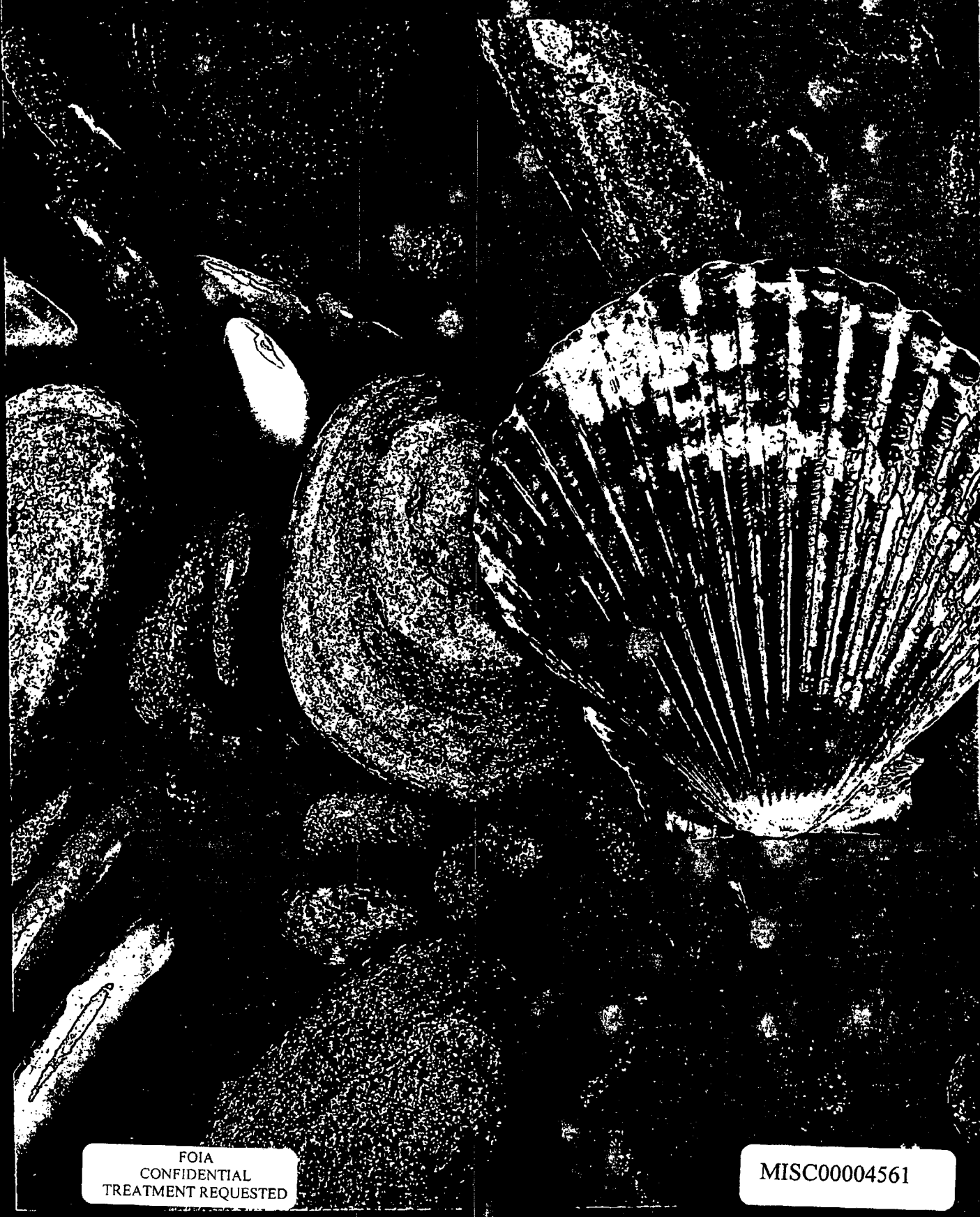


Exhibit 71

Royal Dutch Petroleum Company
N.V. Koninklijke Nederlandsche Petroleum Maatschappij
Annual Report and Accounts 2000



FOIA
CONFIDENTIAL
TREATMENT REQUESTED

MISC00004561

This is Shell

Shareholders

There are some 740,000 shareholders of Royal Dutch Petroleum Company and some 270,000 shareholders of The "Shell" Transport and Trading Company, p.l.c. Shares of one or both companies are listed and traded on stock exchanges in eight European countries and in the USA.

Parent Companies

As Parent Companies, Royal Dutch Petroleum Company (Royal Dutch) and The "Shell" Transport and Trading Company, p.l.c. (Shell Transport) do not themselves directly engage in operational activities. They are public companies; Royal Dutch is domiciled in the Netherlands, Shell Transport in the UK.

The Parent Companies own the shares in the Group Holding Companies but are not themselves part of the Royal Dutch/Shell Group of Companies. They appoint Directors to the Boards of the Group Holding Companies, from which they receive income in the form of dividends. The Parent Companies derive most of their income in this way. Royal Dutch has a 60% interest in the Group and Shell Transport has a 40% interest.

Royal Dutch/Shell Group of Companies

The numerous companies in which Royal Dutch and Shell Transport own investments are collectively referred to as the Royal Dutch/Shell Group of Companies. The Group has grown out of an alliance made in 1907 between Royal Dutch and Shell Transport, by which the two companies agreed to merge their interests on a 60:40 basis while keeping their separate identities.

Group Holding Companies

Shell Petroleum N.V. and The Shell Petroleum Company Limited between them hold, directly or indirectly, all Group interests in the Service Companies and the Operating Companies.

Service Companies

The main business of the Service Companies is to provide advice and services to other Group and associated companies.

Operating Companies

Operating in more than 135 countries around the world, the companies of the Royal Dutch/Shell Group are engaged in the business of Exploration and Production, Downstream Gas and Power, Oil Products, Chemicals and Renewables as well as other activities.

Exploration and Production: Searches for, finds and produces oil and gas. Builds the infrastructure needed to deliver hydrocarbons to market.

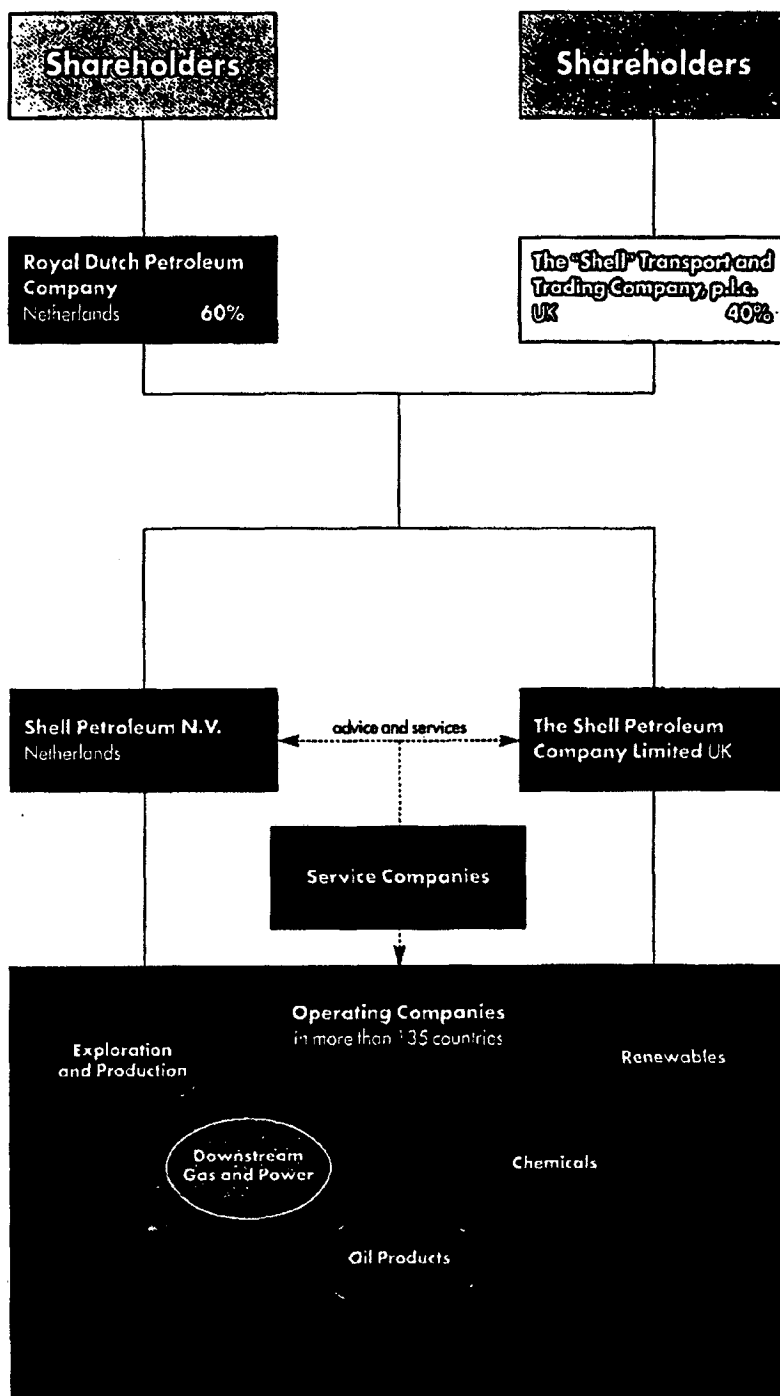
Downstream Gas and Power: Natural gas and liquefied natural gas (LNG) infrastructure and market development, marketing and trading of natural gas and electricity, power plant development, Gas to Liquids.

Oil Products: Sales and marketing of transportation fuels, lubricants and speciality products. Refining, supply, trading and shipping of crude oil and petroleum products.

Chemicals: Producing and selling base chemicals, petrochemical building blocks and polyolefins globally.

Renewables: Generates green electricity and provides renewable energy solutions. Develops and operates wind farms and biomass plants; manufactures and markets solar systems and grows sustainably managed forests.

The management of each Operating Company is responsible for the performance and long-term viability of its own operations, but it can draw on the experience of the Service Companies and, through them, of other Operating Companies.

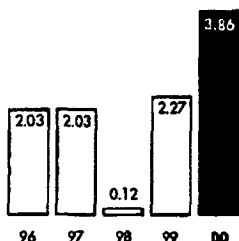


The companies in which Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company, p.l.c. directly or indirectly own investments are separate and distinct entities. But in this Report the collective expressions "Shell", "Group" and "Royal Dutch/Shell Group of Companies" are sometimes used for convenience in contexts where reference is made to the companies of the Royal Dutch/Shell Group in general. Likewise the words "we", "us" and "our" are used in some places to refer to companies of the Royal Dutch/Shell Group in general, and in others to those who work in those companies. Those expressions are also used where no useful purpose is served by identifying a particular company or companies.

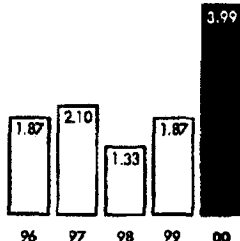
Financial highlights

Royal Dutch Petroleum Company

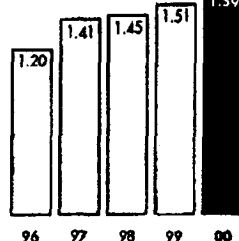
Net income
€ per share



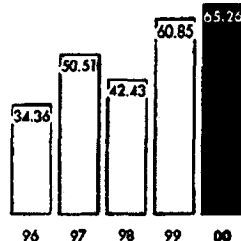
Adjusted CCS earnings*
(pro forma)
€ per share



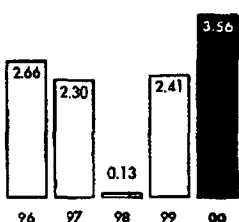
Dividends
€ per share



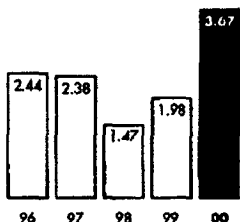
Year-end share price
€



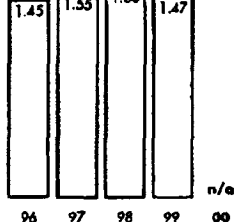
Net income
\$ per share



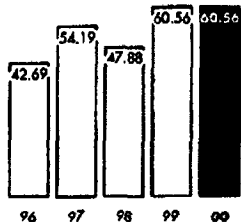
Adjusted CCS earnings*
(pro forma)
\$ per share



Dividends
\$ per share

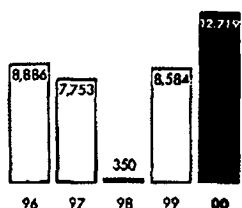


Year-end share price
\$

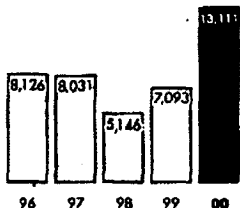


Royal Dutch/Shell Group of Companies

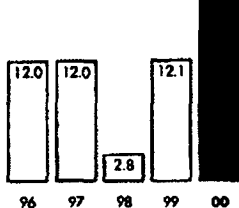
Net income
\$ million



Adjusted CCS earnings*
\$ million



Return on Average
Capital Employed^b
%



a Earnings on an estimated current cost of supplies (CCS) basis, excluding special credits/charges.

b CCS earnings plus the Group share of interest expense after tax, as a percentage of the Group share of average capital employed.

