global liquids realisations were 49% lower than for the first nine months of 2014. Global natural gas realisations were 25% lower than for the first nine months of 2014, with a 48% decrease in the Americas and a 22% decrease outside the Americas.

In the first nine months of 2015, production was 2,925 kboepd compared with 3,035 kboepd for the same period in 2014. Liquids production increased by 2% and natural gas production decreased by 9% compared with the first nine months of 2014. Excluding the impact of divestments, curtailment and underground storage reinjection at Nederlandse Aardolie Maatschappij BV ("**NAM**") in the Netherlands, Abu Dhabi licence and Malaysia LNG Dua PSC expiries, PSC price effects, and security impacts in Nigeria, production volumes for the first nine months of 2015 were 2% higher than the same period in 2014.

In the first nine months of 2015, equity LNG sales volumes of 16.94 million tonnes decreased by 5% compared with the first nine months of 2014, mainly reflecting the expiration of the Malaysia LNG Dua JVA and the impact of the Woodside divestment.

Downstream

Nine months Downstream earnings excluding identified items were $8,224 million compared with $4,715 million in the first nine months of 2014. Identified items were a net charge of $483 million, compared with a net charge of $2,848 million for the first nine months of 2014.

Downstream earnings excluding identified items, compared with the third quarter of 2014, benefited from higher contributions from manufacturing reflecting higher realised refining margins and improved operating performance. Earnings also benefited from lower costs, including favourable exchange rate effects overall

[9] Business performance excludes discontinued operations and disposals, certain remeasurements and impairments and certain other exceptional items as exclusion of these items provides a clear and consistent presentation of the underlying operating performance of the BG Group's ongoing business. After disposals, remeasurements and impairments, the BG Group generated total revenue and other operating income of $19,949 million and a total loss before tax of $2,330 million, each for the year ended 31 December 2014.

and divestments, and lower taxation. This was partly offset by the negative impact of exchange rate effects in marketing, despite stronger underlying performance. Contributions from Chemicals increased as a result of improved intermediates market conditions which more than offset the impact of unit shutdowns at the Moerdijk chemical site in the Netherlands.

In the first nine months of 2015, refinery intake volumes were 3% lower than the same period in 2014. Refinery availability was 93%, compared with 92% for the same period in 2014.

Oil products sales volumes increased by 2% compared with the same period in 2014, mainly as a result of higher trading volumes.

Chemicals sales volumes decreased by 1% compared with the first nine months of 2014. Chemicals manufacturing plant availability decreased to 86% from 92% for the same period in 2014.

Corporate

The results for the first nine months of 2015 relating to Corporate and non-controlling interests excluding identified items were a charge of $660 million, compared with a charge of $190 million for the first nine months of 2014. Identified items for the first nine months of 2015 were a net gain of $251 million, whereas earnings for the same period in 2014 included a net gain of $5 million.

Compared with the first nine months of 2014, Corporate results excluding identified items were impacted by adverse currency exchange rate effects, partly offset by lower taxation.

Compared with the third quarter of 2014, earnings benefited from the impact of the weakening Brazilian Real on deferred tax positions in Upstream by some $244 million. The impact of this on the first nine months of 2015 earnings excluding identified items was a gain of some $256 million after tax, compared with $12 million gain in the same period in 2014.

Operational outlook for the fourth quarter of 2015

Compared with the fourth quarter of 2014, Upstream earnings are expected to be impacted by some 50 kboepd as a result of divestments, some 30 kboepd related to a Malaysia PSC expiry and some 40 kboepd associated with the impact of curtailment and underground storage reinjection at NAM. The impact of maintenance is expected to be lower by some 25 kboepd.

Refinery availability is expected to decline in the fourth quarter of 2015 as a result of higher turnaround activity and increased maintenance compared with the same period in 2014. Chemicals manufacturing plant availability is expected to increase in the fourth quarter of 2015 as the Moerdijk chemical site in the Netherlands continues to recover.

Strategic outlook: Pulling multiple levers to manage shareholder returns in the downturn

The end-2015 fall in oil prices underscores that today's oil price downturn could last for several years. Shell's plan reflects market realities, making sure Shell is resilient.

- Gearing at the end of the third quarter of 2015 stood at 12.7% relative to 12.2% at the end of 2014, despite lower oil prices, reflecting good operational performance during the downturn, expenditure reductions and the introduction of the Scrip Dividend Programme.
- Shell's operating costs are expected to fall by $4 billion in 2015, a reduction of around 10% from 2014 levels of $45 billion. Shell's costs should be reduced by a further $3 billion in 2016, marking a reduction of $7 billion in 2015 and 2016 combined, or 15% from a 2014 baseline. This reflects Shell's industry-leading actions to reduce costs on a sustainable basis. These figures exclude cost synergies potential from the Combination.
- In 2015, Shell announced a reduction in Shell staff and direct contractor positions by 7,500 globally and a further reduction of 2,800 staff is expected as a result of the Combination.
- In 2015, firm actions by Shell to reduce capital investment and restructure longer-term themes have included cancellation of the Carmon Creek heavy oil development in Canada and exit from Alaska exploration. Shell took just four significant FIDs in 2015, of which three were downstream projects and one in the upstream.
- 2015 capital investment is expected to be around $29 billion, a reduction of $8 billion, or over 20% from 2014 levels, and lower than our previous guidance of $30 billion.

- 2016 capital investment for the Combination is expected to be around $33 billion in current market conditions, $2 billion lower than previous guidance of $35 billion. This marks a reduction of around 30% from the combined capital investment of the Shell Group and the BG Group in 2014, which on a combined group basis was $47 billion.
- The final outcome for 2016 capital investment will depend on Shell's assessment of BG's capital commitments following completion of the Combination and decisions on FID pace during the year. Capital allocation is a dynamic decision-making process.
- At the same time, Shell is continuing to invest to complete its post-FID projects. These should add material cash flow and free cash flow in the medium term, with more than 700,000 barrels of oil equivalent per day and 9.7 mtpa of LNG under construction for 2016 to 2019 start-up. BG's portfolio should bring further growth potential, at a competitive cost.
- Asset sales should total around $20 billion for 2014 and 2015 combined, despite weak market conditions in 2015. Planning is well advanced for a $30 billion asset sales programme in 2016 to 2018, assuming the successful completion of the Combination.

Shell expects to publish its 2015 fourth quarter results and full year results on 4 February 2016 via a Regulatory Information Service with such announcement being made available on Shell's website at www.shell.com.

BG

BG published its nine-month results on 30 October 2015 and the information set out in this section reflects those results. The BG Group delivered a strong operational performance in the period from 1 January 2015 to 30 September 2015; however, notably lower commodity prices impacted the financial results and could impact the BG Group's prospects.

Operational

E&P production volumes in the first nine months of 2015 increased 15% to 686 kboepd. Growth was driven by the ramp-up in Australia, Brazil and Norway. Volumes in both Australia and Brazil more than doubled, to 78 kboepd and 141 kboepd, respectively. In Norway, Knarr came onstream in March and continued to ramp up. This growth was partially offset by the expected decline in Egypt, down 13 kboepd to 46 kboepd, and the impact of shutdowns in the UK, down to 93 kboepd.

BG expects its 2015 E&P production volumes to be greater than in 2014 reflecting the ramp-up of its new projects in Australia, Brazil and Norway.

The LNG Shipping & Marketing segment delivered 194 cargoes (12.2 million tonnes) in the first nine months of 2015, 60 more cargoes than in the same period in 2014 (4.0 million additional tonnes). Increased supply was driven by 45 cargoes from QCLNG, which started up in December 2014, and 18 additional spot cargoes. Of the 194 cargoes (2014: 134), 139 were supplied to Asian markets (2014: 91). The BG Group delivered its first ever cargoes to Egypt and Pakistan this year.

2015 LNG supply volumes are still expected to be slightly lower than 2014, excluding the purchase of spot cargoes and the impact of new volumes from QCLNG.

Financial

Results on a business performance basis[10]

In the first nine months of 2015, revenue and other operating income decreased 20% to $12,119 million, reflecting a significant fall in realised sales prices impacting both the Upstream and LNG Shipping & Marketing segments. The BG Group's average realised oil price decreased 48% to $55.99 per barrel, the liquids price decreased 46% to $46.41 per barrel and the gas price per produced therm decreased 26% to 37.62 cents, reflecting lower market prices. The impact of lower prices was partly offset by weather-related gains in North America in the LNG Shipping & Marketing segment and the higher volumes in both segments.

EBITDA decreased 43% to $4,207 million. In the Upstream segment, EBITDA fell 41% to $3,095 million primarily reflecting the lower revenues, partly offset by the increased liquefaction contribution from QCLNG. In the LNG Shipping & Marketing segment, EBITDA fell 44% to $1,184 million as margins reduced through a combination of lower sales prices and a greater proportion of relatively lower margin spot cargoes.

[10] Business performance excludes discontinued operations and disposals, certain remeasurements and impairments and certain other exceptional items as exclusion of these items provide a clear and consistent presentation of the BG Group's ongoing business.

EBIT decreased by $3,256 million to $1,956 million, reflecting the reduction in EBITDA and higher DD&A charges, which resulted from higher E&P production volumes and the start-up of QCLNG.

Earnings of the BG Group of $1,274 million and EPS of 37.3 cents both decreased 59%, with the reduction in EBIT only partially offset by a reduction in the BG Group's effective tax rate to 32%

Total results

Total earnings for the nine months of 2015 were $2,357 million (69.1 cents per share) and included a post-tax gain of $1,083 million in respect of disposals, remeasurements and impairments primarily associated with the $1,650 million gain on sale of the QCLNG pipeline, partially offset by a $708 million net charge reflecting the impact of foreign exchange movements on deferred and current tax balances, especially in Brazil and Australia.

Outlook

In its nine months results published on 30 October 2015, BG increased its outlook for 2015 E&P production volumes to 680-700 kboed, excluding any changes to the portfolio, reflecting the strong operational performance to date and the reduced duration of planned shutdowns in the second half of the year.

In the current low commodity price environment, the BG Group is focusing on operating and capital cost savings. The BG Group's 2015 cost and efficiency programme is progressing well, with the emphasis on lifting, organisation and infrastructure cost savings, and remains on track to deliver at least the $300 million target savings for 2015. With cash capital expenditure of $4.7 billion in the first nine months of 2015, capital expenditure in 2015 will be significantly lower than 2014, as projects complete and the BG Group reacts to a lower oil price environment. Capital expenditure in 2015 on a cash basis is now expected to be around 30% lower than 2014 at around $6.5 billion.

In addition, the current low commodity price environment may continue to impact the BG Group's business, results of operations, financial condition and prospects, which, as BG conducts its ordinary course periodic review and reporting procedures, might result in the debooking of oil or gas reserves or resources, if uneconomic, and/or asset impairments.

The BG Group actively manages its portfolio and a number of transactions and opportunities, including further disposal and other business development opportunities, continue to be considered.

BG expects to publish its 2015 fourth quarter and full year results on 5 February 2016 via a Regulatory Information Service with such announcement being made available on BG's website at www.bg-group.com.

9. ACCOUNTING CONSIDERATIONS

If the Combination completes, an annual non-cash post-tax charge to the Shell Group's income statement is expected through a step up in annual depreciation charges of approximately $1 billion[11] compared with the amount currently reported by the BG Group. The final figure will be assessed in accordance with IFRS 3 and 13 once the Combination has completed and will be influenced by market factors at the time of completion. This estimate excludes the potential impact of amending the reserve basis used for the unit of production depreciation methodology from the PRMS (as currently used by the BG Group for reporting) to the SEC Rules (as currently used by the Shell Group for reporting).

10. DIVIDENDS AND DIVIDEND POLICY

10.1 Entitlement to BG dividend

The Shell Board and the BG Board agreed that BG Shareholders would continue to be entitled to receive their final dividend for 2014 of $0.1437 per BG Share which had already been announced by BG at the time of the Announcement and was paid on 22 May 2015, as well as the interim dividend in respect of the six-month period up to 30 June 2015 of $0.1438 per BG Share which was announced on 31 July 2015 and paid on 11 September 2015.

In addition, should completion of the Combination occur after the record date for Shell's 2015 fourth quarter interim dividend (being 19 February 2016), BG Shareholders will be entitled to receive a further BG dividend in respect of 2015 of not more than the final dividend for 2014 of $0.1437 per BG Share. If, however, as expected, completion of the Combination occurs prior to the record date for Shell's 2015 fourth quarter interim dividend, BG Shareholders will receive that Shell dividend and will not receive a further BG dividend for 2015.

[11] This approximation is not considered sufficiently reliable for the purposes of the unaudited pro forma financial information in this Circular as the necessary validation of the Shell Group's valuation and financial models cannot be completed against the BG Group's proprietary information, which is deemed to be commercially sensitive until the Effective Date.

If any BG dividend, distribution or return of value is or has been declared, announced, made or paid at any time in excess of those described above, Shell has reserved the right to reduce the value implied under the terms of the Combination at such date by an amount equal to the excess amount (based on the $ / £ exchange rate at the time of such declaration, announcement, making or payment). In such circumstances, to the extent possible, the cash component of the Consideration would be reduced by the amount of such excess.

10.2 Entitlement to Shell dividend

BG Shareholders will benefit from access to Shell's dividend policy in respect of each dividend for which the record date falls after completion of the Combination. Shell confirms its intention to pay dividends of $1.88 per Shell Share in 2015 and at least that amount in 2016.

In respect of 2015, Shell announced three dividends of $0.47 per Shell Share (the first being announced on 30 April 2015 and paid on 22 June 2015, the second being announced on 30 July 2015 and paid on 21 September 2015 and the third being announced on 29 October 2015 and paid on 18 December 2015).

Shell intends that dividends will be announced and paid quarterly. Dividends are payable to persons registered as shareholders on the record date relating to the relevant dividend.

Shell intends to grow the US Dollar dividend in line with its view of the underlying earnings and cash flow of the Shell Group. When setting the dividend, the Shell directors look at a range of factors, including the macro-environment, the current balance sheet and future investment plans.

11. AGREEMENT WITH REGARD TO THE ISSUE OF SHELL B SHARES

Any new issue of Shell B Shares requires prior consultation with the Dutch Revenue Service. Shell and the Dutch Revenue Service have entered into the Final Settlement Agreement under which the Dutch Revenue Service has confirmed the Dutch tax treatment of the Shell B Shares to be issued in connection with the implementation of the Combination pursuant to the Scheme (as described in paragraph 1 of Part XV (*Taxation*) of the Prospectus).

Shell reserves the right to implement the Combination by way of an Offer in certain circumstances set out in paragraph 12 of this Part. In such circumstances, the agreement between the Dutch Revenue Service and Shell as described above would cease to be in force and the share component of the Consideration would comprise Shell A Shares only. BG Shareholders would in such circumstances be entitled to receive 383 pence in cash and 0.4454 Shell A Shares per BG Share.

For further details of the Dividend Access Mechanism and its operation, please see paragraph 7 of Part XVII (*Additional information*) of the Prospectus.

12. STRUCTURE OF THE SCHEME

12.1 Scheme of arrangement

It is intended that the Combination will be effected by a court-sanctioned scheme of arrangement of BG under Part 26 of the CA 2006. However, Shell has reserved the right to implement the Combination by way of a takeover offer (as defined in Part 28 of the CA 2006), subject to the Panel's consent and the terms of the Co-operation Agreement, which permit Shell to implement the Combination by way of an Offer: (i) with the consent of BG; (ii) if a third party announces a firm intention to make an offer for BG which is recommended by the BG Board; or (iii) if the BG Board otherwise withdraws its recommendation of the Scheme.

12.2 Conditions

The Scheme is subject to the Conditions and further terms and conditions set out in the Scheme Document. These Conditions include: (i) the receipt of certain antitrust and foreign investment approvals, other regulatory consents and waivers or non-exercise of any termination rights, pre-emption rights, rights of first refusal or similar rights in a number of jurisdictions; (ii) the BG Meetings being held no later than the 22nd day after the expected date of the BG Meetings set out in the Scheme Document (or such later date as may be agreed between Shell and BG (and approved by the Court, if such approval is required)); (iii) the approval of the Scheme and the special resolution authorising the BG Directors to implement the Scheme and the amendment of the BG articles of association by the requisite majorities of BG Shareholders at the BG Meetings; (iv) the approval of the Shell Resolution by the Shell Shareholders at the Shell General Meeting; (v) the Scheme being sanctioned by the Court no later than the 22nd day after the expected date of the Court Hearing set out in the Scheme Document (or such later date as may be agreed between Shell and BG (and approved by the Court, if such approval is required)); and (vi) the Scheme becoming effective no later than the Long Stop Date.

The Combination was subject to the Pre-Conditions, being the receipt of competition authority clearances in Australia, Brazil, China and the EU, as well as foreign investment approval in Australia. As Shell and BG announced on 14 December 2015, the Pre-Conditions have all been satisfied. Numerous other anti-trust and foreign investment approvals and other regulatory consents that are required to be obtained prior to completion of the Combination have been obtained. As at the Latest Practicable Date, only two such consents remain outstanding, being regulatory consents in Tanzania and Uruguay. It is expected that these consents will be obtained prior to the Shell General Meeting.

12.3 Procedure

As noted above, to become effective, the Scheme requires the approval of Scheme Shareholders by the passing of a resolution at the Court Meeting. This resolution must be approved by a majority in number of the Scheme Shareholders present and voting (and entitled to vote), either in person or by proxy, representing no less than 75% of the Scheme Shares held by such Scheme Shareholders. In addition, a special resolution must be passed at the BG General Meeting to authorise the BG Directors to implement the Scheme and amend the articles of association of BG (which requires the approval of BG Shareholders representing at least 75% of the votes cast at the BG General Meeting (either in person or by proxy)). The BG General Meeting will be held immediately after the Court Meeting.

The BG Meetings are to be held no later than the 22nd day after the expected date of the BG Meetings set out in the Scheme Document (or such later date as may be agreed between Shell and BG). Following the BG Meetings, the Scheme must be sanctioned by the Court no later than the 22nd day after the expected date of the Court Hearing set out in the Scheme Document (or such later date as may be agreed between Shell and BG). The Scheme will only become effective once a copy of the Court Order is delivered to the Registrar of Companies in England and Wales.

Upon the Scheme becoming effective, it will be binding on all BG Shareholders, irrespective of whether or not they attended or voted at the BG Meetings. The BG Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

The Scheme will be governed by English law. The Scheme will be subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange and the UKLA.

Fractional entitlements

Fractions of New Shell Shares will not be allotted to BG Shareholders. Instead, the cash value of the fractional entitlement to New Shell Shares of each BG Shareholder will be calculated based on the opening price(s) of a Shell A Share and/or a Shell B Share (as applicable) on the London Stock Exchange on the day of LSE Admission, and such amount will be paid in cash by Shell to the relevant BG Shareholders in satisfaction of their fractional entitlements. If a BG Shareholder has elected to receive part of the share component of the Consideration in the form of Shell A Shares, they may be entitled to a fraction of both a Shell A Share and a Shell B Share. If so, the cash value of each fractional entitlement, calculated as above, will be added together and the total aggregate amount will be paid to the BG Shareholder by Shell. However, individual entitlements to total aggregate amounts of less than £5 will not be paid to BG Shareholders but will be retained for the benefit of Shell.

13. BREAK PAYMENT

Under the terms of the Co-operation Agreement, by way of compensation for any loss suffered by BG in connection with the preparation and negotiation of the Combination and the documents relating to it, Shell has agreed to pay or procure the payment to BG of £750 million if:

- on or prior to the Long Stop Date, the Shell Board withdraws its recommendation to the Shell Shareholders to vote in favour of the Combination and Shell or BG exercises its right to terminate the Co-operation Agreement as a result;
- on or prior to the Long Stop Date, Shell invokes (with the permission of the Panel) any Regulatory Condition; or
- on the Long Stop Date, any Regulatory Condition is not satisfied or waived by Shell,

(each a "**Break Payment Event**").

However, no payment will be made if: (i) certain termination events have occurred; (ii) if the Break Payment Event has been caused to a material extent by BG's breach of certain obligations under the Co-operation Agreement relating to co-operation and assistance with regulatory clearances and authorisations and key transaction documents; or (iii) Shell has exercised its right to implement the Combination by way of an Offer in circumstances where a third party's firm intention to make an offer for BG has been recommended by the BG Board or the BG Board has withdrawn its recommendation of the Scheme.

14. THE NEW SHELL SHARES

The New Shell Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.

The New Shell Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Shell Shares in issue at the time the New Shell Shares are issued, including in relation to the right to receive notice of, and to attend and vote at, general meetings of Shell, the right to receive and retain any dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date (in the case of the new Shell B Shares, including in respect of any dividends paid through the dividend access arrangements established as contemplated by the Shell Articles of Association and set out in the Trust Deed) and to participate in the assets of Shell upon a winding-up of Shell. As with the Shell Shares in issue as at the Effective Date, the New Shell Shares will not be subject to any redemption provisions.

15. DELISTING OF BG SHARES AND RE-REGISTRATION OF BG

Prior to the Combination completing, applications will be made: (i) to the UKLA for the cancellation of the premium listing of the BG Shares on the Official List; and (ii) to the London Stock Exchange for the cancellation of trading of the BG Shares on the London Stock Exchange's main market for listed securities. It is expected that BG Shares will be suspended at 6.00 p.m. on 12 February 2016, with delisting to take effect at 8.00 a.m. on 15 February 2016.

On the Effective Date, BG will become a wholly-owned subsidiary of Shell and share certificates in respect of BG Shares will cease to be valid and entitlements to BG Shares held within the CREST system will be cancelled. Following the Effective Date, Shell intends to terminate BG's ADR programme.

As soon as possible after the Effective Date, it is intended that BG will be re-registered as a private limited company.

If the Scheme is sanctioned by the Court, BG Shares held in treasury will be cancelled prior to the Scheme Record Time.

16. BG ADRS

BG ADR Holders will be entitled to receive cash consideration and proceeds from the sale by the BG Depositary of the Shell Shares received pursuant to the Scheme (in each case, once exchanged into US Dollars) in respect of the BG Shares represented by BG ADRs. It is intended that the BG Deposit Agreement and the BG ADR programme will be terminated after the Effective Date.

17. LISTING, DEALINGS AND SETTLEMENT OF THE NEW SHELL SHARES

Applications will be made to: (i) the FCA for the New Shell Shares to be admitted to the premium listing segment of the Official List; (ii) the London Stock Exchange for the New Shell Shares to be admitted to trading on its main market for listed securities; (iii) Euronext Amsterdam for the New Shell Shares to be admitted to listing and trading on Euronext Amsterdam; and (iv) the New York Stock Exchange in order that the New Shell Shares are capable of being deposited with the Shell ADS Depositary in exchange for the corresponding class and amount of Shell ADSs which may be traded on the New York Stock Exchange.

It is expected that the New Shell Shares will be admitted to trading on the London Stock Exchange by 8.00 a.m. on 15 February 2016 and dealings for normal settlement in the New Shell Shares will commence at or shortly after that time. It is expected that the New Shell Shares will be admitted to listing and trading on Euronext Amsterdam by 9.00 a.m. (Central European Time) on 16 February 2016, although the New Shell Shares will be able to be traded on Euronext Amsterdam from 9.00 a.m. (Central European Time) on 15 February 2016.

No application has been made or is currently intended to be made by Shell for the New Shell Shares to be admitted to listing or trading on any other exchange.

18. IRREVOCABLE UNDERTAKINGS

The BG Directors have irrevocably undertaken to vote in favour of the Scheme in respect of their own beneficial holdings totalling 231,187 BG Shares, representing in aggregate approximately 0.00638% of BG's issued share capital as at the Latest Practicable Date.

These irrevocable undertakings remain binding if a higher competing offer for BG is made but cease to be binding on and from the earlier of: (i) the Long Stop Date; and (ii) the date on which the Scheme is withdrawn or lapses in accordance with its terms.

19. SHELL GENERAL MEETING AND THE RESOLUTION

As described in paragraph 12.2 of this Part, the Scheme is conditional on, among other things, Shell Shareholders passing the following ordinary resolution, being the Shell Resolution, at the Shell General Meeting which will be held at 10.00 a.m. (Central European Time) on 27 January 2016 at the Circustheater, Circusstraat 4, 2586 CW The Hague, the Netherlands:

- that the Combination be approved as a class 1 transaction and that the Shell Directors be authorised to implement the Combination; and
- that the Shell Directors be authorised to allot the New Shell Shares up to an aggregate nominal amount of €106,854,604 in connection with any allotment of New Shell Shares:
  - pursuant to the Scheme; or
  - that would be required to be issued in accordance with certain amendments to be made to the articles of association of BG in connection with the Scheme.

The authority to allot the New Shell Shares represents approximately 24% of the total issued ordinary share capital of Shell as at the Latest Practicable Date. The passing of the Shell Resolution requires more than 50% of the votes cast in respect of the Shell Resolution to be in favour of it. If the Shell Resolution is passed, this authority will expire on 31 December 2016 (unless previously revoked, renewed, varied or extended).

The full text of the Shell Resolution and other matters is set out in the Notice of the Shell General Meeting attached to this Circular. If the Shell Resolution is not passed, the Scheme will not proceed.

20. ACTION TO BE TAKEN

Shell is seeking approval of the Combination at the Shell General Meeting. The Shell General Meeting is to be held at 10.00 a.m. (Central European Time) on 27 January 2016 at the Circustheater, Circusstraat 4, 2586 CW The Hague, the Netherlands.

Your support is important to us. Please read note 1 to the Notice of the Shell General Meeting on pages 91 and 92 of this Circular for an explanation of how to attend and vote at the Shell General Meeting, including how to appoint a proxy to attend and vote on your behalf.

If you have any queries relating to this Circular or attending and voting at the Shell General Meeting, please telephone the Registrar on one of the following numbers: 0800 169 1679 (UK) or +44 (0) 121 415 7073.

21. FURTHER INFORMATION

Your attention is drawn to the further information set out in Parts II to VII. In particular, Shell Shareholders should consider fully and carefully the risk factors associated with the Combined Group and the Combination, which are set out in Part II (*Risk factors*).

22. RECOMMENDATION

The Shell Directors have received financial advice from Bank of America Merrill Lynch in relation to the Combination. In providing their advice to the Shell Directors, Bank of America Merrill Lynch has relied upon the Shell Directors' commercial assessment of the Combination. Lazard has also provided financial advice to the Shell Directors in respect of the Combination (and has also relied upon the Shell Directors' commercial assessment).

The Shell Board considers the Combination and the Shell Resolution to be in the best interests of Shell and the Shell Shareholders as a whole and unanimously recommends that Shell Shareholders vote in favour of the Shell Resolution, as the Shell Directors intend to do in relation to their own individual beneficial holdings which amount in total to 470,450 Shell Shares, representing approximately 0.00731% of Shell's total issued ordinary share capital as at the Latest Practicable Date.

The Combination has also been unanimously recommended by the BG Board, with the BG Directors having irrevocably undertaken to vote in favour of the Scheme in respect of their own beneficial holdings.

Yours sincerely,

/s/ Charles O. Holliday

Chairman

PART II
RISK FACTORS

Prior to making any decision to vote in favour of the Shell Resolution at the Shell General Meeting, Shell Shareholders should consider the factors and the risks associated with the Combination and, in the case of the Combined Group, the business and the industry in which it will operate, together with all other information contained in this Circular including, in particular, the risk factors described below. The risks disclosed are those which: (i) are material risks to the Combination; (ii) will be material new risks to the Combined Group as a result of the Combination; or (iii) are existing material risks for the Shell Group which will be impacted by the Combination. Due to the fact that a significant part of the Shell Group's and the BG Group's operations are similar in nature, some of the risks set out below (not including those specific to the Combination) will not be new risks which arise only on completion of the Combination but will be existing material risks whose potential impact may be increased as a result of the Combination.

There are other risks relating to the Shell Group and the Shell Shares which are not within the scope of risk categories outlined above and such risks can be found in the Prospectus.

The following is not an exhaustive list or explanation of all the risks which may affect the Shell Shares, the Shell Group, and the Combined Group. Additional risks and uncertainties relating to the Shell Shares, the Shell Group, and the Combined Group, that are not currently known to the Shell Directors, or that the Shell Directors currently deem immaterial, may, individually or cumulatively, also have a material adverse effect on the business, results of operations or financial condition and prospects of the Shell Group and the Combined Group, and, if any such risk should materialise, the price of the Shell Shares may decline and investors could lose all or part of their investment.

The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on the Shell Group's, and / or the Combined Group's business, results of operations, financial condition and / or prospects or the market price of the Shell Shares.

PART A: RISK FACTORS RELATING TO THE SHELL GROUP, AND, IF THE COMBINATION COMPLETES, THE COMBINED GROUP

1. ***The Shell Group and the BG Group are exposed and, if the Combination completes, the Combined Group will be exposed to fluctuating prices of crude oil, natural gas, oil products and chemicals.***

The prices of crude oil, natural gas, oil products and chemicals are affected by supply and demand, both globally and regionally. Moreover, prices for oil and gas can move independently of each other. Factors that influence supply and demand include operational issues, natural disasters, weather, political instability, conflicts, economic conditions and actions by major oil- and gas-producing countries.

Price fluctuations could have a material adverse effect on the business, results of operations, financial condition and prospects of the Shell Group, the BG Group and, if the Combination completes, the Combined Group, including on their cash flows and earnings. For example, in a low oil and gas price environment, less revenue would be generated from upstream production, and, as a result, some long-term projects might become less profitable, or incur losses. As a result of the Combination, a greater proportion of the Combined Group's earnings and cash flow will be related to upstream and integrated gas activities, than relative to the Shell Group. As a result, the change in earnings and cash flow of the Combined Group as a result of oil price fluctuations may be greater, relatively, than that of the Shell Group.

