

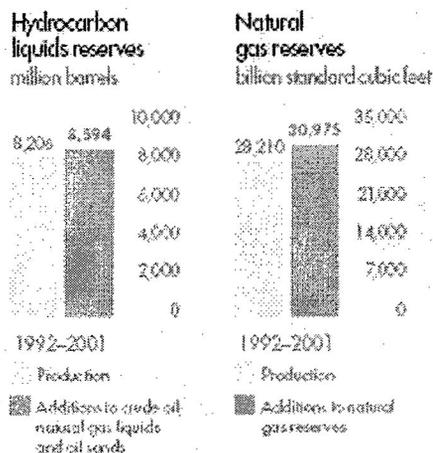
390. In or about March 2002, Royal Dutch issued its “Annual Report and Accounts 2001” (the “2001 RD Annual Report”), and Shell Transport issued its “Annual Report and Accounts 2001” (the “2001 ST Annual Report” and, together with the 2001 RD Annual Report, the “2001 Annual Reports”). Defendant van der Veer signed the 2001 RD Annual Report on March 13, 2002, and Defendant Watts signed the 2001 ST Annual Report on March 14, 2002.

391. The 2001 Annual Reports set forth numerous materially false or misleading statements concerning proved hydrocarbon reserves. For example, the 2001 Annual Reports give the following information concerning proved hydrocarbon reserves replacement ratios:

Reserves

The proved hydrocarbon reserves replacement ratio for 2001 is 74%. The proved hydrocarbon reserves replacement ratio before the effect of divestments and acquisitions is 52%, and the three-year rolling average (including oil sands) now stands at 101%. Proved reserves are equivalent to more than 14 years of current production. The additions to proved reserves arose mainly from discoveries and extensions in the USA and the UK, acquisitions in New Zealand, the USA and Brunei, improved recovery in Denmark and Oman and revisions in existing fields in the Netherlands and Nigeria, offset by negative revisions in Canada and Egypt.

392. The 2001 Annual Reports graphically depict the Companies’ hydrocarbon liquids and natural gas reserve information as follows:



393. In a section entitled “Supplementary information – oil and gas,” the 2001 Annual Reports provide the following additional information about the Companies’ reserves:

Proved reserves are the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are those reserves which can be expected to be recovered through existing wells with existing equipment and operating methods. ***The reserves reported exclude volumes attributable to oil and gas discoveries which are not at present considered proved. Such reserves will be included when technical, fiscal and other conditions allow them to be economically developed and produced.***
[Emphasis added.]

394. As Defendants knew or were reckless in not knowing, the statements in the previous three paragraphs – concerning proved hydrocarbon reserves replacement ratios, the reasons given for additions to proved reserves, the graphical depiction of oil and gas reserves, and the exclusion from reported reserves of volumes attributable to discoveries “which are not at present considered proved” – were materially false and misleading when made for the reasons given in ¶ 302 and the paragraphs cited therein.

395. Certain of the Companies’ financial metrics are directly tied to their reported proved hydrocarbon reserves. Thus, when Defendants made the foregoing materially false and misleading statements concerning those reserves (and related metrics, such as reserve replacement ratios), they also, as a consequence, made false and misleading financial statements. In the 2001 Annual Reports, Defendants reported that Depreciation, Depletion and Amortisation for 2001 was \$6.117 billion, an understatement of approximately \$84 million, with a corresponding overstatement of reported pre-tax net income. Defendants reported year-end cash flow provided by operating activities to be \$16.933 billion, which was overstated by the same \$84 million, ignoring adjustments unrelated to reserves. Exploration costs were reported to be \$882 million,

which was understated by \$28 million, resulting in a further overstatement of reported pre-tax net income of \$7 million. Thus, the annual net income Defendants reported for 2001, \$10.852 billion, was overstated by a total of \$91 million (\$84 million plus \$7 million), ignoring adjustments unrelated to reserves.

396. The 2001 Annual Reports also contain information about the Companies' corporate-governance and internal-control efforts. The 2001 RD Annual Report states, for example, that "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." Similarly, the 2001 ST Annual Report states that "The Board of the 'Shell' Transport and Trading Company, p.l.c. (Shell Transport) is committed to the highest standards of integrity and transparency in its governance of the Company"

397. Under the heading "Other matters," the 2001 Annual Reports provide the following information, inter alia, concerning the Companies' internal controls:

Risk management and internal control

The Group's approach to internal control is based on the underlying principle of line management's accountability for risk and control management. The Group's risk and internal control policy explicitly states that the Group has a risk-based approach to internal control and that management in the Group is responsible for implementing, operating and monitoring the system of internal control, which is designed to provide reasonable but not absolute assurance of achieving business objectives.

Established review and reporting processes bring risk management into greater focus and enable the Conference (meetings between the members of the Supervisory Board and the Board of Management of Royal Dutch and the Directors of Shell Transport) to regularly review the overall effectiveness of the system of internal control and to perform a full annual review of the system's effectiveness.

At Group level and within each business, risk profiles which highlight the perceived impact and likelihood of significant risks are reviewed and discussed each quarter by the Committee of Managing Directors and by the Conference. . . .

The Group's approach to internal control also includes a number of general and specific risk management processes and policies. Within the essential framework provided by the Statement of General Business Principles, ***the Group's primary control mechanisms are self-appraisal processes in combination with strict accountability for results.*** These mechanisms are underpinned by controls including Group policies, standards and guidance material that relate to particular types of risk, structured investment decision processes, timely and effective reporting systems, and performance appraisal.

* * *

A procedure for reporting business control incidents enables management and the Group Audit Committee to monitor incidents arising as a result of breakdown in controls and ***to ensure appropriate follow-up actions have been taken.*** Lessons learned are captured and shared as a means of improving the Group's overall control framework.

* * *

In addition, ***internal audit plays a critical role in the objective assessment of business processes and the provision of assurance.*** Audits and reviews of Group operations are carried out by Group Internal Audit to provide the Group Audit Committee with ***independent assessments*** regarding the effectiveness of risk and control management. [Emphasis added.]

398. As Defendants knew or were reckless in not knowing, the statements in the previous two paragraphs – concerning the Companies' commitment to upholding the highest standards of integrity and transparency, and the existence of strengthened, effective, and independent internal controls – were materially false and misleading when made for the reasons given in ¶ 309 and the paragraphs cited therein.