For information about the data contained in the charts relating to Royal Dutch, consult the Shareholder information section on page 64.

Throughout this Report, a billion = 1,000 million.

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Royal Dutch Petroleum Company

N.V. Koninklijke Nederlandsche Petroleum Maatschappij

Founded on June 16, 1890

Carel van Bylandtlaan 30
2596 HR The Hague
The Netherlands

Message from the President

2

Record results reflect business achievements as well as exceptional oil prices. We are exceeding our cost improvement targets and realising opportunities – accessing new reserves, selling more gas, offering new choices, pursuing the potential of e-business, contributing to sustainable development. Our technology, brand, global reach and reputation provide the foundation for delivering excellent returns and building for the future.



Our strong financial results in 2000 reflect considerable business achievements, as well as exceptionally high oil prices. We are fulfilling our commitments and building for the future.

We must deliver – and be seen to deliver – in two ways. We need the profitability that provides competitive returns and funds investment. Being profitable – through serving our customers – is also a vital element of what we contribute to society. But this contribution goes far wider. Shell companies accept their responsibility to help deliver the economic, social and environmental requirements of sustainable development. Being trusted to meet societal expectations is essential for long-term profitability.

We are committed to transparency, and to developing and integrating our reporting on how Shell companies fulfil their responsibilities.*

Our success rests on the quality and commitment of Shell people. They drive our vision – from their concern for their world, their urge

to contribute, their pride in the success of their company. What we have achieved – over difficult years of transformation – is a testament to their performance. They inspire confidence that we can continue meeting the challenges of an uncertain world.

I thank them most sincerely, as well as all the others who have worked with us.

Delivering exceptional returns

Oil prices in 2000 were exceptionally high – considerably above the average for the previous decade and more than double the 1998 level, when conditions were very difficult. Refining margins were higher everywhere. But chemicals margins and oil marketing margins continued to decline.

On a current cost of supplies basis – excluding special items – earnings for the year were \$13.1 billion, 85% higher than the adjusted earnings for 1999. Reported net income of \$12.7 billion

was 48% higher. Exploration and Production made record earnings. Those of our growing Gas and Power business tripled, with expanding liquefied natural gas sales. Stronger refining margins, coupled with major additional cost reductions, enabled Oil Products to achieve an impressive improvement on the previous year's results, which were depressed by global weakness in the refining sector. Chemicals earnings fell.

The return on average capital employed was 19.5%, and would have been over the 14% target at our \$14 a barrel planning assumption. The Group's financial position is strong. We are implementing a share buyback programme.

Oil prices and margins remain volatile. The economic outlook is uncertain. It is prudent to continue basing our plans on conservative assumptions. However, energy needs are growing with expanding populations and economic development, particularly in Asia-Pacific where we are strongly placed. We also have great strengths in gas, an increasingly attractive fuel which has an important role in responding to climate change.

The Group is committed to reducing its greenhouse gas emissions and met its target last year.

The pace and competitiveness of business is intensifying everywhere. Shell companies are harnessing the potential of e-business to change how they do business and serve customers.

Realising opportunities

We seek to make the most of what we have, gain new business and break new ground.

Shell people are our most important asset. We strive to make the best of their skills, experience and creativity. Expansion of stock option and purchase schemes allows them to share in the Group's success.

Learning from world-wide experience has delivered striking cost improvements, for example in drilling – helping to maintain our advantage over major competitors in such areas as finding, development and production costs. Having already met our target of \$4 billion in annual unit cost improvements by 2001, we have raised it to \$5 billion.

Significant further savings are expected from using the internet for procurement. Last year we helped form the major Trade-Ranger on-line energy and petrochemicals exchange.

The completion of the Chemicals restructuring was an important milestone – divesting 40% of the assets and cutting the number of manufacturing sites from 54 to 17. Reducing refinery capacity – by 17% in Europe in three years – has been another important thrust.

Exchanges and divestments of producing assets were more than outweighed by increasing oil and gas production – in the North Sea, Oman, the Gulf of Mexico deep water, Australia and Canada. It was a vintage year for exploration. Shell leadership in the expanding LNG business was confirmed.

Asia-Pacific is a vital area of new business. Shell companies are building relationships in China and India – working on developing resources, supplying LNG and marketing oil products. Shell interest in the Russian Sakhalin venture – where we aim to develop an LNG scheme – was increased. Fletcher Challenge Energy is being

acquired in New Zealand and we have made an offer to other Woodside shareholders in Australia.

We are pursuing new oil and gas projects in major producing countries.

Liberalised markets offer new trading opportunities. Shell Trading – the Group's new integrated trading arm – builds on oil trading strengths. We are harnessing the potential of on-line exchanges. Commercialising Shell technology advances and capabilities – for example through Shell Global Solutions – is another important thrust.

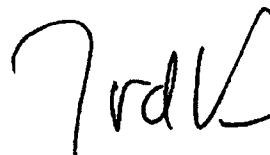
The Group's proved Gas to Liquids technology converts gas into ultra-clean products in demand for raising fuel standards. Shell coal gasification technology – which we plan to apply in China – uses coal more efficiently and cleanly. We continue to develop our renewable energy businesses – where the proposed solar joint venture with Siemens is an important step – and pursue the possibilities of hydrogen.

Offering customers a choice of differentiated motor fuels – in 30 markets by the end of the year – has been particularly successful. Other customer-focused initiatives include integrated energy services for households and financial products for motorists. Shell companies are using the internet to extend and deepen relationships with customers.

Our reports tell much more of what the Group is doing. I believe they demonstrate we have the capabilities necessary for success, in particular:

- our technological skills and creativity,
- the strength of our brand,
- our global reach, and
- the value we place on our reputation.

How we succeed is as important as what we achieve. Our commitment to sustainable development encompasses everything Shell companies do, oil and gas as much as renewables. We are committed to delivering excellent returns and building value for the future – for the planet and its people, for our customers, employees and shareholders.



Jeroen van der Veer, President
March 14, 2001

*In line with our commitment to integrating our reporting, The Shell Report Summary is being distributed to shareholders this year together with the Annual Report and Accounts.

Supervisory Board

4

Lodewijk van Wachem Chairman

(1931, Dutch) Chairman of the Supervisory Board since 1992. Due to retire in 2002. A Managing Director of the Company 1977-92 and President 1982-92. A Group Managing Director 1977-92. Chairman of the Supervisory Board of Royal Philips Electronics. Vice-Chairman of the Board of Directors of Zurich Financial Services. A member of the Supervisory Boards of Akzo Nobel, BMW and Bayer. A member of the Boards of Directors of IBM and Atco (Canada).

Maarten van den Bergh

(1942, Dutch) A member of the Supervisory Board since July 2000. Due to retire by rotation in 2004. A Managing Director of the Company 1992-2000 and President 1998-2000. A Group Managing Director 1992-2000. Chairman designate of the Board of Directors of Lloyds TSB. A member of the Board of Directors of British Telecom.

Aad Jacobs

(1936, Dutch) A member of the Supervisory Board since 1998. Due to retire by rotation in 2003. Formerly Chairman of the Executive Board of ING Group. Chairman of the Supervisory Board of Joh. Enschedé. Vice-Chairman of the Supervisory Boards of Buhrmann and VNU. A member of the Supervisory Boards of Euronext, IHC Caland, ING Group, Nederlandse Spoorwegen, and Strukton Groep.

Jonkheer Aarnout Loudon

(1936, Dutch) A member of the Supervisory Board since 1997. Due to retire by rotation in 2002. Formerly Chairman of the Board of Management of Akzo Nobel. Chairman of the Supervisory Boards of ABN AMRO Bank, Akzo Nobel and HBG Hollandsche Beton Groep. A member of the Board of Directors of Corus Group. A member of the International Advisory Board of Allianz. Former member of the First Chamber of the Dutch Parliament.

Professor Joachim Milberg

(1943, German) A member of the Supervisory Board since July 2000. Due to retire by rotation in 2005. Chairman of the Board of Management of BMW.

Hennie de Ruiter

(1934, Dutch) A member of the Supervisory Board since 1994. Due to retire in 2004. A Managing Director of the Company 1983-94. A Group Managing Director 1983-94. Chairman of the Supervisory Boards of Royal Ahold, Beers and Wolters Kluwer. Vice-Chairman of the Supervisory Board of Aegon. Vice-Chairman of the Board of Directors of Corus Group. A member of the Supervisory Boards of Heineken and Royal Vopak.

Jan Timmer

(1933, Dutch) A member of the Supervisory Board since 1996. Due to retire by rotation in 2001. Formerly President and Chairman of the Board of Management of Royal Philips Electronics. Chairman of the Supervisory Boards of Nederlandse Spoorwegen and PSV. A member of the Supervisory Boards of ING Group and NPM Capital. A member of the Advisory Board of KPMG.

Board of Management

Jeroen van der Veer President

(1947, Dutch) A Managing Director of the Company since 1997 and President since July 2000. A Group Managing Director since 1997. Joined the Group in 1971 in refinery process design and held a number of positions in refining and marketing in the Netherlands, Curaçao and the UK. Area Co-ordinator Sub-Saharan Africa 1990-92 and a Managing Director of Shell Nederland with responsibility for the Pernis refinery and petrochemical complexes at Pernis and Moerdijk as well as the chemicals business 1992-95. President and Chief Executive Officer of Shell Chemical Company in the USA 1995-97. A member of the Supervisory Board of De Nederlandsche Bank.

Harry Roels

(1948, Dutch) A Managing Director of the Company since 1999. A Group Managing Director since 1999. Joined the Group in 1971 as a petroleum engineer. Worked in exploration and production in Malaysia, Brunei, the UK, Turkey, Norway and the Netherlands. Area Co-ordinator for a number of Latin American countries 1994-96 and Regional Business Director Middle East and Africa, Exploration and Production 1996-98. General Manager of Nederlandse Aardolie Maatschappij and a Managing Director of Shell Nederland 1998-99.

MISC00004566

General Attorney

Robbert van der Vlist

(1944, Dutch) General Attorney of the Company since 1987. Joined the Group in 1970 as a Legal Adviser.

Corporate Governance

The Supervisory Board and Board of Management of Royal Dutch Petroleum Company (Royal Dutch) remain committed to upholding the highest standards of integrity and transparency in their governance of the Company. The importance and the value of a balanced interplay between supervision, management and shareholders within the Company has long been a major principle governing the conduct of Royal Dutch. The main features of corporate governance in the Company are described below.

Royal Dutch's sole activity is the ownership of a 60% interest in the Royal Dutch/Shell Group of Companies, of which it is not a part and in whose activities it does not engage. The other 40% is owned in like manner by The "Shell" Transport and Trading Company, p.l.c. (Shell Transport). This arrangement has stood unaltered since 1907, subject only to changes of detail, and during this long period the Group has grown to be one of the largest global commercial enterprises. The Supervisory Board and Board of Management consider that these enduring arrangements between Royal Dutch and Shell Transport have served shareholders well. It must be recognised, however, that the framework within which the Boards operate is conditioned to some extent by Royal Dutch's unique relationship with Shell Transport, and this results in some special arrangements which may not be appropriate in other companies. For instance, the Board Committees dealing with audit and remuneration matters are joint committees of the Supervisory Board of Royal Dutch and the Board of Directors of Shell Transport. However, these governance arrangements are always designed with a view to upholding the best standards of corporate governance and are subject to ongoing review and adjustments for the changing demands of business.

