

LITE DEPALMA GREENBERG & RIVAS, LLC

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**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

_____)	
JOHN BROCKAMP, Individually and On Behalf of)	
All Others Similarly Situated,)	CIVIL ACTION NO. 04-374
)	
Plaintiffs,)	
)	AMENDED CLASS ACTION
vs.)	COMPLAINT
)	FOR VIOLATIONS OF
N.V. KONINKLIJKE NEDERLANDSCHE)	FEDERAL SECURITIES LAWS
PETROLEUM MAATSCHAPPIJ, a/k/a ROYAL)	
DUTCH PETROLEUM COMPANY, THE SHELL)	
TRANSPORT AND TRADING COMPANY, PLC,)	<u>JURY TRIAL DEMANDED</u>
SHELL PETROLEUM N.V., THE SHELL)	
PETROLEUM LIMITED,, MAARTEN VAN DER)	
BERGH, JUDY BOYNTON , MALCOLM)	
BRINDED, S.L. MILLER, HARRY J.M. ROELS,)	
PAUL D. SKINNER, M. MOODY-STUART,)	
JEROEN VAN DER VEER, AND PHILIP R.)	
WATT,)	
)	
Defendants.)	
_____)	

Plaintiff, John Brockamp (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation

conducted by and through Plaintiff's attorneys, which included, among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding the Royal Dutch/Shell Group ("Royal Dutch/Shell" or the "Company"), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal Class Action brought by the Plaintiff on behalf of himself and a Class consisting of all other persons who purchased the securities of Royal Dutch Petroleum Company ("Royal Dutch") (NYSE: RD) and/or The Shell Transport and Trading Company, PLC ("Shell Transport") (NYSE: SC) between March 25, 1999 and March 22, 2004, inclusive (the "Class Period"), seeking to recover damages caused by Defendants' violations of federal securities laws and pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. § 1331.

4. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). Many of the acts and transactions alleged herein, including

the preparation and dissemination of materially false and misleading information, occurred in substantial part in this District.

5. Pursuant to 28 U.S.C. §1391(d), as an alien corporation, defendants may properly be sued in any District in the United States, including the District of New Jersey. Thus, venue is proper in this District.

6. In connection with the acts, conduct and other wrongs alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

THE PARTIES

7. Plaintiff, John Brockamp, purchased the Securities of Royal Dutch, as set forth in the certification submitted in support of the class action complaint filed in this action on January 28, 2004 and incorporated herein by reference, and has suffered damages as a result of the wrongful acts of defendants as alleged herein.

8. Defendant Royal Dutch is a Netherlands corporation with its principal executive office located at 30, Carel van Bylandtlaan, 2596 HR The Hague, The Netherlands. Royal Dutch is a 60% owner of Shell Petroleum Netherlands and Shell Petroleum UK.

9. Defendant Shell Transport is an English corporation with its principal executive offices located at Shell Centre, London SE1, 7NA. Shell Transport is a 40% owner of Shell Petroleum Netherlands and Shell Petroleum UK.

10. Defendant Shell Petroleum N.V. ("Shell Petroleum Netherlands") is incorporated in The Netherlands and is 60 % owned by Dutch Petroleum and 40% owned by Shell Transport.

11. Defendant The Shell Petroleum Company Limited (“Shell Petroleum UK”) is registered in England and Wales and is 60% owned by Dutch Petroleum and 40% owned by Shell Transport.

12. The following defendants, each of whom was an executive officer of Royal Dutch or Shell Transport, served as Group Managing Directors at various times during the Class Period: Maarten van den Bergh, Judy Boynton, Malcolm Brinded, S.L. Miller, Harry J.M. Roels, Paul D. Skinner, M. Moody-Stuart, Jeroen van der Veer, and Philip R. Watts (“Watts”).

13. Additionally, defendant Watts was Director and Managing Director of Shell Transport and Chairman of Shell Transport since 2001. Watts also served as Chief Executive Officer, Exploration and Production, from 1997-2001 and, in that capacity, led Shell’s oil and gas exploration unit when some of the recategorized reserves were booked. He was asked to resign on March 3, 2004 from his post.