2. ***The Shell Group's, the BG Group's and, if the Combination completes, the Combined Group's ability to deliver competitive returns and pursue commercial opportunities depends in part on the robustness and, ultimately, the accuracy of their price assumptions.***

Both the Shell Group and the BG Group use oil and gas price assumptions, which are reviewed on a periodic basis, to evaluate project decisions and commercial opportunities, including the Combination and, if the Combination completes, the Combined Group will do the same. If the Shell Group's, the BG Group's and / or the Combined Group's assumptions proved to be materially incorrect, it could have a material adverse effect on their financial condition and, as a result, the actions derived from strategic decisions based on those assumptions may no longer be appropriate.

3. ***The future hydrocarbon production of the Shell Group, the BG Group and, if the Combination completes the Combined Group depends on the delivery of large and complex projects, as well as on their ability to replace proved oil and gas reserves.***

The Shell Group and the BG Group face and, if the Combination completes, the Combined Group will face numerous challenges in developing capital projects, especially those which are large and complex. Challenges include uncertain geology, frontier conditions, the existence and availability of necessary technology and engineering resources, the availability of skilled labour, the existence of transportation infrastructure, project delays, the expiration of licences and potential cost overruns, as well as technical, fiscal, regulatory, political and other conditions. These challenges are particularly relevant in certain developing and emerging market countries, such as Iraq and Kazakhstan (where BG is joint operator of the Karachaganak oil and gas condensate field), in frontier areas and in deep water fields, such as in Brazil (where BG's interests include significant positions in the Santos Basin). Such potential obstacles may impair the delivery of projects, as well as the ability to fulfil related contractual commitments, and, therefore, may have a material adverse effect on the business, results of operations and financial condition of the Shell Group, the BG Group and, if the Combination completes, the Combined Group.

4. ***Rising climate change concerns could lead to additional legal and/or regulatory measures that may result in project delays or cancellations and higher costs for the Shell Group, the BG Group and, if the Combination completes, the Combined Group.***

There is continued and increased attention to climate change. This is likely to lead to additional regulations designed to reduce greenhouse gas emissions. Over time, the Shell Group expects that a growing share of its CO2 emissions will be subject to regulation and will result in increasing costs.

In the future, in order to help meet the world's energy demand, the Shell Group expects its production to rise, including as a result of the Combination, with its CO2 emissions increasing as its business grows. In particular, the Shell Group expects that CO2 emissions from flaring will rise as long as no gas gathering systems are in place. The Shell Group intends to continue to work with its partners to find ways to capture the gas that is flared, but there can be no certainty as to its success.

If the Shell Group, the BG Group and, if the Combination completes, the Combined Group are unable to find economically viable, as well as publicly acceptable, solutions that reduce their CO2 emissions and/or CO2 intensity for new and existing projects or products, they may experience additional costs or financial penalties, delayed or cancelled projects, reduced production and reduced demand for hydrocarbons, which may have a material adverse effect on their business, results of operations and financial condition.

5. ***The Shell Group and the BG Group operate, and, if the Combination completes, the Combined Group will operate, in many jurisdictions that have differing degrees of political, legal and fiscal stability. This exposes them, or, in the case of the Combined Group, may expose it to a wide range of political developments that could result in changes to contractual terms, laws and regulations. In addition, the Shell Group, the BG Group, the Combined Group and their joint arrangements and associates face, or, in the case of the Combined Group, will face, the risk of litigation and disputes worldwide.***

Developments in politics, laws and regulations can and do affect the Shell Group's and the BG Group's, and, will, if the Combination completes, affect the Combined Group's operations. Potential developments include: forced divestment of assets, expropriation of property, cancellation or forced renegotiation of contract rights, additional taxes including windfall taxes, restrictions on deductions, retroactive tax claims, trade controls, local content requirements, foreign exchange controls, changing environmental regulations and onerous operational and disclosure requirements. A prolonged period of lower oil and gas prices may impact the financial, fiscal, political, social and legal stability of countries that rely significantly on oil and gas revenue streams. This, in turn, may have a material adverse effect on the Shell Group, the BG Group and, if the Combination completes, the Combined Group. The current operating environment in Brazil, being a country in which the BG Group has extensive operations, provides a number of challenges, including an economy in recession and with rising inflation, as well as potential litigation and instability in relation to partners, which have the potential to materially impact the business of the BG Group and, if the Combination completes, the Combined Group. In upstream activities, these developments may affect land tenure, rewriting of leases, entitlement to produced hydrocarbons, production rates, royalties and pricing. Parts of the Shell Group's activities and the BG Group's LNG Shipping & Marketing activities may be subject to price controls in some countries. From time to time, cultural and political factors play a role in unprecedented and unanticipated judicial outcomes that could have a material adverse effect on the Shell Group, the BG Group and, if the Combination completes, the Combined Group. Non-compliance with policies and regulations may result in regulatory investigations, litigation and ultimately sanctions. Certain governments and regulatory bodies may utilise their constitutional powers to unilaterally amend or cancel existing agreements or arrangements, fail to honour existing contractual commitments, or seek to adjudicate disputes between private litigants. Additionally, certain governments have adopted laws and regulations that could potentially force the Shell Group, the BG Group and, if the Combination completes, the Combined Group to violate other countries' laws and regulations, thus potentially subjecting them to both criminal and civil sanctions. Such developments and outcomes may have a material adverse effect on the business, results of operations and financial condition of the Shell Group, the BG Group and, if the Combination completes, the Combined Group.

6. *The estimation of proved oil and gas reserves involves subjective judgements based on available information and the application of complex rules, so subsequent downward adjustments are possible.*

The estimation of proved oil and gas reserves involves subjective judgements and determinations based on available geological, technical, contractual and economic information. Estimates may change because of new information from production or drilling activities, or changes in economic factors, including changes in the price of oil or gas and changes in the taxation or regulatory policies of host governments or other events. Estimates may also be altered by acquisitions and divestments, new discoveries, and extensions of existing fields and mines, as well as the application of improved recovery techniques. Published proved oil and gas reserves estimates may also be subject to correction due to errors in the application of published rules and changes in guidance.

Currently, the BG Group reports its proved reserves on the basis of the PRMS. As the Combined Group will externally report its proved reserves on the basis of the SEC Rules, there may be adjustments stemming from the differences between the two classifications. In particular, an adjustment may be required if the economic assumptions used under the PRMS and the SEC Rules differ significantly (for example, if the Year Average Price used by Shell for the SEC estimates is significantly lower than the price assumptions used by BG under the PRMS, the proved reserves estimates under the SEC Rules are likely to be lower than the same calculated under the PRMS).

A re-estimation under the SEC Rules of the BG Group's proved reserves as at 31 December 2014 is included in Part VI (*Oil and gas information*). This has been prepared for illustrative purposes only and, as with the other BG reserves information in this Circular, is unaudited and Shell has not had access to the underlying data and assumptions that have been used by BG in its production. Furthermore, due to the nature of the re-estimation, it addresses a hypothetical situation and is not capable of being aggregated with the Shell Group data to represent what the actual proved reserves of the Combined Group would have been if the Combination had been completed on the dates indicated and Shell had presented the proved reserves of the BG Group on an SEC basis itself.

Downward adjustments could indicate lower future production volumes and may also lead to impairment of some assets. This may have a material adverse effect on the results of operations and financial condition of the Shell Group, the BG Group, and, if the Combination completes, the Combined Group.

7. *Many of the Shell Group's and the BG Group's major projects and operations are, and, if the Combination completes, those of the Combined Group will be, conducted in joint arrangements or with associates. This may reduce their degree of control, as well as their ability to identify and manage risks.*

In cases where the Shell Group, the BG Group or, if the Combination completes, the Combined Group is not the operator, they will have limited influence over, and control of, the behaviour, performance and costs of operation of their joint arrangements or associates. Despite not having control, they could still be exposed to the risks associated with these operations, including reputational, litigation (where joint and several liability may apply) and government sanction risks, which may have a material adverse effect on their business, results of operations and financial condition. For example, their partners or members of a joint arrangement or an associate (particularly local partners in developing countries) may not be able to meet their financial or other obligations to the projects, threatening the viability of a given project. Where the Shell Group, the BG Group or, if the Combination completes, the Combined Group is the operator of a joint arrangement or associate, the other partner(s) or members may still be able to veto or block certain decisions, which may be to the overall detriment of the Shell Group, the BG Group, or, if the Combination completes, the Combined Group.

In particular, the Shell Group is aware that Petrobras, a material joint arrangement partner of the BG Group in Brazil, is subject to investigations regarding allegations relating to several large contractors (mainly in construction) forming a cartel and paying bribes in order to secure contracts. BG has not been directly involved in the investigations related to Petrobras. In the future, the situation may, depending on how it develops, have a material adverse effect on the business, results of operations and financial condition of the BG Group and, if the Combination completes, the Combined Group (for example, it may result in disruption to the supply chain or Petrobras may experience capital or liquidity constraints which could impact on project funding and delivery).

8. *Violations of laws and/or regulations carry fines and may expose the Shell Group, the BG Group and, if the Combination completes, the Combined Group to criminal sanctions, debarment and civil suits.*

The Shell Group and the BG Group are and, if the Combination completes, the Combined Group will be subject to a significant number and growing range of laws, regulations and trade controls. Both the Shell Group and the BG Group have procedures and systems in place designed to ensure compliance with such requirements. However, due to the nature of their activities and spheres of operation, the Shell Group, the BG Group and, if the Combination completes, the Combined Group carry a significant risk of non-compliance and any violations of legal and regulatory requirements could have a material adverse effect on the business, results of operations and financial condition of the Shell Group, the BG Group and, if the Combination completes, the Combined Group, resulting from the imposition of substantial penalties, exposure to regulatory investigations, debarment from tendering, imposition of a monitor and, in the case of individuals, imprisonment.

The Shell Group and its joint arrangements and associates have, in the past, been fined for violations of antitrust and competition law, including by the European Commission. As a result of the European Commission's fining guidelines, this means that any new violations could result in significantly larger fines both for the Shell Group and, if the Combination completes, for the Combined Group. Furthermore, it is now common for persons or corporations allegedly injured by antitrust violations to sue for damages.

As multinational companies, conducting their business across a number of jurisdictions and, to a material extent, through joint arrangements and associates which they may not operate, the Shell Group and the BG Group are, and, if the Combination completes, the Combined Group will be exposed to increased risks of bribery, fraud and corruption. Due to the scale of the Shell Group's, the BG Group's and, if the Combination completes, the Combined Group's operations, bribery, fraud and corruption both internally and externally may be more difficult to detect and any violations of the US Foreign Corrupt Practices Act of 1977 (as amended), the UK Bribery Act 2010 (as amended) or other relevant anti-bribery, anti-corruption or anti-money laundering legislation may have a material adverse effect as described above. Further, penalties imposed on their partners in a joint arrangement or members in an associate for violations unrelated to the Shell Group, the BG Group and, if the Combination completes, the Combined Group could materially impact the ability of such partners or members to fulfil their contractual commitments to, and thereby result in a material adverse effect on the business, results of operations and financial condition of, the Shell Group, the BG Group and, if the Combination completes, the Combined Group. For example, while BG has not been directly involved in the investigations related to Petrobras, the BG Group, and, if the Combination completes, the Combined Group may be exposed to a material adverse effect arising from such investigations since Petrobras is a material joint arrangement partner for the BG Group in Brazil.

Similarly, the Shell Group's, the BG Group's and, if the Combination completes, the Combined Group's joint arrangements and associates are by virtue of their activities, subject to a substantial number of trade controls, which regulate the movement of items or the provision of services or technologies across national boundaries and restrict or prohibit trade and other dealings with certain parties, and data protection laws and regulations. Therefore, despite any compliance systems and procedures in place, they are exposed to a significant risk of violations, which could also have a material adverse effect as described above.

PART B RISKS RELATING TO THE COMBINATION

1. ***Completion of the Combination is subject to a number of Conditions which may not be satisfied or waived and may result in the Combination's completion being delayed or the Combination not completing.***

The Scheme is subject to the Conditions and further terms and conditions set out in the Scheme Document. These Conditions include: (i) the receipt of certain antitrust and foreign investment approvals, other regulatory consents and waivers or non-exercise of any termination rights, pre-emption rights, rights of first refusal or similar rights in a number of jurisdictions; (ii) the BG Meetings being held no later than the 22nd day after the expected date of the BG Meetings set out in the Scheme Document (or such later date as may be agreed between Shell and BG (and approved by the Court, if such approval is required)); (iii) the approval of the Scheme and the special resolution authorising the BG Directors to implement the Scheme and the amendment of the BG articles of association by the requisite majorities of BG Shareholders at the BG Meetings; (iv) the approval of the Shell Resolution by the Shell Shareholders at the Shell General Meeting; (v) the Scheme being sanctioned by the Court no later than the 22nd day after the expected date of the Court Hearing set out in the Scheme Document (or such later date as may be agreed between Shell and BG (and approved by the Court, if such approval is required)); and (vi) the Scheme becoming effective no later than the Long Stop Date.

There is no guarantee that the Conditions will be satisfied in the necessary time frame (or waived, if applicable) and the Combination may, therefore, be delayed or not complete. Delay in completing the Combination will prolong the period of uncertainty for the Shell Group and the BG Group and both delay and failure to complete may result in the accrual of additional and, in the case of a failure to complete, wasted costs to their businesses (for example, there may be an increase in costs or, in the case of a failure to complete, waste of costs already incurred / expensed in relation to the preparation and issue of documentation, the financing of the Combination (in particular, the pre-funding of the cash portion of the Consideration resulting in Shell holding a materially higher than usual cash balance) or other elements of the planning and implementation of the Combination) without any of the potential benefits of the Combination having been achieved. In addition, Shell's and BG's management would have spent time in connection with the Combination which could otherwise have been spent more productively in connection with the other activities of the Shell Group and the BG Group, as applicable. Shell may also, to the extent a Break Payment Event occurs, be liable for the payment of £750 million to BG. Therefore, the aggregate consequences of a material delay or failure in completing the Combination may have a material adverse effect on the business, results of operations and financial condition of the Shell Group, the BG Group and, in the case of a delay only, the Combined Group.

Shell's ability to invoke a Condition to the Combination to delay the Combination beyond the Long Stop Date or cause the Combination not to complete is subject to the Panel's consent. The Panel will need to be satisfied that the underlying circumstances are of "material significance" to Shell in the context of the Combination and this is a high threshold to fulfil. Consequently, there is a significant risk that Shell may be required to complete the Combination even where certain Conditions have not been satisfied (for example, not all of the Regulatory Conditions or consents from commercial counterparties have been obtained) or where a material adverse change has occurred to the BG Group. It may also be the case that certain Conditions may only be satisfied subject to onerous conditions or undertakings. If the events in this paragraph were to occur, they might result in additional costs and / or the delay or the failure to realise the financial benefits and synergies identified by the parties. Proceeding to complete the Combination without particular clearances and consents from third parties, which may include governments, regulators, associates and commercial counterparties, may impact the Combined Group's future strategy and operations, result in the imposition of penalties, fines and other criminal and civil sanctions, the termination or variation of contracts and, potentially, the loss of concessions or assets and may cause damage to the Combined Group's reputation and business relationships with governments, regulators and counterparties. If these events were to occur, there may be a material adverse effect on the business, results of operations and financial condition of the Combined Group and the market price of the Shell Shares.

2. ***The Combined Group's success will be dependent upon its ability to integrate the Shell Group and the BG Group and deliver the value of the combined underlying businesses and successfully execute the planned disposal programme; the financial benefits and synergies expected from the Combination may not be fully achieved.***

The Combined Group's future prospects will, in part, be dependent upon the Combined Group's ability to integrate the Shell Group and the BG Group successfully and completely, without disruption to the existing business. Value delivery from a number of key jurisdictions, including, the BG Group's assets in Australia and Brazil, as well as integration of the BG Group's LNG Shipping and Marketing business and trading activities and successful execution of the substantial disposals that the Combined Group is expected to make following completion of the Combination are, in particular, critical to the overall success of the Combined Group. Subject to achieving what the Shell Board considers to be reasonable value for the relevant operations, Shell expects such disposals to reach $30 billion during 2016 to 2018.

Unanticipated events, liabilities, tax impacts or unknown pre-existing issues may arise which could result in the costs of integration being higher and the realisable benefits being lower than expected, resulting in a material adverse effect on the operations, prospects and financial condition of the Combined Group. No assurance can be given that the integration process will deliver all the expected benefits within the assumed time frame or that the full $30 billion of disposals will be made as planned.

The Combined Group will face challenges when integrating the business, including, among others, ways of working, standardising policies and procedures, processes and systems and retaining key employees of the Combined Group and the corporate memory of the BG Group. If the Combined Group does not properly manage these challenges, they may affect the effective running of the business in the ordinary course and the efficient allocation, including redeployment, of resources in the Combined Group.

3. *The Shell Group and the BG Group depend and, if the Combination completes, the Combined Group will depend, on their ability to attract, retain and motivate key employees with the necessary skills.*

The Shell Group, the BG Group and, if the Combination completes, the Combined Group, must continue to attract, retain and motivate key employees in order to succeed and safeguard their performance, operations and future growth. Competition for suitably skilled personnel in the oil and gas industry is intense and the Shell Group, the BG Group, and, if the Combination completes, the Combined Group may lose key employees, among other things, to competitors. If the Shell Group, the BG Group, and the Combined Group fail to maintain adequate levels of remuneration and / or are not able to find employees with the necessary skills, it could have a material adverse effect on their business, results of operations and financial condition.

4. *The uncertainties about the effects of the Combination could have a materially adverse effect on the Shell Group, the BG Group, and, if the Combination completes, the Combined Group.*

Uncertainty about the effects of the Combination, including effects on employees, host governments, partners, contractors, regulators, suppliers and customers, may have a material adverse effect on the business, results of operations and financial condition of the Shell Group, the BG Group and, if the Combination completes, the Combined Group. These uncertainties could cause parties that have business or other relationships with the Shell Group or the BG Group to defer the consummation of other transactions or other decisions concerning the business of the Shell Group, the BG Group and, if the Combination completes, the Combined Group, or to seek to change their existing business or other relationships with the Shell Group or the BG Group. The Combined Group will need to take action to prevent or minimise any detrimental impact of the Combination and the integration process on its relationships with employees, host governments, partners, contractors, regulators, suppliers and customers of the Shell Group and the BG Group, to avoid such a material adverse effect.

5. *Existing Shell Shareholders will own a smaller percentage of Shell than they currently own.*

If the Combination completes, existing Shell Shareholders will own a smaller percentage of Shell than they currently own. Existing Shell Shareholders will own approximately 81% of the outstanding Shell Shares.[12] As a consequence, the number of voting rights which can be exercised and the influence which may be exerted by them in respect of the Combined Group will be reduced.

6. *Shell will bear an exchange rate risk on the Pound Sterling cash consideration offered*

The cash component of the Consideration is denominated in Pound Sterling. This creates for the Shell Group, which reports in US Dollars, an exchange rate exposure which may have a material adverse effect on the financial condition of the Shell Group and, if the Combination completes, the Combined Group. If Pound Sterling appreciates significantly in value against the US Dollar, the cash component of the

[12] Please see paragraph 9 of Part VII (*Additional information*) for details of how these dilution estimates were calculated.

Consideration will materially increase for Shell in US Dollar terms. If there is a delay in completing the Combination, the period of exposure to such exchange rate fluctuations will be prolonged. If the Combination fails to complete, the Shell Group may be exposed, especially in the case of declining Pounds Sterling, as it has locked in some of its exchange rate exposure to this Pounds Sterling denominated cash consideration.

PART C RISKS RELATING TO THE SHELL SHARES

1. *The value of the Shell Shares and the Shell ADSs may fluctuate significantly.*

Following completion of the Combination, the Shell Shares and the Shell ADSs will continue to be publicly traded and, as a result of a number of factors and events, including, but not limited to, those referred to in this Part, their market price may be volatile. Some of these events, for example, market conditions, geopolitical developments or the action of competitors, will be outside the control of the Combined Group. The sale of a substantial number of Shell Shares and / or Shell ADSs in the market after completion of the Combination, or the perception that such sales may occur, could depress the market price of the Shell Shares and / or the Shell ADSs.

2. *Shell A Shares and Shell B Shares, and Shell A ADSs and Shell B ADSs, may trade at different prices.*

Shell A Shares, Shell B Shares, Shell A ADSs and Shell B ADSs may trade, and have historically traded, at different prices. The difference in price may be based on, among other things: the extent to which BG Shareholders elect for and receive Shell A Shares or Shell B Shares, the fact that dividends to be received by holders of Shell A Shares or Shell A ADSs will have a Dutch source and dividends to be received by holders of Shell B Shares or Shell B ADSs are intended by Shell to have a UK source (pursuant to the Dividend Access Mechanism), differing levels of demand in different markets for reasons external to the Shell Group, such as index inclusion and relative index performance and the type of securities bought back by Shell or issued by it under the Scrip Dividend Programme.

3. *Shell, Shell Transport and, following completion of the Combination, BG may discontinue the Dividend Access Mechanism at any time, at their sole discretion (subject to any regulatory requirements), and there can be no assurance that Shell Transport and, following completion of the Combination, BG will have sufficient distributable reserves to pay any, or their share of any, dividend on the Dividend Access Shares.*

Following completion of the Combination and the issue of the BG Dividend Access Share to the Trustee, dividends paid by BG on the BG Dividend Access Share will form part of the Dividend Access Mechanism.

Following completion of the Combination, under their respective articles of association, Shell Transport and BG will each only be able to pay a dividend on their respective Dividend Access Share up to a maximum equal to their respective proportions of the aggregate dividend announced by Shell on the Shell B Shares in respect of the relevant period (with such proportions being calculated by reference to, in the case of Shell Transport, the number of Shell B Shares in existence immediately prior to completion of the Combination and, in the case of BG, the number of Shell B Shares issued as part of the Combination, in each case as against the total number of Shell B Shares in issue immediately following completion of the Combination). Accordingly, in order for the holders of Shell B Shares to receive an amount equal to the full dividend announced on the Shell B Shares in the form of a dividend having a UK source for Dutch tax purposes, a dividend on each Dividend Access Share must in fact be paid by Shell Transport and, following completion of the Combination, by BG from their respective distributable reserves in each case equal to their respective proportions of the dividend announced by Shell on the Shell B Shares. There can be no assurance that Shell Transport and, following completion of the Combination, BG, will have sufficient distributable reserves to pay any dividend on their respective Dividend Access Share or will exercise their discretion to pay such a dividend.

In addition, under the terms of the Trust Deed, if Shell requests them to do so, Shell Transport (and, following completion of the Combination, BG) would be required to redeem the Dividend Access Shares at par value. Further, in accordance with the terms of the Dividend Access Trust, if Shell and Shell Transport (and, following completion of the Combination, BG, as a subsidiary of Shell) (as issuers of the Dividend Access Shares) (acting jointly) request it to do so, and there is no property remaining in the Dividend Access Trust, the Trustee shall dissolve the Dividend Access Trust. The Dividend Access Mechanism may, therefore, be discontinued at any time, for any reason and without financial recompense.

If the Dividend Access Mechanism were discontinued, any dividend announced on the Shell B Shares, thereafter, would be paid by Shell and would, therefore, always have a Dutch source rather than a UK source for Dutch tax purposes. Also, if Shell Transport and, following completion of the Combination, BG does not, for any reason, pay a dividend on its respective Dividend Access Share that is equal in amount to its proportion of the dividend announced on the Shell B Shares, a dividend having a Dutch source will be paid by Shell in an amount equal to the difference between the dividend announced on the Shell B Shares and the dividend paid on that Dividend Access Share (with such dividend being paid pro rata to the holders of Shell B Shares).

Holders of Shell B Shares who receive dividends which have a Dutch source are currently subject to Dutch withholding tax at a rate of 15% although, depending on the terms of any applicable treaty for the avoidance of double taxation, they may be eligible to make a claim to reduce the rate at which such Dutch withholding tax is levied or, alternatively, to seek a full or partial refund of such Dutch withholding tax levied.

The statements above made in relation to Shell B Shares will also apply to the dividends received by the Shell ADS Depositary in its capacity as registered holder of Shell B Shares represented by Shell B ADSs.

4. *Shell may not implement its share buyback programme as intended and / or the Scrip Dividend Programme may continue for longer than is currently intended.*

Subject to progress with debt reduction and recovery in oil prices, Shell expects to withdraw the Scrip Dividend Programme in 2017 and undertake a share buyback programme of at least $25 billion in the period 2017 to 2020. Shell expects this buyback programme to offset the shares issued under the Scrip Dividend Programme and to significantly reduce the equity issued in connection with the Combination. There may be circumstances in which Shell does not implement the share buyback programme due to factors such as market conditions and the cash needs of the Combined Group. Due to the same factors, the Scrip Dividend Programme may continue for longer than is currently intended. If implemented, the share buyback programme may not have, or may only to a limited extent have, the desired effect (for example, where there is a delay in withdrawing the Scrip Dividend Programme). In addition, Shell intends to buy back the cheaper of the Shell A Shares and Shell B Shares from Shell's perspective. Consequently, not all holders of Shell Shares may receive the full benefits of the share buyback programme.

5. *Shell Shareholders may not receive a return on their investment or may receive a negative return and lose some or all of the capital invested.*

Shell's performance and financial condition will be, following completion of the Combination, dependent on the trading of the members of the Combined Group. Following completion of the Combination, if dividends on Shell Shares are to be maintained at the same levels as before the completion of the Combination, additional cash resources and distributable reserves will be required to cover the dividend payments due to the increase in the number of Shell Shares in issue.

Shell intends to pay dividends of $1.88 per Shell Share in 2015 and at least that amount in 2016. However, when setting the dividend, the Shell directors look at a range of factors, including the macro-environment, the current balance sheet and future investment plans. Furthermore, Shell's ability to pay dividends in 2015, 2016 and thereafter will depend, among other things, on the distributable reserves, if any, of its subsidiaries and other interests. Certain of these subsidiaries and other interests may, from time to time, be subject to restrictions on their ability to make distributions to Shell or return cash to it by other means and this could have a material adverse effect on the market price of Shell Shares. There is, therefore, no guarantee that Shell Shareholders will receive a return on their investment and they may receive a negative return and lose some or all of the capital invested.

PART III
PRESENTATION OF INFORMATION

1. Website and media information

The contents of Shell's website (www.shell.com) and BG's website (www.bg-group.com), the contents of any website accessible from hyperlinks on such websites or any other website referred to in this Circular do not form part of this Circular and Shell Shareholders and Shell ADS Holders should not rely on them.

Furthermore, Shell does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Combination, the Shell Group, the BG Group and/or the Combined Group. Shell, the Shell directors, the Shell Group, Bank of America Merrill Lynch, Lazard or other persons involved in the Combination make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

2. Forward looking statements

This Circular contains certain forward looking statements with respect to the financial condition, results of operations and businesses of the Shell Group and the BG Group, and certain plans and objectives of Shell with respect to the Combined Group, including those in Part I (*Letter from the Chairman of Shell*) and Part II (*Risk factors*).

All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward looking statements include, among other things, statements concerning the potential exposure of the Shell Group, the BG Group and the Combined Group to market risks, statements as to accretion and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including as to future potential cost savings, synergies, earnings, return on average capital employed, production and prospects. These forward looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "should", "target", "will" and similar terms and phrases.

There are a number of factors that could affect the future operations of the Shell Group, the BG Group and the Combined Group and that could cause results to differ materially from those expressed in the forward looking statements included in this Circular, including (without limitation): (i) price fluctuations in crude oil and natural gas; (ii) changes in demand for the Shell Group's, the BG Group's and the Combined Group's respective products; (iii) currency fluctuations; (iv) drilling and production results; (v) reserves estimates; (vi) loss of market share and industry competition; (vii) environmental and physical risks; (viii) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (ix) the risk of doing business in developing countries and countries subject to international sanctions; (x) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (xi) economic and financial market conditions in various countries and regions; (xii) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement of shared costs; and (xiii) changes in trading conditions.

All forward looking statements contained in this Circular are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward looking statements. Readers should specifically consider the factors identified in this Circular that could cause actual results to differ before taking any action in respect of the Combination. All of the forward looking statements made in this Circular are qualified by these cautionary statements. Specific reference is made to Part I (*Letter from the Chairman of Shell*) and Part II (*Risk factors*).

Each forward looking statement speaks only as of the date it was made. None of Shell, the Shell Group or the BG Group undertakes any obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise except to the extent legally required and, in particular, Shell will comply with its obligation to publish supplementary circulars containing further updated information as required by law or by a regulatory authority and, in particular, its obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules (as appropriate). In light of these risks, results could differ materially from those stated, implied or inferred from the forward looking statements contained in this Circular.

The statements above relating to forward looking statements should not be construed as a qualification on the opinion as to working capital set out in paragraph 5 of Part VII (*Additional information*).

3. No forecasts or estimates

No statement in this Circular (including any statement of estimated synergies) is intended as a profit forecast or estimate for any period.

Accretion statements or statements as to the effect of the Combination on free cash flow per share, earnings per share, cash flow from operations per share, or return on average capital employed, should not be construed as profit forecasts and are, therefore, not subject to the requirements of Rule 28 of the City Code.

No statement in this Circular should be interpreted to mean that free cash flow per share, earnings, earnings per share or income, cash flow from operations per share or return on average capital employed for the Shell Group, the BG Group and/or the Combined Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations, free cash flow or return on average capital employed for the Shell Group or the BG Group, as appropriate.