The joint arrangements for supervising the governance of the operations of the Royal Dutch/Shell Group of Companies in over 135 countries are summarised in this statement under the heading "Arrangements with Shell Transport". The governance of Royal Dutch itself is outlined below.

Board of Management

Royal Dutch is managed by a Board of Management, consisting of at least two Managing Directors, under the supervision of a Supervisory Board. Managing Directors are appointed by the General Meeting of Shareholders from the persons nominated by the meeting of holders of priority shares. They hold office until they retire, unless removed earlier from office by the General Meeting of Shareholders. The Supervisory Board appoints one of the Managing Directors as President, who determines the division of tasks among the Managing Directors and has the casting vote in the event of an equality of votes at a meeting of the Board of Management.

The Managing Directors of Royal Dutch and the Managing Directors of Shell Transport are also members of the Presidium of the Board of Directors of Shell Petroleum N.V. and Managing Directors of The Shell Petroleum Company Limited. As such, they are generally known as Group Managing Directors.

Supervisory Board

The Supervisory Board is responsible for supervising the policies of the Board of Management and the general course of business of the Company and the Group and further advises the Board of Management. The Supervisory Board consists of at least five members, who are appointed by the General Meeting of Shareholders from the persons nominated by the meeting of holders of priority shares. The Board itself elects a chairman from among its members. Each year, one of the members of the Board retires by rotation, but is eligible for re-election. Further, a member of the Supervisory Board retires after having served on the Board for a period of 10 years or after having reached the age of 70.

The Supervisory Board aims for an adequate spread of knowledge and experience among its members in relation to the various businesses of the Group and the international nature of the Company and the Group. In line with these goals, the Board attaches great importance to having available adequate experience in the energy industry and the international environments in which Group companies operate by having one or more former Managing Directors of the Company among its members. However, the Board aims for a majority consisting of outsiders.

General Meetings of Shareholders

General Meetings of Shareholders of Royal Dutch are held at least once a year to discuss the reports of the Board of Management and of the Supervisory Board, to finalise the Annual Accounts and to resolve on any dividend proposal and other items on the agenda.

General Meetings of Shareholders are called by the Board of Management or the Supervisory Board. The items to be dealt with at the meeting are determined by the Board of Management and the Supervisory Board and are specified in the agenda included in the notice of convocation. A General Meeting of Shareholders may also be held at the request of one or more shareholders who individually or jointly represent at least 10% of the Company's issued capital, for the purpose of dealing with subjects specified by such shareholders. The Board of Management and the Supervisory Board will add items proposed by shareholders to the agenda of a General Meeting of Shareholders, provided that: (a) such a proposal is submitted by one or more shareholders who individually or jointly represent at least 1% of the Company's issued capital and is received by the Company at least 60 days in advance of the meeting; and (b) in the opinion of the Board of Management and the Supervisory Board such a proposal concerns an item on which the General Meeting of Shareholders can legitimately decide and does not contravene serious interests of the Company or any Group company.

The resolutions of the General Meeting of Shareholders shall, except in those cases where the law or the Articles of Association prescribe a larger majority, be passed by absolute majority of the votes cast. At General Meetings shareholders may cast one vote for each ordinary share held by them.

Corporate Governance

continued

6

Priority shares

Royal Dutch has 1,500 priority shares outstanding. Each of the members of the Supervisory Board and each Managing Director is the holder of six priority shares. The other priority shares are held by the Royal Dutch Priority Shares Foundation. The Board of the Foundation consists of all members of the Supervisory Board and the Board of Management of the Company. Special rights attaching to these shares are set out on page 16. These rights include:

- the determination of the number of Managing Directors and the number of members of the Supervisory Board;
- the drawing up of a binding nomination consisting of at least two persons for filling vacancies on the Board of Management and the Supervisory Board;
- the granting of consent for amendment of the Articles of Association or for dissolution of the Company.

The above-mentioned rights are exercised by the meeting of holders of priority shares. At this meeting one vote may be cast for each priority share, but no one may cast more than six votes in all.

Arrangements with Shell Transport

Royal Dutch and Shell Transport are independent companies, each obliged to observe the law and corporate practices of their country of incorporation – the Netherlands and the United Kingdom, respectively. Royal Dutch and Shell Transport have over their long association developed a number of special joint arrangements as set out below to assist with the proper discharge of their responsibilities to their own respective shareholders for stewardship of the Parent Companies' interests in the Royal Dutch/Shell Group.

The structure of the Royal Dutch/Shell Group is shown on the inside front cover of this Report, and the current members of the Boards of the Parent Companies are shown on pages 22 and 23.

Conference

Meetings of the Conference between the members of the Supervisory Board and the Board of Management of Royal Dutch and the Directors of Shell Transport are held regularly during the year. The purpose of Conference is to receive information from Group Managing Directors about major developments within the Royal Dutch/Shell Group of Companies and to discuss reviews and reports on the business and plans of the Group. Senior executives of Group companies also attend these meetings of Conference to present strategic plans and proposals for major projects, giving Conference frequent opportunities to hear from and put questions to those with first-hand experience of the business in addition to receiving fully documented reports and proposals.

Joint Committees

The joint Committees established by the Parent Companies to assist with their respective governance responsibilities are described below. All three of these Committees are composed of six members, in each case three of whom are appointed by the Supervisory Board of Royal Dutch from among its members and three by the Board of Shell Transport from among its members.

Group Audit Committee

In 1976 the Supervisory Board of Royal Dutch, jointly with the Board of Shell Transport, established a Group Audit Committee. Under its terms of reference, the Committee acts in an advisory capacity to the Boards, providing them with quarterly and annual updates regarding its activities and related recommendations. The Committee regularly considers the effectiveness of risk management processes and internal control within the Group and reviews the financial accounts and reports of the Royal Dutch/Shell Group of Companies. The Committee also considers both internal and external audit reports (including the results of the examination of the Group Financial Statements) and assesses the performance of internal and external audit.

The members appointed by the Supervisory Board of Royal Dutch are Aad Jacobs, Hennie de Ruiter and Jan Timmer; the members appointed by the Board of Shell Transport are Sir Peter Holmes, Professor Robert O'Neill and Sir William Purves (Chairman of the Committee).

Remuneration and Succession Review Committee

In 1967 the Supervisory Board of Royal Dutch, jointly with the Board of Shell Transport, established a Remuneration Committee. Following restatement of its terms of reference in 1980, this Committee was renamed Remuneration and Succession Review Committee. The functions of the Committee are to make recommendations on all forms of remuneration with respect to Group Managing Directors and to review matters relating to the succession to the positions of Group Managing Directors.

The members appointed by the Supervisory Board of Royal Dutch are Jonkheer Aarnout Loudon, Professor Joachim Milberg and Lodewijk van Wachem (Chairman of the Committee); the members appointed by the Board of Shell Transport are Dr Eileen Buttle, Sir John Jennings and Lord Oxburgh.

Social Responsibility Committee

In 1997 the Supervisory Board of Royal Dutch, jointly with the Board of Shell Transport, established a Social Responsibility Committee. The Committee reviews the policies and conduct of the Royal Dutch/Shell Group of Companies with respect to the Group's *Statement of General Business Principles* as well as the Group's Health, Safety and Environment Commitment and Policy.

The members appointed by the Supervisory Board of Royal Dutch are Maarten van den Bergh, Jonkheer Aarnout Loudon and Jan Timmer. The members appointed by the Board of Shell Transport are Teymour Alireza, Dr Eileen Buttle and Lord Oxburgh (Chairman of the Committee).

Shell companies have long been open about the values and principles which guide them, and the Group's *Statement of General Business Principles* has been publicly available for over 20 years. The latest revision followed extensive internal and external consultation. It included commitments to support fundamental human rights and to contribute to sustainable development.

Group companies publish a document entitled *The Shell Report* which reviews Group companies' progress in embodying sustainable development in the way they do business and meet the economic, environmental and social expectations of stakeholders. It includes the latest verified health, safety and environmental data.

Report of the Supervisory Board to the Shareholders

8

Members of the Supervisory Board and Managing Directors
Maarten van den Bergh retired as President on June 30, 2000. The Supervisory Board appointed Jeroen van der Veer as his successor with effect from July 1, 2000.

At the General Meeting of Shareholders held on May 9, 2000, the Chairman of the Supervisory Board and the shareholders paid tribute to Mr Van den Bergh for the many outstanding services rendered by him to the Company and the Royal Dutch/Shell Group of Companies. Mr Van den Bergh was appointed to the Supervisory Board by the Meeting with effect from July 1, 2000.

Huib van Engelshoven retired from the Supervisory Board with effect from July 1, 2000. Mr Van Engelshoven was associated with the Royal Dutch/Shell Group of Companies over a period of more than 45 years. He was appointed as a Managing Director of the Company and as a Group Managing Director in 1982, which positions he held until 1991. In that year he was appointed to the Supervisory Board of the Company. At the General Meeting of Shareholders held on May 9, 2000, the Chairman of the Supervisory Board and the shareholders paid tribute to Mr Van Engelshoven for the many outstanding services rendered by him to the Company and the Royal Dutch/Shell Group of Companies over a long period of time.

At the same Meeting Professor Joachim Milberg, Chairman of the Board of Management of BMW, was appointed as a member of the Supervisory Board.

Hennie de Ruiter, retiring in accordance with the schedule of rotation, was reappointed to the Supervisory Board at the same General Meeting.

Meetings of the Supervisory Board

During the year under review the Supervisory Board met eight times to discuss and, where appropriate, adopt resolutions on issues relating to the Company. These meetings were attended by the Board of Management, except when the Managing Directors' performance, remuneration and succession were discussed.

In addition, the members of the Supervisory Board met nine times in Conference with the Managing Directors of the Company and the Directors of The "Shell" Transport and Trading Company, p.l.c. The purpose of Conference is described on page 6. Topics of discussion at Conference included, *inter alia*, the strategic direction of the businesses of Group companies, as well as governance, business risks and internal control of Group companies.

Annual Accounts

We herewith submit the Annual Accounts as drawn up today by the Board of Management and approved by the Supervisory Board, which are accompanied by the other information to be attached thereto by virtue of the law and the Annual Report drawn up by the Board of Management. The Annual Accounts comprise the following documents as signed by each of the Managing Directors and the members of the Supervisory Board:

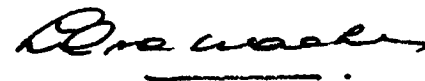
- 1 the Balance Sheet as at December 31, 2000;
- 2 the Profit and Loss Account for the year 2000;
- 3 the Notes to the Balance Sheet and the Profit and Loss Account, including the Financial Statements of the Royal Dutch/Shell Group of Companies and the Notes thereto as shown on pages 37 to 57 of this Report.

On the basis of these Annual Accounts we propose:

- A that the Balance Sheet as at December 31, 2000, the Profit and Loss Account for the year 2000 and the Notes to the Balance Sheet and the Profit and Loss Account, including the Financial Statements of the Royal Dutch/Shell Group of Companies and the Notes thereto as shown on pages 37 to 57, be finalised in accordance with the attached Accounts;
- B that, after the payment of N.fl. 40 (€18.15) on each of the 1,500 priority shares with a par value of N.fl. 1,000, the final dividend for 2000 be declared at €0.92 on each of the 2,144,296,352 ordinary shares with a par value of N.fl. 1.25 outstanding at December 31, 2000, so that the total dividend for 2000, including the interim dividend of €0.67 already made payable in 2000, will amount to €1.59 on each of the said shares, and further that it be resolved to carry forward to the next year the amount of undistributed profit, amounting to €2,701 million; and
- C that the Managing Directors be discharged of responsibility in respect of their management and the members of the Supervisory Board for their supervision for the year 2000.

The Hague, March 14, 2001

The Supervisory Board



Lodewijk van Wachem, Chairman

Annual Report

Activities of the Company

Royal Dutch Petroleum Company (Royal Dutch) is a holding company which, in conjunction with The "Shell" Transport and Trading Company, p.l.c. (Shell Transport), an English company, owns, directly or indirectly, investments in the numerous companies of the Royal Dutch/Shell Group. Royal Dutch has an interest of 60% in the Group and Shell Transport an interest of 40%.

The assets and income of the Company consist mainly of its interest in the net assets and its share in the net income of the Royal Dutch/Shell Group of Companies.