14. Defendants Maarten van den Bergh, Judy Boynton, Malcolm Brinded, S.L. Miller, Harry J.M. Roels, Paul D. Skinner, M. Moody-Stuart, Jeroen van der Veer, and Philip R. Watts are collectively referred to hereafter as the “Individual Defendants.” During the Class Period, each of the Individual Defendants, as senior executive officers and/or directors of Royal Dutch and Shell, were privy to non-public information concerning its business, finances, products, markets and present and future business prospects via access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants

knew of or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

15. Each of the Individual Defendants are liable as a direct participant with respect to a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Royal Dutch and Shell Transport Securities by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme deceived the investing public regarding the Company's business, operations, management, and the intrinsic value of Royal Dutch and Shell Transport's Securities and caused Plaintiff and other members of the Class to purchase Royal Dutch and/or Shell Transport's Securities at artificially inflated prices.

16. In addition, the Individual Defendants, by reason of their status as senior executive officers and directors were each a "controlling person" within the meaning of Section 20 of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their position of control, the Individual Defendants were able to and did, directly or indirectly, control the content of various SEC filings, press releases, and other public statements pertaining to the Company during the Class Period.

17. The Individual Defendants, because of their positions with Royal Dutch/Shell were provided with copies of Royal Dutch/Shell's reports and press releases alleged herein to be misleading, prior to or shortly after their issuance and had both the ability and opportunity to prevent their issuance or cause them to be corrected. The Individual Defendants had the opportunity to commit the fraudulent acts alleged herein. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

18. The Individual Defendants are liable, jointly and severally, as direct participants in and co-conspirators of, the wrongs complained of herein.

CLASS ACTION ALLEGATIONS

19. Plaintiff brings this action as a federal class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a class (the “Class”), consisting of all those who purchased the securities of Royal Dutch and/or Shell Transport between March 25, 1999 and March 22, 2004, inclusive, (the “Class Period”) and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

20. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Royal Dutch and Shell Transport’s securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class.

21. Plaintiff’s claims are typical of the claims of the members of the Class, because plaintiffs and all of the Class members sustained damages arising out of defendants’ wrongful conduct complained of herein.

22. Plaintiff will fairly and adequately protect the interests of the Class members and has retained counsel who are experienced and competent in class actions and securities litigation.

23. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy, since joinder of all members is impracticable. Furthermore, as the

damages suffered by individual members of the Class may be relatively small, the expense and burden of individual litigation make it impossible for the members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

24. Questions of law and fact common to the members of the Class predominate over any questions that may affect only individual members, in that defendants have acted on grounds generally applicable to the entire Class. Among the questions of law and fact common to the Class are:

- (a) Whether the federal securities laws were violated by Defendants' acts as alleged herein;
- (b) Whether the Company's publicly disseminated press releases and statements during the Class Period omitted and/or misrepresented material facts;
- (c) Whether defendants breached any duty to convey material facts or to correct material acts previously disseminated;
- (d) Whether the defendants acted willfully, with knowledge or recklessly, in omitting and/or misrepresenting material facts; and
- (e) Whether the members of the Class have sustained damages and, if so, what is the appropriate measure of damages.

SUBSTANTIVE ALLEGATIONS

Background of Royal Dutch/Shell

25. Shell Transport & Trading Company, PLC is a holding company that, in conjunction with Royal Dutch Petroleum Company, owns, directly or indirectly, investments in the companies

constituting the Royal Dutch/Shell Group of Companies (“the Group”). The Company is engaged in the business of producing, refining, storing, transporting, supplying and distributing petroleum and petroleum products. The operating companies of the Group are engaged in various activities related to oil and natural gas, chemicals, power generation, renewable resources and other businesses in over 135 countries.

26. Royal Dutch Petroleum Company is the holding company for a group of companies (collectively, “the Royal Dutch/Shell Group of Companies” or “Royal Dutch/Shell”). Present in more than 145 countries and territories worldwide, the Royal Dutch/Shell Group of Companies are engaged in the business of exploration and production of gas and power, oil products, chemicals and renewables, as well as other activities. There are two group holding companies: Shell Petroleum N.V. in the Netherlands and The Shell Petroleum Company Limited in the United Kingdom (the Group Holding Companies). The Group Holding Companies, between them, hold all the shares in Royal Dutch’s service companies, and, directly or indirectly, all Company interests in its operating companies.

27. The numerous companies in which Royal Dutch and Shell Transport own investments are collectively referred to as the Royal Dutch/Shell Group of Companies. Royal Dutch and Shell Transport are the Parent Companies of the Group but are not themselves part of it. The Royal Dutch/Shell Group of Companies has grown out of an alliance made in 1907 between Royal Dutch and Shell Transport, by which the two companies agreed to merge their interests on a 60:40 basis while remaining separate and distinct entities. Arrangements between Royal Dutch and Shell Transport provide, inter alia, that, notwithstanding variations in shareholdings, Royal Dutch and Shell Transport shall share in the aggregate net assets and in the aggregate dividends and interest

received from Group companies in the proportion of 60:40. It is further arranged that the burden of all taxes in the nature of or corresponding to an income tax leviable in respect of such dividends and interests shall fall in the same proportion.

