

1 question the accuracy of that statement about unit
2 finding costs.

3 Q How about that part of the statement that
4 refers to basic SEC discipline?

5 MR. SMITH: Objection to form and
6 foundation.

7 A The description that I've just given of
8 proved area, depth and recovery factor for a given
9 reservoir is exactly what we apply now for discovered
10 volumes in our expiration activity.

11 And frustrating as it is, this leads to usually a
12 lower number than our partners tend to announce.
13 Bearing in mind this is not an SEC definition.

14 Q Okay. I would like now to direct your
15 attention to the last sentence of that paragraph where
16 Mr. Van de Vijver discusses Shell's efforts to be
17 disciplined, and he -- in connection with the -- what
18 he states is the whole change of discipline and SEC
19 guidelines. Do you see that, sir?

20 A I do see that.

21 Q Do you recall if that sentence was in sum
22 and substance part of the prepared remarks provided to
23 Mr. Van de Vijver in connection with this
24 presentation?

25 A I don't recall.

1 Q Do you understand what Mr. Van de Vijver is
2 attempting to convey in that sentence?

3 MR. SMITH: Does he understand today or
4 did he understand at the time?

5 Q Let's start with today, currently.

6 A I'm not sure -- even today I'm not entirely
7 sure what he was trying to convey. You would have to
8 ask him, I think.

9 Q Do you recall if you had an understanding of
10 what he was attempting to convey at that time?

11 MR. SMITH: Objection to form and
12 foundation.

13 A I don't recall what I felt at the time.

14 Q Did you ever discuss that with
15 Mr. Van de Vijver? And by that, I mean his statement
16 in that sentence.

17 A I don't recall discussing that particular --

18 Q Okay. Thank you.

19 MR. FERRARA: We've been going about 80
20 minutes. Are you done with this document?

21 MR. MacFALL: I am not, but we can take
22 a short break if you like.

23 VIDEOGRAPHER: We are going off the
24 record. The time is 11:13 a.m.

25 (Recess taken.)

1 VIDEOGRAPHER: We are back on the
2 record. The time is 11:27 a.m.

3 BY MR. MacFALL:

4 Q Mr. Henry, with regard to that same document
5 that we were looking at, if I could direct your
6 attention now to what is numbered Page 6 at the top of
7 the page in that document.

8 And specifically, the first full paragraph on
9 that page beginning with the words, "another area."
10 Do you have that, sir?

11 A I do.

12 Q If you could just read that to yourself and
13 let me know when you're done.

14 A Okay.

15 Q Okay. In that paragraph, Mr. Van de Vijver
16 is discussing unit development costs. And in the
17 second sentence of that paragraph he discusses the
18 fact that development and production capital
19 expenditure are directly linked to proved reserves.
20 Do you see that, sir?

21 A I do.

22 Q My question is, is Mr. Van de Vijver,
23 although he's not using the term directly, at least in
24 those two sentences, discussing unit finding and
25 investment costs or is this a different metric?

1 MR. SMITH: Objection to form and
2 foundation.

3 A This has a different measure. This is about
4 development cost which excludes the finding cost.

5 Q Is there a relationship between proved
6 reserves and development costs?

7 MR. SMITH: Objection to form and
8 foundation.

9 A A relationship between proved developed
10 reserves, which is a subcategory of proved reserves,
11 and unit development cost; there is a relationship
12 there.

13 Q Can you generally briefly describe that
14 relationship for me?

15 A The unit development cost is the capital
16 cost -- capital investment cost in a period divided by
17 the additions to proved developed reserves in that
18 period.

19 Q Thank you.

20 A That was the definition being used by Shell,
21 by the way, that's not necessarily a generally
22 accepted definition across the industry.

23 Q Directing your attention to the last
24 sentence in that paragraph, Mr. Van de Vijver
25 indicates or suggests there that there is a difficulty

1 in comparing UFDC costs because, as he states, people
2 can put whatever range of numbers they would like in
3 both categories. Do you see that, sir?

4 A I do see that.

5 Q Do you recall if that was -- that statement
6 was included in some form or another in prepared
7 statements delivered to Mr. Van de Vijver?

8 A I don't recall. I would be very surprised
9 if this wording were in any prepared statement.

10 Q Do you recall -- withdrawn.

11 Were you aware that Mr. Van de Vijver was going
12 to make that statement prior to the time that it was
13 actually said at this presentation?

14 A If it was not in the prepared remark, I
15 would not have known that he was going to make that
16 statement.

17 Q Do you recall if he discussed that statement
18 in particular, Mr. Van de Vijver, following the
19 presentation?

20 A I don't recall discussing it with him, no.

21 Q Directing your attention now to Page 7 of
22 that document, sir, specifically with regard to the
23 first full paragraph on that page beginning with the
24 words, "before I go." If you could just read that to
25 yourself, sir.

1 A Okay.

2 Q Do you recall if the topic of reserves
3 replacement as opposed to proved reserves was included
4 in the prepared remarks for Mr. Van de Vijver
5 delivered at the EP presentation?

6 A I don't recall specifically, but I would
7 expect that it were included.

8 Q Do you recall if the prepared remarks
9 included developments on the gas side or the gas
10 business which would impact the reserve replacement
11 ratio?

12 A Again, I don't recall specifically, but it's
13 likely that they would.

14 Q Okay. Little bit further down in that
15 paragraph Mr. Van de Vijver discusses various projects
16 including Ormen Lange. Do you see that, sir?

17 A I do.

18 Q He discusses that in the context of projects
19 that will impact 2003 reserve replacement at Shell.

20 Do you recall if Ormen Lange -- or withdrawn.

21 Do you recall if proved reserves were already
22 booked in connection with Ormen Lange prior to March,
23 2003?

24 A Firstly, you asserted that Walter is talking
25 here about 2003. It says, "could have a major

1 impact," with the implication that over a longer
2 period of time. And I do believe that Ormen Lange had
3 some barrels booked at the time of this presentation,
4 and that there was significant potential for
5 additional bookings as we went forward with the
6 project itself.

7 Q Do you recall if Shell disclosed either at
8 this presentation or in any other forum that proved
9 reserves had been booked in connection with Ormen
10 Lange?

11 A I don't recall that we had done that. We
12 typically never talked about individual fields or
13 assets in terms of what had already been booked.

14 Q Thank you. If I could, I would like to
15 direct your attention now to almost the end of that
16 document, Page No. 51. Do you have that, sir?

17 A I do.

18 Q Little bit past halfway down the page there
19 appears a reference to Mr. W. Kevin Wood, Bear Sterns
20 & Co., Inc. Do you see that?

21 A I do.

22 Q Do you know who Mr. Wood is?

23 A He is an analyst at Bear Sterns & Co. based
24 in New York.

25 Q Okay. Do you recall if you ever had

1 conversations separate and apart with this EP
2 presentation with Mr. Wood?

3 A Yes, I did. With both Mr. Wood and Fred
4 Luther at the same brokerage.

5 Q Do you recall if you ever had conversations
6 with Mr. Wood concerning Shell's proved reserves?

7 A I don't recall specifically.

8 Q Okay. Do you recall having any
9 conversations regarding the reserves replacement
10 ratio?

11 A With Mr. Wood, not specifically.

12 Q Okay. You see here that Mr. Wood asks
13 question -- well, withdrawn.

14 If you could just read to yourself, I'm sorry,
15 the material appearing after Mr. Wood's name and then
16 Mr. Van de Vijver's response.

17 A Okay.

18 Q Mr. Wood specifically asks about the reserve
19 replacement -- first he starts off with the natural
20 gas side, and that includes the -- or at least
21 includes a reference to developments on the oil side.
22 Do you see that, sir?

23 A (Shakes head affirmatively.)

24 Q In response, Mr. Van de Vijver discusses
25 various projects, generically off shore; Brazil off

1 shore; Nigeria.

2 My question is, those references, specifically to
3 Brazil and Nigeria, little bit further down, Malaysia,
4 Brunei and Europe, do you know if Mr. Van de Vijver
5 were referencing the gas reserves with respect to
6 those projects or oil reserves?

7 A I believe they were all oil reserves.

8 Q Mr. Van de Vijver then continues with
9 regard -- or referencing oil related activities. He
10 does not appear to address the reserve replacement
11 ratio with respect to the gas side; is that correct?

12 A In this response he's not addressing gas.
13 But the question is actually about oil, not gas anyway
14 I think so --

15 Q You're correct. I'm sorry. He indicates
16 that in the column -- I do apologize. Thank you.

17 You can put that aside, sir.

18 Mr. Henry, I would like to go back for a moment
19 with regard to what was marked as Exhibit 3 which was
20 the e-mail concerning US investors in connection with
21 Royal Dutch.

22 I believe you indicated that efforts had been
23 made to ascertain the impact of various investors with
24 regard to voting in connection with the 2003 AGM as
25 reflected in that document.

1 MR. SMITH: Objection to form.

2 A It's correct. What we had been doing was
3 looking at who had voted previously in the 2002 annual
4 general meetings to try and ascertain who might vote
5 in the 2003.

6 Q The document itself references the 2002 AGM,
7 but my question is, do you recall if you ever looked
8 at voting data concerning earlier years? And by
9 earlier, I mean prior to 2002.