Annual Accounts

Translated into euros, Royal Dutch's share in the net income of the Royal Dutch/Shell Group of Companies for 2000 amounts to €8,272 million. The dividend distributed to Royal Dutch was €5,694 million. The share in the net income for 1999 amounted to €4,853 million.

When administrative expenses have been deducted and interest income has been added, profit after taxation for the year 2000 amounts to €8,285 million, compared with €4,861 million for 1999.

Royal Dutch's 60% interest in the Group net assets, expressed in dollars, has been translated into euros at the year-end rate. The amount thus obtained should be regarded as a reflection of the dollar value of Royal Dutch's interest in the Group assets and liabilities.

Amendments of the Articles of Association

The General Meeting of Shareholders held on May 9, 2000, adopted a proposal to amend the Articles of Association. It was decided, among other things, to abolish the limitation of voting rights laid down in the Articles of Association since the formation of the Company and to authorise the Board of Management to set a record date to establish who is entitled to attend a General Meeting of Shareholders and to exercise voting rights at the meeting or to have them exercised by a proxy. The amendment of the Articles of Association allows proxy solicitation to be used, with a view to increasing the percentage of issued capital represented at the meeting and achieving a more active contribution from shareholders at the General Meeting.

The Board of Management has used the authority conveyed by the current Articles of Association to set a record date for the General Meeting of Shareholders to be held on May 17, 2001, and in 2001 the Company will for the first time enable shareholders to participate in the decision-making process by means of a voting instruction form.

Share buyback

The General Meeting of Shareholders held on May 9, 2000, adopted a proposal to authorise the Board of Management, with effect from July 1, 2000, and for a period of 18 months, for the acquisition by the Company, with due observance of the statutory provisions and for its own account, of shares in its capital up to a maximum of 10% of the issued capital. Such shares can be acquired on the stock exchange or otherwise at a price between

an amount equal to the par value of the shares and an amount equal to 110% of the opening price quoted for shares of the Company at Euronext Amsterdam on the day of the acquisition or, in the absence of such a price, the last previous price quoted there.

Following changes in Dutch tax law, the Supervisory Board and the Board of Management approved a share buyback programme which took effect on February 8, 2001. Subject to prevailing conditions, it is envisaged that the Company will repurchase between 0.5% and 3.0% of its issued share capital during 2001. Shares will be repurchased from time to time in the market at prevailing market prices. It will be proposed to the General Meeting of Shareholders to be held on May 17, 2001, to cancel the shares acquired by the Company and to renew the authorisation of the Board of Management for the acquisition by the Company of its own shares for a period of 18 months with effect from July 1, 2001.

Share options and purchase plans

Certain Group companies have stock option plans, the operation of which during 2000 is summarised in Note 22 to the Group Financial Statements on pages 51 and 52. During 2000 Shell Petroleum N.V. and The Shell Petroleum Company Limited introduced a Global Employee Share Purchase Plan under which employees of Group companies can make regular savings which are invested on their behalf in shares of Royal Dutch or Shell Transport. If the shares bought with the savings during a 12-month period are kept within the Plan for a further 15 months additional shares equivalent to 15% will be awarded. Eligible staff in the first group of 25 countries started contributing to the Plan in November 2000. Implementation on a world-wide basis in over 135 countries is planned to be completed during 2002. No issue of new shares is involved under any of the plans mentioned above.

Royal Dutch/Shell Group of Companies

For the reporting with regard to the Royal Dutch/Shell Group of Companies, reference may be made to the Message from the President (pages 2 and 3), Businesses at a glance (pages 18 and 19), Strategy (pages 20 and 21) and the Operational and Financial Review (pages 25 to 36), which form part of this Annual Report.

The Hague, March 14, 2001
The Board of Management

Jeroen van der Veer, President
Harry Roels

MISC00004571

Annual Accounts

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Profit and Loss Account

	Note	2000	1999	1998
Share in the net income of companies of the Royal Dutch/Shell Group	3	8,272	4,853	245
less Administrative expenses		4	4	4
		8,268	4,849	241
Interest income		24	16	16
Profit before taxation		8,292	4,865	257
less Taxation		7	4	4
Profit after taxation		8,285	4,861	253

Statement of Appropriation of Profit

	Note	2000	1999	1998
Profit after taxation		8,285	4,861	253
Taken from/(to) Statutory investment reserve	4	(2,578)	(1,670)	2,879
Undistributed profit at beginning of year		402	449	431
Unclaimed dividends forfeited		1	-	-
Available for distribution		6,110	3,640	3,563
less Interim dividend ^a		1,436	1,394	1,324
Final dividend		1,973 ^b	1,844	1,790
		3,409	3,238	3,114
Undistributed profit at end of year		2,701	402	449

a Including 4% cumulative preference dividend amounting to €27,227 on priority shares.

b Proposed final dividend, subject to finalisation by the General Meeting of Shareholders to be held on May 17, 2001.

Statement of Cash Flows

	2000	1999	1998
Returns on investments and servicing of finance			
Dividends received from Group companies	3,352	2,977	3,232
Interest received	26	13	18
Other	-	(8)	(4)
Net cash inflow/(outflow) from returns on investments and servicing of finance	3,378	2,982	3,246
Taxation			
Tax (paid)/recovered	(3)	(2)	(5)
Financing			
Dividends paid	(3,283)	(3,156)	(3,012)
Increase/(decrease) in cash at bank	92	(176)	229
Cash at January 1	263	439	210
Cash at December 31	355	263	439

Balance Sheet^a

	Note	Dec 31 2000	Dec 31 1999
Fixed assets			
Financial fixed assets			
Investments in companies of the Royal Dutch/Shell Group	4	36,988	33,733
Current assets			
Receivables			
Dividends receivable from companies of the Royal Dutch/Shell Group		4,306	1,960
Other receivables		2	8
Cash at bank		355	263
		4,663	2,231
Current liabilities			
Final dividend		1,973 ^b	1,844
Other liabilities	5	17	13
		1,990	1,857
Current assets less current liabilities		2,673	374
Total assets less current liabilities		39,661	34,107
Shareholders' equity			
Paid-up capital	6		
Ordinary shares		1,216	1,216
Priority shares		1	1
		1,217	1,217
Share premium reserve		1	1
Investment reserves	4		
Statutory		23,298	19,304
Currency translation differences		(2,994)	(1,153)
Other		15,438	14,336
		35,742	32,487
Undistributed profit		2,701	402
		39,661	34,107

a The appropriation of profit has already been incorporated in the Balance Sheet.

b Proposed final dividend, subject to finalisation by the General Meeting of Shareholders to be held on May 17, 2001.

Notes to the Annual Accounts

1 The Company

Royal Dutch, one of the Parent Companies of the Royal Dutch/Shell Group, is a holding company which, in conjunction with Shell Transport, owns, directly or indirectly, investments in the numerous companies known collectively as the Royal Dutch/Shell Group of Companies.

The Financial Statements of the Royal Dutch/Shell Group of Companies and the Notes thereto on pages 37 to 57 form part of these Notes.

Arrangements between Royal Dutch and Shell Transport provide, *inter alia*, that notwithstanding variations in shareholdings, Royal Dutch and Shell Transport shall share in the aggregate net assets and in the aggregate dividends and interest received from Group companies in the proportion of 60:40. It is further arranged that the burden of all taxes in the nature of, or corresponding to, an income tax leviable in respect of such dividends and interest shall fall in the same proportion. Note 1 to the Financial Statements of the Royal Dutch/Shell Group of Companies (on page 40) gives details of supplemental arrangements which have been made between Royal Dutch and Shell Transport regarding dividends, taxes and tax benefits.

2 Accounting policies

The Annual Accounts of Royal Dutch include the Financial Statements of the Royal Dutch/Shell Group of Companies. These Annual Accounts have been prepared in accordance with legal requirements and generally accepted accounting principles in the Netherlands.

The investments in and the share in the net income of companies of the Royal Dutch/Shell Group are accounted for by the equity method (see also Notes 3 and 4). Accounting policies used by the Group are given on pages 40 to 42.

With effect from 1999, euro reporting has been adopted instead of guilder reporting for the Annual Accounts of Royal Dutch. Comparative data previously reported in guilders have been translated into euros using the fixed conversion rate of 2.20371.

Assets and liabilities in foreign currencies are translated into euros at year-end rates of exchange, whereas results for the year are translated at average rates. Euros are translated from dollars at average rates for the period, except for the fourth quarter 1998 where the total of the special charges (\$4,386 million) has been translated at the average rate for the year (weighted according to quarterly net income excluding these special items). Currency translation differences arising from translating the investments in companies of the Royal Dutch/Shell Group are taken to Investment reserves (see Note 4).

Administrative expenses, Interest income and Taxation are stated at the amounts attributable to the respective financial years.

3 Share in the net income of companies of the Royal Dutch/Shell Group

The amount dealt with under this heading in the Profit and Loss Account has been calculated as 60% of the net income of the Royal Dutch/Shell Group as presented in the Group Financial Statements on page 37. The dividend for 2000 distributed from Group companies to Royal Dutch amounted to €5,694 million (1999: €3,183 million). Net income has been translated into euros using the weighted average rate for the year.

Notes to the Annual Accounts

continued

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4 Investments and reserves

The 60% interest in Group net assets is equal to the interest applicable to Royal Dutch as shown in the Statement of Comprehensive Income and Parent Companies' Interest in Group Net Assets (on page 37).

Royal Dutch's investments in the companies of the Royal Dutch/Shell Group are stated at an amount equal to the 60% share in Group net assets, translated into euros at the year-end rate.

The difference of €35,742 million between the cost of the investments and the amounts at which the investments are stated in the Balance Sheet has been taken to Investment reserves.

The Statutory investment reserve comprises Royal Dutch's 60% share in the undistributed net income of Group companies which has arisen as from January 1, 1984; Royal Dutch's share in the undistributed net income of Group companies accumulated until that date is included in Investment reserves – Other.

Royal Dutch's 60% share in the cumulative Group currency translation differences arises as a result of translating the assets and liabilities of non-dollar companies to dollars at year-end rates of exchange (see Note 4 to the Financial Statements of the Royal Dutch/Shell Group of Companies on page 43) and is shown under Investment reserves as Currency translation differences. The net increase/decrease in Parent Companies' shares held by

Group companies represents the balance of sales and purchases and changes in valuation of these shares minus dividends received on these shares.

Other comprehensive income, net of tax, consists of currency translation differences, unrealised gains/losses on securities and minimum pension liability adjustments (see Note 5 to the Financial Statements of the Royal Dutch/Shell Group of Companies on page 43).

The movements during the year in the value of the Group reporting currency (dollar) against the Royal Dutch reporting currency (euro) lead to currency translation differences.

As the amounts dealt with under Investment reserves have been, or will be, substantially reinvested by the companies concerned, it is not meaningful to provide for taxes on possible future distributions out of earnings retained by those companies; no such provision has therefore been made. Furthermore, it is not practicable to estimate the full amount of tax or the withholding tax element.

The movements in 2000 are shown in the following statement:

	\$ million		€ million			
	60% interest in Group net assets	Royal Dutch investments	Statutory	Currency translation differences	Investment reserves	
					Other	Total
Balance at December 31, 1998	32,977	28,468	15,070	(265)	12,417	27,222
Movements during the year 1999						
Undistributed net income of Group companies	1,772	1,670	1,670	–	–	1,670
Net (increase)/decrease in Parent Companies' shares held by Group companies	(246)	(231)	–	–	(231)	(231)
Other comprehensive income, net of tax	(800)	(796)	49	(845)	–	(796)
Translation effect arising from movements in dollar/euro rate		4,622	2,515	(43)	2,150	4,622
Balance at December 31, 1999	33,703	33,733	19,304	(1,153)	14,336	32,487
Movements during the year 2000						
Undistributed net income of Group companies	2,484	2,578	2,578	–	–	2,578
Net (increase)/decrease in Parent Companies' shares held by Group companies	(120)	(115)	–	–	(115)	(115)
Other comprehensive income, net of tax	(1,815)	(1,948)	(198)	(1,750)	–	(1,948)
Translation effect arising from movements in dollar/euro rate		2,740	1,614	(91)	1,217	2,740
Balance at December 31, 2000	34,252	36,988	23,298	(2,994)	15,438	35,742

5 Other liabilities

	€ million	
	Dec 31 2000	Dec 31 1999
Dividends and dividend tax payable	10	9
Accounts payable	1	2
Corporation tax	6	2
	17	13

6 Share capital

The authorised share capital as laid down in the Articles of Association is expressed in guilders and amounts to N.fl. 4,000,000,000. The authorised share capital is divided into 3,198,800,000 ordinary shares with a par value of N.fl. 1.25 each and 1,500 priority shares with a par value of N.fl. 1,000 each.