399. The 2001 RD Annual Report attaches KPMG's "Report of the Auditors"

concerning Royal Dutch's annual accounts for 2001. The KPMG Report, which is dated March 13, 2002, states:

We have audited the Annual Accounts for the year 2001 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 47 to 68 form part – give a true and fair view of the financial position of the Company at December 31, 2001, 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. [Emphasis added.]

400. Similarly, the 2001 ST Annual Report attaches PwC's "Report of the independent Auditors" concerning Shell Transport's financial statements for 2001. The PwC Report, which is dated March 14, 2002, states, inter alia: "In our opinion, the Financial Statements give a true and fair view of the state of the Company's affairs at December 31, 2001 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

401. The 2001 Annual Reports also attach KPMG and PwC's "Report of the independent Auditors" for Royal Dutch and Shell Transport relating to specified financial statements. This Report, which is dated March 13, 2002, states in relevant part:

We have audited the Financial Statements appearing on pages 47 to 68 of the Royal Dutch/Shell Group of Companies for the years 2001, 2000 and 1999. The preparation of Financial Statements is the responsibility of management. Our responsibility is to express an opinion on Financial Statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management in the preparation of Financial Statements, as well as evaluating the overall Financial Statement presentation. ***We believe that our audits provide a reasonable basis for our opinion.***

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Royal Dutch/Shell Group of Companies at December 31, 2001 and 2000 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in accordance with generally accepted accounting principles in the Netherlands and the United States. [Emphasis added.]

402. As KPMG and PwC knew or were reckless in not knowing, the statements in the previous three paragraphs – that the financial statements in question give a true and fair view of the financial position, results, and cash flow of Royal Dutch for the stated time period, that the financial statements in question give a true and fair view of the state of Shell Transport's affairs for the stated time period, and of its profit and cash flows, that KPMG and PwC conducted their audits of the Companies in accordance with GAAS, and that the financial statements in question fairly present the financial position, results of operations, and cash flow of the Companies for the stated time periods in all material respects – were materially false and misleading when made for the reasons given in ¶ 313 and the paragraphs cited therein.

Statements Made in Second-Quarter 2002

403. On April 12, 2002, the Companies filed with the SEC their Annual Report on Form 20-F for the year ended December 31, 2001 (the "2001 20-F"), signed by Defendant Jeroen van der Veer for Royal Dutch, and by Defendant Philip Watts for Shell Transport. Under the headings "Description of Activities/Exploration and Production," the 2001 20-F gives the following summary information for proved developed and undeveloped reserves (at year end) for 1999, 2000, and 2001:

PROVED DEVELOPED AND UNDEVELOPED RESERVES (at December 31)			
	million barrels		
	2001	2000	1999
Crude oil and natural gas liquids			
Group companies	8,544	8,670	8,509
Group share of associated companies	925	1,081	1,266
	9,469	9,751	9,775
thousand million standard cubic feet			
Natural gas			
Group companies	50,613	50,842	52,847
Group share of associated companies	5,216	5,441	5,694
	55,829	56,283	58,541

404. Under the heading "Exploration and Production," the 2001 20-F gives the following information concerning proved hydrocarbon reserves replacement ratios:

Reserves

The proved hydrocarbon reserves replacement ratio for 2001 is 74%. The proved hydrocarbon reserves replacement ratio before the effect of divestments and acquisitions is 52%, and the three-year rolling average (including oil sands) now stands at 101%. Proved reserves are equivalent to more than 14 years of current production. The additions to proved reserves arose mainly from discoveries and extensions in the USA and the UK, acquisitions in New Zealand, the USA and Brunei, improved recovery in Denmark and Oman and revisions in existing fields in the Netherlands and Nigeria, offset by

negative revisions in Canada and Egypt.

In this same section, the 2001 20-F repeats verbatim the materially false and misleading language from the 2000 20-F concerning proved hydrocarbon replacement ratios quoted in paragraph 373, above.

405. In a section entitled “Supplementary Information – Oil and Gas,” the 2001 20-F provides the following additional information about the Companies’ reserves:

Proved reserves are the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are those reserves which can be expected to be recovered through existing wells with existing equipment and operating methods. ***The reserves reported exclude volumes attributable to oil and gas discoveries which are not at present considered proved. Such reserves will be included when technical, fiscal and other conditions allow them to be economically developed and produced.*** [Emphasis added.]

406. As Defendants knew or were reckless in not knowing, the statements in the previous three paragraphs – concerning the figures for proved developed and undeveloped reserves (at year end), proved hydrocarbon reserves replacement ratios, the reasons given for additions to proved reserves, and the exclusion from reported reserves of volumes attributable to discoveries “which are not at present considered proved” – were materially false and misleading when made for the reasons given in ¶ 302 and the paragraphs cited therein.

407. Certain of the Companies’ financial metrics are directly tied to their reported proved hydrocarbon reserves. Thus, when Defendants made the foregoing materially false and misleading statements concerning those reserves (and related metrics, such as reserve replacement ratios), they also, as a consequence, made false and misleading financial statements. In the 2001 20-F, Defendants reported that Depreciation, Depletion and Amortisation for 2001 was \$6.117

billion, an understatement of approximately \$84 million, with a corresponding overstatement of reported pre-tax net income. Defendants reported year-end cash flow provided by operating activities to be \$16.933 billion, which was overstated by the same \$84 million, ignoring adjustments unrelated to reserves. Exploration costs were reported to be \$882 million, which was understated by \$28 million, resulting in a further overstatement of reported pre-tax net income of \$7 million. Thus, the annual net income Defendants reported for 2001, \$10.852 billion, was overstated by a total of \$91 million (\$84 million plus \$7 million), ignoring adjustments unrelated to reserves.

408. Under the heading "Other Matters," the 2001 20-F also provides the following information, inter alia, concerning the Companies' internal controls:

Risk management and internal control

The Group's approach to internal control is based on the underlying principle of line management's accountability for risk and control management. The Group's risk and internal control policy explicitly states that the Group has a risk-based approach to internal control and that management in the Group is responsible for implementing, operating and monitoring the system of internal control, which is designed to provide reasonable but not absolute assurance of achieving business objectives.

Established review and reporting processes bring risk management into greater focus and enable the Conference (meetings between the members of the Supervisory Board and the Board of Management of Royal Dutch and the Directors of Shell Transport) to regularly review the overall effectiveness of the system of internal control and to perform a full annual review of the system's effectiveness.