28. Group Holding Companies: There are two Group Holding Companies: Shell Petroleum N.V. in the Netherlands and The Shell Petroleum Company Limited in the UK. The Group Holding Companies between them hold all the shares in the Service Companies and, directly or indirectly, all Group interests in the Operating Companies. Some of these interests, including all the shares in the US-based Shell Oil Company (hereinafter referred to as "Shell Oil", which expression shall include its subsidiaries), are held by Shell Petroleum Inc., a Delaware Corporation. Shell Petroleum N.V. holds equity shares in Shell Petroleum Inc. that entitle it to the dividend flow from that company, but direct controlling interest in Shell Petroleum Inc. is jointly held by Royal Dutch and Shell Transport.

29. Royal Dutch is entitled to have its nominees elected as a majority of, and Shell Transport is entitled to have its nominees elected as the balance of, the members of the Boards of Directors of the two Group Holding Companies. Every member of the Board of Management of Royal Dutch and every Managing Director of Shell Transport is also a member of the Presidium of the Board of Directors of Shell Petroleum N.V. and a Managing Director of The Shell Petroleum Company Limited. As such, they are generally known as "Group Managing Directors". They are also appointed by the Boards of Shell Petroleum N.V. and The Shell Petroleum Company Limited to a joint committee known as the Committee of Managing Directors, which considers and develops objectives and long-term plans.

The Announced Restatement of the Company's Proved Reserves

30. On January 9, 2004, Royal Dutch/Shell shocked the market by announcing that, following the results of an internal review, it would be restating 20% of its previously-reported proved hydrocarbon reserves. The Company further stated that the reserves that were affected were from 1996 to 2002, with the largest impact on the Company's reserves in Nigeria and Australia. Following this announcement, shares of Shell Transport fell 6.9% to close at \$41.69 per share and shares of Royal Dutch fell 7.8% to close at \$48.61 per share.

31. On February 19, 2004, the Company announced that the SEC had begun a formal investigation into the Company's announcement of its overbooked reserves.

32. On March 3, 2004, defendant Watts, who was head of Shell's exploration and production unit at the time that much of the overbooking occurred, and Walter van de Vijver, the current head of Shell's exploration and production business, resigned from the Royal Dutch/Shell Group.

33. An article in The Wall Street Journal on March 4, 2004, reported that the resignations from the previous day were really the decisions of the boards of directors of both Shell and Royal Dutch to "oust" Watts and van der Vijver. Moreover, the article stated that a Shell spokeswoman said that Shell officials "would no longer offer the blanket assertion that all employees necessarily acted in 'good faith' in the reserve issue." Finally, the article stated that Shell was under pressure to boost reserves because the Company trailed Exxon Mobil Corp and BP plc in "so-called reserve replacement, the rate at which an oil company replaces the oil it pumps out of the ground." This rate, according to the article, is a widely followed gauge of an oil company's performance.

34. On March 8, 2004, The Wall Street Journal published an article in which it cited an internal memorandum that was provided to defendant Watts and other senior executives in early 2002. The memo “warned that the Company’s method of booking oil and natural-gas reserves appeared to be inconsistent with U.S Securities and Exchange Commission guidelines.” The article further said that the memo pointed out that “the company might have to revise downward its reserve tally by the equivalent of about one billion barrels of oil.”

35. On March 16, 2004, it was reported that the Department of Justice had also commenced an investigation into the Company’s restatement.

36. On March 18, 2004, Shell announced that it was making a second reduction to its proved reserves, this time the equivalent of 250 million barrels of oil were being reclassified.

37. On March 19, 2004, The New York Times reported that, according to internal Company documents, the Royal Dutch/Shell Group had overstated its reserves “particularly in Nigeria, for fear of damaging its business relationship with the government there and the Nigerians’ desire to produce more oil.” The article also stated that:

The scale of revision is important because Nigeria is a significant source of oil for Shell and the country is seeking to increase markedly its production quota within the Organization of the Petroleum Exporting Countries. The size of proven reserves is a basic consideration when OPEC sets quotas for its members. At stake for Nigeria are billions of dollars in revenue annually.