4. Pro forma financial information relating to the Combined Group

In this Circular, any reference to pro forma financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part V (*Unaudited pro forma financial information*). The unaudited pro forma information consists of a pro forma income statement for the financial year ended 31 December 2014 and a pro forma net assets statement as at 30 September 2015 relating to the Combined Group. These have been prepared in accordance with Listing Rule 13.3.3R and in a manner consistent with the accounting policies and presentation adopted by the Shell Group in relation to the consolidated financial statements for the year ended 31 December 2014 and the unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2015.

The unaudited pro forma financial information has been prepared for illustrative purposes only to illustrate the effect on the Shell Group's income statement and net asset statement of its acquisition of the BG Group as if it had taken place on 1 January 2014, in the case of the income statement, and on 30 September 2015, in the case of the net assets statement. Due to its nature, the unaudited pro forma income statement and unaudited pro forma net assets statement address a hypothetical situation. They do not represent the Shell Group's actual financial position or results, or what the Combined Group's actual financial position or results would have been if the Combination had completed on the dates indicated.

5. Other information relating to the BG Group

This Circular contains information regarding the BG Group which has been accurately reproduced from the information provided to Shell by BG for inclusion in this Circular, the BG 2014 Annual Report, the BG 2013 Annual Report and/or the BG 2012 Annual Report. As far as Shell is aware and is able to ascertain from information published by BG or otherwise provided to Shell by BG, no facts have been omitted that would render the reproduced information inaccurate or misleading.

6. Synergies

The synergy numbers are unaudited and are based on analysis by Shell's management and on Shell's internal records. Further information underlying the Quantified Financial Benefits Statement is contained in paragraph 7 of Part VII (*Additional information*).

7. Sources and bases

Information on sources and bases is provided in paragraph 9 of Part VII (*Additional information*).

8. Defined terms

The meanings of defined terms used in this Circular are set out in Part VIII (*Definitions*).

PART IV
HISTORICAL FINANCIAL INFORMATION RELATING TO THE BG GROUP

PART A

The audited consolidated financial statements of the BG Group for the financial years ended 31 December 2014, 2013 and 2012 included in the BG 2014 Annual Report (as originally published), BG 2013 Annual Report (as originally published) and BG 2012 Annual Report (save that the financial information relating to the BG Group for the financial year ended 31 December 2012 has been extracted from the restated comparatives presented in the consolidated financial statements of the BG Group for the year ended 31 December 2013), together with the auditors' reports thereon and the notes thereto, and the BG Group's unaudited interim results for the nine months ended 30 September 2015 and 30 September 2014, are incorporated by reference into this Part from Part B of Part XI (*Financial information in relation to BG and the BG Group*) of the Prospectus.

PART B
Unaudited reconciliations of the BG Group financial information to the Shell Group's accounting policies

The following unaudited reconciliations summarise the material adjustments which reconcile the BG Group's income/(loss) for the nine-month period to 30 September 2015 and each of the three years ended 31 December 2014, 2013 and 2012; as well as the net assets (total equity) as at 30 September 2015, and as at 31 December of the three years 2014, 2013 and 2012, as previously reported by the BG Group to estimates of those that would have been reported had the BG Group applied the accounting policies used by the Shell Group in the preparation of its consolidated financial statements for the year ended 31 December 2014.

These differences relate to methods for recognition and measurement of the amounts shown in the consolidated financial statements. The reconciliation does not seek to reflect any changes to the judgements made by the directors of BG in preparing the underlying BG Group financial information and does not reflect any fair value adjustments which the Shell Board will need to make as a result of the Combination or would have made had the Combination happened at any other date during the historical period shown.

The following unaudited reconciliations present the effect of the material differences between the BG Group's accounting policies and the Shell Group's accounting policies; the adjustment to net assets (total equity) is a cumulative adjustment whereas the net income adjustment represents the effect for the accounting period only and therefore does not correspond with the net assets adjustment amount for the corresponding accounting period.

A Unaudited reconciliation of the BG Group's income/(loss) for the period ($) (MILLION)

	Note	Nine months to 30 September 2015	Year ended 31 December 2014	2013	2012
Profit/(loss) for the period as reported by the BG Group	1	**2,363**	**(1,044)**	**2,450**	**4,617**
Accounting policy adjustments:					
Accounting for uncertain tax positions	2	(14)	144	85	(31)
Income/(loss) for the period of the BG Group under the Shell Group's accounting policies	3	**2,349**	**(900)**	**2,535**	**4,586**

B Unaudited reconciliation of the BG Group's net assets (total equity) ($) (MILLION)

	Note	As at 30 September 2015	As at 31 December 2014	2013	2012
Group net assets (total equity) as reported by the BG Group	1	**29,486**	**29,140**	**31,960**	**32,948**
Accounting policy adjustments					
Accounting for uncertain tax positions	2	649	663	519	434
Total equity of the BG Group under the Shell Group's accounting policies		**30,135**	**29,803**	**32,479**	**33,382**

Notes:

1. The consolidated profit/(loss) of the BG Group for the nine months ended 30 September 2015 and consolidated net assets of the BG Group as at 30 September 2015 have been extracted without material adjustment from the BG Q3 2015 Results.

   The consolidated profit/(loss) of the BG Group for the years ended 31 December 2014 and 2013 and consolidated net assets of the BG Group as at 31 December 2014 and 2013 have been extracted without material adjustment from the BG Group's consolidated financial statements for each of the respective years. The consolidated profit/(loss) of the BG Group for the year ended 31 December 2012 and consolidated net assets of the BG Group as at 31 December 2012 have been extracted without material adjustment from the restated comparatives presented in the BG 2013 Annual Report.

2. The adjustment reflects a difference in accounting policy applied by the Shell Group and the BG Group in relation to provisions for uncertain tax positions. Shell Group policy is to recognise a tax provision where the likelihood of loss is more likely than not, and to measure the tax provision on the basis of the most likely extent of that loss. BG Group policy is to recognise a tax provision on the basis of a probability-based weighted average. The adjustment to net assets reflects the difference under the Shell Group and BG Group accounting policies for each uncertain tax position as at each period end date. The adjustment to net income is the difference between the current year and the prior year uncertain tax position.

3. The profit/(loss) for the year as reported by the BG Group is equivalent to the income/(loss) for the period as reported by the Shell Group following adjustments for accounting policy differences, as further explained in Part V (*Unaudited pro forma financial information*).

Significant Accounting Policies – Depreciation

The Shell Group and the BG Group both apply the unit of production ("**UoP**") method of depreciation to assets which have a useful life that is related to oil and gas reserves. However, the reserves base used in their respective UoP calculation is measured differently. BG Group oil and gas reserves are measured under the PRMS definition, whereas the Shell Group applies the SEC reserves definition. This results in a different basis for estimating the UoP depreciation which has not been reflected in the reconciliation above as it does not represent a difference in accounting policy or judgment.

Similarly, the BG Group depreciates Upstream unconventional assets over its total proved plus probable reserves and Upstream conventional assets over its total proved developed reserves (except for acquired interests and for facilities which use total proved reserves). The Shell Group generally depreciates Upstream assets over its proved developed reserves. This is also considered to be a difference in estimating the depreciation basis of assets, and not a difference in accounting policy or judgment. Consequently, it is also not reflected in the reconciliations above.

PART C
Accountant's report on the unaudited reconciliations of the consolidated financial information of the BG Group

The Directors
Royal Dutch Shell plc
Shell Centre
London
United Kingdom
SE1 7NA

Merrill Lynch International
2 King Edward Street
London
United Kingdom
EC1A 1HQ

22 December 2015

Dear Sirs

Royal Dutch Shell plc ("Shell") and its subsidiaries (the "Shell Group"): Proposed acquisition of BG Group plc ("BG", with BG and its subsidiaries being the "BG Group")

We report on the unaudited reconciliations of the BG Group financial information to the Shell Group's accounting policies (the "**Reconciliations**") of the consolidated net income for each of the years ended 31 December 2014, 2013 and 2012 and of the net assets as at 31 December 2014, 2013 and 2012, together the "**Financial Information**", as previously reported in the financial statements of the BG Group prepared under International Financial Reporting Standards (as adopted by the EU), showing the adjustments necessary to restate it on the basis of the Shell Group's accounting policies used in preparing the Shell Group's last set of annual consolidated financial statements, set out in Part B of Part IV of the (*Historical financial information relating to the BG Group*) of Shell's Circular dated 22 December 2015 (the "**Circular**"). This report is required by Listing Rule 13.5.27R(2)(a) of the United Kingdom Listing Authority and is given for the purpose of complying with that Listing Rule and for no other purpose.

We express no opinion on the unaudited reconciliations of the BG Group financial information to the Shell Group's accounting policies of the consolidated net income for the nine months ended 30 September 2015 and of the net assets as at 30 September 2015.

Responsibilities

It is the responsibility of the directors of Shell (the "**Directors**") to prepare the Reconciliations in accordance with Listing Rule 13.5.27R(2)(a).

It is our responsibility to form an opinion, as required by Listing Rule 13.5.27R(2)(a), as to whether:

a) the Reconciliations have been properly compiled on the basis stated; and

b) the adjustments are appropriate for the purpose of presenting the Financial Information (as adjusted) on a basis consistent in all material respects with the Shell Group's accounting policies,

and to report that opinion to you.

The Reconciliations are based on the audited consolidated balance sheets as at 31 December 2014, 2013 and 2012 and consolidated income statements for each of the years then ended of the BG Group which were the responsibility of the directors of BG and the audited consolidated balance sheets and consolidated income statements were audited by Ernst & Young. We do not accept any responsibility for any of the historical financial statements of the BG Group, nor do we express any opinion on those financial statements.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of Shell as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of checking whether the unadjusted Financial Information of the BG Group has been accurately extracted from an appropriate source, assessing whether all adjustments necessary for the purpose of presenting the Financial Information on a basis consistent in all material respects with the Shell Group's accounting policies have been made, examination of evidence supporting the adjustments in the Reconciliations and checking the arithmetical accuracy of the calculations within the Reconciliations.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Reconciliations have been properly compiled on the basis stated and that the adjustments are appropriate for the purpose of presenting the Financial Information (as adjusted) on a basis consistent in all material respects with the Shell Group's accounting policies.

Opinion

In our opinion:

a) the Reconciliations have been properly compiled on the basis stated; and

b) the adjustments are appropriate for the purpose of presenting the Financial Information (as adjusted) on a basis consistent in all material respects with the Shell Group's accounting policies.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

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PART V
UNAUDITED PRO FORMA FINANCIAL INFORMATION

PART A
Unaudited pro forma financial information relating to the Combined Group

The unaudited pro forma income statement of the Combined Group has been prepared based on the consolidated statement of income of the Shell Group for the year ended 31 December 2014 and the consolidated income statement of the BG Group for the year ended 31 December 2014 to illustrate the effect on the income statement of the Shell Group of the Combination as if it had taken place as at 1 January 2014.

The unaudited pro forma statement of net assets of the Combined Group has been prepared based on the unaudited consolidated balance sheet of the Shell Group as at 30 September 2015 and the unaudited consolidated balance sheet of the BG Group as at 30 September 2015 to illustrate the effect on the net assets of the Shell Group of the Combination as if it had taken place as at 30 September 2015.

The unaudited pro forma income statement of the Combined Group and the unaudited pro forma statement of net assets of the Combined Group together form the unaudited pro forma financial information.

The unaudited pro forma financial information set out in this Part has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the Shell Group's or the Combined Group's actual results or financial condition.

The unaudited pro forma financial information has been prepared on a consistent basis with the accounting policies and presentation adopted by the Shell Group in relation to the consolidated financial statements for the year ended 31 December 2014 and the unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2015 on the basis of the notes set out below and in accordance with Listing Rule 13.3.3R. The adjustments in the unaudited pro forma financial information are expected to have a continuing impact on the Combined Group, unless stated otherwise.

Furthermore, the unaudited pro forma financial information set out in this Part does not constitute statutory accounts within the meaning of section 434 of the CA 2006.

UNAUDITED PRO FORMA INCOME STATEMENT
($) (MILLION)

	Shell Group income statement for the year ended 31 December 2014 Note (i)	Adjustments: BG Group income statement for the year ended 31 December 2014 (as reconciled) Note (ii)	Adjustments: Acquisition accounting adjustments Note (iii)	Pro forma income statement of the Combined Group for the year ended 31 December 2014
Revenue	421,105	19,586	—	440,691
Share of profit of joint ventures and associates	6,116	166	—	6,282
Interest and other income	4,123	1,483	—	5,606
Total revenue and other income	**431,344**	**21,235**	**—**	**452,579**
Purchases	327,278	3,537	—	330,815
Production and manufacturing expenses	30,038	6,381		36,419
Selling, distribution and administrative expenses	13,965	138	741	14,844
Research and development	1,222	90	—	1,312
Exploration	4,224	751	—	4,975
Depreciation, depletion and amortisation	24,499	11,755	—	36,254
Interest expense	1,804	906	—	2,710
Income before taxation	**28,314**	**(2,323)**	**(741)**	**25,250**
Taxation	13,584	(1,423)	248	12,409
Income/(loss) for the period	**14,730**	**(900)**	**(989)**	**12,841**
Income/(loss) attributable to non-controlling interest	(144)	—	—	(144)
Income/(loss) attributable to the company's shareholders	**14,874**	**(900)**	**(989)**	**12,985**

Notes:

(i) The Shell Group income statement has been extracted without material adjustment from the audited consolidated statement of income within the financial statements of the Shell Group for the year ended 31 December 2014.

(ii) The BG Group income statement is based on the consolidated income statement of the BG Group for the year ended 31 December 2014 extracted without material adjustment from the audited consolidated income statement within the financial statements of the BG Group for the year ended 31 December 2014 as set out at Part B of Part XI (*Financial information in relation to BG and the BG Group*) of the Prospectus, as adjusted to apply the accounting policies adopted by the Shell Group. A reconciliation is presented below:

UNAUDITED RECONCILIATION OF BG GROUP CONSOLIDATED INCOME STATEMENT UNDER SHELL GROUP ACCOUNTING POLICIES AND INCOME STATEMENT PRESENTATION FOR THE YEAR ENDED 31 DECEMBER 2014
($) (MILLION)

The BG Group's income statement line items	*The BG Group's Income statement (as reported)* Note (a)	**The Shell Group's income statement line items**	The BG Group's income statement under the Shell Group's income statement line items Note (b)	Accounting policy adjustments Note (c)	Reclassifications of line items to align with the Shell Group's accounting policies and presentation Note (d)	BG Group income statement under the Shell Group's accounting policies and presentation
Group Revenue	*19,289*	Revenue	19,289	—	297	19,586
Share of post-tax results from joint ventures and associates	*166*	Share of profit of joint ventures and associates	166	—	—	166
Other operating income	*660*					
Finance income	*153*					
	813	Interest and other income	813	—	670	1,483
		Total revenue and other income	**20,268**	—	**967**	**21,235**
Profit/(Loss) for the year from discontinued operations	*7*					
Operating costs	*(13,572)*					
	(13,565)	Purchases	13,565	—	(10,028)	3,537
		Production and manufacturing expenses	—	—	6,381	6,381
		Selling, distribution and administrative expenses	—	—	138	138
		Research and development	—	—	90	90
		Exploration	—	—	751	751
Profits and losses on disposal of non-current assets and impairments	*(8,120)*	Depreciation, depletion and amortisation	8,120	—	3,635	11,755
Finance costs	*(906)*	Interest expense	906	—	—	906
		(Loss)/income before taxation	**(2,323)**	—	—	**(2,323)**
Taxation	*1,279*	Taxation	(1,279)	(144)	—	(1,423)
Profit/(loss) for the year	*(1,044)*	**(Loss)/income for the period**	**(1,044)**	**144**	—	**(900)**
		(Loss)/income attributable to non-controlling interest	—	—	—	—
		(Loss)/income attributable to the company's shareholders	**(1,044)**	**144**	—	**(900)**

Notes:

(a) The BG Group's income statement line items are directly extracted without material adjustment from the BG Group's consolidated income statement for the year ended 31 December 2014 which is set out at Part XI (*Financial information in relation to BG and the BG Group*) of the Prospectus. The order of the line items may be different from those in the BG Group consolidated income statement to allow each line to be matched to the presentational format of the Shell Group's consolidated income statement.

(b) This reflects the BG Group's consolidated income statement for the year ended 31 December 2014 reformatted under the Shell Group's headings.

(c) This reflects the difference in accounting policy between the Shell Group and the BG Group in respect of uncertain tax positions. The $144m additional tax credit arises when applying Shell Group's policy of recognising a tax provision where the likelihood of loss is more likely than not, and of measuring the tax provision on the basis of the most likely extent of that loss, to the tax charge previously reported by BG Group, which was determined under a policy of recognising a tax provision on the basis of probability-based weighted average. This is the only accounting policy alignment which impacts income/(loss) for the year, as consistent with the alignment of accounting policies set out in Part B of Part IV (*Historical financial information relating to the BG Group*).

(d) The following reclassifications were made to reflect the difference in accounting treatment and presentation under Shell Group policy as opposed to the BG Group:

1. Interest and other income has increased by $670m to reflect:
   - an increase of $967m, as net gains on sale of non-current assets have been reclassified from depreciation, depletion and amortisation to interest and other income (this is to reflect the Shell Group's presentation of gains/loss on disposals); and
   - a decrease of $297m, as remeasurement of commodity-based contracts was reclassified to revenue (to reflect the Shell Group's presentation).

2. Purchases have decreased by $10,028m to reflect allocations of $6,250m to production and manufacturing expenses, $138m to selling, distribution and administrative expenses, $90m to research and development, $751m to exploration and $2,799m to depreciation, depletion and amortisation (all to reflect the Shell Group's presentation of such items).

3. Production and manufacturing expenses have increased by a further $131m (further to the $6,250m in note (d) 2) as write off and provisions for exceptional items have been reclassified out of depreciation, depletion and amortisation in to production and manufacturing expenses (as this is not considered sufficiently material to require separate presentation).

(iii, a) No pro forma impairment charge has been applied to the goodwill balance (arising from the acquisition accounting as set out in the pro forma statement of net assets below) in the period presented. No additional depreciation and amortisation charge has been applied for the IFRS 3 Business Combinations fair values of intangible assets and property, plant and equipment, as the fair value adjustments are considered impractical to do at the Latest Practicable Date.
For the purposes of the unaudited pro forma income statement, transaction costs expected to be incurred by the Shell Group of $467m and transaction costs expected to be incurred by the BG Group of $161m as well as change in control costs and landholder tax (totalling in combination $113m) have been reflected as an expense. In addition, non-resident capital gains taxes (totalling $248m) have been reflected as income taxes. These costs are not expected to be incurred on an ongoing basis in the Combined Group. The calculation of taxes to be paid as part of the transaction includes a number of assumptions. Accordingly, the final taxes paid post completion may be different. Completion of the Combination will trigger an accelerated vesting of some of the BG Share Plans. As at the Latest Practicable Date, it is not possible to estimate these costs as the valuation is pending future decisions and events. Accordingly, they have not been included in the pro forma financial statements in this Circular.

(iii, b) While the Shell Group and the BG Group trade with each other, no adjustment has been made to eliminate such inter-group trading as its impact is not considered material.

(iii, c) No adjustment has been made to reflect any synergies that may arise subsequent to the transaction as these are dependent upon the future actions of management.

(iii, d) No adjustment has been made to reflect the financial results of either the BG Group or the Shell Group since 31 December 2014.

Unaudited pro forma statement of net assets relating to the Combined Group

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS
($) (MILLION)

			Adjustments	
	Shell Group net assets as at 30 September 2015 (as reported) Note (i)	BG Group net assets as at 30 September 2015 (as reconciled) Note (ii)	Acquisition accounting adjustments Note (iii)	*Pro forma* net assets of the Combined Group as at 30 September 2015
Assets				
Intangible assets	6,300	—	22,864	29,164
Property, plant and equipment	181,681	39,538	—	221,219
Joint ventures and associates	30,940	4,041	—	34,981
Investments in securities	3,573	—	—	3,573
Deferred tax	10,258	2,837	—	13,095
Retirement benefits	2,366	213	—	2,579
Trade and other receivables	8,331	1,329	—	9,660
Non-current assets	**243,449**	**47,958**	**22,864**	**314,271**
Inventories	19,276	1,175	—	20,451
Trade and other receivables	49,130	4,404	—	53,534
Cash and cash equivalents	31,846	6,324	(20,558)	17,612
Current assets	**100,252**	**11,903**	**(20,558)**	**91,597**
Total assets	**343,701**	**59,861**	**2,306**	**405,868**
Liabilities				
Debt	50,438	15,276	—	65,714
Trade and other payables	4,510	774	—	5,284
Deferred tax	9,935	3,114	—	13,049
Retirement benefits	14,557	70	—	14,627
Decommissioning and other provisions	25,110	5,327	—	30,437
Non-current liabilities	**104,550**	**24,561**	**—**	**129,111**
Debt	5,149	416	—	5,565
Trade and other payables	55,230	4,293	—	59,523
Taxes payable	10,378	456	—	10,834
Retirement benefits	359	—	—	359
Decommissioning and other provisions	5,553	—	—	5,553
Current liabilities	**76,669**	**5,165**	**—**	**81,834**
Total liabilities	**181,219**	**29,726**	**—**	**210,945**
Total net assets	**162,482**	**30,135**	**2,306**	**194,923**

Notes:

(i) The Shell Group net assets have been extracted without material adjustment from the Shell Q3 2015 Results.

(ii) The BG Group net assets are based on the consolidated balance sheet of BG as at 30 September 2015 extracted without material adjustment from the BG Q3 2015 Results, as adjusted to apply the accounting policies adopted by the Shell Group. A reconciliation is presented below:

UNAUDITED RECONCILIATION OF THE BG GROUP'S CONSOLIDATED NET ASSETS UNDER THE SHELL GROUP'S ACCOUNTING POLICIES AND BALANCE SHEET PRESENTATION AS AT 30 SEPTEMBER 2015

($) (MILLION)

The BG Group's balance sheet line items	The BG Group's balance sheet line items (as reported) Note (a)	**The Shell Group's balance sheet line items**	The Shell Group's balance sheet line items Note (b)	Accounting policy adjustments Note (c)	Reclassifications of line items to align with Shell Group's accounting policies and presentation Note (d)	The BG Group's balance sheet under the Shell Group's accounting policies and presentation
		Assets				
Intangible assets	*3,359*	Intangible assets	3,359	—	(3,359)	—
Property, plant and equipment	*36,179*	Property, plant and equipment	36,179	—	3,359	39,538
Investments	*4,041*	Joint ventures and associates	4,041	—	—	4,041
Deferred tax assets	*2,837*	Deferred tax	2,837	—	—	2,837
Retirement benefit surplus	*213*	Retirement benefits	213	—	—	213
Commodity contracts and other derivative financial instruments	*252*					
Trade and other receivables	*1,077*					
	1,329	Trade and other receivables	1,329	—	—	1,329
		Non-current assets	**47,958**	**—**	**—**	**47,958**
Inventories	*1,175*	Inventories	1,175	—	—	1,175
Trade and other receivables	*4,116*					
Current tax receivable	*154*					
Commodity contracts and other derivative financial instruments	*134*					
	4,404	Trade and other receivables	4,404	—	—	4,404
Cash and cash equivalents	*6,324*	Cash and cash equivalents	6,324	—	—	6,324
		Current assets	**11,903**	**—**	**—**	**11,903**
		Total assets	**59,861**	**—**	**—**	**59,861**
		Liabilities				
Borrowings	*(15,276)*	Debt	15,276	—	—	15,276
Trade and other payables	*(168)*					
Commodity contracts and other derivative financial instruments	*(606)*					
	(774)	Trade and other payables	774	—	—	774
Deferred tax liabilities	*(3,114)*	Deferred tax	3,114	—	—	3,114
Retirement benefit obligations	*(70)*	Retirement benefits	70	—	—	70
Provisions for other liabilities and charges	*(5,327)*	Decommissioning and other provisions	5,327	—	—	5,327
		Non-current liabilities	**24,561**	**—**	**—**	**24,561**
Borrowings	*(416)*	Debt	416	—	—	416
Trade and other payables	*(4,133)*					
Commodity contracts and other derivative financial instruments	*(160)*					
	(4,293)	Trade and other payables	4,293	—	—	4,293
Current tax liabilities	*(1,105)*	Taxes payable	1,105	(649)	—	456
		Current liabilities	**5,814**	**(649)**	**—**	**5,165**
		Total liabilities	**30,375**	**(649)**	**—**	**29,726**
Net assets	29,486	**Total equity**	**29,486**	**649**	**—**	**30,135**

Notes:

(a) BG Group balance sheet line items are directly extracted without material adjustment from the BG Group consolidated balance sheet as at 30 September 2015 as set out in Part XI (*Financial information in relation to BG and the BG Group*) of the Prospectus. The order of the line items may be different from those in the BG Group's consolidated balance sheet to allow each line to be matched to the presentational format of the Shell Group's consolidated balance sheet

(b) This reflects the BG Group's consolidated balance sheet as at 30 September 2015 reformatted under Shell Group's headings

(c) This adjustment reflects the difference in accounting policy between the BG Group and the Shell Group in respect of uncertain tax positions. The $649m as adjusted under the Taxes payable line item arises when applying the Shell Group's policy of recognising a tax provision where the likelihood of loss is more likely than not, and of measuring the tax provision on the basis of the most likely extent of that loss, to the tax charge previously reported by the BG Group, which was determined under a policy of recognising a tax provision on the basis of probability based weighted average. This is the only accounting policy alignment which impacts total equity as at 30 September 2015, as consistent with the alignment of accounting policies set out in Part B of Part IV (*Historical financial information relating to the BG Group*).

(d) Recategorisation of certain balance sheet items in order to present the BG Group's consolidated balance sheet on a consistent basis to the Shell Group. This involved the reclassification of capitalised exploration expenditure of $3,359 million in intangible assets to property, plant and equipment

(iii, a) The unaudited pro forma statement of net assets has been prepared on the basis that the transaction will be treated as an acquisition of the BG Group by the Shell Group in accordance with IFRS 3 Business Combinations. The pro forma statement of net assets does not reflect the fair value adjustments to the acquired assets and liabilities as the fair value measurement of these items will only be performed subsequent to completion of the Combination. For the purposes of the pro forma statement of net assets, the excess purchase consideration over the carrying amount of the net assets acquired has been attributed to goodwill and no pro forma impairment charge has been applied to the goodwill balance in the period presented. The fair value adjustments, when finalised following the completion of the Combination, may be material. The preliminary goodwill arising has been calculated as follows:

	$m
Cash consideration transferred [1]	19,569
Share consideration [2]	33,430
Less carrying amount of net assets acquired	30,135
Goodwill (before measurement of the assets acquired and liabilities assumed at their fair value)	22,864

[1] The calculation is based on a USD/GBP exchange rate of 1.4908 and assumes that there will be 3,427,243,681 BG Shares in issue (both taken from the Latest Practicable Date) and that each BG Shareholder will receive 383 pence per BG share. It is assumed that this amount will be cash settled without the issuance of new debt by Shell.
[2] The calculation is based on the Closing Price of Shell B Shares of 1469 pence, a USD/GBP exchange rate of 1.4908 and assumes that there will be 3,427,243,681 BG Shares in issue (all taken from the Latest Practicable Date) and that each BG Shareholder will receive 0.4454 Shell B Shares per BG Share.

(iii, b) For the purposes of the unaudited pro forma net asset statement, transaction costs expected to be incurred by the Shell Group of $467m and transaction costs expected to be incurred by the BG Group of $161m as well as expected change in control costs, landholder tax and non-resident capital gains taxes (totalling in combination $361m) have been deducted from cash and cash equivalents. These costs are not expected to be incurred on an ongoing basis in the Combined Group. The calculation of taxes to be paid as part of the transaction includes a number of assumptions. Accordingly, the final taxes paid post completion may be different. Completion of the Combination will trigger an accelerated vesting of some of the BG Share Plans. As at the Latest Practicable Date, it is not possible to estimate these costs as the valuation is pending future decisions and events. Accordingly, they have not been included in the pro forma financial statements in this Circular.

(iii, c) While the Shell Group and the BG Group had certain balances payable to and receivable from each other at 30 September 2015, no adjustment has been made as the impact of eliminating inter-group payable/receivable balances is not considered material.

(iii, d) No adjustment has been made to reflect any synergies that may arise subsequent to the transaction as these are dependent upon the future actions of management. Similarly no adjustment has been made to reflect the impact of any trading activities subsequent to the date of the information presented.

(iii, e) No adjustment has been made to reflect the financial results of either the BG Group or the Shell Group since 30 September 2015.

(iii, f) Both the Shell Group and the BG Group hold capacity rights at the Elba Island LNG import terminal. These rights are currently accounted for as executory contracts. Post completion, management will need to re-assess if the combined rights over the import terminal should continue to be reported as executory contracts or would qualify as a finance or operating lease arrangement. In the event that a finance lease is identified, the Combined Group will need to recognise both a finance lease asset and a finance lease liability.

As at the Latest Practicable Date, the Shell Group does not have access to the information required to conduct the necessary assessment, as the nature of the BG Group capacity rights has been deemed commercially sensitive by the BG Group. Accordingly, the capacity rights have continued to be accounted for as executory contracts, with no acquisition adjustment.