At Group level and within each business, risk profiles which highlight the perceived impact and likelihood of significant risks are reviewed and discussed each quarter by the Committee of Managing Directors and by the Conference. . . .

The Group's approach to internal control also includes a number of general and specific risk management processes and policies.

Within the essential framework provided by the Statement of General Business Principles, ***the Group's primary control mechanisms are self-appraisal processes in combination with strict accountability for results.*** These mechanisms are underpinned by controls including Group policies, standards and guidance material that relate to particular types of risk, structured investment decision processes, timely and effective reporting systems, and performance appraisal.

* * *

A procedure for reporting business control incidents enables management and the Group Audit Committee to monitor incidents arising as a result of breakdown in controls and ***to ensure appropriate follow-up actions have been taken.*** Lessons learned are captured and shared as a means of improving the Group's overall control framework.

* * *

In addition, ***internal audit plays a critical role in the objective assessment of business processes and the provision of assurance.*** Audits and reviews of Group operations are carried out by Group Internal Audit to provide the Group Audit Committee with ***independent assessments*** regarding the effectiveness of risk and control management. [Emphasis added.]

409. As Defendants knew or were reckless in not knowing, the statements in the previous paragraph concerning the existence of strengthened, effective, and independent internal controls were materially false and misleading when made for the reasons given in ¶ 309 and the paragraphs cited therein.

410. The 2001 20-F attaches KPMG's "Report of Independent Accountants" for Royal Dutch relating to specified financial statements. The KPMG Report, which is dated March 13, 2002, states in relevant part:

We have audited the Financial Statements of Royal Dutch Petroleum Company for the years 2001, 2000 and 1999 appearing on pages R2-R6. The preparation of these Financial Statements is the responsibility of the Board of Management. Our responsibility is to express an opinion on the Financial Statements based on our

audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Management in the preparation of the Financial Statements, as well as evaluating the overall Financial Statement presentation. ***We believe that our audits provide a reasonable basis for our opinion.***

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of Royal Dutch Petroleum Company at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in accordance with the accounting policies described on page R3. [Emphasis added.]

411. Similarly, the 2001 20-F attaches PwC's "Report of Independent Accountants" for Shell Transport relating to specified financial statements. The PwC Report, which is dated March 14, 2002, states in relevant part:

We have audited the Financial Statements of The "Shell" Transport and Trading Company, Public Limited Company for the years 2001, 2000 and 1999 appearing on pages S2-S8. The preparation of the Financial Statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on those Financial Statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's Directors in the preparation of the Financial Statements, as well as evaluating the overall Financial Statement presentation. ***We believe that our audits provide a reasonable basis for our opinion.***

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of The “Shell” Transport and Trading Company, Public Limited Company at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in conformity with the accounting principles described in Note 1 on page S4. [Emphasis added.]

412. The 2001 20-F also attaches KPMG and PwC’s “Report of Independent Accountants” for Royal Dutch and Shell Transport relating to specified financial statements. This Report, which is dated March 13, 2002, states in relevant part:

We have audited the Financial Statements appearing on pages G2-G32 of the Royal Dutch/Shell Group of Companies for the years 2001, 2000 and 1999. The preparation of Financial Statements is the responsibility of management. Our responsibility is to express an opinion on Financial Statements based on our audits.

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

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Royal Dutch/Shell Group of Companies at December 31, 2001 and 2000 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in accordance with generally accepted accounting principles in the Netherlands and the United States. [Emphasis added.]

413. As KPMG and PwC knew or were reckless in not knowing, the statements in the previous three paragraphs – that KPMG conducted its audits of Royal Dutch in accordance with GAAS, and that the financial statements in question fairly present the financial position, results of

operations, and cash flow of Royal Dutch for the stated time periods in all material respects; that PwC conducted its audits of Shell Transport in accordance with GAAS, and that the financial statements in question fairly present the financial position, results of operations, and cash flow of Shell Transport for the stated time periods in all material respects; and that KPMG and PwC conducted their audits of the Companies in accordance with GAAS, and that the financial statements in question fairly present the financial position, results of operations, and cash flow of the Companies for the stated time periods in all material respects – were materially false and misleading when made for the reasons given in ¶ 313 and the paragraphs cited therein.

Statements Made in Third-Quarter 2002

414. On August 1, 2002, the Companies issued a press release entitled “Royal Dutch/Shell Second Quarter Results – ‘Robust Earnings in Uncertain Times.’” Commenting on Shell’s performance, Philip Watts, who had become Chairman of the CMD in July 2001, stated in relevant part: “We continue to operate to the highest standards of transparency in our accounting and reporting.” Shell Transport attached the press release to a Form 6-K filed with the SEC on or about August 27, 2002.

415. As Defendants knew or were reckless in not knowing, Watts’ statement quoted in the previous paragraph, concerning the Companies’ adherence to the highest standards of transparency in their accounting, was materially false and misleading (both upon issuance and upon filing with the SEC) for the reasons given in ¶ 309 and the paragraphs cited therein.

Statements Made in First-Quarter 2003

416. The Companies presented their results for fourth-quarter and full-year 2002 in a Form 6-K filed with the SEC that same month (the “Feb. 2003 6-K”). The Feb. 2003 6-K reported that “The total reserve replacement ratio (RRR) in 2002 was 117% including the

acquisition of Enterprise, and 50% excluding acquisitions and divestments. The organic RRR for oil/NGL was 85%.”