Moreover, the article referenced an internal Company report, dated December 8, 2003, which recommended that the revised Nigerian reserves remain “confidential in view of host country sensitivities.” The article also further explained the impact of the timing of reported reserves as follows:

By reducing its estimates of reserves, shell has not necessarily lost any oil or gas. Instead, it reclassified some oil and gas fields as less likely to be developed soon, if

at all. Timing is important to investors because it suggests how much money the company can make over certain periods and how busy it can keep its refineries. [Emphasis added.]

38. On March 22, 2004, the last day of the Class Period, The Times (London) reported that the Company's auditor, KPMG refused to sign its annual report because of concerns over the quality of information that it had received from the Company.

Materially False and Misleading Statements Made Prior to the Class Period

39. In the petroleum industry, there are two key measures of a company's operating performance and future prospects. Those two key measures are reported reserves and future discounted cash flows. During the Class Period, Royal Dutch/Shell's reporting of reported reserves and future discounted cash flows was materially false and misleading. By reporting materially false and misleading reported reserves and future discounted cash flows, Royal Dutch/Shell was able to inflate its share price, maintain its credit rating, and maintain its status in the petroleum industry as a leader.

40. On April 17, 1998, both Shell Transport and Royal Dutch filed with the SEC an annual report on Form 20-F for fiscal year 1997. With respect to reported reserves, the Company stated, in pertinent part, as follows:

Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes thereto.

41. Additionally and with respect to reported reserves, Royal Dutch/Shell stated, in pertinent part, as follows:

Supplementary Information — Oil and Gas

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.

Proved reserves are shown net of any quantities of crude oil or natural gas that are expected to be taken by others as royalties in kind but do not exclude certain quantities related to royalties expected to be paid in cash or those related to fixed margin contracts. Proved reserves commencing in 1996 include certain quantities of crude oil or natural gas which will be produced under arrangements which involve Group companies in upstream risks and rewards but do not transfer title of the product to those companies. (Emphasis added.)

42. Moreover, each filing stated that Royal Dutch/Shell Group's proved oil and gas reserves for fiscal year 1997 were 20,931 million barrels.

43. With respect to future cash flows related to proved oil and gas reserve quantities, a key measure of prospective operating performance based in substantial part on proved oil and gas reserves, both Forms 20-F stated, in pertinent part, as follows:

The carrying amounts of fixed assets are reviewed for possible impairment whenever events or changes in circumstances indicate. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows. Where impairment is indicated,

the carrying amounts of assets are written down to fair value., usually determined as the amount of estimated discounted future cash flows.

Materially False and Misleading Statements Made During the Class Period

44. The pre-Class Period statements remained alive and uncorrected throughout the Class Period. The Class Period commences on March 25, 1999, exactly five years ago.

Shell Transport and Royal Dutch's Forms 20-F for the fiscal year ended December 31, 1998

45. On December 3, 1999, both Shell Transport and Royal Dutch filed with the SEC an annual report on Form 20-F. With respect reported reserves, the Company stated:

Critical Accounting Policies

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.)

46. Additionally and with respect to reported reserves, Royal Dutch/Shell stated:

Supplementary Information — Oil and Gas

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.

Proved reserves are shown net of any quantities of crude oil or natural gas that are expected to be taken by others as royalties in kind but do not exclude certain quantities related to royalties expected to be paid in cash or those related to fixed margin contracts. Proved reserves include certain quantities of crude oil or natural gas which will be produced under arrangements which involve Group companies in upstream risks and rewards but do not transfer title of the product to those companies. (Emphasis added.)

47. With respect to future cash flows related to proved oil and gas reserve quantities, a key measure of prospective operating performance based in substantial part on proved oil and gas reserves, both Forms 20-F stated:

The carrying amounts of fixed assets are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amounts of those assets are written down to fair value. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows. Estimates of current cash flows of assets related to hydrocarbon production activities are based on proved reserves, except in circumstances

where it is probable that additional resources will be developed and contribute to cash flows in the future.

United States accounting principles require the disclosure of a standardized measure of discounted future cash flows, relating to proved oil and gas reserve quantities and based on prices and costs at the end of each year, currently enacted tax rates and a 10% discount factor. The information so calculated does not provide a reliable measure of future cash flows from proved reserves, nor does it permit a realistic comparison to be made of one entity and another because the assumptions used cannot reflect the varying circumstances within each entity. In addition, a substantial but unknown proportion of future real cash flows from oil and gas production activities is expected to derive from reserves which have already been discovered, but which cannot yet be regarded as proved.