At the end of 2000, 2,144,296,352 ordinary shares and 1,500 priority shares were issued and paid up. The issued and paid-up capital at December 31, 2000 thus amounted to N.fl. 2,681,870,440. Translated into euros, the issued and paid-up capital was €1,216,979,748.

7 Undistributed profit

The amount of the undistributed profit at December 31, 2000, is evident from the Statement of Appropriation of Profit on page 10. The increase in undistributed profit at December 31, 2000, reflects the funding by Group companies of the share buyback programme which commenced on February 8, 2001.

8 Royal Dutch shares held by Group companies

The movements in 2000 in Royal Dutch shares held by Group companies were as follows:

	€ million		
	Number of shares	Book value	Royal Dutch 60% interest in the book value
Balance at beginning of year	14,126,406	738	443
Purchases	4,062,350	291	175
Sales and other movements	(1,459,750)	(53)	(32)
Balance at end of year	16,729,006	976	586

These movements relate to the granting and exercise of stock options and to other incentive plans as mentioned in Note 22 to the Financial Statements of the Royal Dutch/Shell Group of Companies on pages 51 and 52.

9 Statement of Cash Flows

The Statement of Cash Flows is shown on page 10.

10 List of companies of the Royal Dutch/Shell Group

A list of companies drawn up with due observance of the provisions in Articles 379 and 414, Book 2 of the Netherlands Civil Code, has been deposited at the office of the Commercial Register in The Hague.

11 Remuneration of members of the Supervisory Board and Managing Directors

In 2000 an amount of €457,783 (1999: €454,394) was borne by Royal Dutch and by Royal Dutch/Shell Group companies in respect of remuneration, pensions and other similar retirement benefits for members and former members of the Supervisory Board for their duties on the Supervisory Board of Royal Dutch and for duties simultaneously performed by a number of them as Directors of Royal Dutch/Shell Group companies, respectively.

Furthermore, in 2000 an amount of €4,976,399 (1999: €4,214,896) was borne by Royal Dutch and by Royal Dutch/Shell Group companies in respect of remuneration, pensions and other similar retirement benefits for Managing Directors and former Managing Directors for their duties on the Board of Management of Royal Dutch and for duties simultaneously performed by them in Royal Dutch/Shell Group companies, respectively.

Additional information regarding the remuneration and benefits of the Managing Directors and members of the Supervisory Board is provided on pages 14 and 15.

Remuneration

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Philosophy

The philosophy for the remuneration of Group Managing Directors, including those who are also Managing Directors of the Company, is consistent with that for senior management throughout the Group: to attract and retain high-quality staff at all levels and motivate them towards exceptional performance. It seeks to align all senior staff with the goals of the Group and its various businesses, and with shareholders' interests. The remuneration package is made up of base salary, short-term annual bonus and long-term incentives.

Base salary

The base salary scales for Managing Directors are set by reference to internal and external market surveys of companies of similar size and international scope. Base salaries are reviewed annually and the scales for Managing Directors were increased by 3.0% with effect from January 1, 2000. Progression of an individual Managing Director's salary to the target position is usually over a three-year period from appointment.

Annual bonus

An annual bonus is determined by the Remuneration and Succession Review Committee by reference to the extent of achievement of challenging Group performance targets set as part of the annual Group business plan. The targets take into account financial, operational, social and environmental objectives. The maximum bonus payable is 50% of base salary. The bonus payable to Managing Directors in respect of the year 2000 is 45%. The annual bonus is non-pensionable.

The emoluments for 2000 of the Managing Directors of Royal Dutch whilst in office were:

	2000	1999	1998
Jeroen van der Veer			
Salaries	824,201	706,953	655,552
Performance-related element	398,601	325,088	0
	1,222,802	1,032,041	655,552
Maarten van den Bergh			
Salaries	497,511	895,288	891,972
Performance-related element	-	444,204	0
	497,511	1,339,492	891,972
Harry Roels			
Salaries	697,598	327,052	-
Performance-related element	318,143	292,416	-
	1,015,743	619,468	-

Long-term incentives

Long-term incentives for Managing Directors are provided through the Group Stock Option Plans which have been in operation since 1967, and which are believed to create an effective method of aligning the interests of Managing Directors and other Group senior managers with those of shareholders.

From 1998 options granted to the Managing Directors of Royal Dutch are granted for 10 years with a three-year vesting period. All options granted to the Managing Directors relate to Royal Dutch shares, and those granted before 1998 can, subject to certain restrictions, generally be exercised during a period of five years from the date of grant. The same terms apply to all other optionees under the Plans. The options granted to Managing Directors since 1998 have had performance conditions attaching to 50% of the grant. The performance conditions are based on the Total Shareholder Return over a three-year period, measured by the average weighted share price of Royal Dutch and Shell Transport over the 10-day period at the beginning and end of the three-year period as compared with equivalent data for other major integrated oil companies and after taking into account such other factors as the Remuneration and Succession Review Committee may deem appropriate. It is intended that a proportion of future grants to Managing Directors as well as to the most senior executives will be subject to similar performance conditions based on Total Shareholder Return. The proportion of the share options subject to the performance conditions which will either become unconditional or lapse will be determined for the Managing Directors at the absolute discretion of the Remuneration and Succession Review Committee.

On recommendation of the Remuneration and Succession Review Committee, options are granted to the Managing Directors under one of the Group Stock Option Plans once a year, except that no option is granted to a Managing Director within one year before his retirement. Consideration is given on an individual basis to the granting of options each year. In order that the stock option grant may follow the announcement of annual Group results as well as business and individual performance appraisals, the grant date was changed from December to March, commencing in March 2000. Thus no grants were made in 1999, but grants were made in March 2000. Further grants are proposed for March 2001.

The exercise price of each option is the market value of the shares at the date of granting the option. The shares subject to the Plans are existing issued shares of the Company and no dilution of shareholders' equity is involved.

The interests of the Managing Directors under the Group Stock Option Plans are shown below:

Number of options			€			
At 1.1.00	Granted during the year	Exercised during the year	At 31.12.00	Exercise price	Market price at date of exercise	Expiry date
Jeroen van der Veer						
10,000	-	10,000	-	32.40	66.36	11.12.01
32,500	-	-	32,500	48.92	-	10.12.02
43,000	-	-	43,000	41.16	-	21.12.08
45,000	-	-	45,000	59.54	-	22.03.10
Maarten van den Bergh*						
32,500	-	32,500	-	48.92	66.16	10.12.02
61,000	-	-	61,000	41.16	-	01.07.05
Harry Roels						
14,000	-	-	14,000	48.92	-	10.12.02
28,000	-	-	28,000	41.16	-	21.12.08
45,000	-	-	45,000	59.54	-	22.03.10

* No options are granted to members of the Supervisory Board, but options may be outstanding to members who have formerly been Managing Director.

Pensions/Retirement benefits

The principal source of Managing Directors' pensions is the Stichting Shell Pensioenfond. This is a defined benefit fund to which Managing Directors contribute the same percentage of relevant earnings as other employees. For employees in the Netherlands this percentage was zero during the year. The employing companies contribute to the pension fund on the advice of actuaries, and the employing company contribution rate in 2000 was 0%. Managing Directors retire on June 30 following their 60th birthday. There are provisions in the pension fund for a surviving dependant's benefit of 70% of actual or prospective pension. In case of death-in-service a lump sum of two times annual salary is paid.

The following table shows the amount of pension entitlements earned and the amounts which would be paid annually on retirement, based on service to the end of 2000.

€ thousand				
	Age as at 31.12.00	Years of Group service as at 31.12.00	Increase in accrued pension during 2000	Accumulated annual pension as at 31.12.00
Jeroen van der Veer	53	29	101	442
Harry Roels	52	29	47	356

The emoluments of the members of the Supervisory Board of Royal Dutch

The emoluments of the members of the Supervisory Board of Royal Dutch whilst in office during 2000 were:

	2000	1999	1998
Lodewijk van Wachem			
Supervisory Board fees	56,723	56,723	56,723
Committee fees	6,807	6,807	6,807
Holding Company fees	29,520	28,391	28,116
	93,050	91,921	91,646
Maarten van den Bergh			
Supervisory Board fees	22,689	-	-
Committee fees	3,403	-	-
Holding Company fees	14,808	-	-
	40,900	-	-
Huib van Engelshoven			
Supervisory Board fees	22,689	45,378	45,378
Committee fees	3,403	6,807	6,807
Holding Company fees	14,713	28,391	28,116
	40,805	80,576	80,301
Aad Jacobs			
Supervisory Board fees	45,378	45,378	45,378
Committee fees	10,210	10,210	6,807
	55,588	55,588	52,185
Jonkheer Aarnout Loudon			
Supervisory Board fees	45,378	45,378	45,378
Committee fees	13,613	13,613	13,613
	58,991	58,991	58,991
Professor Joachim Milberg			
Supervisory Board fees	22,689	-	-
Committee fees	3,403	-	-
	26,092	-	-
Hennie de Ruiter			
Supervisory Board fees	45,378	45,378	45,378
Committee fees	6,807	6,807	6,807
Holding Company fees	29,520	28,391	28,116
	81,705	80,576	80,301
Jan Timmer			
Supervisory Board fees	45,378	45,378	45,378
Committee fees	13,613	13,613	13,613
	58,991	58,991	58,991

Other information

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Royal Dutch Petroleum Company

1 Summary of the arrangement in the Articles of Association regarding the appropriation of the profit

After the amounts to be appropriated to reserves have been fixed by the Board of Management with the approval of the Supervisory Board, an amount of N.fl. 40 (€18.15) is distributed on each priority share out of the profit available for distribution. The balance of profit available for distribution then remaining is distributed to the holders of ordinary shares, unless the General Meeting of Shareholders resolves that the whole or part of such profit be carried forward to the following year.

2 Proposal for appropriation of the profit available for distribution

The proposal for appropriation of the profit available for distribution is stated in "Report of the Supervisory Board" on page 8 and is incorporated in the Statement of Appropriation of Profit on page 10.

3 Special rights in the Articles of Association regarding control in the Company

With due observance of the relevant provisions of the Articles of Association, the meeting of holders of priority shares determines the number of Managing Directors and of members of the Supervisory Board and, when the case arises, that meeting decides whether or not to fill a vacancy on the Board of Management or the Supervisory Board. The meeting of holders of priority shares is furthermore entitled to make a binding nomination, containing the names of at least two persons, for each appointment of a Managing Director or a member of the Supervisory Board.

The prior consent of the meeting of holders of priority shares is required for the passing of a resolution to amend the Articles of Association or to dissolve the Company. A resolution to amend the Articles of Association may also be passed subject to the subsequent approval of that meeting.

Each of the members of the Supervisory Board and the Managing Directors (Lodewijk van Wachem, Maarten van den Bergh, Aad Jacobs, Jonkheer Aarnout Loudon, Professor Joachim Milberg, Hennie de Ruiter, Jan Timmer, Jeroen van der Veer and Harry Roels) is the holder of six priority shares. The other 1,446 priority shares are held by the Royal Dutch Priority Shares Foundation. The Board of the Foundation consists of all the members of the Supervisory Board and the Managing Directors of the Company.

4 Share buyback

Following the adoption by the General Meeting of Shareholders which was held on May 9, 2000, of a proposal authorising the Board of Management as the competent body to acquire shares in the capital of the Company, the Supervisory Board and the Board of Management approved a share buyback programme that took effect on February 8, 2001. As at March 13, 2001, the Company has acquired 9,628,552 shares.

5 Supervisory Board members' and Managing Directors' share interests in the Company

These interests, as set out in the table below, include any interests of a spouse or infant child.

	Number of ordinary shares	
	Dec 31, 2000	Dec 31, 1999
Lodewijk van Wachem	8,800	8,800
Maarten van den Bergh	4,000	4,920
Aad Jacobs	0	0
Jonkheer Aarnout Loudon	75,000	80,000
Professor Joachim Milberg	0	-
Hennie de Ruiter	0	0
Jan Timmer	0	0
Jeroen van der Veer	2,900	88
Harry Roels	5,707	4,607

Report of the Auditors

We have audited the Annual Accounts for the year 2000 of Royal Dutch Petroleum Company. These Accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these Accounts based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these Accounts – of which the Financial Statements of the Royal Dutch/Shell Group of Companies and the Notes thereto on pages 37 to 57 form part – give a true and fair view of the financial position of the Company at December 31, 2000, and of the results and the cash flows for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the legal requirements in the Netherlands regarding annual accounts.