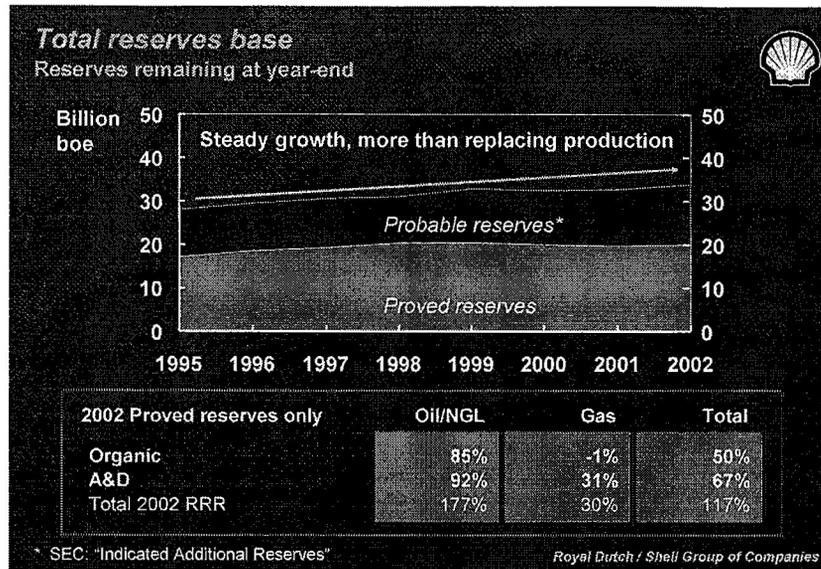
417. As Defendants knew or were reckless in not knowing, the statement in the previous paragraph, concerning reserve replacement ratios, was materially false and misleading when made for the reasons given in ¶ 302 and the paragraphs cited therein.

418. Certain of the Companies’ financial metrics are directly tied to their reported proved hydrocarbon reserves. Thus, when Defendants made the foregoing materially false and misleading statements concerning those reserves (and related metrics, such as reserve replacement ratios), they also, as a consequence, made false and misleading financial statements. In the Feb. 2003 6-K, Defendants reported that Depreciation, Depletion and Amortisation for 2002 was \$8.454 billion, an understatement of approximately \$166 million, with a corresponding overstatement of reported pre-tax net income. Defendants reported year-end cash flow provided by operating activities to be \$16.365 billion, which was overstated by the same \$166 million, ignoring adjustments unrelated to reserves. Defendants overstated net assets by \$467 million, with a further corresponding overstatement of reported pre-tax net income. Thus, the annual net income Defendants reported for 2002, \$9.419 billion, was overstated by a total of \$633 million (\$166 million plus \$467 million), ignoring adjustments unrelated to reserves.

419. The Companies announced these results for fourth-quarter and full-year 2002 on February 6, 2003. Press conferences were held in The Hague and London at which senior executives of the Group discussed the results and provided an update of the Group’s performance against its current strategy and targets. According to a press release entitled “Performance and Strategy Update”: “The total reserve replacement ratio (RRR) in 2002 was 117% including the acquisition of Enterprise, and 50% excluding acquisitions and divestments. The organic RRR for

oil/NGL was 85%. The gas reserves life of over 15 years remains one of the longest reserves lives in the industry.” The Companies attached the press release to a Form 6-K signed by Defendant van der Veer on February 6, 2003, and filed with the SEC.

420. These numbers were underscored during presentations to analysts in London and New York on February 6 and 7, 2003, respectively, attended by Defendants Watts, van der Veer, Skinner, van de Vijver, Brinded, and Boynton. According to a speech given during the presentations: “We expect to continue growing our reserves base. In 2002 we had a one-year reserves replacement of 117% . . . 50% on an organic basis. Proved organic oil replacement was 108%, continuing our consistent ability to replace oil production. . . . On a 5-year average up to the end of 2002 our proved replacement ratio was 109% . . . including probable reserves it was 144%” (emphasis omitted). The presentation also gave a graphical representation of the Companies’ total reserve base, including proved reserves:



421. As Defendants knew or were reckless in not knowing, the statements in the previous three paragraphs – concerning the Companies’ reserve replacement ratio, the length of the Companies gas reserves life, and the graphical representation of the Companies’ proved reserves – were materially false and misleading when made for the reasons given in ¶ 302 and the paragraphs cited therein.

422. During the same speech, the Companies acknowledged the passage of the Sarbanes-Oxley Act of 2002: “We will also be affected by changing markets, accounting standards and securities regulations. . . . ***Sarbanes-Oxley and other governance issues will be addressed by building on our already strong corporate governance.***” (Emphasis added.)

423. As Defendants knew or were reckless in not knowing, the statement quoted in the previous paragraph, concerning the Companies’ “already strong corporate governance,” was materially false and misleading when made for the reasons given in ¶ 309 and the paragraphs cited therein.

424. On a February 6, 2003 conference call with analysts discussing the Companies’

financial results for the fourth quarter and full year of 2002, Walter van de Vijver, then CEO of EP, stated, inter alia:

So, what did we do in 2002? We think we've achieved a great deal in 2002. Let me highlight a few key points.

* * *

Let's move to our reserve base. We have a continued growth in our overall reserve base. In 2002 our overall reserve replacement was 117%. If you just look at oil, we actually had an organic replacement on the oil side of over a hundred percent, 108%.

* * *

At the same time our gas reserves remain the highest in the industry, when you look at the reigning reserve life of about 15 and a half years. When you look at reserve replacement, what really matters is long-term performance, in line with the typical development cycle.

Our five-year effort to improve reserve replacement is 109%. For oil it's over 120%. Our five-year reserve replacement is 144%. And the culmination of [inaudible] that we use for planning and working our business. [Emphasis added.]

425. In the question and answer session of the February 6, 2003 conference call, the following questions were posed, inter alia:

Q: (Bruce Lannai, A.G. Edwards) Could you expand a little bit on the reserve replacement number that you had? . . .

A: (Walter van de Vijver) I guess you don't have access to the booklet, 'cuz we are all looking at, which actually breaks out the organic versus the total reserve replacement and also splits it out between oil and gas. *So, the total reserve replace [sic] is almost 17%. If you look at it over a five-year period, it is almost 9%. As I mentioned, on the reserve replacement on the oil side we more than replace our reserve. That came predominantly from improved recovery and from discoveries coming through.* So, that is clearly something we would like to see, that these things come through the bottom line. If you look at some of the area acquisitions, one of our key areas in the group United

States has been doing extremely well in reserve replacement last year. They more than exceeded their production replacement, as well. I think they were around almost 20%.

So, that's one of the key areas that we see in the group. ***Overall we talk about our remaining reserve life, both on the oil side where we're looking at about 12 and a half years, and the gas side at 15 and a half years, those are very competitive and very strong positions.*** And I think that is very important to remember, as well as the facts that we look at our probable reserves and inclusion, as well, that we use for a planning base, we continue to see growth in the total reserve figure, as well. So, that is very encouraging. On the investment side, what we said over the next couple of years, maintaining that investment level of about 7.5 to 8 billion dollars per year, we say that about 15 to 20% goes to these real sort of frontier type of projects. We mentioned examples [inaudible].