10 A I don't specifically recall.

11 Q Given the conclusions concerning the ratio
12 of -- withdrawn.

13 Given your statement in that document concerning
14 the impact of US investors upon the outcome of various
15 Royal Dutch resolutions, do you recall if Shell ever
16 met with institutional investors in the United States
17 in an effort to influence -- or in connection with,
18 I'm sorry, corporate governance issues?

19 MR. SMITH: Objection to the form.

20 A In 2003, I don't recall any meetings of that
21 kind, not with the US investors.

22 Q Do you recall any meetings of that kind
23 prior to 2003?

24 A On corporate governance? General -- I don't
25 recall anything that was set out specifically to

1 discuss corporate governance.

2 Q Do you recall Shell conducting meetings with
3 institutional investors on any topic in 2003?

4 A I think your question would include any of
5 the meetings we had with institutional one-on-one --

6 Q It does.

7 A -- so yes, we had many meetings with
8 institutional investors in the one-on-one format.

9 Q Was that also true of 2002 and prior years?

10 A All years.

11 Q During the course of any of those meetings
12 that you attended, do you recall corporate governance
13 issues being discussed?

14 MR. SMITH: Objection to form.

15 A From time to time investors would ask about
16 corporate governance in I guess one specific area and
17 some general areas.

18 The main question was about the governance -- the
19 60/40 relationship between Royal Dutch/Shell Transport
20 and Trading, and how that actually worked at the Board
21 level, and did we have any plans to change it. That
22 was a specific question that came up on occasion. To
23 the best of my knowledge, never in the United States.

24 Again, from time to time we would have occasional
25 questions about approach to environment social

1 responsibility, audit committee, but how were those
2 committees operating at a Board level.

3 And they tended to be investors with a specialist
4 interest, such as corporate social responsibility as
5 part of their running a fund of that kind.

6 So we would get specific questions on how -- what
7 the governance process was. Again, that was never in
8 the United States.

9 Q Do you recall any issue involving corporate
10 governance arising in the context of one-to-one
11 meetings with institutional investors in the United
12 States?

13 A As I just explained, not on the social
14 responsibility. I don't recall the specific instance
15 of the 60/40 discussion coming up. And -- but it did
16 come up from time to time, so it's likely that there
17 would be some record that it came up at some point
18 this time over the four years I was involved.

19 Q Now, the timeframe I had specifically used
20 was 2003 or earlier.

21 With regard to periods subsequent to 2003, did
22 Shell meet with institutional investors in the United
23 States with regard to corporate governance issues
24 specifically?

25 A Not with regard to corporate governance

1 specifically.

2 Q Did Shell have meetings with institutional
3 investors in the United States subsequent to 2003?

4 A In or around this time I don't recall if we
5 actually had specific meetings. Because this
6 remuneration was about -- this resolution was about
7 remuneration. And as the e-mail indicates, we were
8 well aware that US investor attitudes towards
9 remuneration were very different from European, and
10 chances were it would be far less of an issue for a US
11 investor. So I don't recall if we felt it necessary
12 to follow up.

13 You say subsequent to 2003, yes, we did have a
14 quite a few meetings with a variety of investors both
15 sides of the Atlantic I believe, by corporate
16 governance issues as we went through, effectively the
17 aftermath to Project Rockford.

18 Q Excluding Project Rockford, I guess in
19 periods prior to Project Rockford, during the course
20 of the meetings -- the various meetings with
21 institutional investors in the United States, do you
22 recall generally what topics or issues were discussed?

23 MR. SMITH: Objection to form and
24 foundation.

25 A This could be the long answer or very short

1 one, because there's all meetings with institutional
2 investors.

3 We didn't set the agenda, the investors set the
4 agenda. They were free to ask anything they liked
5 which went from financial metrics, through future
6 prospects, through individual characteristics of
7 members of the leadership team, to just about
8 anything. So it would be a very long discussion.

9 Q Is it possible to -- and it may not be --
10 relate what the most common topics were?

11 A I think that's probably very difficult to do
12 other than to note that with US investors, it would
13 nearly always start with the previous quarter's
14 results and what's your estimate for this quarter.

15 And quite rare we didn't get that sort of
16 discussion with a US investor.

17 Q Subsequent to 2003, did IR review any data
18 concerning voting trends in Royal Dutch?

19 A The following year I was in transition from
20 the IR job to a different role so I was -- I kicked
21 off the process of looking at voting intentions. But
22 I don't know -- I don't really recall where it ended
23 ahead of AGMs for 2003 which were held in June, 2004.

24 Q How was the data concerning voting trends
25 collected?

1 A We --

2 MR. SMITH: Objection to form and
3 foundation.

4 A We used something called a proxy solicitor
5 which was a firm called Georgeson Shareholder
6 Services. And as a specialist service, they were able
7 to provide information on voting, votes cast at
8 previous AGMs, and to look behind in the case of the
9 UK in particular, I mentioned yesterday, nominee
10 shareholders. Because often shareholders do not
11 identify themselves, they vote through a nominee or
12 proxy.

13 So they worked behind proxies to look at who were
14 the actual shareholders for the UK shareholders. And
15 for Royal Dutch, I think the Dutch regulations
16 required shareholders to identify themselves. So I
17 think we could work off the records from the AGM. And
18 there may have been some work done by Georgeson around
19 the Royal Dutch, as well, but I don't recall exactly
20 the detail.

21 Q Were they utilized for the collection of
22 data in connection with the 2003 AGM?

23 A Georgeson worked for data that helped inform
24 us before the 2003 AGM.

25 Q Do you recall if they also performed work in

1 connection with the 2004 AGM?

2 A I don't recall specifically.

3 Q Okay. Now, as part of your duties and
4 responsibilities in investor relations, did you or
5 your team prepare periodic press releases concerning
6 significant events check?

7 A We helped to prepare. If it was a press
8 release it would be owned ultimately by Mary Jo
9 Jacobi's team, but we would be involved in the
10 preparation.

11 Q Could you describe from me your involvement
12 typically in the preparation of press releases?

13 A Firstly, identifying that an event was
14 taking place that should be made public. And then
15 deciding when and how that release should be made,
16 whether it should go through the press or whether it
17 were a Stock Exchange release, and quite often
18 involved in drafting or approving the final text.

19 Q Okay. Just because there appears to be at
20 least some interaction if not actual overlap, is it
21 possible for you to just generally describe for me
22 visa vis IR, if you know, the general scope of
23 activity conducted by Mary Jo Jacobi's media team
24 versus investor relations?

25 A The purpose of the two departments was very

1 similar, except different constituencies to whom they
2 spoke.

3 IR spoke to investors, the media relations team
4 spoke to media, global media. They were not directly
5 responsible for some of the local media contacts
6 around the world, but their basic constituency was the
7 international media, and primarily those based in
8 London.

9 Q I believe you've discussed several instances
10 where various drafts of documents were prepared by
11 Miss Jacobi's team and reviewed by various members of
12 IR including yourself.

13 Was the converse true? Were there times when
14 drafts were prepared by IR that were subsequently
15 reviewed by Miss Jacobi's team for content or comment?

16 A Yes, that did happen.

17 Q Okay. Can you think of a typical example of
18 that happening?

19 A Quite often we would be drafting -- if it
20 were let's say an EP release, we would draft it in
21 conventional business. And then the -- we would share
22 a draft with Mary Jo, and Mary Jo's team would turn it
23 into -- I should say simple English that could be
24 understood by the media as opposed to technical
25 English which was quite often -- technical or

1 financial English was quite often how it was
2 originally drafted.

3 Q Do you know if Miss Jacobi is still employed
4 by Shell?

5 A No, she isn't.

6 Q Okay. Do you know how long Miss Jacobi held
7 the position that you're discussing with regard to
8 media relations?

9 A Approximately four years.

10 Q And could you give me a timeframe from that?

11 A I think from 2001 to 2005.

12 Q Thank you.

13 (Henry Exhibit No. 5 - e-mail string - marked for
14 identification.)

15 BY MR. MacFALL:

16 Q Mr. Henry, I'm now handing you a document
17 that has been marked as Henry Exhibit 5 for
18 identification. I'm going to ask you, sir, if you
19 could take a look at that and let me know if you
20 recognize it.

21 A Okay.

22 Q Do you recognize the various e-mails that
23 comprise this document, sir?

24 A Yes, I do.

25 Q For the record, the most recent or the last

1 e-mail in the document is from Lew Watts to yourself
2 dated March 2nd, 2002. The subject is, "Nigeria
3 Release."

4 Could you identify Mr. Watts for me, sir?

5 A Lew Watts, no relation to Sir Philip Watts,
6 is a -- or was then responsible for the gas and power
7 business in Africa.

8 Q Okay. The e-mails involve possible press
9 release issues in connection with certain gas projects
10 in Nigeria.

11 I would like specifically to address your
12 attention to the second e-mail in that first page
13 which is an e-mail dated March 20th, 2002 from you to
14 Mr. Watts, and specifically the first paragraph of
15 that e-mail.