KPMG Accountants N.V.
The Hague, March 14, 2001

MISC00004578

Shell around the world

Energy links together the companies of the Royal Dutch/Shell Group, as they produce, process and deliver it. Operating in more than 135 countries, Shell companies make a significant contribution to economies in all parts of the world.

The nature of the operations carried out during the year in each listed country is indicated by the letters in the following key:

E Exploration
P Production
R Refining
M Marketing - oil products

G Downstream natural gas/power generation
C Chemicals - manufacturing/marketing
R Renewables

Western Europe

Austria E M
Belgium M G C
Denmark E R M G
Finland M
France R M C
Germany E R M G
Gibraltar M
Greece M G
Iceland M
Ireland, Republic of E M
Italy R M C
Luxembourg M C
Netherlands E R M G C
Norway E R M G
Portugal M C
Spain M G C
Sweden R M
Switzerland M
United Kingdom E R M G C

CIS, Central and Eastern Europe

Azerbaijan E M
Bulgaria M
Croatia M
Czech Republic R M
Estonia M
Hungary M
Kazakhstan E M
Latvia M
Lithuania M
Poland M
Romania M
Russia E M
Serbia M
Slovakia M
Slovenia M
Turkmenistan M
Ukraine M
Uzbekistan M

Africa

Angola E
Benin M
Botswana M
Burkina Faso M
Cameroon E R M
Cape Verde M
Chad M
Congo E
Côte d'Ivoire E R M
Democratic Republic of Congo E M
Djibouti M
Egypt E M G
Eritrea M
Ethiopia M
Gabon E R M
The Gambia M
Ghana M
Guinea M
Guinea-Bissau M
Kenya R M
Lesotho M
Madagascar M
Mali M
Mauritania E
Mauritius M
Morocco E M
Mozambique M
Namibia E M
Niger M
Nigeria E M G
Réunion M
Rwanda M
Senegal R M
South Africa R M C
Sudan M
Swaziland M
Tanzania M
Togo M
Tunisia M
Uganda M
Zimbabwe M

Middle East and South Asia

Bangladesh E M
India E M G C
Iran M
Jordan M
Lebanon M
Oman E M G
Pakistan E R M
Saudi Arabia R M C
Sri Lanka M
Syria E
Turkey R M G
United Arab Emirates E M G C
Yemen M

Asia-Pacific

Australia E R M G C
Brunei E R M G
Cambodia E M
China E M G C
Fiji M
Guam M
Indonesia E M C
Japan R M G C
Laos M
Malaysia E R M G C
New Zealand E R M C
Papua New Guinea E M
Philippines E R M G C
Singapore R M C
South Korea M C
Taiwan R M C
Thailand E R M C
Vanuatu M
Vietnam M C

Americas

Argentina E R M C
Bahamas M
Barbados M
Belize M
Bermuda M
Bolivia M G
Brazil E M G C
British Antilles & Guyana M
Canada E R M G C
Chile M C
Colombia M G
Costa Rica M
Dominican Republic R M
Ecuador M
El Salvador R M
Falklands E
French Antilles & Guiana R M
Guatemala M
Haiti M
Honduras M
Jamaica M
Mexico M G C
Nicaragua M
Panama M
Paraguay M
Peru E M
Puerto Rico M
Surinam E M
Trinidad & Tobago E M
Uruguay M
USA E R M G C
Venezuela M C

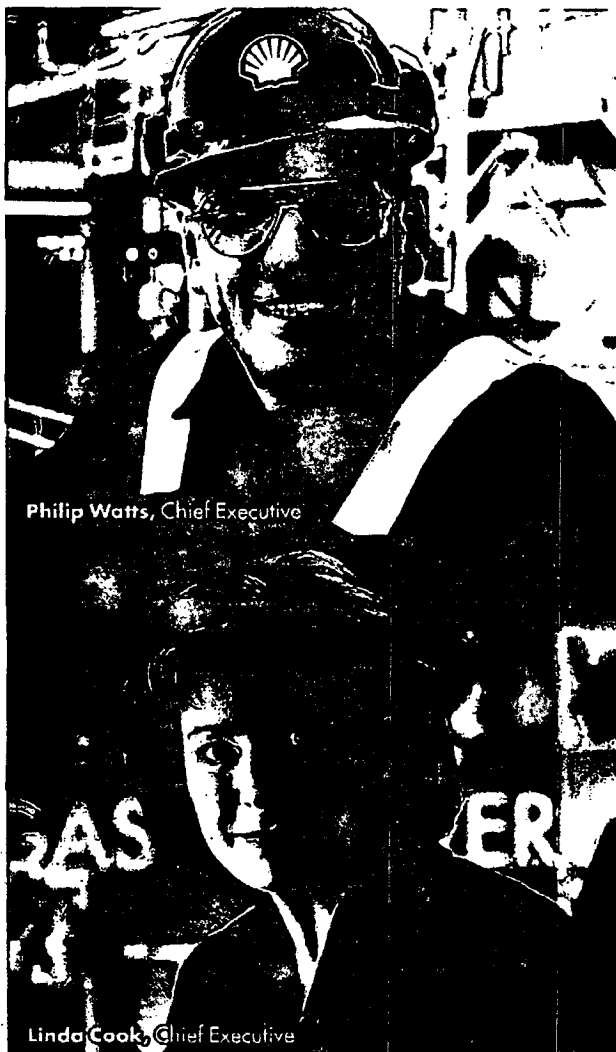
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Businesses at a glance

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The objectives of the Royal Dutch/Shell Group of Companies are to engage efficiently, responsibly and profitably in the oil, gas, chemicals and other selected businesses and participate in the research and development of other sources of energy. Shell companies are committed to contribute to sustainable development. The portfolio includes a range of other businesses such as Shell Hydrogen, Shell Internet Works and Shell Capital.



Philip Watts, Chief Executive

Linda Cook, Chief Executive

Exploration and Production

Searching for oil and gas fields by means of seismic surveys and exploration wells; developing economically viable fields by drilling wells and building the infrastructure of pipelines and treatment facilities necessary for delivering the hydrocarbons to market.

Actions in 2000: As well as performing well against financial production and reserves targets in 2000, the business has achieved significant successes in areas as diverse as the North Sea, Kazakhstan, Brazil, Nigeria, the Philippines and the Gulf of Mexico. Portfolio management has included increased shareholding in Sakhalin Energy to 55% in an asset exchange deal, the acquisition of Fletcher Challenge Energy based in New Zealand which is nearing completion, as well as ground-breaking agreements in China.

Downstream Gas and Power

Commercialising natural gas through investments in processing and transportation infrastructure, including liquefied natural gas (LNG), pipelines and Gas to Liquids; marketing and trading of natural gas and electricity to industrial and domestic customers; developing and operating independent power plants.

Actions in 2000: First cargoes of LNG were delivered from Oman and from the second LNG train in Nigeria. The Group's share of LNG capacity from projects in which it has an interest increased by 39% over 1999 levels. Progress was made in developing natural gas markets in India, Brazil and China. Financing was secured for six new power plants including three in Turkey. Feasibility studies are proceeding in four countries to develop Gas to Liquids plants. The gas and electricity marketing business, including e-business activities, has expanded with new ventures launched in Australia and Greece.



Paul Skinner, Chief Executive



Evert Henkes, Chief Executive



Karen de Segundo, Chief Executive

Oil Products

Sales and marketing of transportation fuels, lubricants, speciality products and technical services. Refining, supply, trading and shipping of crude oil and petroleum products. Oil Products serves over 20 million customers a day through some 46,000 service stations, and more than one million industrial and commercial customers.

Actions in 2000: Availability of locally tailored retail fuels expanded to 30 countries. Range of e-business initiatives launched. Exceeded cost improvement targets set for end 2001. Further refinery rationalisation achieved by closure of Solo in Norway and sale of two refineries in Europe/USA. Improvements to retail portfolio continued via divestments and acquisitions in Europe, Africa and Latin America. New global trading organisation formed and growth in income secured from commercialisation of technical expertise.

Chemicals

Producing and selling base chemicals, petrochemical building blocks and polyolefins globally. Products are widely used in plastics, coatings and detergents.

Actions in 2000: A programme creating a stronger business continued during 2000, and was completed in early 2001. The portfolio has now been reduced from over 21 business areas to 11. A programme of cost improvements generated results ahead of schedule. Organisational changes created common structures globally for the core processes of "buy, make and sell". Emphasis was placed on creating a work environment that promotes networking and creativity. In China, a joint venture agreement was concluded for a \$4 billion petrochemical complex in Guangdong province. Basell, a 50:50 joint venture with BASF, was also created to form one of the world's largest polyolefins businesses.

Renewables

A generator of green electricity and provider of renewable energy solutions. Develops and operates wind farms and biomass power plants; manufactures and markets solar energy systems and grows forests to supply markets with sustainably managed wood products.

Actions in 2000: Delivered the UK's first offshore wind project, as part of the Blyth Offshore Wind consortium. In Germany a wind farm started to supply customers in Hamburg. A joint venture began operating a biomass-fuelled, combined heat and power plant in Sweden. Renewables' Latin American forestry operations were awarded Forest Stewardship certification for their sustainable management principles. Solar centres opened in Germany, Sri Lanka and India. The Climate Technology Initiative was presented to its Solar joint venture with ESKOM in South Africa for the introduction of climate-friendly technologies.

Strategy

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Royal Dutch/Shell Group of Companies

- Meeting society's expectations key to long-term success
- Fossil fuels will be mainstay of energy scene for at least 30 years
- Extensive portfolio of opportunities, strong brand, global reach
- Offering customers new products, services, e-business options
- Highly competitive in hydrocarbons – emphasis on gas
- Reducing carbon content of products, growing in hydrogen and renewables

Shell companies need to deliver – and be seen to deliver – in two ways. We need the profitability that provides competitive returns to shareholders and funds investment. Profits are also a vital part of our ability to contribute to society. We must deliver on the economic, social and environmental requirements of sustainable development. Being trusted to meet societal expectations is key to long-term success.

To continue our history of continuous profitable growth, we must respond to a range of issues that define the context in which we do business. These include globalisation, liberalisation of political systems and markets, and the effects of new technologies such as the internet. The trends toward better education and growing prosperity are leading people to demand higher standards, greater choice and value. Prosperity is not universal and poverty in many parts of the world creates social problems. Factors such as lawlessness, corruption and poor education limit the growth of economies.

These trends have created an increasingly fast-moving and challenging business environment, with volatile markets, fierce competition, increasingly discerning consumers and high stakeholder expectations.

While profitability is essential for commercial success, society is demanding that companies should be accountable for more than just financial performance. They should, for example, be ever more transparent in the way they do business, respect human rights and meet ever stricter environmental and social standards. We believe that companies that understand and respond to these essentials will be best able to thrive.

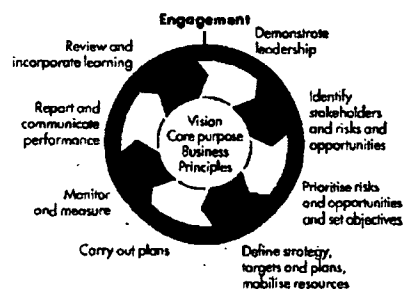
"We believe a major challenge facing society today is posed by three inextricably linked issues:

- the world's increasing demand for energy,
- the need for economic and social development of a growing population, and
- the need to assure a viable world for future generations.

This threefold challenge has serious implications for the energy businesses, and concerns over climate change are at the heart of it."

Sir Mark Moody-Stuart
Chairman of the Committee of Managing Directors

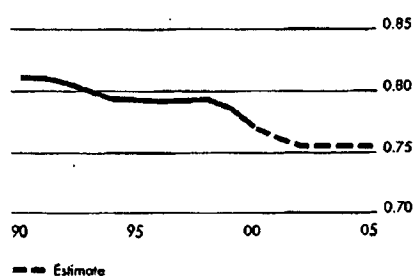
Sustainable development management framework



We take economic, environmental and social considerations into account in everything we do.