* * *

Q: (Fred Loufer, Bear Stearns) On reserve replacement, first can you reconcile for us the two numbers you gave, 85% organic liquids replacement, and then -- that was shown in the table. And then in your comment you said 108% organic replacement for oil. That's the first part of the question. And the second is can you detail for us what was booked in the United States to -- I think your number was 136% replacement? And then there's the third part, which just --

Which fields, yeah. And then thirdly, can you just talk about what major development projects are in the queue that weren't approved in time to be booked as approved reserves? What other ones are in the queue waiting to be booked maybe this year?

A: (Walter van de Vijver) ***The first question on the 85%, what it is there, it's oil and NGLs. The number, I'd say about oil -- at 9% it's oil only.*** That is splitting out oil and the NGL. NGLs you will appreciate, come with gas. The second question around the U.S., when it comes to reserve replacements, the key Areas where we had the positive revisions were in California in our operations that we have jointly with Exxon-Mobil where continued good performance allowed us to increase reserves. That's one of our top operating areas in the world. And then there has

been continued effort in reserves in deep water fields. These mature deep water fields who keep on growing and growing and delivering and delivering. . . .

* * *

Q: (Peter Nichol, ABN Amro) A couple of questions again on the upstream. Do you highlight the better performance and reserve replacement on the probable basis, when do you see that coming through to your approved result looking? And what else is the [INAUDIBLE] replacements on an organic bases on the program probable? And if I could ask something in a totally different light, do you see any implications for the groom structure arriving from the proposals in the Hicks report?

A: (Walter van de Vijver) Yeah. As I mentioned, we -- as a part of our normal day to-day manage [sic] process, we look very hard at the combination of approved and probable reserves. And those are continuously moving into the approved category. What we see happening is that on the oil side it's a bit different than on the gas side giving that the big projects we're involved in and how we sort of [inaudible]. Five-year efforts on the culmination is only 44%, which is something I feel very good about and that we monitor very, very closely. [Emphasis added.]

426. As Defendants knew or were reckless in not knowing, van de Vijver's statements quoted in the previous two paragraphs, concerning the Companies' reserve replacement ratios, remaining reserve life, growth in reserves base, and his explanations for these statements, were materially false and misleading when made for the reasons given in ¶ 302 and the paragraphs cited therein.

427. During the same conference call, Watts stated the following concerning the Companies' governance practices:

(Phillip Watts) Thank you, Walter. We have a different structure. *We've had, if I may say, a super track record of governance within Shell, best practice, because frankly, we're here in the U.K. and we have to go to best practice. We're in the Netherlands and we have to go to best*

practice. We're in the S.E.C. in the U.S., so you need best practice there. Our main problem here is reconciling all these best practices, that they fit together.

That may sound a little flippant, but that's just something we've lived with for years. We found that when Sarbanes-Oxley came in, we had to do some tweaks, some specific things and whatever. *But I don't think we're going to have any difficulty with signing the 20-F in a couple of weeks time in accordance with the new rules of Sarbanes-Oxley and from the S.E.C. . . .* [Emphasis added.]

428. As Defendants knew or were reckless in not knowing, Watts' statements quoted in the previous paragraph, concerning the Companies' "super track record of governance within Shell, best practice," and their ability to sign the 2002 20-F in accordance with the requirements of the Sarbanes-Oxley Act of 2002 without "any difficulty," were materially false and misleading when made for the reasons given in ¶ 309 and the paragraphs cited therein.

429. In or about March 2003, Royal Dutch issued its "Annual Report and Accounts 2002" (the "2002 RD Annual Report"), and Shell Transport issued its "Annual Report and Accounts 2002" (the "2002 ST Annual Report" and, together with the 2002 RD Annual Report, the "2002 Annual Reports"). Defendant van der Veer signed the 2002 RD Annual Report on March 5, 2003, and Defendant Watts signed the 2002 ST Annual Report on March 6, 2003.

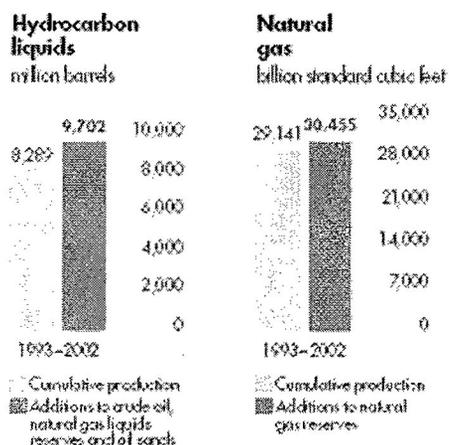
430. The 2002 Annual Reports set forth numerous materially false or misleading statements concerning proved hydrocarbon reserves. For example, the 2002 Annual Reports give the following information concerning proved hydrocarbon reserves replacement ratios:

Reserves

The proved hydrocarbon reserves replacement ratio for 2002 was 117% and the five year rolling average (including oil sands) now stands at 109%. Excluding the effects of acquisitions and divestments the hydrocarbon reserves replacement ratio for 2002 was 50%. Proved reserves are equivalent to more than 13 years of current production. The additions to proved reserves arose mainly

from the acquisition of Enterprise, which substantially bolstered the Group's overall portfolio in Europe and the Americas. These were augmented by discoveries and extensions in the Caspian and the USA and improved recovery in West Africa, Asia Pacific and the USA.

431. The 2002 Annual Reports graphically depict the Companies' hydrocarbon liquids and natural gas reserve information as follows:



432. In a section entitled "Supplementary Information – Oil and Gas," the 2002 Annual Reports provide the following additional information about the Companies' reserves:

Proved reserves are the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are those reserves which can be expected to be recovered through existing wells with existing equipment and operating methods. ***The reserves reported exclude volumes attributable to oil and gas discoveries which are not at present considered proved. Such reserves will be included when technical, fiscal and other conditions allow them to be economically developed and produced.***
 [Emphasis added.]

433. In a section entitled "Critical Accounting Policies," the 2002 Annual Reports state as follows:

In order to prepare the Financial Statements in conformity with generally accepted accounting principles in the Netherlands and the

USA, management has to make estimates and assumptions. ***The matters described below are considered to be the most critical*** in understanding the judgments that are involved in preparing the Financial Statements and the uncertainties that could impact the amounts reported on the results of operations, financial condition and cash flows. Accounting policies are described in Note 2 to the Financial Statements.