48. For fiscal year 1998, Royal Dutch/Shell reported that future net cash flows related to proved oil and gas reserve quantities were \$59,460,000. According to annual reports, a 10% percent discount factor or (\$28,791,000) was subtracted from the future net cash flows. As such, Royal Dutch/Shell reported that its standardized measure of discounted future cash flows for fiscal year 1998 were \$30,669,000.

Shell Transport and Royal Dutch's Forms 20-F for the fiscal year ended December 31, 1999

49. On April 11, 2000, Shell Transport and Royal Dutch each filed an annual report with the SEC on Form 20-F. Each Form 20-F stated:

Critical Accounting Policies

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.)

50. Additionally and with respect to reported reserves, Royal Dutch/Shell stated:

Supplementary Information — Oil and Gas

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.

Proved reserves are shown net of any quantities of crude oil or natural gas that are expected to be taken by others as royalties in kind but do not exclude certain quantities related to royalties expected to be paid in cash or those related to fixed

margin contracts. Proved reserves include certain quantities of crude oil or natural gas which will be produced under arrangements which involve Group companies in upstream risks and rewards but do not transfer title of the product to those companies. (Emphasis added.)

51. Moreover, each stated that Royal Dutch/Shell Group's proved oil and gas reserves for fiscal year 1999 were 19,869 million barrels.

52. With respect to future cash flows related to proved oil and gas reserve quantities, a key measure of prospective operating performance based in substantial part on proved oil and gas reserves, both Forms 20-F stated:

The carrying amounts of fixed assets are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amounts of those assets are written down to fair value. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows. Estimates of current cash flows of assets related to hydrocarbon production activities are based on proved reserves, except in circumstances where it is probable that additional resources will be developed and contribute to cash flows in the future.

United States accounting principles require the disclosure of a standardized measure of discounted future cash flows, relating to proved oil and gas reserve quantities and based on prices and costs at the end of each year, currently enacted tax rates and a 10% discount factor. The information so calculated does not provide a reliable measure of future cash flows from proved reserves, nor does it permit a realistic comparison to be made of one entity and another because the assumptions used cannot reflect the varying circumstances within each entity. In addition, a substantial but unknown proportion of future real cash flows from oil and gas production activities is expected to derive from reserves which have already been discovered, but which cannot yet be regarded as proved.

53. For fiscal year 1999, Royal Dutch/Shell reported that future net cash flows related to proved oil and gas reserve quantities were \$102,785,000. According to annual reports, a 10%

percent discount factor or (\$47,986,000) was subtracted from the future net cash flows. As such, Royal Dutch/Shell reported that its standardized measure of discounted future cash flows for fiscal year 1999 were \$54,799,000.

Shell Transport and Royal Dutch's Forms 20-F for the fiscal year ended December 31, 2000

54. On April 12, 2001, Shell Transport and Royal Dutch each filed an annual report with the SEC on Form 20-F. Each Form 20-F stated:

Critical Accounting Policies

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.)

55. Additionally and with respect to reported reserves, Royal Dutch/Shell stated:

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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.

Proved reserves are shown net of any quantities of crude oil or natural gas that are expected to be taken by others as royalties in kind but do not exclude certain quantities related to royalties expected to be paid in cash or those related to fixed margin contracts. Proved reserves include certain quantities of crude oil or natural gas which will be produced under arrangements which involve Group companies in upstream risks and rewards but do not transfer title of the product to those companies. (Emphasis added.)

56. Moreover, each stated Royal Dutch/Shell Group's proved oil and gas reserves was 19,095 million barrels.

57. With respect to future cash flows related to proved oil and gas reserve quantities, a key measure of prospective operating performance based in substantial part on proved oil and gas reserves, both Forms 20-F stated:

The carrying amounts of fixed assets are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amounts of those assets are written down to fair value. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows. Estimates of current cash flows of assets related to hydrocarbon production activities are based on proved reserves, except in circumstances

where it is probable that additional resources will be developed and contribute to cash flows in the future.

United States accounting principles require the disclosure of a standardized measure of discounted future cash flows, relating to proved oil and gas reserve quantities and based on prices and costs at the end of each year, currently enacted tax rates and a 10% discount factor. The information so calculated does not provide a reliable measure of future cash flows from proved reserves, nor does it permit a realistic comparison to be made of one entity and another because the assumptions used cannot reflect the varying circumstances within each entity. In addition, a substantial but unknown proportion of future real cash flows from oil and gas production activities is expected to derive from reserves which have already been discovered, but which cannot yet be regarded as proved.

