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Shell updates on fourth quarter 2015 and full year 2015 unaudited results

The Hague, 20 January 2016

As envisaged in the circular and prospectus published by Shell on 22 December 2015 relating to its recommended combination with BG Group plc, Royal Dutch Shell plc ("Shell") today updates on its expected fourth quarter and full year 2015 results ahead of the Shell General Meeting on 27 January 2016. Fourth quarter 2015 and full year 2015 figures are expected to be published on 4 February 2016.

When Shell announces its results on 4 February 2016, Shell's fourth quarter 2015 earnings on a current cost of supplies ("CCS") basis excluding identified items are expected to be in the region of \$1.6 – 1.9 billion. This includes Upstream of \$0.4 – 0.5 billion, of which Integrated Gas some \$1.6 – 1.9 billion, and Downstream of \$1.4 – 1.6 billion, of which Oil Products some \$1.3 – 1.4 billion and Chemicals some \$0.1 – 0.2 billion. Full year 2015 earnings on a CCS basis excluding identified items are expected to be in the region of \$10.4 – 10.7 billion.

Identified items for the fourth quarter 2015 are expected to be in the range of a net charge of \$0.2 billion to an immaterial gain, mainly reflecting gains on sale of assets and impairments; and for the full year 2015 are expected to be a net charge of some \$6.8 – 7.0 billion.

Income attributable to Royal Dutch Shell plc shareholders is expected to be in the region of \$0.6 – 1.0 billion for the fourth quarter 2015 and for the full year 2015 expected to be in the region of \$1.6 – 2.0 billion.

Cash flow from operating activities for the fourth quarter 2015 is expected to be in the region of \$4.8 – 6.0 billion and for the full year 2015 expected to be in the region of \$29.2 – 30.4 billion.

Production for the fourth quarter 2015 was 3.0 million boe/d, and for the full year 2015 2.9 million boe/d.

Gearing is expected to be 14% at the end of 2015, including net debt of \$27 billion, compared to 12.2% at the end of 2014, and 12.7% at the end of third quarter 2015.

Underscoring Shell's commitment to returns to shareholders, dividends declared for 2015 are expected to be \$1.88/share or \$12 billion, and for 2016 at least \$1.88/share or, assuming successful completion of the combination, \$15 billion in total.

Commenting on the trading update, Royal Dutch Shell CEO Ben van Beurden said:

"I'm pleased with Shell's operating performance in 2015, and the momentum in the company to reduce costs and to improve competitiveness.

Bold, strategic moves shape our industry. The completion of the BG transaction, which we are expecting in a matter of weeks, will mark the start of a new chapter in Shell, to rejuvenate the company, and improve shareholder returns.

Shell's drive to improve competitive performance is delivering at the bottom line. Operating costs have reduced by \$4 billion, or around 10% in 2015, and the company expects Shell's costs to fall again in 2016, by a further \$3 billion. Synergies from the BG combination will be in addition to that. Together, these actions will include a reduction of some 10,000 staff and direct contractor positions in 2015-16 across both companies, as streamlining and integration of the two companies continue.

Shell is taking impactful steps to refocus and reduce capital spending. Shell's capital investment in 2015 is expected to be \$29 billion, an \$8 billion or over 20% reduction from 2014 levels. This has been delivered by efficiency improvements and more selectivity on new investments. Capital investment for Shell and BG combined in 2016 is currently expected to be \$33 billion, around a 45% reduction from combined spending, which peaked in 2013. Flexibility for further reductions is available and will be utilised should conditions warrant that. As a result of the above actions we have retained a strong balance sheet position at around 14% gearing.

Asset sales for 2014 and 2015 now exceed \$20 billion, well above the original plan of \$15 billion set out in early 2014. Preparations are well advanced for \$30 billion of asset sales in 2016-18, assuming the successful completion of the combination.

In addition to divestments, Shell has taken impactful decisions in 2015 to reduce longer term, low return upstream positions, such as the exit from Alaska exploration for the foreseeable future, cancellation of Carmon Creek heavy oil project, and exit from shales positions in multiple countries."

Shell's fourth quarter and full year 2015 results and fourth quarter 2015 dividend are scheduled to be announced on 4 February 2016. A Shell General Meeting in relation to the proposed combination is scheduled for 27 January 2016 in The Hague, The Netherlands.

The statements relating to expected “CCS earnings excluding identified items”, “Cash flow from operating activities” and “Income attributable to Royal Dutch Shell plc shareholders” represent profit estimates under the City Code on Takeovers and Mergers (the “City Code”). Please refer to the Appendix to this announcement for further detail on these estimates. These profit estimates have been reported on under the City Code by PricewaterhouseCoopers LLP, and by Shell’s financial adviser, Bank of America Merrill Lynch. Copies of their letters are included in Parts B and C of the Appendix. References in this announcement to those profit estimates should be read in conjunction with the Appendix.