Estimation of oil and gas reserves

Oil and gas reserves have been estimated in accordance with industry standards and SEC regulations. Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs ***under existing economic and operating conditions. These estimates do not include probable or possible reserves.*** Estimates of oil and gas reserves are inherently imprecise and represent only approximate amounts and are subject to future revision, as they are based on available reservoir data, prices and costs as of the date the estimate is made. Accordingly, the financial measures that are based on proved reserves are also subject to change. [Emphasis added.]

434. As Defendants knew or were reckless in not knowing, the statements in the previous four paragraphs – concerning proved hydrocarbon reserves replacement ratios, the conclusion that proved reserves are “equivalent to more than 13 years of current production,” the reasons given for additions to proved reserves, the graphical depiction of oil and gas reserves, the exclusion from reported reserves of volumes attributable to discoveries “which are not at present considered proved,” oil and gas reserves being estimated in accordance with industry standards and SEC regulations, and the estimates not including probable or possible reserves – were materially false and misleading when made for the reasons given in ¶ 302 and the paragraphs cited therein.

435. Certain of the Companies’ financial metrics are directly tied to their reported proved hydrocarbon reserves. Thus, when Defendants made the foregoing materially false and

misleading statements concerning those reserves (and related metrics, such as reserve replacement ratios), they also, as a consequence, made false and misleading financial statements. In the 2002 Annual Reports, Defendants reported that Depreciation, Depletion and Amortisation for 2002 was \$8.454 billion, an understatement of approximately \$166 million, with a corresponding overstatement of reported pre-tax net income. Defendants reported year-end cash flow provided by operating activities to be \$16.365 billion, which was overstated by the same \$166 million, ignoring adjustments unrelated to reserves. Defendants overstated net assets by \$467 million, with a further corresponding overstatement of reported pre-tax net income. Thus, the annual net income Defendants reported for 2002, \$9.419 billion, was overstated by a total of \$633 million (\$166 million plus \$467 million), ignoring adjustments unrelated to reserves.

436. The 2002 Annual Reports also contain information about the Companies' corporate-governance and internal-control efforts. Both van der Veer, in his Message from the President, and Watts, in his message from the Chairman, underscored the Companies' purported commitment to the values of "honesty" and "integrity," and to "having strong corporate governance" and "committing to transparency."

437. The 2002 RD Annual Report also states that "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." Similarly, the 2002 ST Annual Report states that "The Board of the 'Shell' Transport and Trading Company, p.l.c. (Shell Transport) is committed to the highest standards of integrity and transparency in its governance of the Company"

438. Under the heading "Other matters," the 2002 Annual Reports provide the following information, inter alia, concerning the Companies' internal controls:

Risk management and internal control

The Group's approach to internal control is based on the underlying principle of line management's accountability for risk and control management. The Group's risk and internal control policy explicitly states that the Group has a risk-based approach to internal control and that management in the Group is responsible for implementing, operating and monitoring the system of internal control, which is designed to provide reasonable but not absolute assurance of achieving business objectives.

Established review and reporting processes bring risk management into greater focus and enable the Conference (meetings between the members of the Supervisory Board and the Board of Management of Royal Dutch and the Directors of Shell Transport) regularly to review the overall effectiveness of the system of internal control and to perform a full annual review of the system's effectiveness.

At Group level and within each business, risk profiles which highlight the perceived impact and likelihood of significant risks are reviewed each quarter by the Committee of Managing Directors and by the Conference. . . .

The Group's approach to internal control also includes a number of general and specific risk management processes and policies. Within the essential framework provided by the Statement of General Business Principles, ***the Group's primary control mechanisms are self-appraisal processes in combination with strict accountability for results.*** These mechanisms are underpinned by controls including Group policies, standards and guidance material that relate to particular types of risk, structured investment decision processes, timely and effective reporting systems, and performance appraisal.

* * *

A procedure for reporting business control incidents enables management and the Group Audit Committee to monitor incidents arising as a result of breakdown in controls and ***to ensure appropriate follow-up actions have been taken.*** Lessons learned are captured and shared as a means of improving the Group's overall control framework.

* * *

In addition, *internal audit plays a critical role in the objective assessment of business processes and the provision of assurance.* Audits and reviews of Group operations are carried out by Group Internal Audit to provide the Group Audit Committee with *independent assessments* regarding the effectiveness of risk and control management. [Emphasis added.]

439. As Defendants knew or were reckless in not knowing, the statements in the previous three paragraphs – concerning the Companies’ strong corporate governance and its commitment to transparency, the Companies’ commitment to upholding the highest standards of integrity and transparency, and the existence of strengthened, effective, and independent internal controls – were materially false and misleading when made for the reasons given in ¶ 309 and the paragraphs cited therein.

440. The 2002 RD Annual Report attaches KPMG’s “Report of the Independent Auditors” concerning Royal Dutch’s annual accounts for 2002. The KPMG Report, which is dated March 5, 2003, states:

We have audited the Annual Accounts for the year 2002 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 generally accepted auditing standards 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 55 to 76 form part – give a true and fair view of the financial position of the Company at December 31, 2002, 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. [Emphasis added.]

441. Similarly, the 2002 ST Annual Report attaches PwC's "Report of the Independent Auditors" concerning Shell Transport's financial statements for 2002. The PwC Report, which is dated March 6, 2003, states, *inter alia*:

In our opinion:

- the Financial Statements give a true and fair view of the state of the Company's affairs at December 31, 2002 and of its profit and cash flows for the year then ended

442. The 2002 Annual Reports also attach KPMG and PwC's "Report of the Independent Auditors" for Royal Dutch and Shell Transport relating to specified financial statements. This Report, which is dated March 5, 2003, states in relevant part:

We have audited the Financial Statements appearing on pages 55 to 76 of the Royal Dutch/Shell Group of Companies for the years 2002, 2001 and 2000. The preparation of Financial Statements is the responsibility of management. Our responsibility is to express an opinion on Financial Statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standard in the Netherlands and the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement.