58. For fiscal year 2000, Royal Dutch/Shell reported that future net cash flows related to proved oil and gas reserve quantities were \$114,861,000. According to annual reports, a 10% percent discount factor or (\$51,820,000) was subtracted from the future net cash flows. As such, Royal Dutch/Shell reported that its standardized measure of discounted future cash flows for fiscal year 2000 were \$63,041,000.

Shell Transport and Royal Dutch's Forms 20-F for the fiscal year ended December 31, 2001

59. On April 14, 2002, Shell Transport and Royal Dutch each filed an annual report with the SEC on Form 20-F. Each Form 20-F stated:

Critical Accounting Policies

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

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60. Additionally and with respect to reported reserves, Royal Dutch/Shell stated:

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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.

Proved reserves are shown net of any quantities of crude oil or natural gas that are expected to be taken by others as royalties in kind but do not exclude certain quantities related to royalties expected to be paid in cash or those related to fixed margin contracts. Proved reserves include certain quantities of

crude oil or natural gas which will be produced under arrangements which involve Group companies in upstream risks and rewards but do not transfer title of the product to those companies. (Emphasis added.)

61. Moreover, each stated that proved oil and gas reserves for 2001 were 19,095 million barrels.

62. With respect to future cash flows related to proved oil and gas reserve quantities, a key measure of prospective operating performance based in substantial part on proved oil and gas reserves, both Forms 20-F stated:

The carrying amounts of fixed assets are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amounts of those assets are written down to fair value. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows. Estimates of current cash flows of assets related to hydrocarbon production activities are based on proved reserves, except in circumstances where it is probable that additional resources will be developed and contribute to cash flows in the future.

United States accounting principles require the disclosure of a standardized measure of discounted future cash flows, relating to proved oil and gas reserve quantities and based on prices and costs at the end of each year, currently enacted tax rates and a 10% discount factor. The information so calculated does not provide a reliable measure of future cash flows from proved reserves, nor does it permit a realistic comparison to be made of one entity and another because the assumptions used cannot reflect the varying circumstances within each entity. In addition, a substantial but unknown proportion of future real cash flows from oil and gas production activities is expected to derive from reserves which have already been discovered, but which cannot yet be regarded as proved.

63. For fiscal year 2001, Royal Dutch/Shell reported that future net cash flows related to proved oil and gas reserve quantities were \$86,354,000. According to annual reports, a 10% percent discount factor or (\$40,476,000) was subtracted from the future net cash flows. As such,

Royal Dutch/Shell reported that its standardized measure of discounted future cash flows for fiscal year 2001 were \$45,878,000.

Shell Transport and Royal Dutch's Forms 20-F for the fiscal year ended December 31, 2002

64. On March 31, 2003, Shell Transport and Royal Dutch each filed an annual report with the SEC on Form 20-F. Each Form 20-F stated:

Critical Accounting Policies

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.)

65. Additionally and with respect to reported reserves, Royal Dutch/Shell stated:

Supplementary Information — Oil and Gas

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.

Proved reserves are shown net of any quantities of crude oil or natural gas that are expected to be taken by others as royalties in kind but do not exclude certain quantities related to royalties expected to be paid in cash or those related to fixed margin contracts. Proved reserves include certain quantities of crude oil or natural gas which will be produced under arrangements which involve Group companies in upstream risks and rewards but do not transfer title of the product to those companies. (Emphasis added.)

66. Moreover, each stated that Royal Dutch/Shell Group's proved oil and gas reserves were 19,347 million barrels.

67. With respect to future cash flows related to proved oil and gas reserve quantities, a key measure of prospective operating performance based in substantial part on proved oil and gas reserves, both Forms 20-F stated:

The carrying amounts of fixed assets are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amounts of those assets are written down to fair value. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows. Estimates of

current cash flows of assets related to hydrocarbon production activities are based on proved reserves, except in circumstances where it is probable that additional resources will be developed and contribute to cash flows in the future.

United States accounting principles require the disclosure of a standardized measure of discounted future cash flows, relating to proved oil and gas reserve quantities and based on prices and costs at the end of each year, currently enacted tax rates and a 10% discount factor. The information so calculated does not provide a reliable measure of future cash flows from proved reserves, nor does it permit a realistic comparison to be made of one entity and another because the assumptions used cannot reflect the varying circumstances within each entity. In addition, a substantial but unknown proportion of future real cash flows from oil and gas production activities is expected to derive from reserves which have already been discovered, but which cannot yet be regarded as proved.