PART B
Accountant's report on the unaudited pro forma financial information relating to the Combined Group

pwc

The Directors
Royal Dutch Shell plc
Shell Centre
London
United Kingdom
SE1 7NA

Merrill Lynch International
2 King Edward Street
London
United Kingdom
EC1A 1HQ

22 December 2015

Dear Sirs

Royal Dutch Shell plc ("Shell") and its subsidiaries (the "Shell Group")

We report on the unaudited pro forma financial information relating to the Combined Group (the "**Pro Forma Financial Information**") set out in Part A of this Part V of Shell's circular dated 22 December 2015 (the "**Circular**") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed acquisition of BG Group plc might have affected the financial information presented on the basis of the accounting policies adopted by Shell in preparing the consolidated financial statements for the year ended 31 December 2014 and the unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2015. This report is required by item 13.3.3R of the Listing Rules of the UK Listing Authority (the "**Listing Rules**") and is given for the purpose of complying with that Listing Rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of Shell to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of Shell as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of Shell.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Shell Group.

Opinion

In our opinion:

a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

b) such basis is consistent with the accounting policies of the Shell Group.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

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PART VI
OIL AND GAS INFORMATION

The oil and gas information set out in this Part, including the reserves estimates, is unaudited; it is not covered by the audit opinion of the independent registered public accounting firms that have audited and reported on the Shell Group's or the BG Group's financial information.

All the information in this Part should be read in conjunction with Part II (Risk factors).

1. RESERVES REPORTING

The oil and gas information in this Circular contains reserves estimates.

The reserves estimates for the BG Group in this Circular (except as otherwise stated) have been compiled on the basis of the PRMS. In addition to the information about the BG Group's proved reserves, the oil and gas information for the BG Group also includes certain information about its probable reserves and discovered resources and risked exploration resources.

The proved reserves estimates for the Shell Group in this Circular have been compiled in accordance with the SEC Rules. In line with the approach taken by other IOCs and supported by the SEC, the Shell Group does not report on its probable reserves or other resources. Shell intends that the Combined Group's reserves will be determined and reported on the same basis following completion of the Combination.

The SEC Rules and the PRMS are closely aligned, but a few key differences exist. The most notable is that the SEC Rules define the criteria for the determination of economically producible reserves to allow for comparability in the Standardized Measure[13] reporting of proved reserves. The corresponding concept under the PRMS, the "commerciality" determination, introduces a subjective aspect to the price and costs used to establish existing economic conditions by factoring in elements such as the rate of return required by a particular company before it will commit resources to the project. This rate of return varies among companies, reducing the comparability of company reserves generated on a PRMS basis. The SEC proved reserves estimates are thus based on "existing" economic conditions (Year Average Price or YAP, Year End Cost or YEC, no escalation or depreciation) and hydrocarbon income only, while the PRMS uses "defined" economic conditions (defined by each company) and can include non-hydrocarbon income.

For illustrative purposes only, to enable more direct comparability with Shell's reserves and to present the information in this Circular in a manner which is more consistent with how the Combined Group will report on an ongoing basis, a re-estimation under the SEC Rules of the BG Group's proved reserves estimates as at 31 December 2014 and as at 31 December 2013 has been set out in the tables at paragraph 4 of this Part (the numbers which have been re-estimated for the purposes of the Circular are presented in italics).

As noted in paragraph 6 of Part A of Part II (*Risk factors*), following completion of the Combination, there may be adjustments in the reserves estimates of the Combined Group stemming from, among other things, the differences between the two classifications and such differences could be material.

2. PUBLISHED OIL AND GAS INFORMATION OF THE BG GROUP

The following oil and gas information of the BG Group set out in this paragraph has been extracted without material adjustment from the BG 2014 Annual Report. The information has been reproduced *verbatim* and, as such, page numbers and other references may no longer be valid.

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13 Standardized Measure of discounted future net cash flows relating to proved oil and gas reserve quantities (or the Standard Measure of Oil & Gas (otherwise known as SMOG)) is defined as the present value of the future cash flows from SEC proved oil and natural gas reserves, minus development costs, income taxes and existing exploration costs, discounted at 10% (as referred to in item 30 of FAS 69).

STRATEGIC REPORT
WHAT MAKES US DISTINCTIVE: WORLD-CLASS EXPLORATION

Exploration is a core driver of value for BG Group. Our track record in exploration reflects the technical expertise that is at the heart of our business.

A JOURNEY OF DISCOVERY

Since 1997, our teams of geologists and geophysicists have participated in 17 giant or super-giant hydrocarbon discoveries. Each of these discoveries has recoverable resources greater than 500 million barrels of oil equivalent (mmboe) or 3 trillion cubic feet (tcf) of gas.

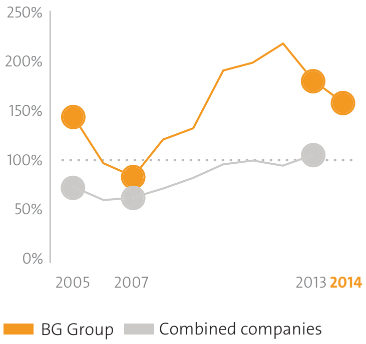
Across our portfolio, we have been successful in converting discovered resources to economic reserves and we will continue to monetise our resources to drive value for the business.

Some of our strongest recent successes have been in Tanzania where, since 2010, we have drilled 16 consecutive successful exploration and appraisal wells. We now have 16 tcf of total recoverable gas resources – equivalent to around 2.5 billion boe.

Our success is demonstrated by our organic proved reserve replacement ratio where we have consistently outperformed our peer group.

Over the past three years, our organic proved reserve replacement ratio has been 158%.

THREE-YEAR ORGANIC PROVED RESERVE REPLACEMENT RATIO[a][b] (SEC/SPE-PRMS data)



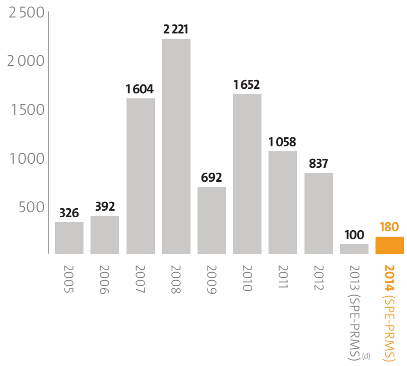
(a) Source: Evaluate Energy. Peer group includes Super Majors, and US and European Integrated Majors.
(b) BG Group three-year organic proved reserve replacement ratio measured on an SEC basis until 2013, and SPE-PRMS thereafter.

VALUE FOCUSED

Our track record is reflected in the most recent survey by industry consultants, Wood Mackenzie. Based on their rankings, excluding unconventionals and discoverable resource opportunities (DROs), we lead all the super major energy companies, and are second overall in conventional new-field value creation from exploration (see chart below).

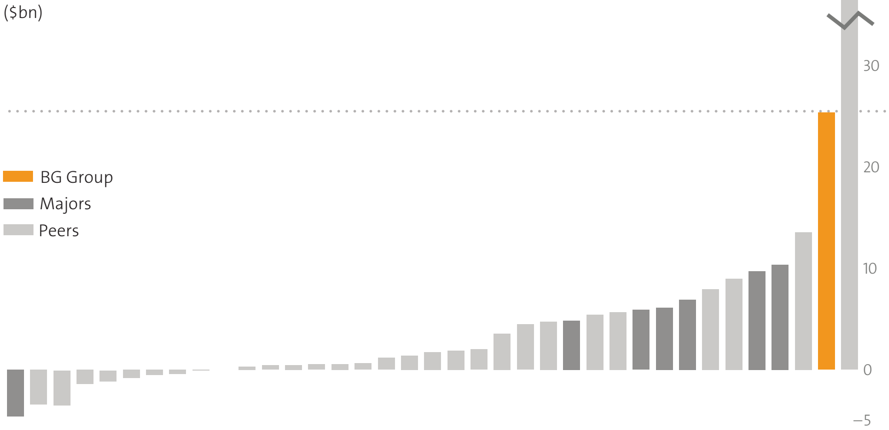
In the lower oil price environment we face in 2015, our focus will be on progressing our existing exploration opportunities across new and existing basins. Our exploration will be focused around hubs in Australia, the North Sea and Trinidad and Tobago, while our work in new basins will be concentrated on prospect generation.

BG GROUP ORGANIC RESERVE AND RESOURCE ADDITIONS[c] (mmboe)



(c) Source: BG Group.
(d) Organic Reserve and Resource Additions measured on an SEC basis until 2012, and SPE-PRMS thereafter.

CONVENTIONAL NEW FIELD VALUE CREATION 2004-13[e] ($bn)



(e) Source: Wood Mackenzie "Exploration Company Benchmarking" – net value creation, excluding organic unconventionals and DROs (2004-13, excluding National Oil Companies, but including Petrobras and PETRONAS).

"BG Group creates an environment where everyone can and wants to participate in a highly collaborative way – it means that we have the best ideas and technical expertise to explore. I lead an exploration team in a dynamic and exciting industry, exploring environments that existed millions of years ago, to find future hydrocarbon resources. We strive for technical excellence, working with the best people, technology and tool kits to find the next exploration opportunity, whether it be a high-value near-field tie-back in a mature basin or a multi-billion barrel field in an emerging frontier area."

CARL CUTHBERT-BROWN | EXPLORATION TEAM LEADER, EUROPE E&P

"Our Exploration business provides young geologists with the opportunity to take on responsibility in high-profile projects from a very early stage in their careers. With the right support to climb a steep learning curve and insight into the decision-making process, you quickly understand how your work directly impacts the success of the exploration programme. I work in the Emerging Assets team, evaluating basins where gas and oil exploration is in its infancy. You need to be able to communicate your ideas, both with your sub-surface colleagues and with those who have limited geological background. The success of the venture is dependent upon effective stakeholder engagement and requires a multi-faceted approach, with expertise from sub-surface to environment to social performance."

LUCY RAMSEY | EMERGING ASSETS GEOLOGIST

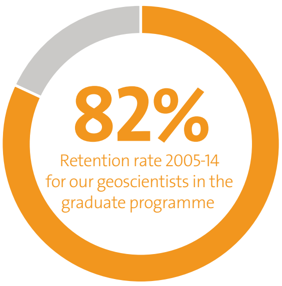
OUR MOST IMPORTANT ASSET

We believe our track record is the result of how we apply our technology, our rigorous but fast decision-making process on which prospects we develop and, most importantly, the difference our people make.

A core part of our approach to exploration has been to develop our talent internally, from graduate level upwards. Our graduate programme has been a competitive advantage, with a retention rate of around 82% over the last 10 years. We believe this is the result of the individual attention we pay to development plans for our geoscientists and the trust and responsibility we place in them from early in their careers.

BG Group encourages and supports a creative and entrepreneurial culture among our exploration teams – our 280 geoscientists initiate and develop new ideas and prospects on a regular basis.

RETENTION RATE OVER THE LAST 10 YEARS



AGILE ORGANISATION

The Group prides itself on its ability to make decisions swiftly, which we attribute to our flat management structure. Opportunities are evaluated using state-of-the-art technology.

In 2014, we delivered on our new frontier basin strategy entering four new basins – Aruba, Colombia, deep water Trinidad and Tobago as well as Myanmar.

For example, as part of our early-stage exploration activity offshore Honduras, a region which has not been drilled for over 30 years, we deployed a new technology not used by BG Group before known as a gravity gradiometry survey.

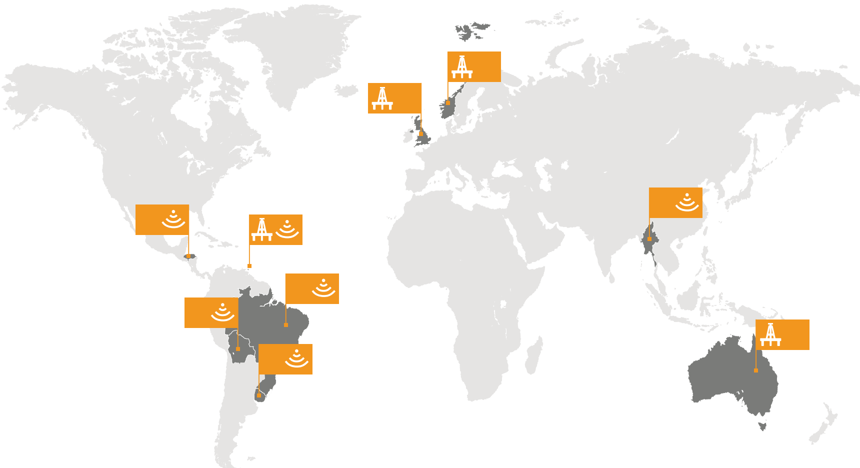
In combination with other analyses, we are able to build up a more detailed picture of the opportunity, increase our confidence and progress it towards a drilling decision. We seek a balanced view of the risk profile of the project, considering both technical and commercial aspects and then evaluate whether it will meet our economic screening criteria.

As with every part of our business, safety remains paramount in exploration, particularly when we reach the stage of drilling. With this in mind, we are constantly seeking ways to improve the safety of our operations.

EXPLORATION AND APPRAISAL ACTIVITIES

During 2015 the Group will be exploring a mix of existing and frontier basins including:

	Drilling	Seismic activity
Australia	●	
UK	●	
Norway	●	
Trinidad and Tobago	●	●
Brazil		●
Uruguay		●
Honduras		●
Bolivia		●
Myanmar		●



ADDITIONAL KPIs FOR 2015

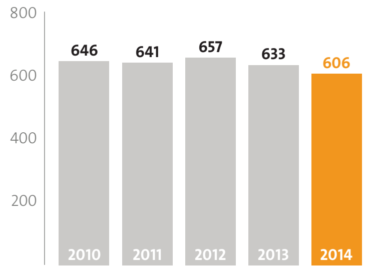
Consistent with BG Group's focus on improving return on capital and delivering earnings and cash-flow growth, it is intended that return on average capital employed (ROACE) and earnings before interest, tax, depreciation and amortisation (EBITDA) be adopted as additional KPIs for the business and will be first reported in the Annual Report and Accounts for the financial year ended 31 December 2015.

PRODUCTION VOLUMES

The graph shows BG Group's net production from all of its producing E&P interests and is measured in thousands of barrels of oil equivalent per day (kboed).

In 2014, E&P production volumes decreased 4% to 606 kboed. The continued ramp-up of production from new developments in Brazil, Bolivia, Australia and the UK were more than offset by reservoir decline and lower entitlement in Egypt, declines in the USA, lower entitlement in Kazakhstan and shutdowns in Tunisia. The proportion of oil in the portfolio increased, with oil production rising from 15% to 22% of the total, reflecting the growth in production in Brazil. The Group expects production in 2015 to be in the range of 650-690 kboed.

EXPLORATION AND PRODUCTION VOLUMES (NET)
(kboed)



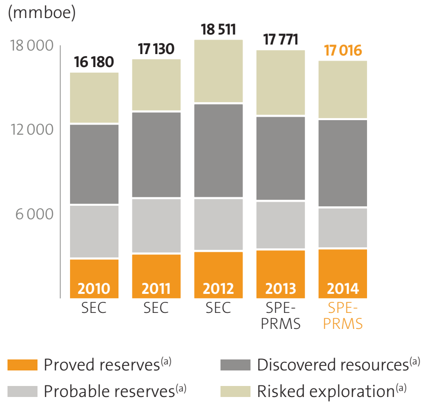
For the year ended 31 December.

TOTAL RESOURCES

The size of BG Group's total reserves and resources is a key determinant of the Group's ability to replace production and deliver production growth in the future. It is measured in mmboe. From the year ended 31 December 2013 onwards, BG Group adopted the reserves definitions and guidelines consistent with the Petroleum Resources Management System published by the Society of Petroleum Engineers (SPE-PRMS). See page 132 for more details.

In 2014, BG Group's total reserves and resources decreased 4% or 755 mmboe to 17 016 mmboe. The Group's proved and probable reserves fell 7% to 6 525 mmboe (2013: 6 990 mmboe). The Group monetised 221 mmboe of resources through production, and close to 500 mmboe of the decline was through disposals and relinquishments. Approximately 350 mmboe was progressed from risked exploration to discovered resources.

TOTAL RESERVES AND RESOURCES
(mmboe)



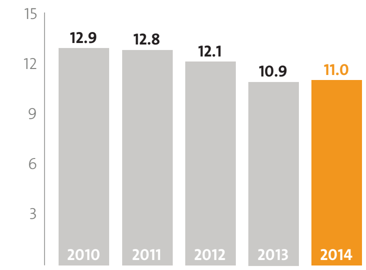
(a) For an explanation of these terms, refer to page 132.
For the year ended 31 December.

LNG VOLUMES

This is a measure of the volume of LNG that BG Group has delivered, excluding fuel gas. The Group has a portfolio of flexible, long-term LNG supply, sourced from its own liquefaction plants in Trinidad and Tobago, Australia and Egypt, as well as from third-party suppliers in Equatorial Guinea and Nigeria. Delivered volumes also includes third-party spot purchases. It is measured in millions of tonnes per annum (mtpa).

LNG delivered volumes in 2014 were 11.0 mtpa compared to 10.9 mtpa in 2013, equating to 178 cargoes in both years. Overall volumes increased 1% despite fewer cargoes delivered from Egypt (falling from 25 in 2013 to one in 2014) primarily as a result of an increase in spot cargo purchases which totalled 28 in 2014 versus nine in 2013. The Group continues to expect very limited cargoes to be lifted from Egyptian LNG for the foreseeable future. However, QCLNG will add new LNG volumes in 2015. Excluding QCLNG cargoes and spot purchases, supply volumes are expected to be slightly lower in 2015.

LIQUEFIED NATURAL GAS DELIVERED VOLUMES
(mtpa)



For more information on delivered volumes, see page 26.

For the year ended 31 December.

> "Despite the challenges of a lower oil price and the many risks we have to manage on a daily basis, I expect to see us deliver higher volumes in 2015."
>
> **SAMI ISKANDER** | CHIEF OPERATING OFFICER

UPSTREAM

TOTAL OPERATING PROFIT[a]
BUSINESS PERFORMANCE

$3 947m

2014	–21%
2013	$4 967m

EXPLORATION AND PRODUCTION VOLUMES (NET)

606kboed

2014	–4%
2013	633 kboed

2014 was a year of solid progress in our Upstream business as production increases from our growth assets in Brazil and Australia largely offset a 13% decline from our base assets, driven principally by reductions in Egypt and the USA. In total, production volumes declined by 4% in 2014.

Increased production from Brazil also drove an increase in the proportion of oil in our portfolio from 15% to 22% of the total, although this was offset by lower average realised oil prices which were down around 9% before the benefit of our programme of hedging the Brent oil price.

The result was total revenues of $12.0 billion, down 1% from 2013.

Costs increased during the year due to the ramp-up of production in Brazil and higher maintenance costs and higher costs arising from new developments coming onstream in the UK. As a result, Upstream operating profit reduced to $3.9 billion, down 21% on last year.

We made good progress with our key growth projects.

At our QCLNG project in Australia, despite the challenges and cost overruns encountered during construction, we achieved the major milestone of start-up of the first LNG train. The first train started loading at the end of December and seven commissioning cargoes had been shipped as at end February. The plant is operating at levels of capacity to be expected during a commissioning phase. The current expectation is to start LNG production from Train 2 in the third quarter of 2015. This should enable us to reach plateau production of around 8 mtpa in mid-2016.

In Brazil, we saw significant production growth as the first three FPSOs in the Santos Basin reached full capacity, and we commissioned two further FPSOs at Iracema South and Sapinhoá North. This enabled net production to double in 2014 to an average rate of 78 kboed over the year, and in January 2015, we were producing at around 130 kboed, making Brazil our highest producing country. In 2015, we expect to see further production increases as the Iracema South and Sapinhoá North FPSOs continue their ramp up. We are on track to commission our sixth FPSO at Iracema North towards the end of 2015.

Despite the challenges of a lower oil price and the many risks we have to manage on a daily basis, I expect to see us deliver higher volumes in 2015. I would like to thank all of our employees for the commitment and dedication they have shown throughout the year and look forward to building on our successes in 2015.

SAMI ISKANDER
CHIEF OPERATING OFFICER

2014 MILESTONES

At the start of 2014, BG Group set out the key milestones for the year, which encompassed several major projects being brought onstream in Australia, Brazil and Norway, as well as additional phases of development in some of the Group's other assets.

Key

- ✓ Delivered on time or ahead of schedule
- ✓ Delivered but behind schedule

Q1			
Brazil FPSO 2 second well connected	✓	Second well on FPSO *Cidade de São Paulo* started production in February
Thailand Bongkot South Phase 4b	✓	Phase 4b came onstream in February
Q2			
Brazil FPSO 3 second well connected	✓	Second well on FPSO *Cidade de Paraty* started production in May
QCLNG commissioning of gas turbine generators	✓	Commissioning of the gas turbine generators began in June
Q3			
Egypt West Delta Deep Marine (WDDM) Phase 9a	✓	The first WDDM Phase 9a wells came onstream in July
Brazil FPSO 4 onstream	✓	FPSO *Cidade de Ilhabela* came onstream in November
Q4			
QCLNG first LNG	✓	LNG was produced and the first cargo commenced loading in December
UK West Franklin Phase 2 start-up	✓	First production from Phase 2 was in January 2015
Trinidad and Tobago Starfish field onstream	✓	Starfish came onstream in December
Norway *Petrojarl Knarr* FPSO onstream	✓	*Petrojarl Knarr* FPSO came onstream in March 2015
Brazil FPSO 5 onstream	✓	FPSO *Cidade de Mangaratiba* came onstream in October

(a) For a reconciliation between Business Performance and Total Results, see note 1, page 98.

FOR MORE INFORMATION VISIT:
BG-GROUP.COM/DATABOOK

CASE STUDY:
QUEENSLAND, AUSTRALIA

1


2


3


4


1 DRILLING RIG

BG Group had drilled around 2 350 wells by the end of 2014 for the first phase of development of the QCLNG project.

2 KENYA WATER TREATMENT PLANT

QGC's water treatment plant currently processes more than 50 megalitres of water per day (equivalent to 20 Olympic swimming pools), providing water for agriculture and other beneficial uses.

3 MAIN PIPELINE NETWORK FOR THE QCLNG PROJECT

The 543 kilometre main pipeline network to transport gas to the QCLNG terminal on Curtis Island, Gladstone is made up of 46 200 individual pipe lengths and is the longest buried large-diameter pipeline in Australia. In December 2014, BG Group agreed the sale of QCLNG Pipeline Pty for approximately $5 billion, which is expected to complete in the first half of 2015.

4 QCLNG SITE, CURTIS ISLAND

QCLNG is the world's first LNG project to be supplied by coal seam gas. The start of production from the plant's first LNG train is the result of more than four years of development and construction on Curtis Island.

AUSTRALIA

- 2014 net production 34 kboed (2013: 25 kboed).
- The Group is developing a two-train 8.5 mtpa liquefaction plant on Curtis Island in Queensland.
- Exploration and development of onshore coal seam gas (CSG) acreage in the Surat Basin.
- CSG acreage in the central Bowen Basin, tight gas sands potential in the southern reaches of the Bowen Basin and shale gas potential in the Cooper Basin.

2014 Key events

- QCLNG is the world's first LNG project to be supplied by CSG. The start of production in December 2014 from Train 1 is the result of more than four years of development and construction on Curtis Island.
- In the upstream, drilling activity continued to ramp up ahead of first LNG. As at the year end, around 2 350 wells had been drilled since inception, with approximately 1 600 wells available for production or de-watering. The Group also ramped up its gas production: in the fourth quarter, production at 46 kboed was 92% higher than the fourth quarter of 2013, with first LNG produced in December.
- By the end of the second quarter, the central processing plant (CPP) and six planned field compression stations (FCSs) in the Ruby Jo area were in operation. This is a major supply source in the southern area of the Surat Basin for Train 1. Similar infrastructure in the Bellevue development area, in the central Surat Basin – comprising three FCSs, the CPP and gas gathering lines – came into operation in the third quarter.
- Drilling and installation of upstream infrastructure ahead of Train 2 start-up continued to advance at both Jordan and Woleebee Creek in the south and north of the Surat Basin, respectively. This includes two CPPs, eight FCSs and a water treatment plant.
- With project construction for the liquefaction plant at its final stages in early 2014, the majority of the work in the year focused on commissioning activities which began in the first quarter of 2014, with key milestones being: the hydro-testing of the first storage tank; the commissioning of the gas turbine generators and refrigeration turbines; and subsequent plant cool-down. In December, first LNG was produced and the Group began loading its first LNG cargo.
- Exploration activity continued with production testing of pilot CSG wells in the Bowen Basin, drilling in the Bowen Basin deep gas sands and a four-well Cooper Basin programme targeting tight gas sands and shale gas.
- BG Group has contracted third-party gas supplies to maximise volumes through the LNG trains during the ramp-up phase.

Outlook

- LNG supply from Train 1 will ramp up during the first half of 2015, with Train 2 expected onstream in the third quarter. At plateau production, expected around mid-2016, QCLNG will have an output of around 8 mtpa.
- The Group will be conducting ongoing exploration activities in the Surat CSG, Bowen tight gas sands and Cooper Basin tight gas sands and shale.

BOLIVIA

- 2014 net production 48 kboed (2013: 36 kboed).
- BG Group is operator and 100% holder of the La Vertiente block (three fields), Tarija XX East (two fields), Los Suris (one field) and the Huacareta block.
- BG Group is a consortium member of the Caipipendi (37.5% interest, containing the Margarita field), Charagua (20% interest, in the process of being relinquished) and Tarija XX West (25% interest, containing the Itaú field) blocks.

2014 Key events

- In 2014, production continued to increase following the new phases of development that came onstream at Margarita and Itaú in 2013. These increased total production capacity at Margarita from around 25 kboed to around 42 kboed and from around 3 kboed to approximately 10 kboed at Itaú, net to BG Group.
- In December, BG Group and partners signed an amendment to the delivery agreement with Yacimientos Petroliferos Fiscales Bolivianos (YPFB) to allow for the export of additional volumes from Margarita Phase IIb, which is expected to further increase net production capacity to around 47 kboed by 2016.
- Following the contract for the Huacareta block becoming effective in January, BG Group initiated the environmental licensing process in the second quarter, in preparation for the exploration programme.

Outlook

- Huacareta seismic surveys are planned for 2015.

BRAZIL

- 2014 net production 78 kboed (2013: 39 kboed).
- BG Group holds significant acreage positions with interests in three offshore blocks in the Santos Basin with permanent production facilities on the Lula, Iracema and Sapinhoá discoveries.
- Operator of 10 offshore exploration blocks in the Barreirinhas Basin, offshore northern Brazil.

2014 Key events

- The first Lula FPSO operated close to its 100 kbopd capacity from just four oil-producing wells, one gas injector and two water alternating gas injectors. The fifth producer well was added in December, taking production back up to capacity.
- Additional wells were hooked up to the second and third FPSOs which came onstream in 2013. FPSO *Cidade de São Paulo* on Sapinhoá South reached plateau in July and FPSO *Cidade de Paraty* on Lula North-East reached plateau in September. Each FPSO has a capacity of 120 kbopd and only required four wells to reach plateau, fewer than originally expected.
- In October, first production from the Iracema discovery began with the start-up of the FPSO *Cidade de Mangaratiba*. This FPSO can process 150 kbopd of oil and 283 mmscfd of gas making it the highest production capacity FPSO to be brought onstream in the Santos Basin. In November, the second FPSO on Sapinhoá started up. The FPSO *Cidade de Ilhabela* has the capacity to process 150 kbopd of oil and 212 mmscfd of gas. As at year end, the *Cidade de Mangaratiba* was operating at over 65 kboed from two wells and the *Cidade de Ilhabela* was operating at around 30 kboed from one well. Successive wells, which have already been pre-drilled, will be hooked up during 2015.
- Gross production from these five FPSOs combined was more than 470 kboed at year end.
- The sixth FPSO, *Cidade de Itaguai*, is well advanced and arrived in Brazil in January 2015 for integration work.
- In December, the Declaration of Commerciality (DoC) was submitted for Iara following additional appraisal work, including drill stem tests (DSTs) and a six-month extended well test. The DoCs for three separate oil and gas accumulations in the Iara area were submitted to the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP). These three accumulations extend outside the BM-S-11 Iara concession area and into the Entorno de Iara Transfer of Rights area which is 100% operated by Petrobras. As part of the DoCs, the consortium has suggested that the new fields be designated Berbigão, Sururu and Atapú West. Ahead of the submission of the development plans to the ANP, the partners will be working on the deployment and allocation of the three initial planned FPSOs as well as negotiating the required unitisation agreements.
- Drilling performance for development wells continued to improve. The average spud-to-target depth in 2014 was 52 days, down from 56 in 2013.
- Work continued on the Cabiúnas pipeline, which will connect blocks BM-S-9 and BM-S-11 to the Cabiúnas terminal.
- In April, BG Group farmed down 25% of its interests in the BAR-M-215, 217, 252 and 254 blocks in the Barreirinhas Basin.

Outlook

- Successive wells will be hooked up to the *Cidade de Mangaratiba* and *Cidade de Ilhabela* FPSOs during 2015.
- The operator expects the FPSO *Cidade de Itaguai* to be onstream at Iracema North in the fourth quarter of 2015.
- Monitoring closely the progress of subsequent FPSOs, particularly the domestic build FPSOs, in light of the ongoing Petrobras investigation.

EGYPT

- 2014 net production 62 kboed (2013: 112 kboed).
- Operatorship of two gas-producing areas offshore the Nile Delta – Rosetta and West Delta Deep Marine (WDDM) concessions.
- Operatorship of two other non-producing concessions offshore the Nile Delta – El Burg Offshore and North Gamasa Offshore.
- BG Group holds major shareholdings in the Egyptian LNG project (Train 1 at 35.5% and Train 2 at 38%).
- BG Group is a supplier of gas to the Egyptian domestic market and Egyptian LNG.