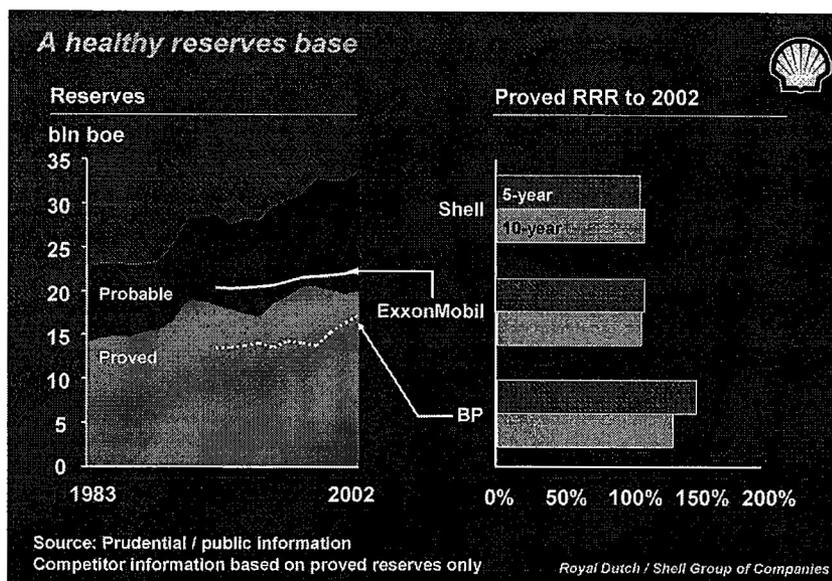
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management in the preparation of Financial Statements, as well as evaluating the overall Financial Statement presentation. *We believe that our audits provide a reasonable basis for our opinion.*

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Royal Dutch/Shell Group of Companies at December 31, 2002 and 2001 and the results of its operations and its cash flows for

each of the three years in the period ended December 31, 2002 in accordance with generally accepted accounting principles in the Netherlands and the United States. [Emphasis added.]

443. As KPMG and PwC knew or were reckless in not knowing, the statements in the previous three paragraphs – that the financial statements in question give a true and fair view of the financial position, results, and cash flow of Royal Dutch for the stated time period, that the financial statements in question give a true and fair view of the state of Shell Transport’s affairs for the stated time period, and of its profit and cash flows, that KPMG and PwC conducted their audits in accordance with GAAS, and that the financial statements in question fairly present the financial position, results of operations, and cash flow of the Companies for the stated time periods in all material respects – were materially false and misleading when made for the reasons given in ¶ 313 and the paragraphs cited therein.

444. On March 26, 2003, several executives of the Companies, including Defendant van de Vijver, gave a presentation to analysts focusing on the business strategies of the Exploration & Production and Gas & Power units. During this presentation, Shell’s reserve base was designated “healthy” and “growing,” and the following slide depicted the Companies’ proved reserves:



445. As Defendants knew or were reckless in not knowing, the graphic representations in the previous paragraph concerning the Companies' proved reserves and reserve replacement ratios were materially false and misleading when made for the reasons given in ¶ 302 and the paragraphs cited therein.

446. On March 31, 2003, the Companies filed with the SEC their Annual Report on Form 20-F for the year ended December 31, 2002 (the "2002 20-F"), signed by Defendant Jeroen van der Veer for Royal Dutch, and by Defendant Philip Watts for Shell Transport. Under the headings "Description of Activities/Exploration and Production," the 2002 20-F gives the following summary information for proved developed and undeveloped reserves (at year end) for 2000, 2001, and 2002:

PROVED DEVELOPED AND UNDEVELOPED RESERVES (at December 31)			
	million barrels		
	2002	2001	2000
Crude oil and natural gas liquids			
Group companies	9,026	8,544	8,670
Group share of associated companies	1,107	925	1,081

	10,133	9,469	9,751
thousand million standard cubic feet			
Natural gas			
Group companies	48,240	50,613	50,842
Group share of associated companies	5,198	5,216	5,441
	53,438	55,829	56,283

447. Under the heading “Exploration and Production,” the 2002 20-F gives the following information concerning proved hydrocarbon reserves replacement ratios:

Reserves

The proved hydrocarbon reserves replacement ratio for 2002 was 117% and the five year rolling average (including oil sands) now stands at 109%. Excluding the effects of acquisitions and divestments the hydrocarbon reserves replacement ratio for 2002 was 50%. Proved reserves are equivalent to more than 13 years of current production. The additions to proved reserves arose mainly from the acquisition of Enterprise, which substantially bolstered the Group’s overall portfolio in Europe and the Americas. These were augmented by discoveries and extensions in the Caspian and the USA and improved recovery in West Africa, Asia Pacific and the USA.

In this same section, the 2002 20-F repeats verbatim the materially false and misleading language from the 2001 20-F concerning proved hydrocarbon replacement ratios quoted in paragraph 404, above.

448. In a section entitled “Supplementary Information – Oil and Gas,” the 2002 20-F provides the following additional information about the Companies’ reserves:

Proved reserves are the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are those reserves which can be expected to be recovered through existing wells with existing equipment and operating methods. *The reserves reported exclude volumes attributable to oil and gas discoveries which are not at present*

considered proved. Such reserves will be included when technical, fiscal and other conditions allow them to be economically developed and produced. [Emphasis added.]

449. In a section entitled “Critical Accounting Policies,” the 2002 20-F states as follows:

In order to prepare the Financial Statements in conformity with generally accepted accounting principles in the Netherlands and the USA, management has to make estimates and assumptions. ***The matters described below are considered to be the most critical*** in understanding the judgments that are involved in preparing the Financial Statements and the uncertainties that could impact the amounts reported on the results of operations, financial condition and cash flows. Accounting policies are described in Note 2 to the Financial Statements.

Estimation of oil and gas reserves .

Oil and gas reserves have been estimated in accordance with industry standards and SEC regulations. Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs ***under existing economic and operating conditions. These estimates do not include probable or possible reserves.*** Estimates of oil and gas reserves are inherently imprecise and represent only approximate amounts and are subject to future revision, as they are based on available reservoir data, prices and costs as of the date the estimate is made. Accordingly, the financial measures that are based on proved reserves are also subject to change. [Emphasis added.]