16 You wrote -- or you questioned Mr. Watts as to
17 when reserves actually become booked. Do you see
18 that, sir?

19 A Yes, I do.

20 Q Okay. Now, were you questioning -- or did
21 your question involve, rather, proved reserves as
22 opposed to expectation reserves?

23 A The same answer on March, 2002. The
24 implication is proved reserves, although it's not
25 specific, and I think, looking at the whole chain, it

1 was probably both.

2 Q Your understanding -- withdrawn.

3 In that same sentence you reference gas in
4 particular indicating that -- I'm sorry. I apologize.
5 Withdrawn.

6 I'm now referencing the second sentence in that
7 first paragraph. And it indicates that, "investors
8 were told that gas was bookable at FID." And I take
9 it then that that's a reference to proved reserves
10 with respect to gas; is that correct?

11 A I believe that's --

12 MR. SMITH: Object to form.

13 A I believe that is a reference to proved
14 reserves in respect to FID, and the gas by implication
15 is here about LNG projects, because this whole chain
16 is about an LNG project.

17 Q Now, "the indication that we have always
18 discussed with investors," and then it continues, is
19 that consistent with your recollection during the time
20 at IR that investors were in fact told that gas proved
21 reserves were bookable at FID?

22 A This is part -- this, again, March, 2002,
23 this is an education e-mail. It was me learning, as I
24 mentioned earlier, by specific individual projects,
25 more as I went through time about the whole booking

1 process. And this does reflect that for LNG in
2 particular, because having sold the gas was usually a
3 precondition to taking FID, that we didn't book
4 reserves before FID -- until we took FID, sorry, on
5 large gas projects.

6 Q Directing your attention now to the last
7 paragraph of that March 20th e-mail, if you could just
8 read that to yourself, sir.

9 A The last sentence of the --

10 Q I'm sorry. The first sentence of the last
11 paragraph. The entire last paragraph beginning with
12 the sentence, "If these statements are not accurate."

13 A Okay.

14 Q Specifically directing your attention to the
15 last sentence in that paragraph, there's a reference
16 to it being a sensitive point in the market. Do you
17 recall what you were referencing by that?

18 A That the issue of proved reserves bookings
19 was a sensitive issue in the market at the moment.
20 And the reference is then to this is a very good
21 announcement for the group, but actually taking a big
22 investment decision on new activities, it would be sad
23 at the time if we were not able to say, or at least
24 expect -- we might not have said, but expect reserves
25 to be booked associated with that decision.

1 Q Okay. Do you recall what your concern was
2 with regard to whether or not Shell could book
3 reserves concerning that decision?

4 MR. SMITH: Object to form.

5 A I'm sorry. Given -- as I read this, I would
6 interpret my remarks to say this is a positive
7 announcement for the group, and hopefully it would
8 lead to further positive outcome in terms of proved
9 reserves. And I was seeking initially to find out by
10 how much.

11 Q Do you recall if reserves were actually
12 booked in connection with that project in or about
13 March, 2002?

14 MR. SMITH: Objection to form and
15 foundation.

16 A Right. At the time, I do not know whether
17 they had been booked or not.

18 Q Do you recall if they were ultimately
19 booked?

20 MR. SMITH: Objection to form.

21 A Yeah. This one is not a simple question.
22 The LNG is different from the upstream activities.
23 Different fiscal entity, different fiscal unit in
24 Nigeria.

25 And fields are associated with a particular

1 usage, and that could be LNG or that could be local
2 power station or local gas supply in Nigeria.

3 For variety of reasons, over time, individual
4 field, the designation of their ultimate use has
5 changed.

6 And it's not really possible from me to say going
7 back as to whether the fields at that time were booked
8 that were expected to go, or whether those fields are
9 ultimately those that will feed trains four or five.

10 So it's not a direct connection between the
11 upstream and the LNG.

12 MR. MacFALL: Why don't we go off the
13 record for a moment.

14 VIDEOGRAPHER: This marks the end of
15 Tape 1, Volume II in the deposition of Mr. Henry. We
16 are going off the record. Time is 12:02 p.m.

17 (Mr. Goldstein enters the room.)

18 (Recess taken.)

19 VIDEOGRAPHER: This marks the beginning
20 of Tape 2, Volume II in the deposition of Mr. Henry.
21 We are back on the record. The time is 12:08 p.m.

22 BY MR. MacFALL:

23 Q Mr. Henry, just to follow up with regard to
24 one of the earlier exhibits. If you could get
25 Exhibit 2 in front of you again, sir?

1 A 2?

2 Q Yes, sir. Again, specifically -- I'm sorry.
3 Directing your attention to the second page of that
4 document, it is the fourth hyphen point down, about
5 halfway down the page beginning with the words, "The
6 change from reserves and PSCs." Do you have that in
7 front of you?

8 A Yes.

9 Q We discussed that a little earlier. The
10 second sentence in that paragraph discusses possible
11 offset by reserves revisions in non-PSCs countries.

12 My question is, do you have any knowledge as to
13 the specific countries or projects that were being
14 referenced in that point?

15 MR. SMITH: Objection to form.

16 A This is non-PSC countries. So by
17 definition, it's every country we operate in that is
18 not a PSC country.

19 So it includes, for example, North America, all
20 of Europe, it includes Oman, Nigeria, Brunei, not
21 Malaysia because that is a PSC, and certainly includes
22 Australia.

23 So actually PSCs is a relatively small fraction;
24 non-PSCs is a much larger proportion of our portfolio.

25 Q Do you recall if in this portion of the

1 e-mail you were talking about any specific countries
2 or projects?

3 MR. SMITH: Objection to form and
4 foundation.

5 A At that time this was just a general request
6 as to whether we had a field in any countries, if
7 there would be an impact of changing a future price
8 projection on proved reserves.

9 Q Okay. Thank you. You can put that aside.
10 (Henry Exhibit 6 - briefing pack - marked for
11 identification.)

12 BY MR. MacFALL:

13 Q Mr. Henry, I'm now handing a rather large
14 document that has been marked as Henry Exhibit 6 for
15 identification.

16 A Thank you very much.

17 Q Ask you to look at that, sir, and let me
18 know when you're done and if you recognize that
19 document.

20 A Okay. I just flipped through.

21 Q Do you generally recognize this document,
22 sir?

23 A Yes, I do.

24 Q Could you please tell me what it is?

25 A Majority of the pack, if not all of it, is

1 part of or the briefing pack that we provided to Sir
2 Philip Watts for a series of meetings that he held in
3 the United States I believe in late 2002. So
4 September, 2002.

5 MR. SMITH: Just so the record is
6 clear, because your answer made it sound like this may
7 be more than one document. Is there a dividing point
8 in the Bates numbers where you divide one document
9 from another?

10 THE WITNESS: There is a communication
11 audit attached at the end prepared by the Finsbury
12 Group on Shell. And I'm not sure if that would have
13 been in the briefing. I need to check the -- yes, it
14 was. The cover note refers to including that summary
15 from the audit report.

16 MR. SMITH: Okay. So --

17 THE WITNESS: So this is probably the
18 entire briefing pack of the meetings held with Sir
19 Philip.

20 MR. SMITH: Is that 21661 through
21 21788?

22 THE WITNESS: No, 21661 through --

23 MR. SMITH: The last page of the
24 document.

25 THE WITNESS: 21778.

1 MR. SMITH: 788. What about the
2 document on the front?

3 THE WITNESS: Oh, 788. Yes, that's
4 correct. The document on the front looks like a
5 record of a meeting held with Capital Guardian held in
6 April, 2002.

7 These are -- this is a list of the
8 questions that that particular investor asked in that
9 meeting. And it's the sort of thing we would
10 typically include in a briefing pack, but it may or
11 may not have been part of this briefing pack. There
12 are many other -- as you can see, many other comments,
13 as well.

14 MR. SMITH: Thank you for letting me
15 try to clarify that.

16 Q No problem at all. For these purposes you
17 can leave aside, the first page which you're not sure
18 of. You can physically keep it there, but I won't be
19 discussing that with you.

20 The balance of the materials I believe would be
21 identified as a Briefing Pack from Mr. Watts. It says
22 specifically on page ending in Bates number 661, "US
23 West Coast briefing materials."

24 Was that a meeting, or presentation, or series of
25 meetings that Mr. Watts was to have in the West Coast

1 of the United States?

2 A That's correct. Phil was visiting the West
3 Coast for business purposes. And while he was there,
4 we had arranged with him to take some time from his
5 schedule to meet with investors in Los Angeles, San
6 Francisco and Seattle.

7 Q And could you please just generally describe
8 for me what the purpose of this briefing pack is?

9 A Phil was always quite meticulous in
10 preparing himself for important meetings. So we
11 always provided him with information before he met
12 investors about current issues that were in either the
13 market or that the investors themselves had either
14 asked in the previous meeting or had raised with us
15 before the meeting.

16 We would give him information about how those
17 investors had been buying or selling recently. We
18 would give him any information that was recently in
19 the market, such as, I think in this case one
20 competitor had made a presentation, and we took this
21 opportunity here to remind him of the program that was
22 coming up, the schedule. So this was part of a series
23 of events or communication events that Phil or other
24 members of the assembly would take part in.