2014 Key events

- Production volumes in Egypt were significantly lower in 2014 due to continued reservoir decline and a sustained high proportion of gas diversions to the domestic market, where the Group is entitled to a lower share of production.
- In January 2014, BG Group issued Force Majeure notices under its LNG agreements in Egypt following the higher than expected gas diversions to the domestic market.
- The proportion of gas volumes directed to the domestic market averaged 776 mmsfcd during 2014, notably above the contracted amount agreed by the government. As a result, gas volumes available for the LNG plant were minimal – Egyptian LNG ran at an average of 4% capacity. Only four cargoes of LNG were produced during the year, one of which was allocated to BG Group's LNG business.
- In July, the first of the WDDM Phase 9a development wells came onstream and eight of the nine planned wells are currently onstream. The nine-well development will only temporarily offset underlying gas production declines.
- A number of options are under consideration to increase future gas supplies. In June, the Group signed a non-binding letter of intent with the Leviathan field partners to examine the possibility of supplying gas to the Egyptian LNG facilities. In July, BG Group and partners submitted a development plan for the Notus high-pressure high-temperature and Harmattan Deep discoveries in accordance with the El Burg Offshore concession agreement. In November, the Group signed an agreement with GDF Suez allowing the tie-in of their West El Burullus South field to the WDDM infrastructure, expected onstream in 2018.

Outlook

- The remaining well in the WDDM Phase 9a programme is expected to come onstream in 2015. No further phases have yet been sanctioned.
- With declining upstream production and minimal gas supplies to Egyptian LNG, the Group continues to expect very limited cargoes to be lifted from Egyptian LNG for the foreseeable future.
- BG Group remains committed to the Egyptian LNG project and will continue to negotiate with the Egyptian authorities and other stakeholders to seek a longer-term solution. This will include the repayment of $0.9 billion owed by the Egyptian government ($0.7 billion overdue at 2014 year end) and negotiation of an acceptable domestic gas price.

INDIA

- 2014 net production 18 kboed (2013: 20 kboed).
- BG Group holds a 30% interest in, and is joint operator of, the Panna/Mukta oil and gas fields and the Mid and South Tapti gas fields (PMT fields).
- BG Group holds a 50% interest in, and operator of, the deep-water block MB-DWN-2010/1.

2014 Key events

- The drilling campaign at the Panna/Mukta fields continued. BG Group received government approvals for the Mukta B phase of development at the PMT fields. It consists of one wellhead platform (WHP) and intra-field pipelines, as well as six planned wells in the current drilling campaign and three future development wells.
- BG Group and partners received approval to exit from the block KG-DWN-2009/1 in January 2015, subject to certain conditions.
- Following evaluation of the seismic data acquired in block MB-DWN-2010/1, the partners have agreed to approach the government to relinquish the block, due to technical reasons.

Outlook

- The Tapti field is currently expected to cease production by the second quarter of 2015. The field will then move into the decommissioning phase, with possible handover of certain Tapti facilities to ONGC, in accordance with the PSC.
- Increase in hydrocarbon recovery from the Panna/Mukta fields is planned through incremental development of existing fields via well intervention and infill drilling. The Mukta B WHP installation is expected in the second quarter of 2015.

KAZAKHSTAN

- 2014 net production 85 kboed (2013: 92 kboed).
- Joint operator of the Karachaganak oil and gas condensate field (BG Group 29.25%), one of the largest condensate fields in the world.

2014 Key events

- Record gross production levels were achieved at Karachaganak during 2014 (391 kboed). However, due to the higher oil prices earlier in the year, production sharing contract (PSC) effects reduced BG Group's net entitlement.
- In May, Karachaganak celebrated 10 years of stable exports of liquid hydrocarbons to the Karachaganak-Atyrau and on to the Caspian Pipeline Consortium pipeline systems, enabling the sale of the product into world markets. During 2004-2014, Karachaganak transported more than 80 million tonnes of liquids through this important route.

Outlook

- To date, only 10% of hydrocarbons initially in place have been produced from the Karachaganak field and significant development opportunities remain.
- In 2015, front end engineering design (FEED) will commence on a number of projects to extend the liquids production plateau.

NORWAY

- 2014 net production 1 kboed (2013: 2 kboed).
- Production during 2014 was from the Gaupe field (BG Group 60% and operator).
- BG Group has 10 licences, seven as operator.

2014 Key events

- The Knarr FPSO (63 kbopd gross capacity, BG Group 45% and operator) arrived in Norway in September and was successfully connected to the sub-sea infrastructure in December. The project cost increased to $1.2 billion (BG Group net), reflecting the expanded scope of works to accommodate the later development of the Knarr West discovery, as well as higher costs in the sub-sea market.
- Production from the Knarr field commenced in March 2015.

THAILAND

- 2014 net production 39 kboed (2013: 41 kboed).
- 22.22% interest in the Bongkot field. The field supplies approximately 20% of Thailand's gas demand and Bongkot is the biggest single supplier in the Gulf of Thailand.
- Operator of Blocks 7, 8 and 9 (66.67% interest) in the Thailand-Cambodia Overlapping Claims Area.
- BG Group holds an overriding royalty agreement over Block 9a.

2014 Key events

- Phase 4B of Bongkot South (GBS) came onstream in February 2014. This involved the installation and hook-up of four WHPs, with gas from the project being exported via a new-build spur line connected to existing infrastructure and condensate exported to the FPSO at Bongkot North (GBN).
- Phase 3L of GBN, consisting of two remote WHPs and 17 wells, came onstream in June.
- These phases are being developed to extend plateau production from the Bongkot field.

Outlook

- Phase 3M of GBN (four WHPs) is expected onstream in 2015 and Phase 3N is underway. GBS Phase 4C is underway and consists of three WHPs, with first gas also expected in 2015.
- Programmes of well intervention, infill drilling and booster compression are being implemented to improve hydrocarbon recovery.

TRINIDAD AND TOBAGO

- 2014 net production 65 kboed (2013: 70 kboed).
- Three concessions with fields currently producing – Central Block, East Coast Marine Area (ECMA) and North Coast Marine Area (NCMA).
- Exploration activities in Blocks 5(a), 5(c), 5(d), 6(b) and E, and Atlantic Area Blocks 3, 5, 6 and 7.
- BG Group holds major shareholdings in all four trains of the Atlantic LNG project.

2014 Key events

- First gas was introduced to the NCMA Phase 4a compression project in June.
- In December, first gas was delivered from the Starfish field in ECMA. Gas from the Starfish field is exported via the Dolphin platform and will be used to meet contractual commitments to both the domestic market and Atlantic LNG.
- During 2014, BG Group expanded its acreage position in Trinidad and Tobago – BG Group agreed to acquire an additional 25% interest in Block 5(c), taking its interest in the block to 100%; the Group farmed in to the Deepwater Atlantic Area Blocks 5 and 6, taking 35% equity in both blocks, and successfully bid for the Atlantic Area Blocks 3 and 7, taking 35% equity in both blocks.

Outlook

- Completion of the Starfish project is planned to bring online two additional wells in the second quarter of 2015.
- Drilling of the Bounty appraisal well on Block 5(c) is planned to commence in the second quarter of 2015, after which drilling will commence on the Lobster exploration well on Block 5(d).

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TUNISIA

- 2014 net production 32 kboed (2013: 38 kboed).
- BG Group holds the Miskar and Hasdrubal concessions, in the Gulf of Gabès. Operator of the Miskar (BG Group 100%) and Hasdrubal fields (BG Group 50%).
- BG Group is the largest gas producer in Tunisia, supplying more than 60% of domestic gas production.

2014 Key events

- Well interventions were undertaken on Miskar to unlock additional reserves and enhance production. A further drilling campaign was sanctioned at Miskar.
- Major shutdowns were completed ahead of schedule and on budget at both Hasdrubal and Miskar.
- The Hasdrubal water handling project was commissioned in June.
- The Amilcar exploration permit ended in December.

Outlook

- Further drilling and well stimulation campaigns are planned at Miskar.

UK

- 2014 net production 105 kboed (2013: 100 kboed).
- BG Group holds extensive interests focused in the UK's central North Sea, including a number of operated production hubs (Armada, Everest and Lomond), exploration and appraisal interests, and equity in pipeline and processing facilities.
- BG Group participates in ventures operated by others including Buzzard, Elgin/Franklin, J-Block and Jasmine.

2014 Key events

- Following the start-up of the Jasmine field in November 2013, production continued to ramp up. However, the performance from Jasmine has been lower than expected, reaching 30 kboed, net to BG Group, at peak.
- BG Group sold its 62.78% equity interest in the CATS gas pipeline and associated infrastructure. The sale does not impact BG Group's rights to capacity in CATS.
- The Group also completed the sale of its 44% equity interest in the Blake field in the fourth quarter.
- First production from Phase 2 of the West Franklin field development was achieved in January 2015. The project involved drilling three wells and installing two new platforms that have been tied-back to existing facilities. The field is expected to deliver production of 6 kboed net.
- In September, an asset integrity campaign to improve the performance of the Everest and Lomond assets started. The shutdowns have continued into the first quarter of 2015, with production expected to recommence following the completion of repairs on the CATS riser tower.

Outlook

- Major flotel campaigns continue into 2015 to undertake further asset integrity and reliability work on Everest and Lomond.

USA

- 2014 net production 39 kboed (2013: 58 kboed).
- BG Group develops shale gas in east Texas/north Louisiana (Haynesville and Bossier) and Pennsylvania/West Virginia (Marcellus).

2014 Key events

- Production declined during 2014 as a result of a reduced level of drilling activity due to the continued low gas prices. At year end 2014, three rigs were operating.

Outlook

- With the outlook for continued low US gas prices, a low level of drilling activity is likely to continue into 2015.
- With a short lead time to re-establish rig count, BG Group can increase production, should US gas prices improve the economic ranking of these programmes.

DISCOVERIES AND EXPLORATION ACREAGE/NEW DEVELOPMENTS

ARUBA

- BG Group holds a 30% interest in an offshore block.

2014 Key events

- In June, BG Group agreed to acquire a 30% interest in an exploration block, offshore Aruba. The block covers 14 356 square kilometres, with identified prospectivity in water depths between 400 and 1 800 metres. A 3D seismic programme was completed in 2014.

Outlook

- A programme of seabed coring is scheduled for 2015.

CANADA

- BG Group is assessing the Prince Rupert LNG project that would link gas resources in north-eastern British Columbia to a proposed liquefaction site near Prince Rupert, with plans for LNG export to Asian markets.

2014 Key events

- In March, BG Group received the licence it requires from the National Energy Board to allow exports of up to 25 mtpa of LNG for 25 years, from the date of first export.
- In November, BG Group's pipeline partner received its Environmental Assessment Certificate for the proposed Westcoast Connector Gas Transmission Project from the government of British Columbia.

Outlook

- BG Group continues to investigate the best way to advance the Prince Rupert LNG project. However, given current uncertainty about the size and number of North American projects, BG Group is taking a prudent approach to development in Canada by moderating future expenditure.

COLOMBIA

- BG Group holds a 30% interest in the Guajira Offshore 3 Block.

2014 Key events

- In January, BG Group signed an agreement to acquire a 30% equity interest in Guajira Offshore 3 Block, offshore Colombia. The block is held under a technical evaluation agreement and is located approximately 70 kilometres offshore in water depths of 1 500 to 4 000 metres. A 3D seismic programme was completed in 2014.

HONDURAS

- BG Group is the sole licence holder of an offshore block covering approximately 35 000 square kilometres.

2014 Key events

- BG Group conducted a gradiometry survey during the first half of 2014.

Outlook

- A seismic campaign is planned for 2015.

KENYA

- BG Group is the operator of two offshore blocks L10A (BG Group 50%) and L10B (BG Group 75%).

2014 Key events

- In March, the Sunbird-1 exploration well intersected a gross hydrocarbon column of 44 metres, at 1 584 metres sub-sea, offshore Kenya. Gas and oil samples were recovered to surface but the discovery was not considered commercial.

Outlook

- BG Group continues to mature its prospect inventory in preparation for further exploration drilling.

MYANMAR

- BG Group is the operator of offshore blocks A4 (BG Group 45%) and AD2 (BG Group 55%).
- BG Group holds 45% equity in offshore blocks A7 and AD5.

2014 Key events

- In March, BG Group was awarded offshore exploration acreage in the Rakhine Basin as part of the government's 2013 bid round. The Group will operate two blocks, A4 and AD2, and secured non-operated acreage in blocks A7 and AD5. Awards are subject to signature of the respective PSCs.

Outlook

- Subject to signing the PSCs, BG Group and its partners have committed to a 3D seismic acquisition programme in each block, which is expected to begin in 2015, following an environmental and social impact assessment.

TANZANIA

- BG Group is the operator of offshore Blocks 1 and 4, in which it has a 60% interest.
- To date, 16 consecutive successful exploration and appraisal wells drilled.

2014 Key events

- A DST was undertaken at the Mzia discovery in Block 1, which delivered sustained gas production at a maximum flow rate of 101 mmscfd. The test results provide further support for a hub development to supply a potential onshore LNG project.
- The Taachui-1 well in Block 1 discovered gas in May, which was followed by a DST that flowed at a stabilised rate of 14 mmscfd.
- In October, the Kamba-1 exploration well in Block 4 resulted in a gas discovery at Kamba and successfully appraised the Fulusi extension of the Pweza reservoir. The Kamba-1 well is the eleventh discovery and the sixteenth consecutive successful well for BG Group in Tanzania.
- Current estimates of total gross recoverable resources in current discoveries across the Group's interests are around 16 tcf, with further exploration upside.
- In December, further 3D seismic data was acquired in Block 1.
- In April, BG Group, its Block 1 and 4 partners, and the partners in Block 2 signed a heads of agreement setting out how the companies will collaborate on the development of a potential joint LNG project. Under the agreement, BG Group will be the lead developer during the pre-FEED phase. The partners continue to work with the Tanzanian government on the preparatory work needed to progress the acquisition of a site for the potential LNG project.
- In October, BG Group informed the government of Tanzania of its intent to withdraw from Block 3.

Outlook

- Development planning of the Block 1 and Block 4 upstream projects, and the LNG plant projects will continue during 2015.
- Work is underway in preparation for the next exploration drilling campaign in Blocks 1 and 4, likely to start in 2016.

URUGUAY

- BG Group is operator of, and has 100% interest in, Blocks 8, 9 and 13, offshore Uruguay.

2014 Key events

- BG Group completed the second phase of its seismic work programme in 2014, acquiring over 13 000 square kilometres in total.
- BG Group completed a seabed coring and heat flow survey in 2014. The Group commenced a 3D controlled source electromagnetic survey in December.

Outlook

- The electromagnetic survey is expected to complete in 2015 in order to evaluate the licence areas to mature drillable targets.

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION – GAS AND OIL (UNAUDITED)

From the year ended 31 December 2013 onwards BG Group has adopted the reserves definitions and guidelines consistent with the internationally recognised Petroleum Resources Management System published by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council and the Society of Petroleum Evaluation Engineers, known as the SPE-PRMS, in accordance with recommendations issued by the European Securities and Markets Authority (ESMA). Prior to this, BG Group had voluntarily used the SEC definition of proved reserves and of probable reserves (from 2009), to report proved gas and oil reserves and disclose certain unaudited supplementary information.

In accordance with the SPE-PRMS guidelines, BG Group uses gas and crude oil price forecasts that are based on its reference conditions to determine reserves estimates. Therefore reserves (proved and probable) as at 31 December 2014 are measured in accordance with SPE-PRMS definitions and guidelines.

Information in this section is grouped on a geographical basis as shown below:

- Australia;
- Africa – Algeria, Egypt, Kenya, Madagascar, Tanzania and Tunisia;
- Asia – China, India, Kazakhstan, Myanmar and Thailand;
- North America and the Caribbean – Aruba, Honduras, Trinidad and Tobago and the USA;
- South America – Bolivia, Brazil, Colombia and Uruguay; and
- Europe – Norway and the UK.

The Corporate Reserves Group (CRG) is a central multidisciplinary group of reserves experts with an average of 20 years' experience in the oil and gas industry which provides an independent review of all reserves and discovered resources bookings and revisions proposed by assets to the Reserves Committee which in turn reports to the Audit Committee. The Head of the CRG, Dr. Carolina Coll has more than 25 years of diversified experience in the oil and gas industry. She has a degree in physics and a PhD in petroleum engineering. She is a past member of the Society of Petroleum Engineers Oil and Gas Reserves Committee, a member of the SPE Joint Committee on Reserves Evaluation Training, a member of the SPE London Board, a member of the United Nations Economic Commission for Europe Expert Group on Resource Classification and a member of the SPE Carll, Lucas & Uren Award Committee.

Total additions and revisions to proved reserves during the year were 295 mmboe. This comprised technical revisions due to new data and field performance updates (124 mmboe increase), extensions, discoveries and reclassifications (180 mmboe increase), acquisitions and disposals (8 mmboe decrease) and the net effect of price movements (1 mmboe decrease). Production in the period was 221 mmboe.

Gas and oil reserves cannot be measured exactly since estimation of reserves involves subjective judgement. Therefore, all estimates are subject to revision. Changes in gas and oil prices in fields subject to Production Sharing Contracts (PSCs) may result in changes to entitlements and therefore proved reserves.

PROVED RESERVES

Proved reserves are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations.

Proved developed reserves are those reserves that can be expected to be recovered through existing wells and with existing equipment and operating methods. Proved undeveloped reserves comprise total proved reserves less total proved developed reserves.

PROBABLE RESERVES

Probable reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves.

DISCOVERED RESOURCES

Discovered resources are defined by BG Group as the best estimate of discovered recoverable hydrocarbons where commercial and/or technical maturity is such that the initiation of development is subject to certain conditions and therefore sanction is not expected within the next few years.

RISKED EXPLORATION

Risked exploration resources are defined by BG Group as the best estimate (mean value) of recoverable hydrocarbons from undiscovered accumulations multiplied by the chance of success.

TOTAL RESOURCES

Total resources are defined by BG Group as the aggregate of proved and probable reserves plus discovered resources and risked exploration. Total resources may also be referred to as total reserves and resources.

A) RESERVES

All information for periods up to 31 December 2012 is presented under SEC methodology. Information for 31 December 2013 is presented under both SEC and SPE-PRMS methodology. Information from 31 December 2013 is presented under SPE-PRMS methodology.

ESTIMATED NET PROVED RESERVES OF NATURAL GAS

	Australia bcf	Africa bcf	Asia bcf	North America and the Caribbean bcf	South America bcf	Europe bcf	Total bcf
As at 31 December 2011 (SEC):	2 717	2 403	2 032	2 623	2 100	979	12 854
Movement during the year (SEC):							
Revisions of previous estimates[(a)]	–	(250)	87	(339)	8	(50)	(544)
Extensions, discoveries and reclassifications	805	–	16	79	57	1	958
Production	(55)	(342)	(185)	(331)	(60)	(90)	(1 063)
Disposals of reserves-in-place	–	–	(22)	–	–	–	(22)
	750	(592)	(104)	(591)	5	(139)	(671)
As at 31 December 2012 (SEC):	3 467	1 811	1 928	2 032	2 105	840	12 183
Movement during the year (SEC):							
Revisions of previous estimates[(a)]	544	(277)	9	129	169	(35)	539
Extensions, discoveries and reclassifications	–	(45)	27	(71)	–	(13)	(102)
Production	(55)	(297)	(185)	(275)	(72)	(83)	(967)
Disposals of reserves-in-place	(791)	–	–	(65)	–	–	(856)
	(302)	(619)	(149)	(282)	97	(131)	(1 386)
As at 31 December 2013 (SEC):	3 165	1 192	1 779	1 750	2 202	709	10 797
Revisions of previous estimates[(b)]	5	11	51	81	6	(1)	153
Extensions, discoveries and reclassifications	1 091	–	–	–	–	–	1 091
As at 31 December 2013 (SPE-PRMS):	4 261	1 203	1 830	1 831	2 208	708	12 041
Movement during the year (SPE-PRMS):							
Revisions of previous estimates[(a)]	(1)	(172)	99	(124)	37	(18)	(179)
Extensions, discoveries and reclassifications	479	(25)	7	(5)	74	–	530
Production	(74)	(183)	(172)	(224)	(100)	(88)	(841)
Disposals of reserves-in-place	–	–	–	–	–	(1)	(1)
	404	(380)	(66)	(353)	11	(107)	(491)
As at 31 December 2014 (SPE-PRMS)	**4 665**	**823**	**1 764**	**1 478**	**2 219**	**601**	**11 550[(c)]**

(a) Includes effect of oil and gas price changes on PSCs.
(b) Includes the effect of changing from SEC price assumptions to SPE-PRMS reference prices, including impact on PSCs.
(c) Estimates of proved natural gas reserves at 31 December 2014 includes fuel gas of 1 289 bcf (2013: 1 031 bcf).

Note: Conversion factor of 6 bcf of gas to 1 mmboe.

ESTIMATED NET PROVED DEVELOPED RESERVES OF NATURAL GAS

	Australia bcf	Africa bcf	Asia bcf	North America and the Caribbean bcf	South America bcf	Europe bcf	Total bcf
As at 31 December 2011 (SEC)	575	1 254	1 851	1 349	392	728	6 149
As at 31 December 2012 (SEC)	503	1 181	1 858	1 387	709	684	6 322
As at 31 December 2013 (SPE-PRMS)	509	758	1 791	993	850	573	5 474
As at 31 December 2014 (SPE-PRMS)	**1 539**	**476**	**1 719**	**724**	**849**	**503**	**5 810**

ESTIMATED NET PROBABLE RESERVES OF NATURAL GAS

	Australia bcf	Africa bcf	Asia bcf	North America and the Caribbean bcf	South America bcf	Europe bcf	Total bcf
As at 31 December 2011 (SEC)	6 565	1 425	920	1 342	1 157	355	11 764
As at 31 December 2012 (SEC)	5 788	1 170	1 137	1 416	1 550	452	11 513
As at 31 December 2013 (SPE-PRMS)	2 930	3 894	636	1 350	1 435	394	10 639
As at 31 December 2014 (SPE-PRMS)[(a)]	**2 145**	**3 412**	**759**	**1 385**	**1 142**	**411**	**9 254**

(a) Estimates of probable natural gas reserves at 31 December 2014 includes fuel gas of 689 bcf (2013: 607 bcf).

A) RESERVES CONTINUED

ESTIMATED NET PROVED RESERVES OF OIL

'Oil' includes crude oil, condensate and natural gas liquids.

	Australia mmbbl	Africa mmbbl	Asia mmbbl	North America and the Caribbean mmbbl	South America mmbbl	Europe mmbbl	Total mmbbl
As at 31 December 2011 (SEC):	–	24.7	259.8	5.1	630.3	185.5	1 105.4
Movement during the year (SEC):							
Revisions of previous estimates[(a)]	–	(1.2)	17.1	(0.6)	100.3	4.8	120.4
Extensions, discoveries and reclassifications	–	–	0.2	–	228.1	8.9	237.2
Production	–	(4.5)	(27.5)	(0.5)	(9.5)	(21.3)	(63.3)
Disposals of reserves-in-place[(b)]	–	–	0.8	–	–	–	0.8
	–	(5.7)	(9.4)	(1.1)	318.9	(7.6)	295.1
As at 31 December 2012 (SEC):	–	19.0	250.4	4.0	949.2	177.9	1 400.5
Movement during the year (SEC):							
Revisions of previous estimates[(a)]	–	3.7	2.6	0.3	145.8	9.3	161.7
Extensions, discoveries and reclassifications	–	0.1	0.4	–	33.9	(2.9)	31.5
Production	–	(5.1)	(25.4)	(0.7)	(15.3)	(23.2)	(69.7)
Disposals of reserves-in-place	–	–	–	(0.6)	–	–	(0.6)
	–	(1.3)	(22.4)	(1.0)	164.4	(16.8)	122.9
As at 31 December 2013 (SEC)	–	17.7	228.0	3.0	1 113.6	161.1	1 523.4
Revisions of previous estimates[(c)]	–	–	9.2	0.1	1.4	(2.1)	8.6
As at 31 December 2013 (SPE-PRMS)	–	17.7	237.2	3.1	1 115.0	159.0	1 532.0
Movement during the year (SPE-PRMS):							
Revisions of previous estimates[(a)]	–	4.8	16.0	0.1	126.3	6.2	153.4
Extensions, discoveries and reclassifications	–	(0.2)	5.4	–	85.7	–	90.9
Production	–	(3.7)	(23.4)	(0.6)	(29.1)	(24.1)	(80.9)
Disposals of reserves-in-place	–	–	–	–	–	(7.5)	(7.5)
	–	0.9	(2.0)	(0.5)	182.9	(25.4)	155.9
As at 31 December 2014 (SPE-PRMS)	**–**	**18.6**	**235.2**	**2.6**	**1 297.9**	**133.6**	**1 687.9**

(a) Includes effect of oil and gas price changes on PSCs.
(b) Karachaganak Settlement Agreement (disposal) resulted in a minor addition to liquids.
(c) Includes the effect of changing from SEC price assumptions to SPE-PRMS reference prices, including impact on PSCs.

ESTIMATED NET PROVED DEVELOPED RESERVES OF OIL

	Australia mmbbl	Africa mmbbl	Asia mmbbl	North America and the Caribbean mmbbl	South America mmbbl	Europe mmbbl	Total mmbbl
As at 31 December 2011 (SEC)	–	21.0	238.1	1.9	43.8	136.7	441.5
As at 31 December 2012 (SEC)	–	18.8	230.5	3.6	78.5	126.4	457.8
As at 31 December 2013 (SPE-PRMS)	–	14.0	221.4	2.8	120.4	119.2	477.8
As at 31 December 2014 (SPE-PRMS)	**–**	**15.5**	**221.1**	**1.9**	**196.1**	**101.9**	**536.5**

ESTIMATED NET PROBABLE RESERVES OF OIL

	Australia mmbbl	Africa mmbbl	Asia mmbbl	North America and the Caribbean mmbbl	South America mmbbl	Europe mmbbl	Total mmbbl
As at 31 December 2011 (SEC)	–	9.0	137.2	2.3	1 737.4	92.4	1 978.3
As at 31 December 2012 (SEC)	–	15.6	77.6	2.1	1 652.5	91.9	1 839.7
As at 31 December 2013 (SPE-PRMS)	–	10.6	121.2	1.9	1 479.0	66.4	1 679.1
As at 31 December 2014 (SPE-PRMS)	**–**	**7.6**	**149.4**	**1.5**	**1 161.3**	**50.2**	**1 370.0**

B) STANDARDISED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS

The following tables set out the standardised measure of discounted future net cash flows relating to proved gas and oil reserves and report the causes of changes in the standardised measure of the cash flows relating to reserves. Future cash inflows have been computed by reference to the Group's estimate of future production of net proved gas and oil reserves at the end of each year and estimates of third-party prices. Prices for the years ended 31 December 2012 and 31 December 2013 are calculated using a 12-month average price in line with SEC methodology. Prices for the year ended 31 December 2014 are calculated using the Group's long-term reference conditions of Brent oil $90 real, used to determine reserves estimates in accordance with SPE-PRMS price assumptions. The standardised measure of discounted future net cash flow information presented below is not intended to represent the replacement cost or fair market value of the Group's gas and oil properties. The disclosures shown are based on estimates of proved reserves, future production schedules and costs, which are inherently imprecise and subject to revision. Reserves for the year ended 31 December 2012 and 31 December 2013 are under SEC methodology and reserves for the year ended 31 December 2014 are under SPE-PRMS methodology. The standardised measure is as follows:

	Australia $bn	Africa $bn	Asia $bn	North America and the Caribbean $bn	South America $bn	Europe $bn	Total $bn
As at 31 December 2012 (SEC):							
Future cash inflows	20.78	11.89	28.25	6.25	102.81	28.80	198.78
Future production and development costs	(12.41)	(4.30)	(10.80)	(3.27)	(60.90)	(12.25)	(103.93)
Future income tax expenses	(0.70)	(2.52)	(6.37)	(1.48)	(9.93)	(10.51)	(31.51)
Future net cash flows	7.67	5.07	11.08	1.50	31.98	6.04	63.34
10% annual discount for estimated timing of cash flows	(6.66)	(1.39)	(4.70)	(0.60)	(19.12)	(1.54)	(34.01)
	1.01	3.68	6.38	0.90	12.86	4.50	29.33
As at 31 December 2013 (SEC):							
Future cash inflows	19.40	8.87	25.19	5.03	121.68	25.63	205.80
Future production and development costs	(13.18)	(4.01)	(10.89)	(2.98)	(76.00)	(12.32)	(119.38)
Future income tax expenses	–	(1.55)	(5.19)	(0.86)	(16.34)	(8.52)	(32.46)
Future net cash flows	6.22	3.31	9.11	1.19	29.34	4.79	53.96
10% annual discount for estimated timing of cash flows	(4.66)	(0.90)	(4.03)	(0.36)	(15.03)	(0.98)	(25.96)
	1.56	2.41	5.08	0.83	14.31	3.81	28.00
As at 31 December 2014 (SPE-PRMS):							
Future cash inflows	**43.93**	**6.69**	**19.95**	**5.02**	**113.72**	**17.09**	**206.40**
Future production and development costs	**(19.90)**	**(3.29)**	**(10.40)**	**(3.13)**	**(68.27)**	**(10.73)**	**(115.72)**
Future income tax expenses	**(5.17)**	**(1.06)**	**(3.64)**	**(0.43)**	**(15.79)**	**(3.54)**	**(29.63)**
Future net cash flows	**18.86**	**2.34**	**5.91**	**1.46**	**29.66**	**2.82**	**61.05**
10% annual discount for estimated timing of cash flows	**(11.95)**	**(0.65)**	**(2.66)**	**(0.49)**	**(15.43)**	**(0.21)**	**(31.39)**
	6.91	**1.69**	**3.25**	**0.97**	**14.23**	**2.61**	**29.66**

The following were the main sources of change in the standardised measure of discounted cash flows in the three years ended 31 December 2014:

	2014 $bn	2013 $bn	2012 $bn
Standardised measure at the beginning of the year	**28.00**	29.33	29.59
Sale of gas and oil produced net of production costs and other operating costs[(a)]	**(8.21)**	(8.93)	(8.98)
Net changes in prices and production costs[(b)]	**(20.38)**	(6.36)	(9.48)
Extensions, discoveries, reclassifications and revisions to previous estimates	**21.63**	6.39	17.14
Changes in estimated future development costs	**(6.41)**	(4.52)	(12.52)
Development costs incurred in the period	**6.90**	8.21	6.80
Disposals of reserves-in-place	**(0.02)**	(0.47)	(0.52)
Accretion of discount	**4.54**	4.67	4.79
Net change in income tax	**3.54**	(0.18)	2.45
Other	**0.07**	(0.14)	0.06
Standardised measure at the end of the year[(c)]	**29.66**	28.00	29.33

(a) Production costs and other operating costs include lifting, tariff, insurance and royalty costs but not depreciation costs.
(b) Includes the effect of foreign exchange movements.
(c) Based on the following prices for 2012 and 2013 in line with SEC methodology. 2014 is based on the Group's long-term reference conditions of Brent oil $90 real, used to determine reserves estimates in accordance with SPE-PRMS methodology:

	2013	2012
Brent oil price ($/bbl)	109	112
Henry Hub ($/mmbtu)	3.67	2.86
UK spot gas (p/therm)	66.82	59.39
US$/UK£ exchange rate	1.56	1.59

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B) STANDARDISED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS CONTINUED

To aid comparability with previous years, the standardised measure of discounted future net cash flows has also been calculated using 12-month average prices under SEC methodology[(a)] as follows:

	Australia $bn	Africa $bn	Asia $bn	North America and the Caribbean $bn	South America $bn	Europe $bn	Total $bn
As at 31 December 2014 (SEC):	8.22	1.99	3.77	1.12	18.00	2.97	36.07

(a) SEC price assumptions: Brent oil $101/bbl, Henry hub $4.30/mmbtu, UK spot gas 51.21p/therm, US$/UK£ exchange rate 1.65.