Notes:

The financial information in this announcement is preliminary and subject to further internal and external review before the publication of Shell’s fourth quarter 2015 and full year 2015 figures.

APPENDIX 1

PART A – PROFIT ESTIMATES

Under the City Code on Takeovers and Mergers (the “Code”) the following statements for the year ended 31 December 2015 are treated as profit estimates (the “Profit Estimates”).

“Shell’s fourth quarter 2015 earnings on a current cost of supplies (“CCS”) basis excluding identified items are expected to be in the region of \$1.6 – 1.9 billion.” and “Full year 2015 earnings on a CCS basis excluding identified items are expected to be in the region of \$10.4 – 10.7 billion.”

“Income attributable to Royal Dutch Shell plc shareholders is expected to be in the region of \$0.6 – 1.0 billion for the fourth quarter 2015 and for the full year 2015 expected to be in the region of \$1.6 – 2.0 billion.”

“Cash flow from operating activities for the fourth quarter 2015 is expected to be in the region of \$4.8 – 6.0 billion and for the full year 2015 expected to be in the region of \$29.2 – 30.4 billion.”

Basis of preparation

The Profit Estimates are based on:

- the unaudited condensed consolidated interim financial statements of Shell for the nine month period ended 30 September 2015 included in the interim results announcement issued by Shell on 29 October 2015; and
- the unaudited management accounts of Shell for the three month period ended 31 December 2015.

The basis of accounting used is consistent with the accounting policies of Shell.

Earnings on a current cost of supplies (“CCS”) basis excluding identified items is a non-GAAP measure typically reported in the Group’s quarterly and annual financial results. This non-GAAP financial measure should not be considered in isolation from, as a substitute for, or superior to financial measures prepared in accordance with IFRS. To calculate Earnings on a CCS basis excluding identified items, GAAP earnings are firstly adjusted on a current cost of supplies basis (CCS earnings). On this basis, the purchase price of volumes sold during the period is based on the current cost of supplies during the same period after making allowance for the tax effect. CCS earnings therefore exclude the effect of changes in the oil price on inventory carrying amounts.

Secondly, CCS earnings are then adjusted to exclude Identified Items which comprise divestment gains and losses, impairments, fair value accounting of commodity derivatives and certain gas contracts, redundancy and restructuring costs, and further selective items deemed appropriate.

Reports

As required by Rule 28.1(a) of the Code, PricewaterhouseCoopers LLP, as reporting accountants to Shell, have provided a report stating that, in their opinion, the Profit Estimates have been properly compiled on the basis stated and the basis of accounting used is consistent with Shell's accounting policies. In addition, Merrill Lynch International, as financial adviser to Shell, has provided a report stating that, in its opinion, and subject to the terms of such reports, the Profit Estimates have been prepared with due care and consideration.

Copies of these reports are set out below. Each of PricewaterhouseCoopers LLP and Merrill Lynch International has given and not withdrawn consent to the publication of its report in the form and context in which it is included.

PART B – REPORT FROM PRICEWATERHOUSECOOPERS LLP

The Directors
Royal Dutch Shell plc
Shell Centre
London, SE1 7NA

Merrill Lynch International (the "Financial Adviser")
2 King Edward Street
London, United Kingdom
EC1A 1HQ

20 January 2016

Dear Sirs

Royal Dutch Shell plc

We report on the profit estimates made by Royal Dutch Shell plc ("**Shell**") comprising the statement of CCS earnings excluding identified items, income attributable to Shell shareholders, and cash flow from operating activities, each for the quarter and year ended 31 December 2015 (the "**Profit Estimates**"). The Profit Estimates and the basis on which they are prepared are set out in Appendix 1 Part A of Shell's Fourth Quarter and Full Year Update 2015 issued by Shell dated 20 January 2016 (the "**Announcement**").

This report is required by Rule 28.1(a)(i) of the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers (the "**City Code**") and is given for the purpose of complying with that Rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of Shell (the "**Directors**") to prepare the Profit Estimates in accordance with the requirements of the City Code. In preparing the Profit Estimates the Directors are responsible for correcting errors that they have identified which may have arisen in the unaudited condensed consolidated interim financial statements and the unaudited management accounts used as the basis of preparation for the Profit Estimates.

It is our responsibility to form an opinion as required by Rule 28.1(a)(i) of the City Code as to the proper compilation of the Profit Estimates and to report that opinion to you.

Save for any responsibility under Rule 28.1(a)(i) of the City Code to any person as and to the extent therein provided, 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 Rule 23.3 of the City Code, consenting to its inclusion in the Announcement.

Basis of Preparation of the Profit Estimates

The Profit Estimates have been prepared on the basis stated in Appendix 1 Part A of the Announcement and are based on the unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2015 and the unaudited management accounts for the three months ended 31 December 2015. The Profit Estimates are required to be presented on a basis consistent with the accounting policies of Shell.