25 It was a very comprehensive set of information

1 that may or may not be relevant for Phil before the
2 meetings.

3 Q I would like to specifically direct your
4 attention to the page ending in Bates Numbers 713. Do
5 you have that, sir?

6 A I do, yes.

7 Q Directing your attention to the last caption
8 appearing at the lower quarter of the page. It
9 states, "Reserve replacement ratios," followed by a
10 series of bullet points. Do you see that, sir?

11 A I do.

12 Q Generally, was -- withdrawn.

13 Could you describe for me -- or explain to me why
14 it is that the information concerning reserve
15 replacement ratios as produced on this page was
16 included in the briefing pack?

17 A This is under the heading, "Miscellaneous
18 topics," and it is one of the subheadings under that,
19 that key heading. And this was a list of investor
20 issues at this particular point in time that might
21 come up in questions and, therefore, this was a
22 reminder of generally what we were saying across any
23 discussions with investors so that we were consistent
24 whoever was talking to investors at that time.

25 Q Okay. And I would just note that under the

1 caption, "Miscellaneous topics," at the top of the
2 page appears the caption, "Key messages."

3 A That's correct.

4 Q Okay. Is it your recollection that during
5 this time period, these -- the same message with
6 respect to reserve replacement ratio as appears here
7 would be -- was to be provided by other members of
8 senior management at Shell? And by other, I mean
9 other than Mr. Watts.

10 A Yes. We had one set of briefing materials
11 of this type for everybody.

12 Q I would like specifically to direct your
13 attention to the fourth bullet point appearing under
14 the caption, "Reserve replacement ratios." That
15 bullet point -- well, if you could read that to
16 yourself, sir.

17 A Okay. I've read it.

18 Q Okay. If you turn to the following page,
19 you see there's a bracket that says, "Note: Data from
20 EP, not for use externally."

21 That bracketed notation, does that refer to the
22 material that precedes it, the fourth bullet point
23 that you read on the prior page, do you know?

24 A It refers to the general topic of reserve
25 replacement ratio, not necessarily just the fourth

1 bullet.

2 Q Okay. Now, with respect to the bullet
3 points that appear beneath that bracketed material,
4 directing your attention to the second bullet point
5 Erha, there's an indication that reserve -- well, I
6 believe it's reserves -- there's an indication that
7 Shell already booked 166 million barrels, and then
8 indicates, "may not want to admit this externally."

9 To the best of your recollection, was the
10 reference to booking to proved reserves in connection
11 with Erha?

12 A I believe it was.

13 Q Let me ask. Do you know who prepared this
14 document, this particular portion of the briefing
15 pack?

16 A It would have been one of my team, either at
17 this time Michael Harrop or David Sexton. Probably
18 both of them actually worked together.

19 Q Do you recall if you reviewed the briefing
20 pack before it was provided to Mr. Watts?

21 A I would have reviewed certain sections of it
22 including this one.

23 Q Okay. The reference to -- in that second
24 bullet point relating to Erha states, "may not want to
25 admit this externally." Do you see that, sir?

1 A I do.

2 Q Do you know why that was included there?

3 A The primary reason for including that
4 statement, and in general this whole set of data is
5 not for use externally anyway. I read to mean that we
6 were about to take an investment decision on Erha.

7 And we are not the operator of Erha, Exxon is.
8 Exxon might make a statement. It was typical for
9 operators to make statements about taking an
10 investment decision. And this may be -- which would
11 lead to questions to us. And the implication here is
12 that we wouldn't specifically talk about this in case
13 we created expectation, that is taking an investment
14 decision might lead to booking more reserves than
15 might be reasonably expected.

16 Q The reference here is specifically to what
17 appears to be the prior booking of 166 million barrels
18 of oil equivalent, correct?

19 A It's already booked, yes.

20 Q The portion that follows -- the clause that
21 follows, "may not want to admit externally," doesn't
22 that relate specifically to the prior booking of
23 166 million barrels of oil equivalent?

24 MR. SMITH: Objection to form and
25 foundation.

1 A It's in the same sentence as having -- yeah.
2 I would assume that's what it refers to.

3 Q Directing your attention to the second
4 bullet point -- I'm sorry, the third bullet point that
5 immediately follows that regarding Angola. Do you
6 have that, sir?

7 A I do.

8 Q Could you just read that to yourself?

9 A Okay.

10 Q There's an indication that 33 million
11 barrels of oil equivalent had already been booked. Do
12 you recall if that was a reference specifically to
13 Block 18 in Angola?

14 A It is likely to have been because we only
15 had two blocks in Angola and the other one was
16 smaller.

17 Q It continues on regarding the possibility of
18 booking additional, I take it reserves, that year,
19 this year at the time it was written, following
20 Project Sanction.

21 Could you describe for me what is meant by
22 Project Sanction, if you know?

23 A Is the -- this is a BP operated project, and
24 that term that is equivalent to final investment
25 decision is Project Sanction. It's really referring

1 to BP terminology.

2 Q Is it your recollection that -- and I
3 believe you testified about this yesterday -- but do
4 you recall if at this time reserves -- proved reserves
5 had been booked at Angola Block 18 prior to Project
6 Sanction?

7 A By Shell?

8 Q By Shell.

9 A I believe I indicated yesterday that it had
10 and this is confirming that it had.

11 Q I'm sorry. Did you say had or hadn't?

12 A That it had been booked.

13 Q Okay. Thank you. I'm sorry. I'd like to
14 direct your attention now to page ending 720. Do you
15 have that, sir?

16 A I do.

17 Q There are three bullet points followed by a
18 solid bullet point on that page. The solid bullet
19 point references, "Organic reserve replacement." Do
20 you see that, sir?

21 A I do.

22 Q And it's followed by a series of bullet
23 points thereafter.

24 Do you recall why it was that you included
25 material concerning Shell's organic reserve

1 replacement in the briefing materials for Mr. Watts at
2 that time?

3 A The solid bullet points in this section
4 refer to possible questions from investors based on
5 our assessment of what they might ask. And the other
6 type of bullet point suggested points to respond to
7 any questions, because the investor might not ask this
8 specific question, but it might ask one about reserve
9 replacement.

10 So it was a series of bullet points that could be
11 used in response to any general question about reserve
12 replacement.

13 Q And who was it who prepared these proposed
14 answers to that question?

15 A This would be -- as before, this would be a
16 combination of Michael Harrop at this time and David
17 Sexton.

18 Q Okay. I'm sorry. Just going back to the
19 Page 714 which discusses this specific projects and
20 the reserves booking. I'm sorry. I didn't realize I
21 forgot to ask something.

22 Do you recall if Mr. Watts actually discussed any
23 of those projects during the series of meetings he had
24 on the West Coast in the United States at that time?

25 A I don't recall specific comment or

1 statements.

2 Q Did you -- and I should have asked you this
3 earlier -- did you accompany Mr. Watts to this --

4 A No, I didn't. Actually, it's David Sexton
5 accompanied Mr. Watts on this one.

6 Well, I may have been with him on this one.
7 There were some that David went and some where I
8 joined him, as well. So I may have joined him on this
9 one.

10 Q Generally, do you recall the topic of proved
11 reserves coming up during the course of any of the
12 meetings in this West Coast trip?

13 MR. SMITH: Objection to form and
14 foundation.

15 A My assumption is had I been there, and given
16 the timing which is September, 2002, it's likely that
17 the issue of reserve replacement would have been
18 raised, irrespective of whether I was there or not.

19 Q Just to back up, I take it then you have no
20 specific recollection?

21 A I don't have specific recollection. There
22 were quite a few meetings. Again, this being 10, 12
23 meetings.

24 Q During 2002, were there meetings conducted
25 with analysts or investors and Mr. Watts that you did

1 attend?

2 A Yes.

3 Q Okay. Were briefing packs similar, if not
4 identical, to this provided to Mr. Watts in connection
5 with those meetings?

6 MR. SMITH: Objection to form and
7 foundation.

8 A They would be similar in format and content.

9 Q During the course of any of the meetings
10 that you attended with Mr. Watts, do you recall the
11 topic of proved reserves coming up?

12 A Again, it's difficult to remember one
13 meeting from many, but the subject is -- during
14 certainly the latter half of 2002 it is highly likely
15 to have come up.

16 Q During the course of any of the meetings, do
17 you recall Mr. Watts specifically discussing reserves
18 in connection with Erha?

19 A I do not recall and it's not likely that he
20 would.

21 Q Do you recall any discussions in which
22 Mr. Watts discussed reserves in connection with Angola
23 Block 18?

24 A No, I don't. The same reason that we would
25 very rarely talk about projects that we are not the

1 operator of, and neither of those projects were we the
2 operator.

3 Q Were there any specific projects during this
4 time period, 2002, that you do recall Mr. Watts
5 discussing with analysts and investors in connection
6 with reserves? Let me their narrow it. I'm sorry.

7 A I believe it would have talked about
8 Sakhalin, in particular, Project, because he had a
9 very personal interest in the success of that project.

10 Q Do you recall Mr. Watts ever mentioning
11 Ormen Lange in connection with reserves during the
12 course of any meetings in 2002, or presentations?