68. For fiscal year 2002, Royal Dutch/Shell reported that future net cash flows related to proved oil and gas reserve quantities were \$123,185,000. According to annual reports, a 10% percent discount factor or (\$57,483,000) was subtracted from the future net cash flows. As such, Royal Dutch/Shell reported that its standardized measure of discounted future cash flows for fiscal year 2002 were \$65,702,000.

69. The statements contained in ¶¶ 45-68 were each materially false and misleading because the defendants failed to disclose and indicate: (1) that Royal Dutch/Shell had materially overstated its proved oil and gas reserve figures by 20%; (2) that Royal Dutch/Shell accomplished the overstatement by including in its proved oil and gas reserves figures, when its venture partners did not, estimates from the Gorgon Joint Venture in Australia and the Nigerian Projects in Africa when such projects did not meet industry and SEC standards for proved reserves; (3) that the inclusion of Gorgon Joint Venture in Australia and the Nigerian Projects in Africa and other projects was accomplished through the booking of its proved oil and gas

reversed figures on the basis of initial letters of intent rather than on the basis of when such projects had been contracted; and (4) as a result, Royal Dutch/Shell's true market value was materially overstated at all relevant times.

THE TRUTH BEGINS TO EMERGE

70. On January 9, 2004, Royal Dutch/Shell announced that, following internal reviews, some proved hydrocarbon reserves would be recategorized. **The total non recurring recategorization, relative to the proved reserves as stated at December 31, 2002, represents 3.9 billion barrels of oil equivalent ("boe") of proved reserves, or 20% of proved reserves at that date.** Over 90% of the total change is a reduction in the proved undeveloped category; the balance is a reduction in the proved developed category. Additionally, the Company stated that of the recategorization, two thirds (2.7 billion barrels) relates to crude oil and natural gas liquids, and one third (1.2 billion boe or 7.2 trillion standard cubic feet) to natural gas. Moreover, **Royal Dutch/Shell indicated that the FAS69 standardized measure of discounted future cash flows associated with the proved reserves will be impacted.** The estimated 10% reduction in the standardized measure is significantly less than the 20% change to proved reserves, as the majority of the recategorization relates to proved undeveloped reserves and to relatively low margin producing areas and that further analysis is ongoing to determine the extent to which the recategorization will impact on prior year reported proved reserves and the results will be disclosed. Lastly, the Company stated that reserves affected were mainly booked in the period 1996 to 2002. **A significant proportion of the recategorization related to the current status of project maturity and that a number of countries are affected by the**

change, with the largest impact in Nigeria and Australia. The majority of the overall recategorization would be reported under “Other Eastern Hemisphere.” (Emphasis added.)

71. On news of this, shares of Shell Transport fell 6.9%, or \$3.12 per share, on heavy volume to close at \$41.69 per share on January 9, 2004. Additionally, shares of Royal Dutch fell 7.8%, or \$4.15 per share, on heavy volume to close at \$48.61 per share on January 9, 2004.

72. On January 12, 2004, The Wall Street Journal ran an article titled: “Shell Cuts Reserve Estimate 20% As SEC Scrutinizes Oil Industry.” In the article, authors, Chip Cummins, Susan Warren, and Michael Schroeder, stated that “Royal Dutch/Shell Group’s disclosure that it overstated its proven reserves by 20% rattled energy investors and is raising questions about whether the oil industry has inflated a lifeblood measure of its future prospects.” The article quoted Lynn Turner, a former SEC chief accountant, as stating: “[T]he revision, looked like more than a mistake. “A 20% restatement of proven reserves is a humongous error[.] . . . For a company like Shell to have missed its proven reserves by that much is not an oversight. It’s an intentional misapplication of the SEC’s rules.”

73. With respect to proved reserves, the article stated: “Reserves are at the heart of an oil and gas company because they represent what can be taken from the ground in the future. Since companies must replace the oil and gas they produce each year just to stay even, reserve growth is a crucial indicator of how well a company is doing. If the reserve size falls, the company is less valuable to investors and its stock price will tumble.”

74. On January 14, 2004, The Wall Street Journal ran an article titled: “Shell’s Watts

Draws Fire, Chairman Criticized Amid Overbooking Flap, Likely SEC Probe.” In the article, authors, Chip Cummins and Michael Schroeder, stated:

As the Securities and Exchange Commission looks poised to delve into a huge overbooking of reserves by Royal Dutch/Shell Group, the company’s chairman, Philip Watts, has come under increasing fire for his stewardship of one of the world’s largest oil producers.