C) COSTS INCURRED IN GAS AND OIL ACTIVITIES

Aggregate costs incurred under the historical cost convention, comprising amounts capitalised to exploration and development and amounts charged to the income statement in respect of exploration and appraisal, were as follows:

	Australia $m	Africa $m	Asia $m	North America and the Caribbean $m	South America $m	Europe $m	Total $m
Year ended 31 December 2013:							
Acquisition of properties [(a)]:							
Unproved	–	–	–	9	–	–	9
Exploration	283	582	43	24	562	155	1 649
Development	4 746	537	349	312	1 220	1 046	8 210
Year ended 31 December 2014:							
Acquisition of properties [(a)]:							
Unproved	**–**	**–**	**–**	**62**	**–**	**–**	**62**
Exploration	**257**	**387**	**16**	**148**	**189**	**201**	**1 198**
Development	**2 975**	**534**	**417**	**383**	**1 728**	**863**	**6 900**

(a) There was no acquisition of proved properties during 2014 (2013: $nil).

The proportion of exploration costs capitalised in 2014 was 57.1% (2013: 80.8%).

The above table does not include additions to decommissioning provisions which amounted to $379m in 2014 (2013: $522m).

D) RESULTS OF OPERATIONS

The results of operations under the historical cost convention and in accordance with IFRS for the oil and gas exploration and producing activities (excluding liquefaction, business development, disposals, re-measurements and impairments, and interest costs) is given below.

	Australia $m	Africa $m	Asia $m	North America and the Caribbean $m	South America $m	Europe $m	Total $m
Year ended 31 December 2013:							
Revenue and other operating income	146	1 999	3 357	842	2 068	3 328	11 740
Lifting costs	(119)	(232)	(345)	(141)	(231)	(563)	(1 631)
Royalties and other operating costs	(4)	(59)	(314)	(59)	(611)	(131)	(1 178)
Operating costs	(123)	(291)	(659)	(200)	(842)	(694)	(2 809)
Other costs	(104)	(30)	(238)	(122)	(231)	(200)	(925)
Depreciation	(73)	(971)	(423)	(404)	(128)	(609)	(2 608)
Exploration expense	(46)	(78)	(24)	(24)	(316)	(223)	(711)
	(200)	629	2 013	92	551	1 602	4 687
Taxation	–	(362)	(787)	(80)	(209)	(961)	(2 399)
Results of operations	(200)	267	1 226	12	342	641	2 288
Year ended 31 December 2014:							
Revenue and other operating income	**87**	**1 317**	**2 921**	**777**	**3 370**	**3 177**	**11 649**
Lifting costs	**(118)**	**(202)**	**(369)**	**(126)**	**(394)**	**(642)**	**(1 851)**
Royalties and other operating costs	**(5)**	**(51)**	**(294)**	**(62)**	**(985)**	**(189)**	**(1 586)**
Operating costs	**(123)**	**(253)**	**(663)**	**(188)**	**(1 379)**	**(831)**	**(3 437)**
Other costs	**(148)**	**(158)**	**(290)**	**(132)**	**(454)**	**(152)**	**(1 334)**
Depreciation	**(93)**	**(396)**	**(422)**	**(331)**	**(186)**	**(1 002)**	**(2 430)**
Exploration expense	**(42)**	**(282)**	**(13)**	**(112)**	**(149)**	**(153)**	**(751)**
	(319)	**228**	**1 533**	**14**	**1 202**	**1 039**	**3 697**
Taxation	**80**	**(70)**	**(622)**	**(145)**	**(274)**	**(633)**	**(1 664)**
Results of operations	**(239)**	**158**	**911**	**(131)**	**928**	**406**	**2 033**

Included in revenue and other operating income are intra-Group sales at contract prices of $804m for the year ended 31 December 2014 (2013: $760m).

The accretion interest expense resulting from changes in the liability for decommissioning due to the passage of time, which is not included in the table above, was $146m (2013: $107m).

HISTORICAL PRODUCTION (UNAUDITED)

	Gas production kboed			Oil and liquids production kboed			Total production kboed		
	2014	2013	2012	**2014**	2013	2012	**2014**	2013	2012
Australia	**34**	25	25	**–**	–	–	**34**	25	25
Bolivia	**40**	29	23	**8**	7	5	**48**	36	28
Brazil	**6**	4	3	**72**	35	22	**78**	39	25
Egypt	**59**	107	129	**3**	5	3	**62**	112	132
India	**12**	14	17	**6**	6	8	**18**	20	25
Kazakhstan	**33**	36	36	**52**	56	62	**85**	92	98
Norway	**1**	1	2	**–**	1	1	**1**	2	3
Thailand	**33**	34	30	**6**	7	6	**39**	41	36
Trinidad and Tobago	**64**	68	72	**1**	2	1	**65**	70	73
Tunisia	**24**	29	28	**8**	9	9	**32**	38	37
UK	**39**	37	40	**66**	63	56	**105**	100	96
USA	**39**	58	79	**–**	–	–	**39**	58	79
Total production of gas, oil and liquids (kboed)	**384**	442	484	**222**	191	173	**606**	633	657
Total production of gas, oil and liquids (mmboe)	**140.2**	161.2	177.2	**80.9**	69.7	63.3	**221.1**	230.9	240.5

Production volumes include fuel gas.

3. FURTHER OIL AND GAS INFORMATION OF THE BG GROUP

In the following section:

- "**Licence**" means the relevant licence, block or concession area (or other term having equivalent effect).
- A licence that is stated to be in the "**exploration**", "**production**" or "**development**" phase refers to a licence which has been classified by BG as being within that particular hydrocarbon process or activity (unless otherwise stated).
- The "**commencement date**" of a licence means (unless otherwise stated), in respect of licences in:
  - (i) the exploration phase, the date of BG's entry or acquisition;
  - (ii) the production phase, the date on which production commenced; and
  - (iii) the development phase, the date on which the development period commenced.
- The "**licence term**" means the expected expiry of the current phase of the relevant licence, excluding for these purposes conditional extensions or renewals.
- References to "**BG**" are to the relevant BG Group entity or entities operating in each jursidiction.

1. AUSTRALIA

OVERVIEW:

BG is one of Australia's leading coal seam gas explorers and producers, supplying both the domestic market and the two train 8.5 mtpa Queensland Curtis LNG Plant. BG's business in Australia includes licences in onshore areas of producing and potential gas supply covering a total of around 26,000 square kilometres.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Bowen Basin	BG	75.00[1]	Exploration	2008	Multiple[3]
Cooper Basin	Drillsearch	60.00	Exploration	2011	Multiple[3]
Surat Basin	BG	65.83[2]	Production	2006	Life of field

1 BG and partners have different equity participation across its Bowen CSG tenures.

2 BG and partners have different interests in individual licences and so this figure represents BG's average equity by area in QCLNG production tenures.

3 The Bowen Basin and Cooper Basin blocks constitute a number of licences. The duration of such licences varies.

2. ARUBA

OVERVIEW:

BG has a 30% interest in an exploration block, offshore Aruba. A 3D seismic programme was completed in 2014.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Exploration Block	Repsol	30.00	Exploration	2014	2016

3. BOLIVIA

OVERVIEW:

BG operates six gas fields in Bolivia and has interests in two of the largest natural gas fields discovered in Bolivia: Margarita and Itaú. In 2013, BG was awarded rights to explore and further develop the Huacareta block, the largest undeveloped area in Bolivia.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Huacareta	BG	100.00	Exploration	2014	2054
Charagua[1]	Repsol	20.00	Exploration	1999	N/A
Caipipendi	Repsol	37.50	Production	2007[2]	2031
La Vertiente	BG	100.00	Production	2007[2]	2019
Los Suris	BG	100.00	Production	2007[2]	2019
Tarija XX East	BG	100.00	Production	2007[2]	2029
Tarija XX West	Petrobras	25.00	Production	2011	2030

1 The Charagua block is in the process of being relinquished.
2 This is the date on which the current licence became effective. Production from the field commenced prior to this.

4. BRAZIL

OVERVIEW:

BG participates in several large pre-salt discoveries in the Santos Basin – Lula, Iracema area, Sapinhoá, Lapa and former Greater Iara area (Berbigão, Sururu and Atapú West fields) – and participates as operator in 10 blocks in the Barreirinhas Basin.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
BAR-M-298 BAR-M-340	BG	100.00	Exploration	2013	2018[2]
BAR-M-215[1] BAR-M-217[1] BAR-M-252[1] BAR-M-254[1]	BG	65.00	Exploration	2013	2018[2]
BAR-M-300 BAR-M-342 BAR-M-344 BAR-M-388	BG	50.00	Exploration	2013	2018[2]
BM-S-50	Petrobras	20.00	Exploration[3]	2006	2017[4]
BM-S-9	Petrobras	30.00	Production	2013 (Sapinhoá); 2016 (Lapa)[5]	2038 (Sapinhoá); 2040 (Lapa)
BM-S-11	Petrobras	25.00	Production	2010 (Lula); 2014 (Iracema area); 2019 (Berbigão/ Sururu); 2018 (Atapú West)[6]	2037 (Lula); 2037 (Iracema area); 2041 (Berbigão/ Sururu/ Atapú West)

1 The transaction to farm-down to Mitsui E&P Brasil 10% of its interest in the blocks BAR-M-215; BAR-M-217; BAR-M-252 and BAR-M-254 is pending completion.
2 2018 is the expected term of the First Exploration Period.
3 Classified in accordance with Brazilian regulatory framework. BG will treat this as in the development phase once development activities have commenced under the appraisal plan.
4 2017 is the expected term of the Exploration Phase.
5 From a regulatory perspective, the initial period of the Production Phase is the 'Declaration of Commerciality (DOC)' and not the date on which production commenced. The DOC of such areas are: 2011 (Sapinhoá); 2013 (Lapa).
6 From a regulatory perspective, the initial term of the Production Phase is the 'Declaration of Commerciality (DOC)' and not the date on which production commenced. The DOC of such areas are: 2010 (Lula and Iracema); 2014 (Berbigão/Sururu/Atapú West).

5. CANADA

OVERVIEW:

BG has three non-operated positions offshore Newfoundland.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
EL1123	Statoil	25.00	Exploration	2015	2017
EL1125	Statoil	10.00	Exploration	2015	2018
EL1126	Statoil	10.00	Exploration	2015	2018

6. COLOMBIA

OVERVIEW:

BG has a 30% equity interest in Guajira Offshore 3 Block, offshore Colombia. The block is held under a technical evaluation agreement. A 3D seismic programme has been undertaken in 2014 and 2015.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Guajira Offshore 3	Shell	30.00	Exploration	2014	2016

7. EGYPT

OVERVIEW:

BG is one of Egypt's largest gas producers. BG is operator of two offshore gas-producing concession areas and two other exploration concessions.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
El Burg Offshore	BG	60.00	Exploration	2005	2015
North Gamasa Offshore	BG	60.00	Exploration	2010	2016
West Delta Deep Marine (WDDM)	BG	50.00	Production	2003	2026
Rosetta	BG	80.00	Production	2001	2021

8. HONDURAS

OVERVIEW:

BG entered Honduras in 2013. BG is the sole licence holder of an offshore exploration licence covering around 35,000 square kilometres.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Patuca and Mosquitia	BG	100.00	Exploration	2013	2017

9. INDIA

OVERVIEW:

BG has upstream interests in two offshore producing fields and an exploration licence that is in the process of being relinquished.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
MB-DWN-2010/1[1]	BG	50.00	Exploration	2012	N/A
Tapti	BG, Reliance Industries and ONGC are joint operators	30.00	Production	1997	2019
Panna-Mukta	BG, Reliance Industries and ONGC are joint operators	30.00	Production	1994	2019

[1] BG's interest in the MB-DWN-2010/1 block is in the process of being relinquished.

10. KAZAKHSTAN

OVERVIEW:

BG is joint operator of the giant Karachaganak project. Located in north-west Kazakhstan and covering over 280 square kilometres, Karachaganak is one of the world's largest gas and condensate fields.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Karachaganak	BG and ENI are joint operators	29.25	Production	1984	2037

11. KENYA

OVERVIEW:

BG entered Kenya in 2011, acquiring an interest in two offshore blocks.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
L10A	BG	100.00[1]	Exploration	2011	2016
L10B	BG	100.00[1]	Exploration	2011	2016

[1] The Kenyan government has certain back-in rights which, if exercised, would reduce BG's interest.

12. MONGOLIA

OVERVIEW:

BG entered Mongolia in 2015 and holds two exploration licences covering a total of around 50,000 square kilometres.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Block Bogd- IV	Capcorp Mongolia, LLC	78.00	Exploration	2015	2017
Block Ongi-V	Capcorp Mongolia, LLC	78.00	Exploration	2015	2017

13. MYANMAR

OVERVIEW:

BG has an interest in four exploration blocks located in the Rakhine Basin offshore Myanmar and operates two of them.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Block A-4	BG	45.00	Exploration	2015	2022
Block A-7	Woodside Energy	45.00	Exploration	2015	2022
Block AD-2	BG	55.00	Exploration	2015	2023
Block AD-5	Woodside Energy	45.00	Exploration	2015	2023

14. NORWAY

OVERVIEW:

BG first entered Norway in 2003 and now has eight licences (five as operator). Production started in 2012 from the Gaupe field and in March 2015, the Knarr field came onstream.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
PL143	ConocoPhillips	44.44	Exploration	2004	2027
PL373BS	BG	45.00	Exploration	2015	2019
PL638	BG	36.00	Exploration	2012	2019
PL688	E.ON E&P Norge	50.00	Exploration	2013	2022
PL393	Statoil Petroleum	20.00	Exploration	2006	2040
PL292 / PL292B	BG	60.00	Production	2012	2026
PL373S	BG	45.00	Production	2015	2038

15. AREAS OF PALESTINIAN AUTHORITY

OVERVIEW:

BG is operator of, and has a 90% interest in, an exploration licence covering the entire marine area offshore the Gaza Strip.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Offshore Gaza Marine	BG	90.00[1]	Exploration	1999	2027

[1] Consolidated Contractors Company and the Palestine Investment Fund have certain back-in rights which, if exercised, would reduce BG's interest.

16. TANZANIA

OVERVIEW:

BG is operator of two offshore blocks, in which it has a 60% interest.[1]

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Block 1	BG	60.00[2]	Exploration	2010	2016
Block 4	BG	60.00[2]	Exploration	2010	2017

[1] In addition, BG Tanzania is in the final stages of withdrawing from Block 3 following the issue of a Notice of Withdrawal in 2014.

[2] The Tanzania Petroleum Development Company, as national oil company, has certain back-in rights which, if exercised, would reduce BG's interest.

17. THAILAND

OVERVIEW:

BG has held an interest in the Bongkot offshore gas fields since 1990. BG is also operator of, and holds a 66.67% interest in, three offshore blocks.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Blocks 7, 8 and 9	BG	66.67	Exploration	1968	Currently suspended
Block 15 (concession 5/2515/9)	PTTEP	22.22	Production	1993	2022
Block 16 (concession 3/2515/7)	PTTEP	22.22	Production	1993	2023
Block 17 (concession 3/2515/7)	PTTEP	22.22	Production	2012	2023
Block G12/48 (concession 3/2539/71)	PTTEP	22.22	Development[1]	2015	2045

[1] The government of Thailand granted a Production Area over part of Block G12/48 in March 2015. Production has not yet commenced but must commence from the production area by 2019.

18. TRINIDAD & TOBAGO

OVERVIEW:

BG has upstream operations offshore Trinidad's east and north coasts and an onshore Central Block. During 2014, BG expanded its acreage position in Trinidad & Tobago.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Block 5(c)	BG	100.00	Development	2005[1]	2030
Block 5(d)	BG	100.00	Exploration	2012	2018
Block 6 – sub blocks 6(b) and 6(d) (excluding Dolphin Field)	BG	50.00	Development	1974[1]	2021
TTDAA Block 3	BHP Billiton	35.00	Exploration	2014	2023
TTDAA Block 5	BHP Billiton	35.00	Exploration	2014	2022
TTDAA Block 6	BHP Billiton	35.00	Exploration	2014	2022
TTDAA Block 7	BHP Billiton	35.00	Exploration	2014	2023
ECMA Block 6b Dolphin	BG	50.00	Production	1996	2026
ECMA Block 5a	BG	50.00	Production	1997[2]	2022
ECMA Block E	BG	50.00	Production	1993[3]	2025 (assumed)[4]
NCMA	BG	45.88	Production	2001 (Hibiscus); 2009 (Poinsettia); 2009 (Chaconia)	2022
Central Block	BG	65.00	Production	2004 (Carapal Ridge); 2012 (Baraka); 2012 (Baraka East)	2012 (renewal process underway)

1 This commencement date refers to the effective date of the relevant production sharing contract.

2 This commencement date refers to the effective date of the relevant production sharing contract. Production from Dolphin Deep field commenced in 2006; Starfish field (spans Blocks 5a and E) commenced in 2014.

3 This commencement date refers to the effective date of the relevant production sharing contract. Production from Starfish field (spans Blocks 5a and E) commenced in 2014.

4 The term is 25 years from the date of Declaration of Commercial Discovery which BG understands was granted in 2000.

19. TUNISIA

OVERVIEW:

BG is operator of the Miskar and Hasdrubal[1] producing concessions, in which it has 100% and 50% interests respectively.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Miskar	BG	100.00	Production	1996	2022
Hasdrubal	BG[1]	50.00	Production	2009	2037

1 On behalf of a joint venture with Entreprise Tunisienne d'Activités Pétrolières (ETAP).

20. URUGUAY

OVERVIEW:

BG began operating in Uruguay in 2012. BG is operator of, and has 100% interests in, three offshore blocks.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Block 8	BG	100.00	Exploration	2012	2017
Block 9	BG	100.00	Exploration	2012	2017
Block 13	BG	100.00	Exploration	2012	2017

21. UNITED KINGDOM

OVERVIEW:

BG has a significant and diverse exploration and production business in the UK with interests focused on the central North Sea.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Armada Complex (*Drake, Fleming and Hawkins fields*) (P.0066, P.0110, P.0355, P.0356 and P.0591)	BG	76.42 (unitised)	Production	1997	Life of field (P.0066) 2016 (P.0110) 2017 (P.0355) 2017 (P.0356) 2023 (P.0591)
Atlantic (P.0300)	BG	75.00	Production ceased 2012[1]	2006	2016
Buzzard (P.0928 and P.0986)	Nexen	21.73 (unitised)	Production	2007	2031 (P.0928) 2034 (P.0986)
Cromarty (P.0310)	Hess	10.00	Production ceased 2012[1]	2006	2016
Elgin/Franklin Hub (P.0188, P.0362, P.0666, P.0752 and P.2068)	Total	14.11 (unitised)	Production	2001 (Elgin and Franklin fields) 2007 (West Franklin)	2018 (P.0188) 2017 (P.0362) 2025 (P.0666) 2027 (P.0752) 2017 (P.2068)
Erskine (P.0057 and P.0264)	Chevron	32.00 (unitised)	Production	1997	Life of field (P.0057) Life of field (P.0264)
Everest (P.0066, P.0101 and P.0110)	BG	100.00 (unitised)	Production	1993	Life of field (P.0066) 2016 (P.0101) 2016 (P.0110)
Glenelg (P.0752)	Total	14.11	Production	2006	2027
Jackdaw (P.0098)	BG	44.14	Development	2010	2016
Jackdaw (P.0111)	BG	30.49	Development	2010	2016

[1] Production from Atlantic (P.0300) and Cromarty (P.0310) ceased in early 2012 and decommissioning planning is underway.

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Jackdaw (P.0672)	BG	35.00	Development	2010	2025
Jade (P.0672) and Jade South (P.1589)	ConocoPhillips	35.00 (unitised)	Production	2002 (Jade, P.0672) 2013 (Jade South, P.1589)	2025 (P.0672) 2017 (P.1589)
J-Area (Jasmine) (P.0011 and P.0032)	ConocoPhillips	30.50 (unitised)	Production	2013	Life of field (P.0011) Life of field (P.0032)
J-Area (Joanne) (P.0011, P.0032 and P.0079)	ConocoPhillips	30.50 (unitised)	Production	1997	Life of field (P.0011) Life of field (P.0032) Life of field (P.0079)
J-Area (Judy) (P.0011 and P.0032)	ConocoPhillips	30.50 (unitised)	Production	1997	Life of field (P.0011) Life of field (P.0032)
Lomond (P.0101)	BG	100.00	Production	1993	2016
Maria (P.0110)	BG	36.00	Production	2007	2016
P.0012 (Block 22/30a Aragorn Area)	Shell	20.00	Exploration	2007	Unable to be ascertained as at the Latest Practicable Date
P.0012 (Block 22/30a Marlene Area)	Shell	15.00	Exploration	2007	Unable to be ascertained as at the Latest Practicable Date
P.0101 (Block 23/21a)	BG	83.33	Exploration	1993	2016
P.1821 (Block 30/06c)	ConocoPhillips	30.50	Exploration	2013	2019
P.2071 (Blocks 23/27b and 30/02b)	BG	100.00	Exploration	2013	2017
P.2078 (Block 23/16e)	BG	50.00	Exploration	2013	2017
P.2079 (Block 23/16d)	BG	50.00	Exploration	2013	2017
P.2171 (Block 20/07c and 20/08a)	Nexen	21.70	Exploration	2014	2018
P.2186 (Block 23/16h)	BG	50.00	Exploration	2014	2018
P.2187 (Block 23/16i)	BG	83.33	Exploration	2014	2018
P.2217 (Block 22/05c)	BG	100.00	Exploration	2014	2016
P.2221 (Block 30/07c)	ConocoPhillips	30.50	Exploration	2014	2018
Seymour (P.0356)	BG	57.00	Production	Gas: 2003 (SW Seymour) Oil: 2006 (NW Seymour)	2017

22. USA

OVERVIEW:

BG owns upstream acreage positions in both unconventional and conventional onshore plays in the US. BG is partnered with EXCO Resources, Inc. to develop shale gas opportunities in the Haynesville Basin and in the Appalachian Basin.

INTERESTS:

Block	Operator	BG Interest (net %)	Status	Commencement Date	Licence Term
Alaska Foothills	Anadarko Petroleum Corp.	33.33	Exploration	2006	Varies – 2016 to 2023
Texas & Louisiana	EXCO Resources	50.00[1]	Production	2009	Variable
Pennsylvania & West Virginia	BG and EXCO Resources are joint operators	50.00[2]	Production	2010	Variable

1 BG and EXCO share equally in joint development leases (which may include other working interest owners and be of varying net interest amounts) in the East Texas/North Louisiana area.

2 BG and EXCO share equally in joint development leases (which may include other working interest owners and be of varying net interest amounts) in the Pennsylvania and West Virginia area.

General

As at 31 December 2014, based on actual production and total year end proved and probable reserves for 2014 (calculated on a PRMS basis and as set out in the BG 2014 Annual Report), the BG Group had approximately 30 years of reserves. The underlying data supporting this estimate is subject to a number of risk and uncertainties, the principal ones of which are set out in this Circular and the Prospectus, including around the estimation of reserves; it is also noted that production levels will vary from year to year. Shell Shareholders should also note that where commentary is made around Shell reserves life, this is typically calculated using the SEC proved reserves estimates only and therefore cannot be directly compared to this indication of BG's reserves life.

While the BG Group's business or profitability is not dependent on a single licence or contract, the following upstream licences could potentially be considered to be material to the profitability of the BG Group, taken as a whole: The key terms of these licences are summarised in the tables above and further detail is set out below:

- the BM-S-9 licence, in which the BG Group holds a 30% interest, relating to the Sapinhoá field (among others) within the Santos Basin, offshore Brazil. Net production under this licence in 2014 was 28.4 kboepd and the current phase of the licence expires in 2038 in respect of the Sapinhoá field and in 2040 in respect of the Lapa field;

- the BM-S-11 licence, in which the BG Group holds a 25% interest, relating to the Lula field (among others) within the Santos Basin, offshore Brazil. Net production under this licence in 2014 was 48.9 kboepd and the current phase of the licence expires in 2037 in respect of each of the Lula field and the Iracema area and in 2041 in respect of the Berbigão, Sururu and Atapú West fields;

- the Karachaganak licence, in which the BG Group is a joint operator and holds a 29.25% interest, relating to the Karachaganak gas condensate field in Kazakhstan. Net production under this licence in 2014 was 84.9 kboepd and the current phase of the licence expires in 2037; and

- the licences relating to the Buzzard field within the central North Sea, UK, (P.0928 and P.0986), in each of which the BG Group holds a 21.73% interest. Net production under these licences in 2014 was 34.0 kboepd. The current phase of the P.0928 licence expires in 2031 and the current phase of the P.0986 licence expires in 2034.

The Prospectus and Part II (*Risk factors*) of this Circular sets out various risk factors relating to the business of the Shell Group and, if the Combination completes, the Combined Group. Those risk factors set out in paragraphs 3, 4, 5 and 8 of Part A of Part II (*Risk factors*) of this Circular, in particular, note certain legal, economic and environmental risks associated with operating in the jurisdictions in which the BG Group operates, including in relation to those licences listed above. The risk factor set out in paragraph 3 of Part A of Part II (*Risk factors*) of this Circular notes that challenges in developing capital projects, especially those which are large and complex, include uncertain geology, frontier conditions, the existence and availability of necessary technology and engineering resources, the availability of skilled labour, the existence of transportation infrastructure, project delays, the expiration of licences and potential cost overruns, as well as technical, fiscal, regulatory, political and other conditions, and that these challenges are particularly relevant in certain developing and emerging market countries, such as Iraq and Kazakhstan (where BG is joint operator of the Karachaganak oil and gas condensate field set out above), in frontier areas and in deep water fields, such as in Brazil (where BG's interests include significant positions in the Santos Basin, including those set out above). The risk factor set out in paragraph 7 of Part A of Part II (*Risk factors*) of this Circular also notes the risks associated with operating within joint arrangements or with associates and notes the BG Group's partnership with Petrobas in relation to the various licences in Brazil, including those set out above as being potentially material to the profitability of the BG Group, taken as a whole.

4. RE-ESTIMATION OF THE BG GROUP'S PROVED RESERVES ON AN SEC BASIS

As noted in paragraph 1 of this Part above, for illustrative purposes only, to enable more direct comparability with Shell's reserves and to present the information in this Circular in a manner which is more consistent with how the Combined Group will report on an ongoing basis, a re-estimation under SEC Rules of the BG Group's proved reserves estimates as at 31 December 2014 and as at 31 December 2013 has been set out in the tables below (the numbers which have been re-estimated for the purposes of the Circular are presented in italics).

For ease of comparison, certain proved reserves estimates as at 31 December 2014 and as at 31 December 2013 on a PRMS basis which were reported in the BG 2014 Annual Report, certain proved reserves estimates as at 31 December 2013 on an SEC basis which were reported in the BG 2013 Annual Report and certain proved reserves estimates as at 31 December 2012 and 31 December 2011 on an SEC basis which were reported in the BG 2014 Annual Report have been provided with this re-estimation.[14] These numbers, which have been provided for comparative purposes, are not in italics.