Shell carbon intensity 1990 to 2005

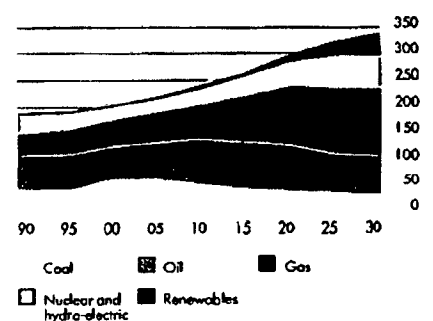
Shell share* tonnes carbon/tonnes oil equivalents



*Shell share of total production of oil, gas, coal and renewables.

Total energy demand 1990 to 2030

The New Game scenario* million barrels of oil equivalent daily



*Source: Shell Energy Scenarios.

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Developments in energy

Demand for fossil fuels remains strong and will grow as population and living standards increase. Energy efficiency will help reduce the rise in demand in developed countries, but developing economies will need a lot more energy to grow – there can be no development without energy.

Concerns about the effects of fossil fuels on health and the environment, particularly climate change, are leading to a gradual move to cleaner fuels with lower carbon content. Nevertheless, our view is that hydrocarbons will remain the mainstay of the world energy scene for at least the next 30 years, with gas playing an ever-increasing role and renewables making a growing contribution. Hydrogen as a fuel has great potential longer-term.

Our success as a major energy and petrochemical enterprise depends on us reading these trends correctly and satisfying the demands of our customers and shareholders, while being sensitive to the concerns of the communities we operate in.

The way forward

We will continue to lead in the development of the energy market and set a world-class standard for operating excellence and value growth. We will do this by operating within a clearly defined, transparent financial framework and embedding sustainable development into our strategy and the daily conduct of operations.

This means integrating economic, environmental and social considerations into decision-making and balancing short-term priorities with longer-term needs. It also means engaging widely with those who are affected by our activities at the community and other levels. Our sustainable development management framework is designed to help us achieve the necessary integration and help us manage our business in ways that match society's needs and expectations. Doing so will enable us to maintain our competitive advantage and deliver robust profitability.

Our approach aims to achieve excellent returns on capital employed through:

- active portfolio management – being in the right business(es),
- cost improvements – being the most efficient,
- capital discipline – investment proposals must compete internally for funding, and
- personal accountability – ensuring all individuals are both accountable and empowered to act in ways aligned with the values, commitments and goals of Shell.

Our extensive portfolio of opportunities, together with our competitive technologies, strong brand and global reach, will enable us to deliver strong growth and competitive shareholder returns – even at lower oil prices than those seen recently. Our strategy is structured around three themes:

- making the most of what we have – continuously improving our existing business to provide the foundation for future growth,
- gaining new business – expanding current business into new areas, and
- breaking new ground – creating new types of business.

In pursuing these themes we will:

- use our global spread to be successful in developing economies such as China and India,
- deepen relationships with our customers by offering integrated solutions and, where appropriate, selling direct to the consumer,
- align our people and resources around major customer groups, and
- drive innovation in technology, products, services and grasp e-business opportunities.

In the medium-term we will remain highly competitive in the hydrocarbons business with an increasing emphasis on gas. We will use money, materials and energy ever more efficiently to create value and reduce environmental impact by:

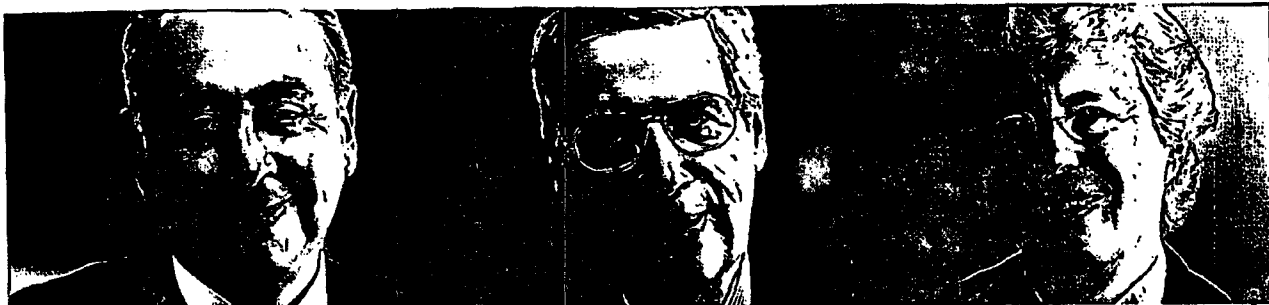
- lowering the capital and material intensity of our businesses by adding more services,
- decreasing the carbon content of our products and finding new ways to “fix” or capture carbon to reduce the amount in the atmosphere, and
- growing our hydrogen and renewables businesses.

The transition to new energy sources will be one with many competing technologies and influences. We will maintain our position as a broad explorer of new energy solutions and, where economic, commit our expertise and financial strength to grow in these exciting areas.

How we succeed is as important as what we achieve. Our commitment to sustainable development encompasses everything Shell companies do, oil and gas as much as renewables. We are committed to a strategy that delivers excellent returns while contributing to the planet and its people. We see no alternative.

The Boards of the Parent Companies

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Teymour Alireza

Maarten van den Bergh

Dr Eileen Buttle



Aad Jacobs

Sir John Jennings

Jonkheer Aarnout Loudon



Professor Robert O'Neill

Lord Oxburgh

Sir William Purves



Paul Skinner

Jan Timmer

Jeroen van der Veer



Luis Giusti

Sir Peter Holmes

Royal Dutch Supervisory Board

Lodewijk van Wachem
Chairman

Maarten van den Bergh
Aad Jacobs
Jonkheer Aarnout Loudon
Professor Joachim Milberg
Hennie de Ruiter
Jan Timmer



Professor Joachim Milberg

Sir Mark Moody-Stuart

Royal Dutch Board of Management

Jeroen van der Veer
President and Managing Director
Harry Roels Managing Director

Shell Transport Board of Directors

Sir Mark Moody-Stuart
Chairman and Managing Director
Philip Watts Managing Director
Paul Skinner Managing Director



Harry Roels

Hennie de Ruiter

Teymour Alireza
Dr Eileen Buttle
Luis Giusti
Sir Peter Holmes
Sir John Jennings
Professor Robert O'Neill
Lord Oxburgh
Sir William Purves



Lodewijk van Wachem

Philip Watts

The members of the Supervisory Board and the Board of Management of Royal Dutch Petroleum Company (Royal Dutch) and the Directors and Managing Directors of The "Shell" Transport and Trading Company, p.l.c. (Shell Transport) meet regularly during the year to receive information and discuss the major developments within the Royal Dutch/Shell Group.

Group Managing Directors and Principal Executives

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Royal Dutch/Shell Group of Companies

The members of the Board of Management of Royal Dutch and the Managing Directors of Shell Transport are also members of the Presidium of the Board of Directors of Shell Petroleum N.V. and Managing Directors of The Shell Petroleum Company Limited, which are the Group Holding Companies. As such, they are generally known as Group Managing Directors. They are also appointed by the Boards of Shell Petroleum N.V. and The Shell Petroleum Company Limited to a joint committee known as the Committee of Managing Directors (CMD), which considers and develops objectives and long-term plans.

Group Managing Directors		Principal Executives		
Business and functional responsibilities	Geographical responsibilities			
Sir Mark Moody-Stuart Chairman of CMD Legal Finance Human Resources	USA and Canada	Legal Pieter Folmer	Finance Stephen Hodge - Director Rupert Cox - Controller Neil Gaskell - Treasurer	Human Resources John Hofmeister
Jeroen van der Veer Vice-Chairman of CMD Chemicals Renewables Shell Hydrogen Shell Capital Group Research	Europe, CIS, Middle East, North Africa and South Asia	Chemicals Evert Henkes - Chief Executive Graham Ferris Jerry Golden Fran Keeth Lee Patterson James Smith Neil Sullivan Rein Willems	Renewables Karen de Segundo - Chief Executive	Shell Hydrogen Don Huberts - Chief Executive Shell Capital Mike Treanor - Chief Executive
Philip Watts Exploration and Production Downstream Gas and Power		Exploration and Production Philip Watts - Chief Executive Lorin Brass Carol Dubnicki Dominique Gardy Zaharuddin Megat Raoul Restucci Heinz Rothermund Bob Sprague Tim Warren	Downstream Gas and Power Linda Cook - Chief Executive Renger Bierema Veronica Carter Jon Chadwick Dick de Jong Liz Rayner Charles Watson Lew Watts Peter de Wit	
Harry Roels Shell Services International Planning and Strategy Health, Safety and Environment External Affairs International e-business	Central and South America, Sub-Saharan Africa, East Asia and Australasia	Shell Services International Clive Mather - Chief Executive Planning, Environment and External Affairs Rob Walvis	International John Withrington Shell Internet Works Tim Morrison	Chief Information Officer Alan Marula
Paul Skinner Oil Products Shell Trading		Oil Products Paul Skinner - Chief Executive Michiel Boersma Russell Caplan Frank Coopman Lynn Elsenhans Adrian Loader John Mills Hugh Mitchell David Pirret Leslie Van de Walle	Shell Trading Mike Warwick - President	
Steve Miller Chairman, President and Chief Executive Officer of Shell Oil Company		Steve Miller works with the CMD in the formation of Group strategy and in the development and deployment of the Group's senior executives.		

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Operational and Financial Review

Summary of Group Results

Financial Results	\$ million		
	2000	1999	1998
Net income	12,719	8,584	350
Change	+48%	+2,353%	-95%
Earnings on an estimated current cost of supplies (CCS) basis	12,364	7,561	901
Change	+64%	+739%	-89%
Special credits/(charges)	(747)	468	(4,245)
Adjusted CCS earnings^a	13,111	7,093	5,146
Change	+85%	+38%	-36%

^a Earnings on an estimated CCS basis excluding special items.

On an estimated current cost of supplies (CCS) basis excluding special items, earnings for the year - of \$13,111 million - were 85% higher than those achieved a year ago. Reported net income for the year was \$12,719 million, 48% above the 1999 result.

The overall business environment was more favourable as the benefit of higher oil and gas prices and higher refining margins more than offset the effects of lower marketing and chemicals margins. There was also a strong underlying earnings increase due mainly to cost improvements.

The cost improvement target for the end of 2001 (relative to the 1998 baseline), which was increased to \$4 billion a year in December 1999, has been reached a full year ahead of schedule. The \$4.0 billion achieved comprises \$1.9 billion for Exploration and Production (of which \$840 million was from exploration expense savings), \$1.4 billion for Oil Products, \$550 million for Chemicals and \$130 million for other businesses. The new cost improvement target of \$5 billion a year by the end of 2001, was announced in December 2000.

Capital investment for 2000 totalled \$8.5 billion, 10% down from the 1999 figure. The return on average capital employed on a CCS earnings basis for the year was 19.5%; in 1999 it was 12.1%. The total debt ratio at the end of the year was 11.0%; cash, cash equivalents and short-term securities amounted to \$11.4 billion.

Underlying oil production growth for 2000 was 5%. Including the effects of divestments and production sharing contracts, oil volumes were essentially unchanged. Underlying gas production was 7% higher than in the previous year. Including the effects of divestments and production sharing contracts, gas volumes were 4% higher than last year.

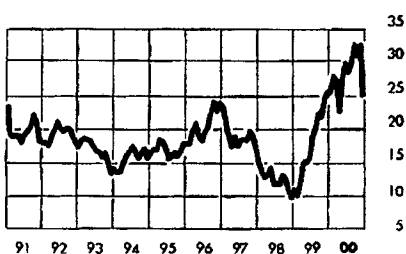
Oil products sales volumes in 2000 were 4% higher than in 1999. Chemical sales volumes were lower than in 1999, however, excluding the effects of divestments and the formation of Basell, underlying chemicals business growth was 7%.

In 2000, Brent crude prices averaged \$28.50 a barrel compared to \$17.95 a barrel in 1999. Oil prices climbed steadily during much of the year due to production restraints by the major oil exporting countries. These restraints prevented global oil stocks from recovering to normal seasonal levels. Uncertainties over both economic growth and oil supply mean that crude prices are expected to remain volatile in 2001.