13 A I don't recall in the course of 2002.

14 Q How about in 2003?

15 A I do recall Sir Philip raising the issue of
16 Ormen Lange in 2003 -- in meetings in early 2003.

17 Q Generally, do you recall what it was that
18 Mr. Watts said in connection with reserves and Ormen
19 Lange?

20 MR. SMITH: Objection to form.

21 A It would have been in the context of
22 projects that were being matured and were likely to
23 progress to the point at which we would recognize
24 reserves as we go forward during 2003, 2004. So it
25 was in early '03 looking forward.

1 Q During the course of any of those
2 discussions, do you recall Mr. Watts apprising
3 investors or analysts that reserves had already been
4 booked at Ormen Lange?

5 MR. SMITH: Objection to form and
6 foundation.

7 A I don't recall any such discussion.

8 Q During 2003, do you recall attending any
9 meetings or presentations in which Mr. Watts --
10 withdrawn.

11 During 2003, do you recall Mr. Watts discussing
12 any other specific projects in connection with
13 reserves during the course of meetings with analysts
14 or investors as opposed to formal presentations?

15 A 2003?

16 Q 2003.

17 A The two particular projects that Sir Philip
18 would talk about regularly, and that's Sakhalin and
19 the Qutar Gas to Liquids Project; both of them being
20 ones in which he took a keen personal interest.

21 Q Do you recall Mr. Watts ever discussing
22 Gorgon in any of those meetings?

23 A Not specifically, no.

24 Q Do you have occasion to attend meetings with
25 Mr. Van de Vijver during -- let's start with 2002.

1 A I don't recall specifically. And it's
2 possible that there was sometime in the year that I
3 would have joined him.

4 MR. SMITH: Just to be clear, we're
5 talking here about meetings with investors and
6 analysts?

7 MR. MacFALL: Yes. Thank you.

8 Q Those are the types of meetings I'm
9 discussing.

10 A I don't recall specifically in that year.

11 Q Okay. Do you recall if there were any such
12 meetings with analysts and investors and
13 Mr. Van de Vijver in 2003?

14 A Yes, I do. I recall taking him around to
15 investors in London in February. And then I'm fairly
16 sure I was with him for some meetings after the
17 business strategy presentation in March, 2003 that we
18 talked about earlier.

19 Q Do you recall if Mr. Van de Vijver discussed
20 proved reserves during the course of any of those
21 meetings with analysts and investors?

22 A He discussed the milestones or the projects
23 that were being worked on that might in future lead to
24 an improvement in our reserve replacement ratio.

25 Q Do you recall specifically what projects

1 Mr. Van de Vijver discussed?

2 A Well, Sakhalin I think I've already
3 mentioned. Beyond that I don't recall specifically.

4 Q Do you recall attending any such meetings,
5 and by any such meetings I mean meetings with analysts
6 and investors, with Miss Boynton during 2002?

7 A Yes, I do.

8 Q Do you recall if the topic of proved
9 reserves was discussed by Miss Boynton during the
10 course of any of those meetings that you attended?

11 A Less likely as she was the CFO. And quite
12 possible that, if questions did come up, that I would
13 have answered them or the other IR representative.

14 Q Do you recall if the topic of reserves
15 replacement ratio came up during the course of any of
16 those meetings with Miss Boynton and investors and
17 analysts that you attended in 2002?

18 A It's possible but less likely because they
19 tended to ask questions about financial framework to
20 Judy and not the operational performance.

21 Q Do you recall if the topic of UFDC arose
22 during the course of any of those meetings with
23 Ms. Boynton and analysts and investors that you
24 attended?

25 A I don't recall specifically. But again,

1 it's possible but less likely because, again, that
2 assumes an operational metric as opposed to a
3 financial metric.

4 Q Do you recall if UFDC came up in any of the
5 meetings that you attended with Mr. Van de Vijver
6 during 2002? And by meetings, I mean specifically
7 meetings with analysts and investors.

8 MR. SMITH: Objection to form and
9 foundation.

10 A I don't recall in 2002. I think it's likely
11 they would have come up in 2003.

12 Q Do you have a specific recollection that
13 that topic did come up during the course of any of
14 those meetings in 2003?

15 A Not a specific recollection.

16 Q Do you have a general recollection at the
17 time?

18 A My general recollection of it is quite
19 likely that at that point in time the question would
20 have come up.

21 Q Okay.

22 MR. MacFALL: Why don't we go off the
23 record.

24 VIDEOGRAPHER: We are going off the
25 record. The time is 12:34 p.m.

1 (Recess taken.)

2 VIDEOGRAPHER: We are back on the
3 record. The time is 1:06 p.m.

4 BY MR. MacFALL:

5 Q Mr. Henry, if I could ask you to get
6 Exhibit 6 back in front of you, sir.

7 A Okay.

8 Q I would like to direct your attention to the
9 page ending in Bates Numbers 730.

10 A Okay.

11 Q Do you have that, sir? That is a page that
12 shows a graph, some trading data. The caption at the
13 top of the page is, "Royal Dutch July price and
14 volume."

15 I would just note that in the bottom right-hand
16 corner appears Thompson Financial Corporate Group.

17 Do you recall that this material -- withdrawn.

18 Do you recall INR commissioning this material to
19 be prepared by Thompsons in connection with the
20 briefing pack provided to Mr. Watts?

21 MR. SMITH: Objection to form.

22 A I recall asking them to provide the
23 information, but not with the specific purpose of
24 including in the briefing pack. The purpose was to
25 understand to the extent we could the impact of the

1 removal from the S&P index on both trading volumes and
2 the price of Royal Dutch done.

3 Q My question with regard to this particular
4 page is, it shows trading volume and price
5 information.

6 Do you recall if this data related to trading on
7 the London Exchange?

8 A This was purely data on the New York Stock
9 Exchange --

10 Q Okay.

11 A -- of Royal Dutch. It does not include
12 Shell Transport and Trading.

13 Q If I could direct your attention now to
14 Page 737. It is similar graph with regard to Shell
15 Transport and Trading.

16 With regard to the trading information on this
17 page, do you recall what exchange this data relates
18 to?

19 A I believe from the fact the stock price is
20 quoted in dollars it would be the New York Stock
21 Exchange.

22 Q Okay. Thank you. Excluding the time that
23 Royal Dutch/Shell was excluded from the S&P 500, did
24 shares of Shell Transport and Trading and Royal Dutch
25 trade in tandem on the European Exchanges and the New

1 York Stock Exchange?

2 MR. SMITH: Objection to form.

3 A There was a relationship between the price
4 of stock trading in the US and price of stock trading
5 in Europe. And on the grounds that many investors and
6 certainly many large investors were able to trade on
7 any market and, therefore, to offer trade value
8 differences between the two.

9 Q In your opinion, did the trading price of
10 both Shell and Royal Dutch accurately reflect
11 information about the group that was disseminated into
12 the market?

13 MR. SMITH: Objection to form and
14 foundation.

15 MR. MORSE: Objection to form and
16 foundation. Ditto.

17 A If I could answer that question, I would be
18 rather richer than I am today. Not the faintest idea.

19 Q Did you monitor the trading price of Shell
20 and Royal Dutch during your tenure at IR?

21 A Yes, I did.

22 Q Did you monitor price movement -- withdrawn.

23 At those times when announcements were made
24 concerning the group, do you recall if there were
25 changes in the trading price of both Shell and Royal

1 Dutch in response to that news?

2 MR. SMITH: Objection to form and
3 foundation.

4 A In general, yes, we tracked the reaction to
5 various announcements. And on occasion there was a
6 reaction either positive or negative depending on the
7 content of the announcement that was to be made.

8 Q We've discussed previously some of the
9 analysts that have followed the stock. I'm not going
10 to ask you about all of them. But do you have -- are
11 you aware of the approximate number of analysts that
12 followed trading of Royal Dutch and Shell?

13 MR. SMITH: Timeframe?

14 Q Throughout your tenure at IR.

15 A I believe through that tenure the number is
16 around 40.

17 Q Was that on a global basis?

18 A That's globally.

19 Q Mr. Henry, I would like to now direct your
20 attention to page ending in Bates Numbers 733 in
21 Exhibit 6.

22 That page is captioned, "Royal Dutch Top 75
23 Shareholders, July, 2002." And what follows is a
24 list, and it continues on several pages, and ends on
25 page ending in Bates Numbers 736. Do you see that,

1 sir?

2 A I do.

3 Q Do you recall if -- reviewing this
4 information at the time that it was initially provided
5 to IR by Thompson?

6 MR. SMITH: Is that your question?

7 A I don't recall the specific review, but it
8 was produced for IR at my request so it's quite likely
9 I would have reviewed it.

10 Q Do you know if the institutions and entities
11 shown in this list purchased shares on foreign
12 exchanges?

13 A This particular list I believe is all about
14 the New York Stock Exchange, not what you would term
15 foreign exchanges.

16 At the time we would have had information about
17 the London Stock Exchange, but I think our information
18 about the Amsterdam Stock Exchange was limited for the
19 reasons we discussed before; bearer shares, no need to
20 register a trade.