All information in the tables below is grouped on a geographical basis as follows:

- Australia;
- Africa – Algeria, Egypt, Kenya, Madagascar, Tanzania and Tunisia;
- Asia – China, India, Kazakhstan, Myanmar and Thailand;
- North America and the Caribbean – Aruba, Honduras, Trinidad and Tobago and the USA;
- South America – Bolivia, Brazil, Colombia and Uruguay; and
- Europe – Norway and the UK.

The BG 2013 Annual Report provides BG's proved reserves estimates on an SEC basis already; however, in the BG 2013 Annual Report, reserves estimates were presented through different geographical categories than in the BG 2014 Annual Report (as set out above). In the BG 2013 Annual Report, these categories were: the UK, Atlantic Basin, Asia and the Middle East and Rest of World. In the BG 2014 Annual Report, in certain cases, only BG's 2013 reserves estimates prepared under PRMS (and not those prepared on an SEC basis) were presented by geographical category. The scope of the re-estimations of BG's proved reserves estimates on an SEC basis as at 31 December 2013 has therefore solely been to align those estimates to the same geographical categories as in the BG 2014 Annual Report. An equivalent re-estimation is not necessary for the BG's reserves estimates on an SEC basis for the years ended 31 December 2011 and 31 December 2012 as this information already appears in the BG 2014 Annual Report.

[14] The BG Group did not report its proved reserves estimates as at 31 December 2012 and 31 December 2011 on a PRMS basis.

ESTIMATED NET PROVED RESERVES OF NATURAL GAS

	Australia bcf	Africa bcf	Asia bcf	North America and the Caribbean bcf	South America bcf	Europe bcf	Total bcf
As at 31 December 2011 (SEC)	2,717	2,403	2,032	2,623	2,100	979	12,854
Movement during the year (SEC):							
Revisions of previous estimates[(a)]	—	(250)	87	(339)	8	(50)	(544)
Extensions, discoveries and reclassifications	805	—	16	79	57	1	958
Production	(55)	(342)	(185)	(331)	(60)	(90)	(1,063)
Disposals of reserves-in-place	—	—	(22)	—	—	—	(22)
	750	(592)	(104)	(591)	5	(139)	(671)
As at 31 December 2012 (SEC)	3,467	1,811	1,928	2,032	2,105	840	12,183
Movement during the year (SEC):							
Revisions of previous estimates[(a)]	544	(277)	9	129	169	(35)	539
Extensions, discoveries and reclassifications	—	(45)	27	(71)	—	(13)	(102)
Production	(55)	(297)	(185)	(275)	(72)	(83)	(967)
Disposals of reserves-in-place	(791)	—	—	(65)	—	—	(856)
	(302)	(619)	(149)	(282)	97	(131)	(1,386)
As at 31 December 2013 (SEC)	3,165	1,192	1,779	1,750	2,202	709	10,797[(c)]
Movement during the year (SEC):							
Revisions of previous estimates[(a)]	*1,095*	*(315)*	*88*	*(39)*	*39*	*(60)*	*808*
Extensions, discoveries and reclassifications	*479*	*(25)*	*7*	*(5)*	*74*	—	*530*
Production	*(74)*	*(183)*	*(172)*	*(224)*	*(100)*	*(88)*	*(841)*
Disposals of reserves-in-place	—	—	—	—	—	*(1)*	*(1)*
	1,500	*(523)*	*(77)*	*(268)*	*13*	*(149)*	*496*
As at 31 December 2014 (SEC)	***4,665***	***669***	***1,702***	***1,482***	***2,215***	***560***	***11,293[(b)]***

For ease of comparison, the estimated net proved reserves of natural gas for the BG Group as at 31 December 2013 and as at 31 December 2014 on the basis of PRMS is provided below:

	Australia bcf	Africa bcf	Asia bcf	North America and the Caribbean bcf	South America bcf	Europe bcf	Total bcf
As at 31 December 2013 (PRMS)	4,261	1,203	1,830	1,831	2,208	708	12,041
Movement during the year (PRMS):							
Revisions of previous estimates[(a)]	(1)	(172)	99	(124)	37	(18)	(179)
Extensions, discoveries and reclassifications	479	(25)	7	(5)	74	—	530
Production	(74)	(183)	(172)	(224)	(100)	(88)	(841)
Disposals of reserves-in-place	—	—	—	—	—	(1)	(1)
	404	(380)	(66)	(353)	11	(107)	(491)
As at 31 December 2014 (PRMS)	**4,665**	**823**	**1,764**	**1,478**	**2,219**	**601**	**11,550[(b)(d)]**

(a) Includes effect of oil and gas price changes on production sharing contracts (or PSCs).
(b) Estimates of proved natural gas reserves at 31 December 2014 include fuel gas of 1,286 bcf under SEC methodology (1,289 bcf under PRMS methodology).
(c) Estimates of proved natural gas reserves at 31 December 2013 include fuel gas of 1,031 bcf under PRMS methodology (*978* bcf under SEC methodology).
(d) Estimates of proved natural gas reserves at 31 December 2014 includes fuel gas of 1,289 bcf (2013: 1,031 bcf).

Note: Conversion factor of 6 bcf of gas to 1 mmboe.

ESTIMATED NET PROVED DEVELOPED RESERVES OF NATURAL GAS

	Australia bcf	Africa bcf	Asia bcf	North America and the Caribbean bcf	South America bcf	Europe bcf	Total bcf
As at 31 December 2011 (SEC)	575	1,254	1,851	1,349	392	728	6,149
As at 31 December 2012 (SEC)	503	1,181	1,858	1,387	709	684	6,322
As at 31 December 2013 (SEC)	*509*	*761*	*1,740*	*997*	*847*	*573*	*5,427*
As at 31 December 2014 (SEC)	***1,539***	***476***	***1,657***	***735***	***837***	***504***	***5,748***

For ease of comparison, the estimated net proved developed reserves of natural gas for the BG Group as at 31 December 2013 and as at 31 December 2014 on the basis of PRMS is provided below:

As at 31 December 2013 (PRMS)	509	758	1,791	993	850	573	5,474
As at 31 December 2014 (PRMS)	**1,539**	**476**	**1,719**	**724**	**849**	**503**	**5,810**

ESTIMATED NET PROVED RESERVES OF OIL

'Oil' includes crude oil, condensate and natural gas liquids

	Australia mmbbl	Africa mmbbl	Asia mmbbl	North America and the Caribbean mmbbl	South America mmbbl	Europe mmbbl	Total mmbbl
As at 31 December 2011 (SEC)	—	24.7	259.8	5.1	630.3	185.5	1,105.4
Movement during the year (SEC):							
Revisions of previous estimates[a]	—	(1.2)	17.1	(0.6)	100.3	4.8	120.4
Extensions, discoveries and reclassifications	—	—	0.2	—	228.1	8.9	237.2
Production	—	(4.5)	(27.5)	(0.5)	(9.5)	(21.3)	(63.3)
Disposals of reserves-in-place[b]	—	—	0.8	—	—	—	0.8
	—	(5.7)	(9.4)	(1.1)	318.9	(7.6)	295.1
As at 31 December 2012 (SEC)	—	19.0	250.4	4.0	949.2	177.9	1,400.5
Movement during the year (SEC):							
Revisions of previous estimates[a]	—	3.7	2.6	0.3	145.8	9.3	161.7
Extensions, discoveries and reclassifications	—	0.1	0.4	—	33.9	(2.9)	31.5
Production	—	(5.1)	(25.4)	(0.7)	(15.3)	(23.2)	(69.7)
Disposals of reserves-in-place	—	—	—	(0.6)	—	—	(0.6)
	—	(1.3)	(22.4)	(1.0)	164.4	(16.8)	122.9
As at 31 December 2013 (SEC)	—	17.7	228.0	3.0	1,113.6	161.1	1,523.4
Movement during the year (SEC):							
Revisions of previous estimates[a]	—	*4.6*	*14.3*	*0.2*	*127.5*	*(0.6)*	*146.0*
Extensions, discoveries and reclassifications	—	*(0.2)*	*5.4*	—	*85.7*	—	*90.9*
Production	—	*(3.7)*	*(23.4)*	*(0.6)*	*(29.1)*	*(24.1)*	*(80.9)*
Disposals of reserves-in-place	—	—	—	—	—	*(7.5)*	*(7.5)*
	—	0.7	(3.7)	(0.4)	184.1	(32.2)	148.5
As at 31 December 2014 (SEC)	**—**	***18.4***	***224.3***	***2.6***	***1,297.7***	***128.9***	***1,671.9***

For ease of comparison, the estimated net proved reserves of oil for the BG Group as at 31 December 2013 and as at 31 December 2014 on the basis of PRMS is provided below:

As at 31 December 2013 (PRMS)	—	17.7	237.2	3.1	1,115.0	159.0	1,532.0
Movement during the year (PRMS):							
Revisions of previous estimates[a]	—	4.8	16.0	0.1	126.3	6.2	153.4
Extensions, discoveries and reclassifications	—	(0.2)	5.4	—	85.7	—	90.9
Production	—	(3.7)	(23.4)	(0.6)	(29.1)	(24.1)	(80.9)
Disposals of reserves-in-place	—	—	—	—	—	(7.5)	(7.5)
	—	0.9	(2.0)	(0.5)	182.9	(25.4)	155.9
As at 31 December 2014 (PRMS)	**—**	**18.6**	**235.2**	**2.6**	**1,297.9**	**133.6**	**1,687.9**

(a) Includes effect of oil and gas price changes on PSCs.
(b) Karachaganak Settlement Agreement (disposal) resulted in a minor addition to liquids.

ESTIMATED NET PROVED DEVELOPED RESERVES OF OIL

	Australia mmbbl	Africa mmbbl	Asia mmbbl	North America and the Caribbean mmbbl	South America mmbbl	Europe mmbbl	Total mmbbl
As at 31 December 2011 (SEC)	—	21.0	238.1	1.9	43.8	136.7	441.5
As at 31 December 2012 (SEC)	—	18.8	230.5	3.6	78.5	126.4	457.8
As at 31 December 2013 (SEC)	—	*14.0*	*212.8*	*2.8*	*120.3*	*120.5*	*470.4*
As at 31 December 2014 (SEC)	**—**	***15.4***	***211.0***	***1.9***	***190.1***	***102.2***	***520.6***

For ease of comparison, the estimated net proved developed reserves of oil for the BG Group as at 31 December 2013 and as at 31 December 2014 on the basis of PRMS is provided below:

As at 31 December 2013 (PRMS)	—	14.0	221.4	2.8	120.4	119.2	477.8
As at 31 December 2014 (PRMS)	**—**	**15.5**	**221.1**	**1.9**	**196.1**	**101.9**	**536.5**

The re-estimation of the BG Group's proved reserves on an SEC basis as at 31 December 2014 and as at 31 December 2013 (as shown in italics in the above tables) has been prepared by BG for the purpose of this Circular. As with the other oil and gas information included in this Circular, it is unaudited. Shell has accurately reproduced *verbatim* the re-estimation in this Circular prepared by BG for this purpose and, as far as Shell is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Shell has not had access to the underlying data and assumptions that have been used by BG to produce the re-estimation. Furthermore, due to the nature of the re-estimation, it addresses a hypothetical situation and the figures for the BG Group are not capable of being aggregated with Shell Group data to represent what the actual proved reserves of the Combined Group would have been if the Combination had been completed on the dates indicated.

PART VII
ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Shell Directors, whose names appear below, and Shell accept responsibility for the information contained in this Circular. To the best of the knowledge of the Shell Directors and Shell (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and this Circular does not omit anything likely to affect the import of such information.

2. COMPANY INFORMATION

Shell was incorporated in England and Wales on 5 February 2002, as a private company under the CA 1985. On 27 October 2004, Shell was re-registered as a public company limited by shares and changed its name from Forthdeal Limited to Royal Dutch Shell plc. Shell is registered at Companies House, Cardiff, under company number 4366849, and at the Chamber of Commerce, The Hague, under company number 34179503. The telephone number of its principal place of business is +31 70 377 9111. Shell is considered a resident of the Netherlands for Dutch and UK tax purposes.

The principal legislation under which Shell operates and under which the New Shell Shares will be created is the CA 2006.

3. SHELL DIRECTORS AND BG KEY INDIVIDUALS

Shell Directors

Charles O. Holliday (*Chairman*)

Hans Wijers (*Deputy Chairman and Senior Independent Director*)

Ben van Beurden (*Chief Executive Officer*)*

Simon Henry (*Chief Financial Officer*)*

Guy Elliott (*Non-Executive Director*)

Euleen Goh (*Non-Executive Director*)

Gerard Kleisterlee (*Non-Executive Director*)

Sir Nigel Sheinwald GCMG (*Non-Executive Director*)

Linda G. Stuntz (*Non-Executive Director*)

Patricia A. Woertz (*Non-Executive Director*)

Gerrit Zalm (*Non-Executive Director*)

* denotes Executive Director

BG key individuals

Helge Lund (*Chief Executive Officer*)

Simon Lowth (*Chief Financial Officer*)

4. LITIGATION

4.1 **The Shell Group's litigation**

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is Shell aware of any such proceedings being pending or threatened) which may have, or have had during the last 12 months prior to the date of this Circular, a significant effect on the Shell Group's financial position or profitability.

4.2 **The BG Group's litigation**

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is Shell aware of any such proceedings being pending or threatened) which may have, or have had during the last 12 months prior to the date of this Circular, a significant effect on the BG Group's financial position or profitability.

5. WORKING CAPITAL

In the opinion of Shell, the working capital available to the Combined Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Circular.

6. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Shell Group since 30 September 2015, the date to which the Shell Group's last published unaudited interim financial statements were prepared, other than the $5 billion of capital markets debt issued on 10 November 2015.

There has been no significant change in the financial or trading position of the BG Group since 30 September 2015, the date to which the BG Group's last published unaudited interim financial statements were prepared.

7. SYNERGY INFORMATION

Paragraph 4 of Part I (*Letter from the Chairman of Shell*) contains statements of estimated cost savings and synergies arising from the Combination, which relate to the statement made in the Management Day Update, the "**Quantified Financial Benefits Statement**".

A copy of the Quantified Financial Benefits Statement is set out below:

"Shell has been able, as a result of further analysis and its integration planning work, to de-risk its initial synergy estimates and increase the expected level of identified pre-tax synergies from $2.5 billion to $3.5 billion in 2018, an increase of 40% compared to earlier guidance. This increase is attributable to a doubling of expected operating cost savings from $1 billion to $2 billion and underscores the attractiveness of the recommended combination for both sets of shareholders.

The expected level of identified pre-tax synergies, therefore, now comprises $2 billion of operating cost savings and a $1.5 billion reduction in exploration expenditure in 2018."

The potential sources of quantified cost savings arising as a direct result of the Combination include savings from:

- corporate, administrative, organisational and IT operational efficiencies;
- efficiencies in marketing and shipping costs;
- efficiencies in procurement spend; and
- reduced exploration expenditure enabled by high-grading and optimisation of the combined exploration portfolio.

The cost savings referred to in the first two bullets above are expected to be recurring.

Shell estimates that the implementation of the operating cost savings would give rise to one-off costs of approximately $1,230 million incurred in the first two years following completion of the Combination to the end of 2017, of which approximately 70% would be incurred in 2016 and 30% in 2017. No material costs are expected to arise in relation to the implementation of the reduction in exploration expenditure.

In identifying these synergies, the Shell Directors have formulated the following bases of belief:

- corporate, administrative, organisational and IT operational efficiencies: $1,400 million from the de-duplication of overlapping back office and business support functions, the elimination of overlapping support costs, office consolidation, the migration of BG onto Shell IT systems, and removal of duplicative corporate costs;

- efficiencies in procurement spend ($520 million), and marketing and shipping costs ($50 million): $570 million from economies of scale specification standardisation and operating efficiencies across operating, capital and raw material cost areas and optimisation of shipping and marketing; and
- reduction in exploration expenditure: $1.5 billion from the reduction in exploration expenditure enabled by high-grading and optimisation of the combined exploration portfolio.

The Shell Directors expect that these synergies would be delivered progressively, and anticipate that 50% on a run-rate basis would be achieved by the end of 2016, 80% by the end of 2017, and the full run-rate in 2018.

Aside from the one-off costs referred to in the Quantified Financial Benefits Statement above, the Shell Directors do not expect any material dis-synergies to arise in connection with the Combination.

Bases of belief

In preparing the Quantified Financial Benefits Statement, BG has provided Shell with certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the Combination and other information in the context of Shell's integration planning work. In circumstances where data has been limited for commercial or other reasons, the team has made estimates and assumptions to aid its development of individual synergy initiatives.

The cost base used as the basis for the quantified exercise is that contained in the BG 2014 Annual Report, validated against BG's results for the six month period ended 30 June 2015, or, where relevant, Shell's current cost base.

The assessment and quantification of the potential synergies have in turn been informed by Shell management's industry experience as well as their experience of executing and integrating past acquisitions.

In arriving at the estimate of synergies set out in the Quantified Financial Benefits Statement, following discussions with BG, the Shell Directors made the following operational assumptions:

- as regards headcount, Shell has assumed salary levels proportional to Shell's own salaries by grade, aligned to BG reported employee expenditure;
- as regards IT costs, Shell anticipates transitioning BG support function activities (such as Finance, HR etc.) onto Shell's existing systems and legacy BG support function systems will cease to be used. Project IT, infrastructure and certain enterprise resource planning systems are assumed to be at least partially integrated into Shell;
- as regards synergies targeting procurement expenditure for operating assets, these are based on scale reductions in operating and capital expenditure forecasts informed by third party analyst data;
- as regards synergies targeting shipping and marketing, these are based on scale efficiencies across global marketing and shipping operations of the Combined Group; and
- the targeted operating cost savings synergies assume inflation at 2% per annum; exploration expenditure savings do not include inflation.

The Shell Directors have, in addition, assumed that:

- the Combination will be completed in the first quarter of 2016 for these purposes;
- following completion of the Combination, Shell will own 100% of the ordinary share capital of BG;
- there will be no significant impact on the underlying operations of Shell or BG or their ability to continue to conduct their businesses;
- there will be no material change to macro-economic, political or legal conditions in the markets or regions in which Shell and BG operate that materially impact on the implementation or costs to achieve the proposed cost savings;
- there will be no material change in current foreign exchange rates; and
- there will be no change in tax legislation or tax rates in the countries in which Shell and BG operate that could materially impact the ability to achieve any benefits.

The Shell Directors consider that the expected benefits will accrue as a direct result of the Combination and could not be achieved independently of the Combination.

Reports

As required by Rule 28.1 of the City Code, Deloitte, as reporting accountants to Shell, and Bank of America Merrill Lynch, as financial adviser to Shell, provided the reports required under that rule at the time of the Management Day Update. Deloitte and Bank of America Merrill Lynch have confirmed to Shell that the reports that they produced, which were included in Parts B and C of the Appendix to the Management Day Update, continue to apply.

Notes

1. The statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.
2. Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.
3. No statement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following implementation of the Combination, or in any subsequent period, would necessarily match or be greater than or be less than those of Shell and / or BG for the relevant preceding financial period or any other period.

8. CONSENTS

Bank of America Merrill Lynch, who has acted as sponsor and financial adviser and whose registered address is at 2 King Edward Street, London EC1A 1HQ, has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which it appears.

Lazard, who has acted as financial adviser to the Shell Directors and whose registered address is at 50 Stratton Street, London, W1J 8LL, has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which it appears.

PricewaterhouseCoopers LLP, a member firm of the Institute of Chartered Accountants in England and Wales, who has acted as auditor and reporting accountant to Shell and whose address is at 1 Embankment Place, London, WC2N 6RH, has given and has not withdrawn its written consent to the inclusion of its accountant's report on the unaudited reconciliations of the consolidated financial information of the BG Group set out in Part C of Part IV (*Historical financial information relating to the BG Group*) in this Circular and its accountant's report on the unaudited pro forma financial information of the Combined Group set out in Part B of Part V (*Unaudited pro forma financial information*) in this Circular in the form and context in which they appear.

No adviser has an interest in the Combination which is material.

9. SOURCES AND BASES

1 The aggregate value of the cash component of the Consideration of £13.1 billion is calculated by multiplying the offered amount of 383 pence in cash per BG Share by BG's fully diluted ordinary share capital as at the Latest Practicable Date.

2 The aggregate value of the share component of the Consideration of £22.4 billion is calculated by multiplying the number of Shell B Shares to be issued under the terms of the Combination[15] (being 1,526,494,336) by the price per Shell B Share of 1,469 pence (being the Closing Price on the Latest Practicable Date).

3 The value attributed to the entire existing issued and to be issued share capital of BG under the terms of the Combination of £35.6 billion is the sum of the aggregate value of the cash component and the aggregate value of the share component of the Consideration.

[15] Assuming that no BG Shareholders elect to receive the share component of the Consideration in the form of Shell A Shares.

4 The percentage of the share capital of Shell that will be owned by former BG Shareholders immediately following LSE Admission of 19% is calculated by dividing the number of the New Shell Shares to be issued (being 1,526,494,336) by the share capital of Shell immediately following LSE Admission and multiplying the resulting sum by 100 to produce a percentage.

5 The fully diluted ordinary share capital of BG of 3,427,243,681 is calculated on the basis of:

(A) BG's issued share capital as at the Latest Practicable Date of 3,417,884,793 BG Shares (excluding 204,570,932 BG Shares held in treasury); and

(B) 9,358,888 BG Shares which may be issued on or after the date of this Circular or the exercise of options or vesting of awards under the BG Share Plans.

6 There will be a number of factors affecting how many BG Shares will be issued on or after the date of this Circular. For example, in connection with the Combination, certain options and awards under the BG Share Plans will, or at an employee's election may, be rolled forward into an option or award over Shell B Shares. Certain options or awards may also be settled in cash. Therefore, the fully diluted ordinary share capital of BG may differ from the amount stated in this Circular.

7 The share capital of Shell immediately following LSE Admission of 7,957,826,519 is calculated as the sum of:

(A) the total number of Shell Shares in issue as at close of business on the Latest Practicable Date (being 3,990,921,569 Shell A Shares and 2,440,410,614 Shell B Shares); and

(B) the total of New Shell Shares (being 1,526,494,336) being issued as part of the Consideration for the Combination.

8 On the Latest Practicable Date, Shell held no Shell Shares in treasury.

9 The calculation in paragraph 9.7 of this Part assumes that there will be no issues of Shell Shares, other than the issue of New Shell Shares, between the Latest Practicable Date and LSE Admission. However, Shell operates the Scrip Dividend Programme. Given that dividends are intended to be paid on a quarterly basis, Shell anticipates that there could be at least one issue of Shell Shares between the Latest Practicable Date and LSE Admission (the number of new Shell Shares issued for the purposes of the Scrip Dividend Programme will depend on the elections made by Shell Shareholders) – no allowance for this is made in the calculation.

10 The total New Shell Shares is calculated by multiplying the fully diluted share capital of BG by the 0.4454 Shell Shares to be issued per BG Share. Please note that, as there are a number of factors affecting how many BG Shares will be issued on or after the date of this Circular, the actual number of New Shell Shares may differ from the total in this Circular.

11 Unless otherwise stated, all prices quoted for Shell Shares and BG Shares have been derived from the daily Official List of the LSE and represent closing middle market prices on the relevant date.

12 The premium calculations to the price per BG Share have been calculated by reference to the Closing Prices of 2,208.5 pence per Shell B Share and of 910.4 pence per BG Share, each as on 7 April 2015.

13 The timing expectations set out in this Circular assume that the Combination would be completed in early 2016.

14 This Circular contains certain financial information and measures which are not calculated in accordance with IFRS.

15 For the purpose of this Circular, in respect of the BG Group, "**business performance**" excludes discontinued operations and disposals, certain remeasurements and impairments and certain other exceptional items as exclusion of these items provides a clear and consistent presentation of the underlying operating performance of the BG Group's ongoing business.

16 The reference to the Combination adding to the Shell Group's proved oil and gas reserves are based on the Shell Group's proved oil and gas reserves calculated on an SEC basis as at 31 December 2014 of 13,081 mboe (which includes the reserves attributable to non-controlling interests) and the BG Group's proved oil and gas reserves of 3,612 mboe calculated on a PRMS basis as at the same date (which includes reserves attributable to non-controlling interests).

17 Certain figures included in this Circular have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours on any Business Day for a period beginning on the date of this Circular and ending on the Effective Date at Shell's registered office, being Shell Centre, London SE1 7NA, United Kingdom:

- the Shell Articles of Association and Shell's memorandum of association;
- the Prospectus;
- this Circular;
- the Scheme Document;
- the Announcement;
- the Management Day Update and the reports by Deloitte and Bank of America Merrill Lynch in relation to quantified financial benefits as set out in Parts B and C respectively of the Appendix to the Management Day Update;
- the Shell 2014 Annual Report, the Shell 2013 Annual Report, the Shell 2012 Annual Report and the Shell Q3 2015 Results;
- the BG 2014 Annual Report, the BG 2013 Annual Report, the BG 2012 Annual Report and the BG Q3 2015 Results;
- the reports by PwC set out in Part IV (*Historical financial information relating to the BG Group*) and Part V (*Unaudited pro forma financial information*); and
- the consent letters referred to in "Consents" in paragraph 8 of this Part.

11. INFORMATION INCORPORATED BY REFERENCE

The following sections of the Prospectus are incorporated by reference into this Circular. Where the information described below itself incorporates further information by reference to another document, that further information is not intended to form part of this Circular for any purpose.

The Prospectus has been published by Shell and can be viewed on its website (www.shell.com). The Prospectus contains information regarding, among other things, the reasons for the Combination, further details concerning Shell and BG, historical financial information of Shell, the Shell Directors and the New Shell Shares.

Information incorporated by reference	***Sections of the Prospectus incorporated by reference***	***Prospectus page number(s)***
Information on Shell		
Dutch Taxation	Paragraph 1 of Part XV	301 – 304
Interests of the Shell Directors and the Shell senior management in Shell Shares	Paragraph 2 of Part XVI	323 – 324
Service contracts and letters of appointment	Paragraph 4 of Part XVI	327 – 329
Shell share plans	Paragraph 8 of Part XVI	333 – 346
Major shareholders	Paragraph 4 of Part XVII	350
Dividend Access Mechanism for Shell B Shares	Paragraph 7 of Part XVII	361 – 363
Related party transactions	Paragraph 9 of Part XVII	364
Material contracts	Paragraph 10 of Part XVII	364 – 365
Information on BG		
Historical financial information relating to the BG Group	Part XI	89 – 285
Material contracts	Paragraph 10 of Part XVII	366 – 367

PART VIII
DEFINITIONS

1. Interpretation

1.1 Unless otherwise stated, all times referred to in this Circular are references to UK time.

1.2 All references to "Pounds Sterling", "GBP", "pence", or "£" are to the lawful currency of the UK.

1.3 All references to "€" are to the lawful currency of the EU (as adopted by certain member states).

1.4 All references to "US Dollars", "US$" and "$" are to the lawful currency of the US.

1.5 Unless otherwise indicated, the financial information contained in this Circular has been expressed in US Dollars, which is the reporting currency of the Shell Group and the BG Group.