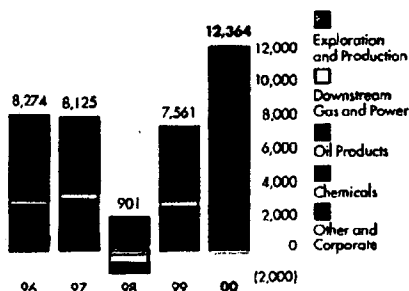
Industry refining margins recovered in oil markets from the record low levels of 1999 as product stocks remained low throughout the year. Tighter product specifications and limited spare capacity in the USA and Europe are likely to support margins in these regions during 2001. In the Asia-Pacific region, margins are likely to be under pressure due to the regional over-capacity.

Chemicals trading conditions were particularly challenging. Towards the end of the year, cracker margins fell sharply to below the levels seen at the same time in 1999, and very difficult conditions prevailed in businesses downstream of the cracker. The outlook for Chemicals remains unsettled, especially in the USA, where there are uncertainties over economic growth and the cost of feedstocks and energy.

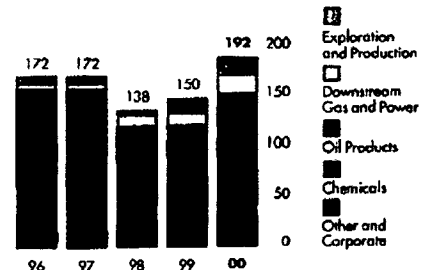
Crude oil prices
Brent Blend: average monthly spot prices \$ per barrel



Segment earnings on a CCS basis \$ million



Gross sales proceeds \$ billion



Operational and Financial Review

continued

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Exploration and Production

	2000	1999	\$ million 1998
Segment earnings	9,880	4,519	(247)
Special credits/(charges)	623	164	(2,221)
Adjusted segment earnings	9,257	4,355	1,974
Change	+113%	+121%	-57%

Earnings

Excluding special items, record adjusted earnings of \$9,257 million were more than double the \$4,355 million reported in 1999. The main reasons were higher oil prices (Brent was up 59%), higher gas realisations and volumes and lower operating and exploration expenses. Compared to the 1998 baseline, cost improvements reached \$1.9 billion a year. This includes \$840 million lower exploration expense.

Including a net special gain of \$623 million, reported earnings amounted to \$9,880 million. Special items comprised mainly the profits on sale of a number of assets in the USA, the UK and Australia.

Crude oil prices

Brent crude prices averaged \$28.50 a barrel compared to \$17.95 a barrel in 1999. Oil prices rose throughout much of the year due to production restraints by the major oil exporting countries which prevented global oil stocks from recovering to normal seasonal levels. Crude prices are expected to remain volatile in 2001.

Oil and gas production

Underlying oil production growth for the year was 5% as the benefits of new fields in the UK, USA, Oman and Canada and a lower impact from community disturbances in Nigeria were partly offset by normal field declines. Including the effects of divestments and production sharing contracts, oil volumes were essentially unchanged.

Underlying gas production for the year was 7% higher than in the previous year as increases in the UK, USA, Oman, Egypt and Nigeria more than offset decreases in the Netherlands and Germany. Including the effects of divestments and production sharing contracts, gas volumes were 4% higher than last year.

Combined oil and gas production between 2000 and 2005 is expected to grow at an average annual rate of 5%. This growth rate is based on a diverse global portfolio which includes onshore and both deep and shallow offshore locations. These planned increases may be impacted by further portfolio actions and price conditions prevailing in the coming years.

Portfolio actions

The exchange of certain of the Group's interests in the UK North Sea and in the Gulf of Mexico for Marathon's interest in Sakhalin Energy in Russia was completed. A 7.5% interest in Sakhalin Energy was subsequently sold to Mitsubishi, resulting in a Group share of 55% and the lead role in the development and operation of the Sakhalin project.

An offer was made for all of the shares in Woodside Petroleum Ltd, a company listed on the Australian stock exchange, in which the Group currently has a 34% interest. The offer per share comprises A\$14.80 plus a call option over one Woodside share, exercisable if a proposal to merge certain Group assets with Woodside is approved by Woodside shareholders. The offer is conditional on approval by the Foreign Investment Review Board in Australia.

The New Zealand Commerce Commission approved the Group's application to acquire Fletcher Challenge Energy (FCE). In early March 2001 the Group's offer was approved by FCE shareholders. It is anticipated that the acquisition will be finalised in the first quarter of the year.

In March 2001 Shell Oil Company made a tender offer for all outstanding shares of Barrett Resources in the USA at \$55 per share in cash, conditional upon, amongst other things, the acquisition of at least a majority of the outstanding shares.

In April 2000 the Group's 36% common interest in Altura - an associated company in the USA - was sold. The Group share of Altura's production in 1999 represented approximately 54,000 barrels of oil equivalent per day.

In Australia, the Group's interest in the Barrow and Thevenard Island (Carnarvon Basin) concessions was divested. In the UK, the divestment of the Group's interest in the Elgin and Franklin fields was concluded.

A letter of intent was signed to participate in the Saudi Natural Gas Initiative.

Capital investment

Capital investment of \$5.0 billion was \$0.4 billion lower than in 1999, reflecting continued investment discipline, stringent project selection, favourable exchange rate impact and project rephasing.

Reserves

The proved hydrocarbon reserves replacement ratio for 2000 was 105% (before the effects of a significant divestment and acquisition programme). Therefore production during the year of 1.4 billion barrels of oil equivalent was more than replaced. Including the net effect of divestments and acquisitions, the replacement ratio was 69%.

The three-year rolling average proved hydrocarbon reserves replacement ratio (including oil sands and portfolio activities) stands at 117%.

The three-year rolling average oil and natural gas proved reserves replacement ratio (excluding oil sands) stands at 102%.

The additions to proved reserves arose mainly from discoveries and extensions in the USA and West Africa, improved recovery in Oman and Canada and revisions in existing fields in Oman and Venezuela, offset by the divestment of the Altura interest in the USA.

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Exploration and Production overview

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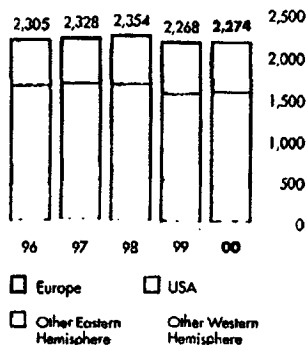
Strategy

Emphasise short-term profitability whilst maximising long-term value through cost leadership, investment discipline and production growth. Implement strategy by means of selective investments and active portfolio management. Take advantage of the Group's relationships, reputation, technology, skills and practices to support Group companies as the preferred partner of both resource holders and other companies in the industry.

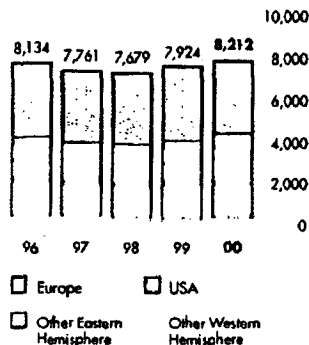
Outlook

Uncertainties over both economic growth and oil supply mean crude oil prices are likely to remain volatile in 2001. Gas prices in the USA are likely to stay above their historic (pre-2000) levels in 2001 as demand continues to grow and that market remains undersupplied. Gas prices in other major markets are expected to retain an oil price linkage. Global oil and gas demand are both expected to rise this year.

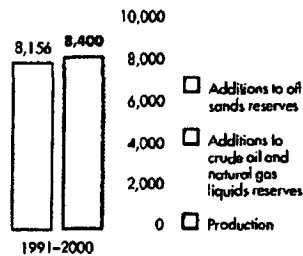
Oil production
including natural gas liquids
thousand barrels daily



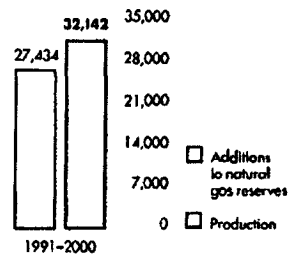
Natural gas production
available for sale
million standard cubic feet daily



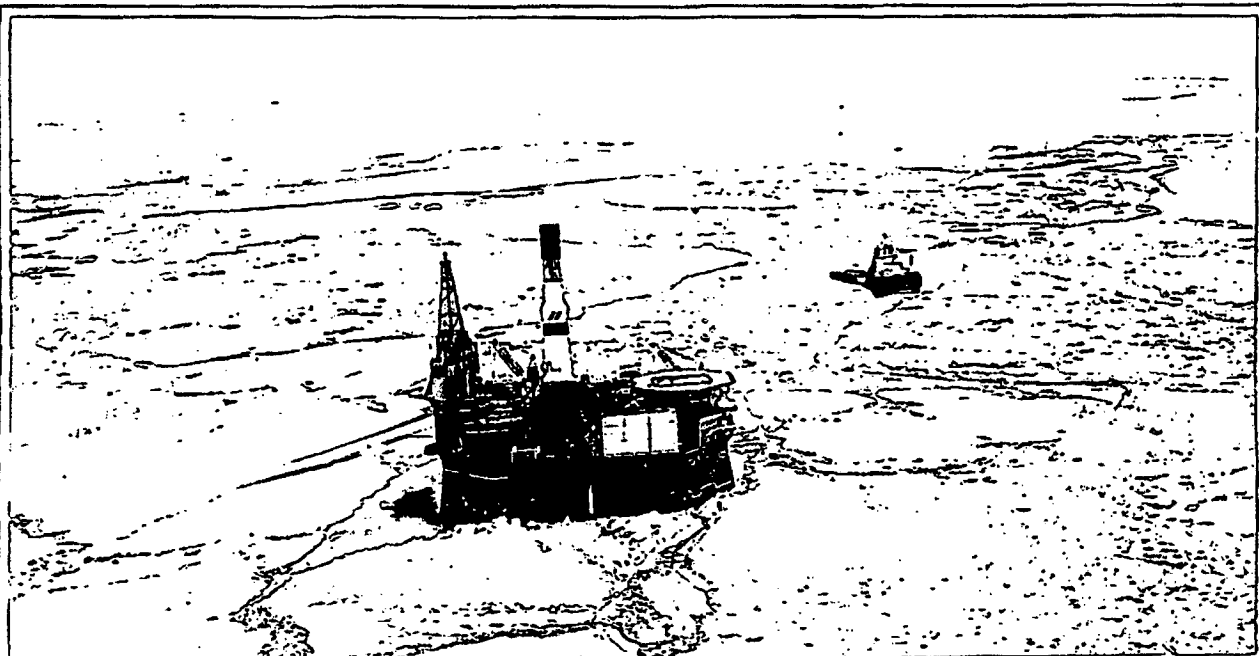
Hydrocarbon liquids reserves
million barrels



Natural gas reserves
billion standard cubic feet



All figures in the charts on this page comprise Group companies plus Group share of associated companies.



Taking over the lead role in development and operation of the Sakhalin project was one of the exciting initiatives in 2000 to strengthen the Group's already prominent position in the gas business. This will become one of the most important gas supply sources for the Asia-Pacific region by the second half of this decade.

Downstream Gas and Power overview

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Strategy

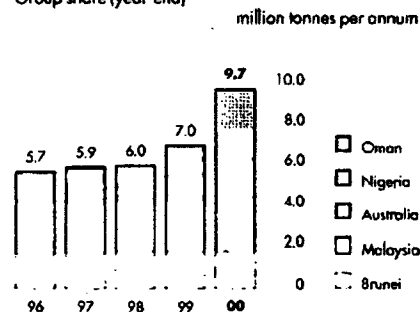
Profitably grow the business by accessing key markets. Maintain the industry-leading position in LNG and Gas to Liquids. Become a significant player in independent power generation, integrating this with fuel supply and expanding marketing and trading activities for gas and power. Exploit opportunities to offer attractive products and services to newly-accessible customers in liberalised markets, leveraging the Shell brand and market position.

Outlook

Global gas and electricity demand is expected to continue growing strongly. Gas is the environmentally preferred fuel for new power generation and will increasingly be used in conversion to ultra-clean liquid fuels. The business environment is changing rapidly. Liberalisation is creating challenges for existing businesses as well as opening new business opportunities including marketing energy directly to consumers.

Downstream Gas and Power offers natural gas and electricity and related services directly to customers around the globe - from governments, utilities and industrial users to residential customers in selected markets. Activities extend over 26 countries with project developments in a further 13.

LNG capacity
Group share (year-end)



Coral Energy is one of North America's leading providers of natural gas, power and related energy and financial services. This is the trading floor of Coral Energy, where, as part of the global Shell Trading operation, energy products and related services are bought and sold.

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