21 Q When you commissioned Thompsons to prepare
22 this data, did you request that they ascertain -- or
23 withdrawn.

24 At the time that IR commissioned this data from
25 Thompsons, did it request the inclusion of US

1 investors purchasing of foreign exchanges?

2 A Not explicitly. We asked for all
3 information that Thompsons were able to glean about
4 public transactions in either Royal Dutch or Shell.

5 Q Bearing in mind the statement that you made
6 concerning the bearer shares in the Amsterdam
7 Exchange, are you aware if there was any information
8 provided to IR by Thompsons concerning US investors
9 purchasing Royal Dutch shares on foreign exchanges?

10 A I believe we would have been able over time
11 to have picked up some of those movements, yes. That
12 was the intent of the request.

13 Q And I'm sorry. Did you state that you don't
14 recall whether or not this list includes such
15 information or did you recall that it does not include
16 such information?

17 MR. SMITH: Objection to form.

18 A I believe that this covers only transactions
19 and shares held on the New York Stock Exchange not on
20 what you termed foreign.

21 Q With regard to the information concerning
22 transactions by US investors on non-US exchanges, was
23 that information provided to IR by Thompsons, or was
24 it information that IR was able to ascertain on its
25 own?

1 MR. SMITH: Objection to form and
2 foundation.

3 A It could only come through Thompsons. Our
4 ability to access data from Amsterdam was very
5 limited, and we did get certain other information on
6 the London Exchange, but only about nominee trades, so
7 it's quite difficult for us to look through. So
8 Thompson was our main source.

9 Q And just for purposes of clarification, that
10 data would be -- or was that data produced in the
11 monthly surveys or reports prepared by Thompsons of
12 IR?

13 MR. SMITH: Objection to form and
14 foundation.

15 A I believe it was and would typically show up
16 in the Shell Transport and Trading transactions on the
17 London Stock Exchange.

18 (Mr. Goldstein leaves the room.)

19 MR. MacFALL: Again, I renew
20 Plaintiff's request that such materials be produced to
21 the extent it's available.

22 MR. SMITH: I'll take your request
23 under advisement.

24 (Henry Exhibit No. 7 - e-mail string - marked for
25 identification.)

1 BY MR. MacFALL:

2 Q Mr. Henry, I'm now handing you a document
3 that has been marked as Henry Exhibit 7 for
4 identification.

5 I'm going to ask you to take a look at that, sir,
6 and tell me if you recognize it.

7 A Okay. Yes, I do recognize it.

8 Q Okay. For the record, the document is an
9 e-mail from Rhea Hamilton to yourself with a CC to
10 various individuals.

11 The subject is listed as, "Q and As for RRR." It
12 is dated October 24th, 2002. Do you recall receiving
13 this e-mail, Mr. Henry?

14 A I recognize the e-mail, yes.

15 Q Okay. I believe you had previously
16 indicated that the sample Q and As were sometimes
17 prepared by the various businesses and submitted to IR
18 for ultimate use in briefing of the Shell Senior
19 Executives; is that correct?

20 A That is correct.

21 Q Would this -- is this an example of the Q
22 and Rs -- I'm sorry.

23 Is this an example of Q and As that would have
24 been submitted to IR by here, EP?

25 A Yes, it is.

1 Q Okay. Thank you. I would like to
2 specifically direct your attention to the first
3 question and the proposed answer including the
4 notations. If you could read that to yourself, sir,
5 and tell me when you're done.

6 A Okay.

7 Q The question concerns new reserves bookings
8 in 2002, and the suggested answer involves Kashagan
9 and in Kazakhstan.

10 There is a notation, however, a parenthetical
11 that appears after the second sentence that states,
12 "Dangerous question. Investors will probably know
13 about FID being reached in Angola Block 18 and Erha -
14 we have already booked the reserves for those
15 projects. We do not intend to disclose reserves for
16 China W2E until upstream FIDs are taken the first two
17 in 2003).

18 My question is with regard to reserves being
19 booked -- withdrawn.

20 With regard to Ms. Hamilton's statement that
21 investors will probably already know about reserves
22 having been booked in Angola Block 18 and Erha, do you
23 know what the basis is for her statement?

24 MR. SMITH: Objection to form and
25 foundation.

1 A I believe she's suggesting that investors
2 would know about final investment decision being
3 reached, not that reserves had already been booked.

4 And Rhea is saying it's possible that they will
5 know about investment decision, again, because we're
6 not operators of these projects, it's possible that an
7 announcement would be made by the operator.

8 And then she's saying we have already booked
9 reserves for those projects. She's not saying I don't
10 think that the investors know that we've already
11 booked reserves.

12 Q Thank you. Directing your attention now to
13 the second question and proposed answer. It's a
14 discussion of Shell's reserve replacement in 2002.

15 In the proposed answer, Miss Hamilton discusses
16 Shell's reserve replacement for 2001 excluding
17 Enterprise. The parenthetical states, "CA
18 50 percent."

19 Does that refresh your recollection as to the
20 reserves replacement ratio Shell reported for 2001?

21 A It would do, yes.

22 Q And do you recall that it was approximately
23 50 percent?

24 A Based on this, yes.

25 Q Okay. Directing your attention now to the

1 next Q and A, the question involves level of
2 performance, specifically referencing the 50 percent
3 reserves replacement with regard to Shell's
4 competitors.

5 The answer -- the proposed answer, the first
6 sentence discusses the SEC rules for proved reserves
7 disclosure requiring conservatism in the reported
8 numbers.

9 Do you recall that sentiment or that statement
10 being made by any Shell Senior Executives in or about
11 October, 2002?

12 MR. SMITH: Objection to form and
13 foundation.

14 A I don't recall specific statements made
15 externally, and I don't recall specific statements
16 made internally, but it was part of the general
17 discussion that led us to some of the messages that we
18 would prepare that we looked at in previous documents.

19 Q The first sentence in that proposed answer,
20 was that consistent with your understanding of the SEC
21 requirements? And I do realize that you previously
22 stated that you had not looked at them during this
23 time period.

24 A Right. What I did understand was the
25 concept of reasonable certainty, and that over time

1 reserves should be more likely to go up than down.
2 Those basic principles, I was aware of them, which
3 implies a level of conservatism.

4 Q Directing your attention to the third
5 sentence in that proposed answer beginning with the
6 words, "we plan our business." Do you see that, sir?

7 A Yes, I do.

8 Q If you could read that to yourself and the
9 following parenthetical.

10 A Okay.

11 Q Okay. Miss Hamilton is referencing
12 expectation reserves and their continued growth. In
13 the parenthetical, however, she states, "The previous
14 statement is true only of life cycle expectation
15 reserves: Within-license expectation reserves are
16 currently declining year on year, in line with proved
17 reserves."

18 Do you understand the distinction that she's
19 making there between life cycle expectation reserves
20 and within-license expectation reserves?

21 MR. SMITH: Objection to form and
22 foundation.

23 A Yes, I do understand that distinction.

24 Q Could you explain that for me, please?

25 A Oil and gas licenses typically issued for a

1 period of seven years. At the end of that period
2 there are -- the initial license usually includes the
3 conditions under which that license could be extended.

4 And typically an asset will produce for a period
5 that is longer than the initial license. And in many,
6 many countries or many assets, we renegotiate the
7 terms of the license, or there are just automatic
8 rollover of the license period.

9 And she's referring there to what can be produced
10 within the current license period relative to what
11 could be produced from the asset over the entire life
12 cycle of the asset itself.

13 Q Okay. And the latter references the life
14 cycle expectation reserves, correct?

15 A The life cycle expectation reserves is the
16 total resource or hydrocarbon resource that we would
17 expect to produce throughout the life cycle of the
18 asset.

19 Q Okay. Do you recall any Shell Executives
20 during 2002 making the statement that expectation
21 reserves were continuing to grow on a year-to-year
22 basis?

23 MR. SMITH: Objection to form and
24 foundation.

25 A Not externally, because nobody understands

1 or is interested in externally.

2 Internally, I don't recall a specific instance.

3 But again, it was part of general discussions
4 around -- I mentioned business plan yesterday. But
5 that's the sort of discussion one would typically have
6 around the business plan.

7 Q Okay. These Q and As, however, these were
8 prepared in anticipation of external communication; is
9 that correct?

10 A Indeed they were.

11 Q Okay.

12 A They were proposed by the business.

13 Q All right.

14 (Henry Exhibit No. 8 - record of meetings - marked for
15 identification.)

16 BY MR. MacFALL:

17 Q Mr. Henry, I'm now handing you a document
18 that has been marked as Henry Exhibit 8 for
19 identification.

20 A Thank you.

21 Q Thank you, sir. I ask you to take a look at
22 that and tell me if you recognize it.

23 A Yes, I recognize it.

24 Q Could you please tell me what you recognize
25 this document to be?

1 A This is a record of meetings held in
2 November, 2002. Jeroen Van der Veer visited New York
3 to present at Merrill Lynch Energy Conference, which
4 is an event I described yesterday, after which Jeroen
5 met with an series of investors in New York, and then
6 the following day in Boston.

7 This is a record of the questions that were asked
8 by the investors in the meeting and some of the
9 responses that Jeroen made.