1.6 Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

1.7 All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

2. Definitions

The following definitions apply in this Circular, unless the context otherwise requires:

Admission	means (i) LSE Admission and (ii) the admission of the New Shell Shares to listing on Euronext by Euronext Amsterdam and to trading on Euronext Amsterdam;
Announcement	means the joint announcement made by Shell and BG on 8 April 2015 in relation to the Combination pursuant to Rule 2.7 of the City Code;
Bank of America Merrill Lynch	means Merrill Lynch International, a subsidiary of Bank of America Corporation, incorporated in England and Wales with registered number 2312079, whose registered office is at 2 King Edward Street, London EC1A 1HQ;
BG	means BG Group plc, a public limited company, incorporated in England and Wales with registered number 3690065, whose registered office is at 100 Thames Valley Park Drive, Reading, Berkshire RG6 1PT;
BG 2012 Annual Report	means BG's annual report and audited accounts for the year ended 31 December 2012 (which includes the BG Group's audited historical consolidated financial statements for the year ended 31 December 2012);
BG 2013 Annual Report	means BG's annual report and audited accounts for the year ended 31 December 2013 (which includes the BG Group's audited historical consolidated financial statements for the year ended 31 December 2013);
BG 2014 Annual Report	means BG's annual report and audited accounts for the year ended 31 December 2014 (which includes the BG Group's audited historical consolidated financial statements for the year ended 31 December 2014);
BG ADR Holders	means the holders of BG ADRs from time to time;

BG ADRs	means the American depository receipts issued pursuant to the BG Deposit Agreement each evidencing a BG American depositary share, which represents one BG Share;
BG Board	means the BG Directors collectively;
BG Deposit Agreement	means the amended and restated deposit agreement dated 10 April 2015 among BG, JPMorgan Chase Bank, N.A., and all holders from time to time of BG ADRs issued thereunder;
BG Directors	means the directors of BG as at the date of this Circular or, where the context so requires, the directors of BG from time to time;
BG Dividend Access Share	means the redeemable preference share proposed to be issued by BG to the Trustee under the Scheme;
BG General Meeting	means the general meeting of the BG Shareholders (and any adjournment thereof) to be convened in connection with the Scheme for the purposes of considering and, if thought fit, approving, among other things, the shareholder resolutions necessary to enable BG to implement the Combination;
BG Group	means BG and its subsidiaries and its subsidiary undertakings from time to time and "**member of the BG Group**" shall be construed accordingly (references to "**subsidiary**" and "**subsidiary undertakings**" in this definition have the meanings given to them in the CA 2006);
BG LTIP	has the meaning given to it in paragraph 8 of Part XVI (*Directors, senior management and corporate governance*) of the Prospectus;
BG Meetings	means the Court Meeting and the BG General Meeting;
BG Q3 2015 Results	means BG's interim results announcement for the nine months ended 30 September 2015 (which includes the BG Group's unaudited historical consolidated financial statements for the nine months ended 30 September 2015);
BG Share Plans	means the BG Long-Term Incentive Plan 2008 (including the BG Deferred Bonus Plan 2008, the Discretionary Incentive Plan 2008 and the BG Voluntary Bonus Deferral Plan), the BG Sharesave Plan 2008, the BG Company Share Option Scheme, the BG Share Award Plan, the BG Share Incentive Plan 2008 and the BG Global Partnership Plan;
BG Shareholders	means the holders of BG Shares from time to time (any such holder being a "**BG Shareholder**");
BG Shares	means the ordinary shares in the capital of BG from time to time;
boe	means barrels of oil equivalent;
Break Payment Event	has the meaning given in paragraph 13 of Part I (*Letter from the Chairman of Shell*);
Business Day	means a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London, other than solely for trading and settlement in Euro;
CA 1985	means the UK Companies Act 1985, as amended;
CA 2006	means the UK Companies Act 2006, as amended;
CCS	means current cost of supplies;

City Code means the City Code on Takeovers and Mergers;

Closing Price means the closing middle market quotations of a share derived from the daily official list of the LSE;

CO2 means carbon dioxide;

Combination means the proposed acquisition of the entire issued and to be issued share capital of BG by Shell, to be effected by means of the Scheme as described in the Scheme Document (or, should Shell so elect, in the circumstances permitted under the Co-operation Agreement, by way of the Offer);

Combined Group means the enlarged group following completion of the Combination, comprising the Shell Group and the BG Group;

Conditions means the conditions to the implementation of the Combination (including the Scheme) as summarised in paragraph 12.2 of Part I (*Letter from the Chairman of Shell*) and set out in Part A of Part III (*Conditions to and further terms of the implementation of the Combination and the Scheme*) of the Scheme Document;

Consideration means the consideration payable to BG Shareholders in connection with the Combination comprising a cash component of 383 pence per BG Share and a share component of 0.4454 New Shell Shares per BG Share (subject to any valid elections for the Shell A Share Alternative and / or the Mix and Match Facility);

Co-operation Agreement means the agreement dated 8 April 2015 between Shell and BG relating to, among other things, the implementation of the Combination;

Court means the High Court of Justice in England and Wales;

Court Hearing means the hearing of the Court to sanction the Scheme under section 899 of the CA 2006;

Court Meeting means the meeting of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the CA 2006 for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment, or postponement, or reconvention thereof;

Court Order means the order of the Court sanctioning the Scheme under section 899 of the CA 2006;

CREST means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations);

CREST Regulations means the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended and for the time being in force;

CSN Voting Instruction Form means the voting instruction form through which Shell Shareholders holding their Shell Shares in the corporate nominee scheme operated by Equiniti Corporate Nominees Limited can direct Equiniti Corporate Nominees Limited to vote in relation to the Shell General Meeting;

DD&A means depreciation, depletion and amortisation;

Deloitte	means Deloitte LLP, a limited liability partnership registered in England and Wales with number OC303675 and whose registered office is at 2 New Street Square, London EC4A 3BZ, the United Kingdom, member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, whose member firms are legally separate and independent entities;
Disclosure and Transparency Rules	means the disclosure rules made by the FCA pursuant to Part VI of FSMA (as amended), referred to in section 73A(3) of FSMA, and contained in the FCA's publication of the same name;
Dividend Access Mechanism	means the mechanism by which dividends may be paid to holders of Shell B Shares (including those represented by Shell B ADSs) through the Dividend Access Trust;
Dividend Access Shares	means the BG Dividend Access Share and the Shell Dividend Access Share;
Dividend Access Trust	means the trust declared by the Trustee in relation to the Shell Dividend Access Share and (from the Effective Date) the BG Dividend Access Share;
Dutch Revenue Service	means the Dutch Revenue Service (*Belastingdienst*), a unit of the Dutch Ministry of Finance (*Ministerie van Financiën*) competent to impose and collect Dutch income tax (*inkomstenbelasting*), Dutch corporate income tax (*vennootschapsbelasting*) and other miscellaneous Dutch taxes;
EBITDA	means earnings before interest, tax, depreciation and amortisation;
Effective Date	means the date on which: (a) the Scheme becomes effective in accordance with its terms; or (b) if Shell elects to implement the Combination by way of an Offer, the Offer becomes or is declared unconditional in all respects;
Election Restricted Shareholders	means Restricted Shareholders and BG Shareholders with registered addresses in, or who are resident or located in, Italy;
EU	means the European Union;
Euronext Amsterdam	means Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.;
Excluded Shares	means any BG Shares: (i) registered in the name of, or beneficially owned by, Shell, any member of the Shell Group or their respective nominees (if any); (ii) registered in the name of the Trustee; or (iii) held by BG in treasury;
Executive Directors	means the executive directors of Shell as at the date of this Circular or, where the context so requires, the executive directors of Shell from time to time;
Existing Shell Shares	means the Shell Shares in issue at the Latest Practicable Date;
FAS	means Financial Accounting Standards;
FCA	means the Financial Conduct Authority of the UK or, where the context so requires, any successors from time to time;
FID	means final investment decision;

Final Settlement Agreement	means the final settlement agreement dated 9 November 2015 between Shell and the Dutch Revenue Service relating to the Combination with respect to the Dutch tax aspects for the Shell Group of the Combination;
FSMA	means the Financial Services and Markets Act 2000, as amended;
IFRS	means the International Financial Reporting Standard(s);
IOC	means an international oil company;
kboepd	means thousand barrels of oil equivalent per day;
Latest Practicable Date	means 18 December 2015, being the latest practicable date prior to the publication of this Circular;
Lazard	means Lazard & Co., Limited, incorporated in England and Wales with registered number 162175, whose registered office is at 50 Stratton Street, London, W1J 8LL;
Listing Rules or LR	means the listing rules made by the FCA pursuant to Part VI of FSMA (as amended), referred to in section 73A(2) of FSMA, and contained in the FCA's publication of the same name;
LNG	means liquefied natural gas;
London Stock Exchange or LSE	means London Stock Exchange plc or, where the context so requires, any successors from time to time;
LSE Admission	means the admission of the New Shell Shares to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
Long Stop Date	means 31 July 2016 or such later date as may be agreed in writing by BG and Shell (with the Panel's consent and as the Court may approve (if such approval is required));
Management Day Update	means the announcement made by Shell on 3 November 2015 regarding Shell's strategic update to shareholders and investors in London;
mboe	means million barrels of oil equivalent;
Mix and Match Facility	means the mix and match facility under which BG Shareholders may, subject to offsetting elections made by other BG Shareholders, elect to vary the proportion of New Shell Shares and cash received under the terms of the Combination;
mmbbl	means one million barrels;
mtpa	means million tonnes per annum;
NAV	means net asset value;
New Shell Shares	means the Shell B Shares proposed to be issued and, subject to a valid election to that effect by a BG Shareholder (or if it is no longer possible to issue Shell B Shares and subject to the provisions of the Co-operation Agreement), the Shell A Shares to be issued pursuant to the Combination;
New York Stock Exchange	means the New York Stock Exchange, Inc. or, where the context so requires, any successors from time to time;

Non-Executive Directors	means the non-executive directors of Shell as at the date of this Circular or, where the context so requires, the non-executive directors of Shell from time to time;
Notice of the Shell General Meeting	means the notice of the Shell General Meeting (together with the accompanying notes) attached to this Circular;
Offer	means, should the Combination be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the CA 2006, the offer to be made by or on behalf of Shell to acquire the entire issued and to be issued share capital of BG and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
Official List	means the official list maintained by the FCA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
Panel	means the Panel on Takeovers and Mergers;
Petrobras	means Petróleo Brasileiro S.A.;
PRA	means the UK Prudential Regulation Authority;
Pre-Conditions	means the pre-conditions to the Combination, as set out in Appendix 1 to the Announcement;
PRMS	means the Petroleum Resources Management System as jointly published from time to time by the Society of Petroleum Engineers, American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers;
Prospectus	means the prospectus to be made available by Shell in connection with the Combination, being a prospectus relating to Shell and the New Shell Shares for the purposes of the Prospectus Rules, and including the information incorporated by reference into it (together with any supplements or amendments thereto);
Prospectus Rules	means the prospectus rules made by the FCA pursuant to Part VI of FSMA (as amended), referred to in section 73A(4) of FSMA and contained in the FCA's publication of the same name;
PSC	means production sharing contract;
PwC	means PricewaterhouseCoopers LLP, a limited liability partnership registered in England with registered number OC303525 and whose registered office is at 1 Embankment Place, London WC2N 6RH;
QCLNG	means the Queensland Curtis Liquefied Natural Gas facility;
Quantified Financial Benefits Statement	has the meaning given in paragraph 7 of Part VII (*Additional information*);

Registrar means Equiniti Limited, incorporated in England and Wales with registered number 06226088, whose registered office is Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;

Regulatory Conditions means the Conditions set out in paragraphs (b) to (k) (inclusive) of Part A of Appendix 2 to the Announcement (so far as, in the case of the Conditions set out in paragraphs (i), (j) and (k) of Part A of Appendix 2 to the Announcement, the relevant Third Party under those Conditions is a Relevant Authority, as defined in the Co-operation Agreement);

Regulatory Information Service means a regulatory information service as defined in the Listing Rules;

Restricted Jurisdiction means Barbados, the Dubai International Financial Centre, Hong Kong, Malaysia, Oman, Saudi Arabia, Singapore, Trinidad and Tobago and any other jurisdiction where the offer, extension or availability of the New Shell Shares would contravene any applicable law;

Restricted Shareholders means BG Shareholders with registered addresses in, or who are resident in or located in one or more Restricted Jurisdictions;

Scheme means the proposed scheme of arrangement under Part 26 of the CA 2006 between BG and the Scheme Shareholders to implement the Combination with or subject to any modification, addition or condition approved or imposed by the Court;

Scheme Document means the document to be dispatched or made available to Scheme Shareholders pursuant to section 897 of the CA 2006 containing, among other things, details of the Scheme and the notices of the BG Meetings;

Scheme Record Time means the time and date specified as such in the Scheme Document or such later time as Shell and BG may agree;

Scheme Shareholders means holders of Scheme Shares;

Scheme Shares means the BG Shares:

(a) in issue at the date of the Scheme Document;

(b) issued after the date of the Scheme Document but prior to the voting record time for the Court Meeting; or

(c) issued at or after the voting record time for the Court Meeting and at or prior to the Scheme Record Time on terms that the original or any subsequent holder thereof will be bound by the Scheme (if any),

in each case excluding any Excluded Shares;

Scrip Dividend Programme means the scrip dividend programme operated by Shell, pursuant to the Shell Articles of Association and the programme's terms and conditions, each as amended from time to time, further details of which are provided at paragraph 13.4 of Part VI (*Information about the Combination*) of the Prospectus;

SEC means the US Securities and Exchange Commission;

SEC Rules means the oil and gas reporting standards required by the SEC and the US Financial Accounting Standards Board;

Shell	means Royal Dutch Shell plc, a public limited company, incorporated in England and Wales, with registered number 4366849, whose head office is at Carel van Bylandtlaan 30, 2596 HR The Hague, the Netherlands and whose registered office is at Shell Centre, London SE1 7NA;
Shell A ADSs	means American depositary shares issued by the Shell ADS Depositary pursuant to the Shell A Deposit Agreement, with each Shell A ADS representing two Shell A Shares;
Shell A Deposit Agreement	means the amended and restated deposit agreement dated 1 November 2005 among Shell, Bank of New York and the owners and beneficial owners from time to time of Shell A ADSs issued thereunder;
Shell A Share Alternative	means the alternative under which a Scheme Shareholder may elect to receive all or part of the share component of the Consideration (as varied by any election under the Mix and Match Facility) as Shell A Shares as opposed to Shell B Shares;
Shell A Shares	means Shell A ordinary shares of €0.07 each;
Shell ADS Depositary	means the depositary or, as the context may require, the custodian acting as nominee or agent for the depositary, from time to time for the Shell A ADSs and the Shell B ADSs pursuant to the Shell Deposit Agreements;
Shell ADS Holders	means holders of Shell ADSs;
Shell ADSs	means the Shell A ADSs and the Shell B ADSs;
Shell Articles of Association	means the current articles of association of Shell or, where the context so requires, the articles of association of Shell from time to time;
Shell B ADSs	means American depositary shares issued by the Shell ADS Depositary pursuant to the Shell B Deposit Agreement, with each Shell B ADS representing two Shell B Shares;
Shell B Deposit Agreement	means the amended and restated deposit agreement dated 1 November 2005 among Shell, Bank of New York and the owners and beneficial owners from time to time of the Shell B ADSs issued thereunder;
Shell B Shares	means Shell B ordinary shares of €0.07 each;
Shell Board	means the Shell directors collectively;
Shell Deposit Agreements	means the Shell A Deposit Agreement and the Shell B Deposit Agreement;
Shell Directors	means the Executive Directors and Non-Executive Directors of Shell as at the Latest Practicable Date;
Shell directors	means the directors of Shell from time to time;
Shell Dividend Access Share	means the redeemable preference share in the capital of Shell Transport held by the Trustee;
Shell General Meeting	means the general meeting of Shell to be convened in connection with the Combination, and by the Notice of the Shell General Meeting attached to this Circular (including any adjournment thereof);

Shell Group	means Shell and its subsidiaries from time to time and "**member of the Shell Group**" shall be construed accordingly (reference to "**subsidiary**" in this definition is a reference to an entity over which Shell has control, either directly or indirectly, through exposure or rights to their variable returns and the ability to affect those returns through its power over the entities);
Shell Q3 2015 Results	means Shell's interim results announcement for the nine months ended 30 September 2015 (which includes the Shell Group's unaudited historical consolidated financial statements for the nine months ended 30 September 2015);
Shell Resolution	means the ordinary shareholder resolution of Shell to approve, effect and implement the Combination and to grant authority to the Shell directors to allot the New Shell Shares proposed to be passed by the Shell Shareholders at the Shell General Meeting as set out in the Notice of the Shell General Meeting attached to this Circular;
Shell Share Plans	means those set out in paragraph 8 of Part XVI (*Directors, senior management and corporate governance*) of the Prospectus;
Shell Shareholders	means the holders of Shell Shares from time to time;
Shell Shares	means Shell A Shares and Shell B Shares;
Shell Transport	means The Shell Transport and Trading Company Limited, incorporated in England and Wales with registered number 54485, whose registered office is at Shell Centre, London SE1 7NA;
Trust Deed	means the amended and restated trust deed originally made on 19 May 2005 and amended and restated with effect from the Effective Date for the Dividend Access Trust, pursuant to which, among other things, the Trustee may hold certain funds on trust for holders of Shell B Shares;
Trustee	means Computershare Trustees (Jersey) Limited, a company incorporated in Jersey (where the context so requires, acting as trustee under the Trust Deed), or any trustee appointed pursuant to the Trust Deed from time to time;
UK or United Kingdom	means the United Kingdom of Great Britain and Northern Ireland;
UKLA	means the FCA acting in its capacity as the authority for listing in the UK;
US	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all areas subject to its jurisdiction;
Voting Record Time	means 6.00 p.m. on the day which is two Business Days prior to the date of the Court Meeting or any adjournment thereof (as the case may be).
Year Average Price or **YAP**	has the meaning given to it in the SEC Rules.
Year End Cost or **YEC**	has the meaning given to it in the SEC Rules.

ROYAL DUTCH SHELL PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of Royal Dutch Shell plc (the "**Company**") will be held at the Circustheater, Circusstraat 4, 2586 CW The Hague, the Netherlands at 10.00 a.m. (Central European Time) on Wednesday January 27, 2016 for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as an ordinary resolution:

RESOLUTION 1 (Ordinary Resolution)

THAT:

(A) the proposed acquisition by the Company of the entire issued ordinary share capital of BG Group plc ("**BG**"), to be effected pursuant to a scheme of arrangement of BG under Part 26 of the Companies Act 2006 (the ''**Scheme**'') (or by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act 2006 in the circumstances set out in the co-operation agreement entered into between the Company and BG dated 8 April 2015 (an "**Offer**")) (the ''**Recommended Combination**") substantially on the terms and subject to the conditions set out in:

(i) the circular to shareholders of the Company dated 22 December 2015 (the "**Circular**") outlining the Recommended Combination, of which this notice convening this General Meeting (the "**Notice**") forms part; and

(ii) the prospectus prepared by the Company in connection with Admission (defined below) dated 22 December 2015,

be and is hereby approved and the directors of the Company (the ''**Directors**'') (or a duly authorised committee thereof) be and are hereby authorised to do or procure to be done all such acts and things as they consider necessary, expedient or appropriate in connection with the Recommended Combination and this resolution and to agree such modifications, variations, revisions, waivers or amendments to the terms and conditions of the Recommended Combination (provided that such modifications, variations, revisions, waivers or amendments do not materially change the terms of the Recommended Combination for the purposes of the UK Listing Authority's Listing Rule 10.5.2) and to any documents and arrangements relating thereto, as the Directors (or a duly authorised committee thereof) may in their absolute discretion think fit; and

(B) subject to and conditional upon:

(i) the Scheme becoming effective, except for the conditions relating to:

(a) the delivery of the order of the High Court of Justice in England and Wales sanctioning the Scheme to the Registrar of Companies in England and Wales;

(b) the UK Listing Authority having acknowledged to the Company or its agent (and such acknowledgment not having been withdrawn) that the application for the admission of the New Shell Shares to the Official List maintained by the UK Listing Authority with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (the "**listing conditions**")) will become effective as soon as a dealing notice has been issued by the Financial Conduct Authority and any listing conditions having been satisfied and the London Stock Exchange plc having acknowledged to the Company or its agent (and such acknowledgment not having been withdrawn) that the New Shell Shares will be admitted to trading on the main market of the London Stock Exchange plc; and

(c) the Company or its agent having received confirmation (and such confirmation not having been withdrawn) that the application for listing and trading of the New Shell Shares on Euronext Amsterdam, a regulated market of Euronext Amsterdam N.V., has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective shortly after the Scheme becomes effective

(the admission of the New Shell Shares to listing and trading in relation to (b) and (c) together being "**Admission**"); or, as the case may be,

(ii) the Offer becoming or being declared wholly unconditional (except for Admission),

the Directors be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (in addition, to the extent unutilised, to the authority granted to the Directors at the Company's annual general meeting held on 19 May 2015, which remains in full force and effect) to exercise all the powers of the Company to allot new Shell A ordinary shares and Shell B ordinary shares of €0.07 each in the capital of the Company to be issued pursuant to the Recommended Combination (the "**New Shell Shares**") and grant rights to subscribe for or to convert any security into shares in the Company, up to an aggregate nominal amount of €106,854,604, in each case, credited as fully paid, with authority to deal with fractional entitlements arising out of such allotment as they think fit and to take all such other steps as they may in their absolute discretion deem necessary, expedient or appropriate to implement such allotments in connection with the Recommended Combination, and which authority shall expire at the close of business on 31 December 2016 (unless previously revoked, renewed or varied by the Company in general meeting), save that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Directors may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

By order of the Board

Michiel Brandjes
Company Secretary

December 22, 2015

Registered office:
Shell Centre,
London SE1 7NA,
United Kingdom

Registered in England and Wales No. 4366849

Explanatory note to Resolution 1

Resolution 1, which will be proposed as an ordinary resolution, proposes that:

(a) the Recommended Combination be approved and the Directors be authorised to implement the Recommended Combination; and

(b) the Directors be authorised to allot the New Shell Shares in connection with the Recommended Combination up to an aggregate nominal amount of €106,854,604 (representing 1,526,494,336 shares of €0.07 each).

If the resolution is passed, this authority will expire on close of business on 31 December 2016. This authority is in addition to the Company's authority to allot shares granted at the Company's annual general meeting on 19 May 2015.

Shareholder notes

1. ATTENDANCE AND APPOINTMENT OF A PROXY

If you wish to attend the General Meeting or appoint a proxy to attend, speak and vote on your behalf, please see the relevant section below depending on the way you hold your shares.

There are several ways in which Royal Dutch Shell plc ordinary shares or an interest in those shares can be held. These include:

- directly as registered shares in certificated or uncertificated form in a shareholder's own name;
- through the Royal Dutch Shell Corporate Nominee;
- indirectly through Euroclear Nederland (via banks or brokers); or
- as a direct or indirect holder of either A or B American depositary shares ("**ADSs**") with the depositary, the Bank of New York Mellon ("**Depositary**").

Any person to whom this Notice is sent who is a person that has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("**nominated persons**") does not have a right to appoint a proxy. However, a nominated person may, under an agreement with the registered shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. Alternatively, if a nominated person does not have such a right, or does not wish to exercise it, he or she may have a right under any such agreement to give instructions to the registered shareholder as to the exercise of voting rights.

Shareholders with registered shares in their own name or holding their shares through the Royal Dutch Shell Corporate Nominee

- Registered holders of shares or shareholders who hold their shares in the Royal Dutch Shell Corporate Nominee, or their duly appointed representatives, are entitled to attend, speak and vote at the General Meeting.
- Entitlement to attend and vote at the General Meeting will be determined by reference to the Company's Register of Members. In order to attend and vote at the General Meeting, a person must be entered on the Register of Members or the register of the Royal Dutch Shell Corporate Nominee no later than 7 p.m. (Central European Time), 6 p.m. (UK time) on Monday January 25, 2016. A shareholder's voting entitlement will depend on the number of shares held at that time. If the General Meeting is adjourned, such entitlement is determined by reference to the Register of Members or the register of the Royal Dutch Shell Corporate Nominee at 7 p.m. (Central European Time), 6 p.m. (UK time), two working days preceding the date fixed for the adjourned meeting.
- A shareholder is entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting, provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not also be a shareholder. The personalised form of proxy accompanying this Notice (for use by shareholders with registered shares in their own name) ("**Proxy Form**") and the personalised voting instruction form accompanying this Notice (for use by those shareholders holding their shares through the Royal Dutch Shell Corporate Nominee) ("**Voting Instruction Form**") must reach the Company's Registrar, Equiniti Limited (whose registered office is Aspect House, Spencer Road, Lancing, West Sussex, United Kingdom, BN99 6DA), no later than 10.00 a.m. (Central European Time), 9.00 a.m. (UK time) on Monday January 25, 2016. It is also possible to vote or register a proxy appointment electronically as explained below. Shareholders who have completed a Proxy Form or Voting Instruction Form may still attend the General Meeting and vote in person should they wish to do so, but they are requested to bring the personalised admissions card accompanying this Notice (the "**Admittance Card**") with them to the General Meeting.
- If a shareholder wishes to appoint multiple proxies, he or she should contact the Registrar on *0800 169 1679 (UK)* or *+44 (0) 121 415 7073* to obtain an additional Proxy Form or, in the case of a participant in the Royal Dutch Shell Corporate Nominee, a Voting Instruction Form. Alternatively, the shareholder may photocopy his or her Proxy Form or Voting Instruction Form. It will be necessary for the shareholder to indicate on each separate Proxy Form, or Voting Instruction Form, the number of shares in relation to which each proxy is authorised to act. If a shareholder appoints more than one proxy, he or she must ensure that no more than one proxy is appointed in relation to any share.
- If a shareholder does not specify how he or she wants the proxy to vote on the resolution, the proxy may vote or abstain as he or she sees fit. A proxy may also vote or abstain as he or she sees fit on any other business which properly comes before the General Meeting.
- If shares are held through the Royal Dutch Shell Corporate Nominee and no voting instructions are received or specified, the Corporate Nominee will not cast the votes attached to such shares.
- If two or more shareholders jointly hold shares in the Company, each shareholder may attend, speak and vote at the General Meeting, appoint a proxy or give voting instructions. However, if more than one joint holder votes, appoints a proxy or gives voting instructions, the only vote, appointment or voting instruction which will count is the vote, appointment or voting instruction of the joint holder whose name is listed first on the register.

Shareholders holding their shares through Euroclear Nederland (via banks or brokers)

Shareholders holding their shares through Euroclear Nederland B.V. ("**Euroclear**") via banks and brokers are not included in the Company's Register of Members – such shares are included in the Register of Members under the name of Euroclear. If shareholders who hold their shares through Euroclear wish to: (i) attend the General Meeting; or (ii) appoint a proxy to attend, speak and vote on their behalf; or (iii) give voting instructions without attending the General Meeting, they must instruct Euroclear accordingly. To do this, shareholders are advised to contact their bank or broker as soon as possible and advise them which of the three options they prefer. Alternatively, shareholders can choose such options electronically by accessing the website www.abnamro.com/evoting and following the online instructions. In all cases the validity of the instruction will be conditional upon ownership of the shares at no later than 6 p.m. (Central European Time), 5 p.m. (UK time) on Friday January 22, 2016. Any instruction, whether by hard copy or by electronic means, must be received by this time.

Shareholders holding their shares through Euroclear and who indicate they wish to attend the General Meeting will not receive an Admittance Card. They will, therefore, be asked to identify themselves at the General Meeting using a valid passport, identity card or driving licence.

Holders of American Depositary Shares

Registered ADS holders who wish to attend the General Meeting or wish to have their votes cast on their behalf should indicate accordingly on their personalised voting instruction form to be circulated by the Depositary ("**DTC Form**") and return it to the Depositary, the Bank of New York Mellon. Those who hold their Shell ADSs beneficially through a bank or broker and wish to attend the General Meeting or have their votes cast on their behalf should contact their bank or broker as soon as possible. The Depositary, The Bank of New York Mellon, can be contacted on telephone number +1 888 737 2377 (from within the USA) or +1 201 680 6825 (from outside the USA). Holders of ADSs wishing to attend the General Meeting will not receive an Admittance Card and will, therefore, be asked to identify themselves at the General Meeting using a valid passport, identity card or driving licence.

2. CORPORATE REPRESENTATIVES

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

3. ELECTRONIC PROXY APPOINTMENT

Registered shareholders and those who hold their shares through the Royal Dutch Shell Corporate Nominee who prefer to register a proxy appointment with the Registrar via the internet instead of by hard copy (sent by post or by hand) may do so by accessing the website www.sharevote.co.uk. Details of how to register an electronic proxy appointment and voting instructions are set out on the website, but please note the following:

- This method of registering proxies is an alternative to the traditional hard copy appointment of proxies, which will continue unaltered. The electronic facility is available to all shareholders and those who use it will not be disadvantaged.
- This facility provides for the electronic appointment of a proxy and not direct electronic voting. Accordingly, the person appointed as proxy will have to attend the General Meeting in person and vote on behalf of the shareholder.
- No special software is required in addition to internet access.
- To register on the website www.sharevote.co.uk it will be necessary to quote the reference numbers which are set out on the top of your Proxy Form or Voting Instruction Form. These numbers are unique to the particular holding and this General Meeting and contain special security aspects to prevent fraudulent replication.
- In the interests of security, the reference numbers will not be reissued, so if you consider that you might want to register your proxy appointment or your voting instructions electronically after submitting the paper form, please retain a note of the Voting ID, Task ID and Shareholder Reference Number before dispatching the paper form.
- An electronic appointment of a proxy or registration of voting instructions will not be valid if sent to any address other than submission via www.sharevote.co.uk and will not be accepted if found to contain a virus.
- The final time for receipt of proxies is 10.00 a.m. (Central European Time), 9.00 a.m. (UK time) on Monday January 25, 2016. You may change your appointment or voting instructions by submitting a new form in either hard copy or electronic form; however, the new form must be received by the Registrar by this final time. If two valid Proxy Forms or Voting Instruction Forms are received from the same shareholder before the relevant closing time, the one last received will be counted.

4. CREST ELECTRONIC PROXY APPOINTMENT

CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (ID RA 19) by the latest time(s) for receipt of proxy appointments specified in this Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service providers, are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. SHAREHOLDERS' RIGHT TO ASK QUESTIONS

Any shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting (i.e. in respect of the Recommended Combination only) but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

6. ELECTRONIC PUBLICATION

A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at www.shell.com.

7. ELECTRONIC ADDRESSES

Shareholders may not use any electronic address in this Notice or any related documents (including the Circular or Proxy Forms) to communicate with the Company about proceedings at the General Meeting or the contents of this Notice other than for expressly stated purposes.

8. SHARES AND VOTING RIGHTS

The total number of Royal Dutch Shell plc ordinary shares in issue as at 18 December 2015 (being the last practicable day prior to the publication of this Notice), is 3,990,921,569 A shares and 2,440,410,614 B shares. The A shares and the B shares carry one vote each. The Company holds no shares in treasury.

The resolution for consideration at the General Meeting will be decided by way of a poll rather than a show of hands. This means that a shareholder has one vote for every share held. It reflects the Company's established practice and ensures that shareholders, including shareholders who are not able to come to the General Meeting in person, have their votes taken into account. Poll cards will be distributed at the General Meeting for the purposes of voting.

The results of the polls will be announced to the London Stock Exchange as soon as practicable following the conclusion of the General Meeting and will also be published on the Company's website at www.shell.com. For the ordinary resolution to be passed, more than half of the votes cast must be in favour of the resolution.

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