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. Our work included evaluating the basis on which the historical financial information for the nine months to 30 September 2015 and the unaudited management accounts for the three months ended 31 December 2015 included in the Profit Estimates have been prepared and considering whether the Profit Estimates have been accurately computed using that information and whether the basis of accounting used is consistent with the accounting policies 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 Profit Estimates have been properly compiled on the basis stated.

However the Profit Estimates have not been audited. The actual results reported, therefore, may be affected by revisions required to accounting estimates due to changes in circumstances, the impact of unforeseen events and the correction of errors in the financial results management accounts. Consequently we can express no opinion as to whether the actual results achieved will correspond to those shown in the Profit Estimates and the difference may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Profit Estimates have been properly compiled on the basis stated, and the basis of accounting used is consistent with the accounting policies of Shell.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

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PART C – REPORT FROM MERRILL LYNCH INTERNATIONAL

The Board of Directors
Royal Dutch Shell plc
Carel van Bylandtlaan 16
2596 HR The Hague
Netherlands

20 January 2016

Dear Sirs

Report on the profit estimate of Royal Dutch Shell plc (the "Company")

We refer to the profit estimates made by the Company (which constitutes a profit forecast under the UK City Code on Takeovers and Mergers (the "Code")) as set out in paragraphs two, three, four and five of Part A of this document (the "Profit Estimates"), for which the Company and the Board of Directors of the Company (the "Directors") are solely responsible under Rule 28 of the Code.

We have discussed the Profit Estimates and the bases and assumptions on which it is made with you and with PricewaterhouseCoopers LLP ("PwC"), the Company's reporting accountants. We have also discussed the accounting policies and bases of calculation of the Profit Estimates with you and PwC. We have also considered the letter dated the same date as above from PwC addressed to you and to us on these matters. We have relied upon the accuracy and completeness of all the financial and other information discussed with us and have assumed such accuracy and completeness for the purposes of providing this letter. You have confirmed to us that all information relevant to the Profit Estimates has been disclosed to us.

This letter is provided to you solely in connection with Rule 28.1(a)(ii) of the Code and for no other purpose. We accept no responsibility to the Company's shareholders or any person other than the Company or the Directors in respect of the contents of this letter; no person other than the Company and the Directors can rely on the contents of this letter; and to the fullest extent permitted by law, we exclude all liability (whether in contract, tort or otherwise) to any other person, in respect of this letter, its results, or the work undertaken in connection with this letter, or any of the results that can be derived from this letter or any written or oral information provided in connection with this letter, and any such liability is expressly disclaimed except to the extent that such liability cannot be excluded by law.

On the basis of the foregoing, we consider that the Profit Estimates, for which the Directors and the Company are solely responsible, has been made with due care and consideration.

Yours faithfully,

Merrill Lynch International

CAUTIONARY STATEMENT

The release, presentation, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Any failure to comply with applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction.

This announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the recommended combination of Royal Dutch Shell plc ("Shell") and BG Group plc ("BG") (the "Combination") or otherwise nor shall there be any sale, issuance or transfer of securities of Shell or BG pursuant to the Combination in any jurisdiction in contravention of applicable laws. Investors should not make any investment decision except on the basis of information in the prospectus published by Shell in connection with the Combination. Copies of the prospectus are available from the registered office of Shell and in electronic form at www.shell.com, subject to certain access restrictions applicable to persons resident outside the UK.

No statement in this announcement should be interpreted to mean that cash flow or earnings per share for the current or future financial years would necessarily match or exceed the historical published cash flow or earnings per share for Shell or BG, as appropriate.

All amounts shown throughout this announcement are unaudited.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate entities. In this announcement "Shell", "Shell group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. "Subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this announcement refer to companies over which Royal Dutch Shell plc either directly or indirectly has control. Companies over which Shell has joint control are generally referred to as "joint ventures" and companies over which Shell has significant influence but neither control nor joint control are referred to as "associates". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in a venture, partnership or company, after exclusion of all third-party interest.

This announcement contains forward-looking statements concerning the financial condition, results of operations and businesses of Royal Dutch Shell. 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 Royal Dutch Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. 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", "schedule", "seek", "should", "target", "will" and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this announcement, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) 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 for shared costs; and (m) changes in trading conditions. All forward-looking statements contained in this announcement 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. Additional risk factors that may affect future results are contained in Royal Dutch Shell's Form 20-F for the year ended December 31, 2014 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this announcement and should be considered by the reader. Each forward-looking statement speaks only as of the date of this announcement, January 20, 2016. Neither Royal Dutch Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this announcement.

In accordance with Rule 26.1 of the Code, a copy of this announcement is also available on the website of Shell at: www.shell.com. For the avoidance of doubt, the contents of the website referred to in this announcement are not incorporated into and do not form part of this announcement.

We may have used certain terms, such as resources, in this announcement that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

January 20, 2016

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