10 Q First, did you attend those meetings with
11 Mr. Van de Veer?

12 A I think I attended some if not all of them.

13 Q Do you know how these notes were compiled?

14 A The IR representative who attended the
15 meeting would make these notes --

16 Q Okay.

17 A -- during the meeting.

18 Q Besides yourself, was there another IR
19 representative attending these meetings?

20 A These meetings, it's highly likely David
21 Sexton would have been present.

22 Q Do you recall if you reviewed Mr. Sexton's
23 notes specifically in regard to any of the meetings
24 that you also attended?

25 MR. SMITH: Objection to form and

1 foundation.

2 A Sometimes I would review them. At the time,
3 the main purpose of these were for summarizing all of
4 the meetings we held over a given time so that we hand
5 the messages back into the rest of the Executive Team.
6 And the next time we went to see this investor, we
7 would revert back here to understand what concerns
8 that investor had the last time we met with them.

9 So the next I went to one of these investors, I
10 would review this to remind me what their concerns
11 were, so I would have read it at a later stage.

12 Q Based on your subsequent review of these
13 notes, is it your recollection that the notes were
14 generally accurate notes concerning the meetings?

15 MR. SMITH: Objection to form.

16 A Overall, there were a good enough
17 representation to me. I'm not sure if they're exact
18 in the terms of the words used, but not that specific.

19 Q Thank you. I would like to direct your
20 attention specifically to the fourth page of that
21 document ending in Bates number -- there are actually
22 two Bates number here. I'm going to use, for sake of
23 convenience and consistency, the bottom most,
24 beginning with SMJ and ending in Numbers 3544.

25 Do you have that page, sir?

1 A I do.

2 Q At the top of the page it states, "T Rowe
3 Price - New York," and there are a series of bullet
4 points -- actually, a series of questions and bullet
5 points that appear beneath that. Do you see that?

6 A (Shakes head affirmatively.)

7 Q I would like specifically to direct your
8 attention to the second question from the bottom of
9 that page about a quarter of way down that says, "What
10 about your RRR this year and next?" Do you see that,
11 sir?

12 A I do.

13 Q And then there are a series of -- well,
14 there's actually one bullet point that says, "must
15 look at project decisions that we'll be making this
16 year as well as next."

17 Do you recall RRR being discussed at -- well,
18 withdrawn.

19 Do you recall if you attended that meeting with T
20 Rowe Price in New York?

21 A This specific meeting I don't recall. It's
22 possible. Certainly I met with T Rowe Price on more
23 than one occasion, I just don't recall if this was one
24 of them.

25 Q The bullet point that appears underneath the

1 question, is that, to the best of your knowledge, a
2 summary of the response that was given to the question
3 that precedes it?

4 MR. SMITH: Objection to form and
5 foundation.

6 A I honestly can't say because I don't know if
7 I was at the meeting.

8 Q No. Withdrawn. Let me try this again. I'm
9 sorry.

10 Just in terms of the document itself, there's a
11 bullet point that appears beneath the question
12 concerning RRR.

13 Do you understand that bullet point to be a
14 summary of the response given, or you have no
15 understanding with regard to what that material is?

16 MR. SMITH: Objection to form.

17 A I cannot confirm that was the response given
18 in that meeting because I just don't recall being at
19 that meeting. Probably if I did, I still wouldn't
20 remember specific questions. But this is the record
21 taken by either myself or David at the time, and
22 that's -- it is what it is.

23 Q Okay. Thank you. I would like now to
24 direct your attention to page ending Bates Number 550.

25 At the top of the page appears caption, "Lazard -

1 New York." Do you recall attending a meeting between
2 Mr. Van de Veer and Lazard?

3 A The same issue as with T Rowe Price. I
4 recall meeting Lazard several times. I don't quite
5 recall if I was in this specific meeting or not.

6 Q I take it then -- withdrawn.

7 Do you recall having any discussions with
8 Mr. Sexton concerning Mr. Van de Veer's meeting with
9 Lazard specifically?

10 A Not specifically, no.

11 Q I would like you now to turn to page ending
12 Bates Number 3553. Top of that page appears the
13 caption, "Putnam - Boston."

14 Do you recall attending a meeting between
15 Mr. Van de Veer and Putnam?

16 A Same as the previous response. I remember
17 meeting Putnam several times, but I don't recall if I
18 was specifically at this meeting.

19 Q Okay. In the middle of the page there are
20 two questions and a series of bullet points concerning
21 reserves, specifically RRR and Optimum Reserve Life.

22 Do you recall discussing these issues with
23 Mr. Sexton specifically in the context of
24 Mr. Van de Veer's meeting with Putnam?

25 A No, I don't recall.

1 Q I would like you to now please turn to page
2 ending in Bates Number 3555. Top of the page appears
3 a caption, "Wellington Management - Boston."

4 Do you recall if you attended a meeting between
5 Mr. Van de Veer and Wellington Management in Boston at
6 this time?

7 A This was later the same day, so I would be
8 repeat the previous observation. I met Wellington
9 many times. I don't recall if I'm specifically at
10 this meeting.

11 Q Directing your attention to the bottom of
12 the page, the last question appearing there concerns
13 RRR rates, Nigeria versus OPEC quotas.

14 Do you recall attending any meetings with
15 Wellington Management and Mr. Van de Veer where
16 reserves replacement ratio rates specifically in
17 connection with Nigeria and OPEC quotas was discussed?

18 MR. SMITH: Objection to form and
19 foundation.

20 A What I can say is this question is not about
21 both items together. Nigeria and OPEC quotas was
22 always a question about production, not about
23 reserves.

24 Q Do you recall attending a meeting --

25 A I don't recall this particular question.

1 I'm making that observation, as you can see from the
2 response.

3 (Henry Exhibit No. 9 - e-mail string - marked for
4 identification.)

5 BY MR. MacFALL:

6 Q Mr. Henry, I'm now handing you a document
7 that's been marked Henry Exhibit 9 for identification.

8 I would ask you to take a look at that, sir, and
9 tell me if you recognize it.

10 MR. MacFALL: As previously noted with
11 an earlier document, this document was printed from
12 the hard drive we were supplied by Defendants. It was
13 reproduced in native format. The document
14 identification number appears in the upper left-hand
15 corner.

16 A Okay.

17 Q Do you recognize this document, sir?

18 A Yes.

19 Q Okay. For the record, the document is a
20 series of e-mails, the last of which is an e-mail from
21 you to John Pay CCed to Jaap Nauta sent on
22 November 14th, 2002. The subject is, "Booking
23 reserves."

24 As part of this document there is an e-mail from
25 John Pay to you dated November 13th, 2002 regarding

1 the same subject.

2 I would like specifically to direct your
3 attention, Mr. Simon, to the first paragraph of the
4 e-mail from Mr. Pay to you. Do you have that, sir?

5 A I do.

6 Q Okay. Have you read that?

7 A Yes, I have.

8 Q Mr. Pay references a competitor of Shell's
9 that has been asked to restate reserves. Do you
10 recall that incident?

11 A I vaguely recall the correspondence, yes.

12 Q Okay. Do you have any understanding as to
13 which competitor Mr. Pay was referencing in this
14 e-mail?

15 A The reference here was that it is not Shell,
16 otherwise we would have known by then. It must be one
17 of the major, and major typically means one of the
18 largest five or six companies; Exxon, BP, TFK, Conaco,
19 Chevron. The implication is it's one those but we
20 just don't know.

21 Q The second paragraph, Mr. Pay describes his
22 understanding I believe of the SEC process concerning
23 restatement.

24 The third paragraph he then states, "I think it's
25 safe to say we all would have heard by now if we were

1 the "major" referred to.

2 Do you recall if there was speculation at the
3 time that Shell would be asked to restate its reserves
4 by the SEC?

5 MR. SMITH: Objection to form and
6 foundation.

7 A My memory, which is not perfect on this one,
8 is that there was little or no coverage -- I can't
9 remember even if the Wall Street Journal published the
10 story. But there was little or no coverage on this at
11 the time. Although I believe this related -- the
12 underlying substance is about lowest known hydrocarbon
13 in terms of drilling wells in the Gulf of Mexico.

14 So I don't recall if it led to a publicly
15 recognized restatement of reserves. And if it did,
16 and I'm correct about it being lowest known
17 hydrocarbon, the impact is fairly minimal.

18 Q Was there a concern within Shell that it was
19 the major oil company described in the Wall Street
20 Journal article?

21 MR. SMITH: Objection to form and
22 foundation.

23 A At the time there was no concern as
24 expressed here because we have no discussions with
25 them. And again, if it was the lowest known

1 hydrocarbon, my recollection is that we didn't think
2 there was an issue for Shell in the Gulf of Mexico.

3 Q Okay. Thank you. You can put that aside,
4 sir.

5 (Henry Exhibit No. 10 - Merrill Lynch report - marked
6 for identification.)

7 BY MR. MacFALL:

8 Q Mr. Henry, I'm now handing you a document
9 that has been marked for identification --

10 A Thank you very much.

11 Q You're welcome -- as Henry Exhibit 10.

12 I'm going to ask you to take a look at that
13 document, sir, and tell me if you can recall ever
14 having reviewed it.