450. As Defendants knew or were reckless in not knowing, the statements in the previous four paragraphs – concerning the figures for proved developed and undeveloped reserves (at year end), proved hydrocarbon reserves replacement ratios, the conclusion that proved reserves are “equivalent to more than 13 years of current production,” the reasons given for additions to proved reserves, the exclusion from reported reserves of volumes attributable to discoveries “which are not at present considered proved,” oil and gas reserves being estimated in

accordance with industry standards and SEC regulations, and the estimates not including probable or possible reserves – were materially false and misleading when made for the reasons given in ¶ 302 and the paragraphs cited therein.

451. Certain of the Companies' financial metrics are directly tied to their reported proved hydrocarbon reserves. Thus, when Defendants made the foregoing materially false and misleading statements concerning those reserves (and related metrics, such as reserve replacement ratios), they also, as a consequence, made false and misleading financial statements. In the 2002 20-F, Defendants reported that Depreciation, Depletion and Amortisation for 2002 was \$8.454 billion, an understatement of approximately \$166 million, with a corresponding overstatement of reported pre-tax net income. Defendants reported year-end cash flow provided by operating activities to be \$16.365 billion, which was overstated by the same \$166 million, ignoring adjustments unrelated to reserves. Defendants overstated net assets by \$467 million, with a further corresponding overstatement of reported pre-tax net income. Thus, the annual net income Defendants reported for 2002, \$9.419 billion, was overstated by a total of \$633 million (\$166 million plus \$467 million), ignoring adjustments unrelated to reserves.

452. Under the heading "Other Matters," the 2002 20-F also provides the following information, inter alia, concerning the Companies' internal controls:

Risk management and internal control

The Group's approach to internal control is based on the underlying principle of line management's accountability for risk and control management. The Group's risk and internal control policy explicitly states that the Group has a risk-based approach to internal control and that management in the Group is responsible for implementing, operating and monitoring the system of internal control, which is designed to provide reasonable but not absolute assurance of achieving business objectives.

Established review and reporting processes bring risk management into greater focus and enable the Conference (meetings between the members of the Supervisory Board and the Board of Management of Royal Dutch and the Directors of Shell Transport) regularly to review the overall effectiveness of the system of internal control and to perform a full annual review of the system's effectiveness.

At Group level and within each business, risk profiles which highlight the perceived impact and likelihood of significant risks are reviewed each quarter by the Committee of Managing Directors and by the Conference. . . .

The Group's approach to internal control also includes a number of general and specific risk management processes and policies. Within the essential framework provided by the Statement of General Business Principles, ***the Group's primary control mechanisms are self-appraisal processes in combination with strict accountability for results.*** These mechanisms are underpinned by controls including Group policies, standards and guidance material that relate to particular types of risk, structured investment decision processes, timely and effective reporting systems, and performance appraisal.

* * *

A procedure for reporting business control incidents enables management and the Group Audit Committee to monitor incidents arising as a result of breakdown in controls and ***to ensure appropriate follow-up actions have been taken.*** Lessons learned are captured and shared as a means of improving the Group's overall control framework.

* * *

In addition, ***internal audit plays a critical role in the objective assessment of business processes and the provision of assurance.*** Audits and reviews of Group operations are carried out by Group Internal Audit to provide the Group Audit Committee with ***independent assessments*** regarding the effectiveness of risk and control management. [Emphasis added.]

453. As Defendants knew or were reckless in not knowing, the statements in the previous paragraph, concerning the existence of strengthened, effective, and independent internal

controls, were materially false and misleading when made for the reasons given in ¶ 309 and the paragraphs cited therein.

454. The 2002 20-F includes certifications required by the Sarbanes-Oxley Act of 2002. The certification of Defendant Jeroen van der Veer, then President and Managing Director of Royal Dutch, states, inter alia:

1. I have reviewed this annual report on Form 20-F of Royal Dutch Petroleum Company (N.V. Koninklijke Nederlandsche Maatschappij);
2. Based on my knowledge, this annual report ***does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;***
3. Based on my knowledge, the ***financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report . . .*** [Emphasis added.]

455. The certification of Defendant Judith Boynton, then Group Director of Finance, states, inter alia:

1. I have reviewed this annual report on Form 20-F of Royal Dutch Petroleum Company (N.V. Koninklijke Nederlandsche Maatschappij);
2. Based on my knowledge, this annual report ***does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;***
3. Based on my knowledge, the ***financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of***

operations and cash flows of the registrant as of, and for, the periods presented in this annual report [Emphasis added.]

456. The certification of Defendant Philip Watts, then Chairman and a Managing Director of Shell Transport, states, inter alia:

1. I have reviewed this annual report on Form 20-F of The “Shell” Transport and Trading Company, p.l.c ;
2. Based on my knowledge, this annual report *does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;*
3. Based on my knowledge, the *financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report* [Emphasis added.]

457. Judith Boynton also signed a certification for Shell Transport, attached to the 2002 20-F, which states, inter alia:

1. I have reviewed this annual report on Form 20-F of The “Shell” Transport and Trading Company, p.l.c ;
2. Based on my knowledge, this annual report *does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;*
3. Based on my knowledge, the *financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report* [Emphasis added.]

458. As Defendants van der Veer, Boynton, and Watts knew or were reckless in not knowing, the statements in the previous four paragraphs, concerning the truth and non-misleading

nature of the 2002 20-F, were materially false and misleading when made for the reasons given in ¶¶ 450 & 453 and the paragraphs cited therein.

459. The 2002 20-F attaches KPMG's "Report of Independent Accountants" for Royal Dutch relating to specified financial statements. The KPMG Report, which is dated March 5, 2003, states in relevant part:

We have audited the Financial Statements of Royal Dutch Petroleum Company for the years 2002, 2001 and 2000 appearing on pages R2 to R6. The preparation of these Financial Statements is the responsibility of the Board of Management. Our responsibility is to express an opinion on the Financial Statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Management in the preparation of the Financial Statements, as well as evaluating the overall Financial Statement presentation. *We believe that our audits provide a reasonable basis for our opinion.*

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of Royal Dutch Petroleum Company at December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002 in accordance with the accounting policies described on page R3. [Emphasis added.]

460. Similarly, the 2002 20-F attaches PwC's "Report of Independent Accountants" for Shell Transport relating to specified financial statements. The PwC Report, which is dated March 6, 2003, states in relevant part:

We have audited the Financial Statements of The "Shell" Transport and Trading Company, Public Limited Company for the years 2002, 2001 and 2000 appearing on pages S2 to S8. The preparation of the