15 A I recognize what it is. It's somewhat
16 unlikely I would have read it as this was a US based
17 analyst report.

18 It follows the strategy presentation. We have
19 received probably 40, 50 reports, and I would
20 personally only concentrate on the ones I felt were
21 most influential, so this would not have been one of
22 them.

23 Q Do you know if anybody on your IR team would
24 have reviewed the Merrill Lynch -- a Merrill Lynch
25 report from New York?

1 A It's highly likely that David Sexton would
2 have reviewed it. And if he had any issues, discussed
3 it with the analyst.

4 Q I'd like to direct your attention to the
5 portion of that report which states, "Highlights" --
6 I'm sorry. It's right on the first page, the second
7 bullet point underneath the caption, "Highlights." Do
8 you see that, sir, beginning with the words, "reserve
9 replacement?"

10 A Yes.

11 Q Okay. It indicates that, "Reserve
12 replacement, excluding acquisitions, was what they
13 characterize as unexpectedly weak at 50 percent in
14 2002."

15 Do you recall if other analysts that followed
16 Shell whose reports you reviewed expressed similar
17 sentiments concerning the reserve replacement ratio of
18 Shell in 2002?

19 A It's very likely that they would.

20 Q Turning now to the second page of that
21 document, sir, in the first column underneath,
22 "Strategy Presentation," there's a bullet point in the
23 heading, "Exploration and Production."

24 If you could just read the first two paragraphs
25 to yourself, sir.

1 A Okay.

2 Q Those two paragraphs again concerning your
3 fullsome form on Shell's reported reserve replacement
4 ratio, correct?

5 MR. SMITH: Objection to form.

6 A Correct.

7 Q And I would just note that in the boldface
8 appearing in between two paragraphs it says, "Very
9 weak reserve replacement for second year in a row."
10 (Henry Exhibit No. 11 - Merrill Lynch report - marked
11 for identification.)

12 BY MR. MacFALL:

13 Q Mr. Henry, I'm now handing you a document
14 that has been marked as Henry Exhibit 11 for
15 identification. I would ask you to look at that, sir.
16 Do you recognize that document, sir?

17 A Not this specific document, but this is one
18 of the reports I would probably have read.

19 Q For the record, this is a Merrill Lynch
20 report also dated February 2nd, 2003.

21 Based on the telephone numbers appearing between
22 the named -- appearing beneath the names at the top of
23 that report, it appears that this was a report
24 prepared out of the London office of Merrill Lynch; is
25 that correct?

1 A That is correct.

2 Q I believe you stated that you have no
3 specific recollection of this particular report; is
4 that true?

5 A It was one of many. I would have read
6 probably 10, 12 reports. It is very likely I would
7 have read this one.

8 Q I would like to direct your attention to the
9 page ending in Bates Numbers 160. Do you have that,
10 sir?

11 A Yes, I do.

12 Q In the first column there is a caption "EP
13 about" a third of the way down. Beneath the graphic
14 image Chart 2 that appears there, there is a paragraph
15 beginning with, "Organic reserve replacement at
16 50 percent." Do you see that, sir?

17 A I do.

18 Q If you could just read that paragraph to
19 yourself, sir, and then let me know when you're
20 finished.

21 A Okay.

22 Q And you can compare this if it makes it a
23 little bit easier with the prior exhibit.

24 Is the sum and substance of that paragraph the
25 same as the Merrill Lynch report that was produced in

1 New York concerning the February strategy meeting?

2 MR. SMITH: Objection to form.

3 A There is one key difference, and that
4 difference is the London analyst has included the
5 phrase, "while we tend not to over emphasize the
6 importance of reserve replacement rates and F&D costs
7 in our analysis, and the inability is of the group to
8 replace production organically is a worrying trend," I
9 don't believe that sentence appeared in the New York
10 report, which I think supports my earlier assertion
11 that not all analysts took the same view on the same
12 data, even in the same brokerage.

13 Q If you would, sir, with regard -- well,
14 please. If you would like to look at the prior
15 Exhibit 3, please do so.

16 A This is a different statement.

17 Q If I could direct your attention in the
18 London report to the page ending in Bates Number 164.

19 In the margin appearing at left-hand side of the
20 page, the bottom most caption reads, "Poor organic
21 reserve replacement - a new low for the majors." Do
22 you see that, sir?

23 A I do.

24 Q Is it your -- withdrawn.

25 Do you have any understanding as to whether or

1 not the reserve replacement ratio reported by Shell at
2 that time was in fact a new low for major oil
3 companies?

4 MR. SMITH: Objection to form and
5 foundation.

6 A Difficult question to answer. The analyst
7 is almost certainly correct. It is a factual
8 statement. And it's not something that we would have
9 made central to our messages.

10 Q When you say, "that's not something you
11 would have made central to your messages," do you mean
12 the new low or the 50 percent? What is it that you
13 mean?

14 A The new low.

15 Q Thank you.

16 A The 50 percent was part of the
17 communication.

18 Q Thank you.

19 (Henry Exhibit No. 12 - First Boston report - marked
20 for identification.)

21 BY MR. MacFALL:

22 Q Mr. Henry, I'm now handing you a document
23 that's been marked for identification --

24 A Thank you very much.

25 Q You're welcome -- as Henry Exhibit 12 and

1 ask you to look at that, sir, and tell me if you
2 recognize it.

3 A I think this says a report published on or
4 around the same day at the same -- following the same
5 event by Credit Suisse. Again, it's one of many.
6 It's quite likely I would have read this report.

7 Q Okay. And again, as was the case with the
8 last exhibit we looked at, I would note that with
9 regard to the first page identification of the
10 research team for Credit Suisse First Boston, there
11 are a serious of phone numbers. Some are New York
12 area code, some appear to be London.

13 Do you have any knowledge as to whether this was
14 issued out of the London or New York office?

15 A Typically the Rod McLean was the lead
16 analyst for Credit Suisse in oil and gas research.

17 So usually a Credit Suisse First Boston report
18 was issued out of London, but Mark Flannery, based in
19 New York, did from time to time issue his own analysis
20 on the sector.

21 But within Credit Suisse, Rod McLean was the lead
22 analyst on both Royal Dutch and on Shell Transport and
23 Trading. And I wouldn't like to say if this specific
24 report came from London or New York.

25 Q Okay.

1 A It could have come from either.

2 Q Thank you. Now, directing your attention
3 specifically to the first page of that report, the
4 left-hand column there is a caption, "Flash reaction
5 4Q02 MWR." Do you see that, sir?

6 A Yes, I do.

7 Q Beneath that is a series of bullet points.
8 The sixth bullet point down in that column involves,
9 "Reserve replacement." Do you see that, sir?

10 A Yes, I do.

11 Q Again, it notes that it was 50 percent. It
12 then goes on to discuss F&D costs at 12 to \$13 a
13 barrel of oil equivalent. Do you see that?

14 A Yes, I do.

15 Q The F&D costs referenced there, do you have
16 any understanding as to whether or not that is the UFC
17 as opposed to the UFDC?

18 A This would be the UFDC, the unit finding and
19 development cost.

20 Q Thank you. This report then states, "The
21 two figures represent a very bad performance for the
22 second year running."

23 Is it your understanding that a unit finding and
24 development cost of 12 to \$13 a barrel of oil
25 equivalent was viewed unfavorably by the market at

1 this time?

2 MR. SMITH: Objection to form and
3 foundation.

4 A That figure would have been higher than
5 other companies were reporting at the time, more
6 dollars per barrel.

7 Q Do you have any recollection approximately
8 of what BP was reporting as its UFDC at about that
9 time?

10 A I couldn't place it in time, but it's
11 probably in the range of four to \$7 a barrel,
12 somewhere in that range.

13 Q Actually, if I could direct your attention
14 to the following page at least with regard to one of
15 your competitors, it does -- actually, with regard to
16 both. I'm sorry. I didn't realize that.

17 Instead of making you guess, directing your
18 attention to Number 9 appearing on the second page
19 which is the last full paragraph there, if you could
20 read that to yourself.

21 A Yeah. Okay.

22 Q Very much as you had indicated, it
23 indicates -- I believe it is discussing F&D costs of 3
24 to \$4 a barrel for BP and -- XOM refers to Exxon
25 Mobil, correct?

1 A Correct.

2 Q And it says sub \$4/boe. Is your
3 understanding then that that means less than \$4 a
4 barrel of oil equivalent for Exxon Mobil?

5 A Yes, with one distinction in that both of
6 these are projections, they're not actual, whereas the
7 Shell data is an actual result.

8 Q Thank you.

9 A I don't know actually what Exxon and BP did
10 report.

11 Q Okay.

12 A That's guidance that they had given to the
13 market.

14 Q Thank you. Then it doesn't help as much as
15 I thought. I'm sorry.

16 You had indicated that you believed that BP was
17 reporting approximately \$4?

18 A I think it would have been \$4 and over time
19 it's increased. And I think it was around that level,
20 but the guidance was not necessarily what they
21 actually reported.

22 Q With respect to Exxon/Mobil, do you recall
23 approximately what their UFDC was at about this time?

24 A It was similar to BP's I believe.

25 Q Thank you.