Last week, Shell said it erroneously overbooked reserves by 20%. Reserves are a crucial indicator of an oil company’s value. Shares in the group’s two holding companies -- Royal Dutch Petroleum Co. of the Netherlands, and Shell Transport & Trading Co. of London -- have fallen sharply since the disclosure Friday.

The unprecedented size of the overstatement makes an SEC investigation likely. “The Shell matter seems significant,” said SEC Commissioner Roel Campos. “I am sure our enforcement staff will look into it. It is hard to see how [Shell] could miss so badly.”

75. Additionally, the article stated that “[a]nalysts and investors have criticized Shell’s lackluster performance under Sir Philip against industry peers such as Exxon Mobil Corp., of Irving, Texas, and crosstown rival BP PLC. Sir Philip has cut the company’s production-growth estimates. Shell also has performed poorly in recent years against Exxon and BP in finding and developing new prospects, which it needs to replace oil and natural-gas properties depleted by production.”

76. On March 3, 2004, defendant Watts was forced to set down from his post as chairman of the Company.

77. On March 18, 2004, the Company made a series of announcements relating to its recent recategorisation of proved hydrocarbon reserves. The Company, in pertinent part, stated:

During the finalisation of the 2003 reserves data, concerns arose about the volume of the proved reserves booking proposed for the Ormen Lange field in Norway. As a result, the Group's senior management engaged Ryder Scott Company as consultants in

March to help conduct a fast-track review of selected fields covering approximately 40% of the global Shell portfolio, including some 60% of proved undeveloped reserves.

A number of issues have been identified to date, leading to the recategorisation of a further 250 million barrels of oil equivalent ('boe') as at the end of 2002. In addition Shell has reduced the volume of proved reserves it planned to book in 2003 by approximately 220 million boe of proved reserves (including volumes from Ormen Lange). The 220 million boe were included in the reserve replacement ratio ('RRR') disclosed on February 5th 2004; correcting for these volumes represents a reduction in the 2003 RRR of some 16 percentage points.

Approximately 95% of the volumes impacted by these reductions were previously booked as proved undeveloped reserves from non-producing fields. As a result, the expected impact on earnings is approximately \$20 million. In addition well write-off costs related to the original recategorisation have been identified, amounting to \$10 million after tax.

78. Also on March 18, 2004, The New York Times reported that “[w]hile the amount of Thursday's restatement was small in comparison, it rattled investors, given the growing questions about the company's credibility. Shares of Shell's two component companies fell sharply in European trading” Additionally, it was reported that Company documents from two years ago obtained by The New York Times showed that the two ousted executives, as well as some current top Shell executives - including Mr. van der Veer and the chief financial officer, Judith Boynton - were aware of a significant shortfall in reserves as early as February 2002 and in July 2002, the executives came up with an "external storyline" and "investor relations script" that minimized its significance.

79. On March 22, 2004, the last day of the Class Period, The Times (London) reported that the Company's auditor, KPMG refused to sign its annual report because of concerns over the quality of information that it had received from the Company.

DEFENDANTS VIOLATION OF GAAP RULES

80. Given these accounting irregularities described above, the Company announced discounted cash flows and proved reserves were in violation of GAAP, and the following principles:

- (a) The principle that “interim financial reporting should be based upon the same accounting principles and practices used to prepare annual financial statements” was violated (APB No. 28, ¶10);
- (b) The principle that “financial reporting should provide information that is useful to present to potential investors and creditors and other users in making rational investment, credit, and similar decisions” was violated (FASB Statement of Concepts No. 1, ¶34);
- (c) The principle that “financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and effects of transactions, events, and circumstances that change resources and claims to those resources” was violated (FASB Statement of Concepts No. 1, ¶40);
- (d) The principle that “financial reporting should provide information about an enterprise’s financial performance during a period” was violated (FASB Statement of Concepts No. 1, ¶42);
- (e) The principle that “completeness, meaning that nothing is left out of the information that may be necessary to insure that it validly represents underlying events and conditions” was violated (FASB Statement of Concepts No. 2, ¶79);
- (f) The principle that “financial reporting should be reliable in that it represents what

it purports to represent” was violated (FASB Statement of Concepts No. 2, ¶¶58-59); and

- (g) The principle that “conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered” was violated. (FASB Statement of Concepts No. 2, ¶95).

81. The adverse information concealed by defendants during the Class Period and detailed above was in violation of Item 303 of Regulation S-K under the federal securities law (17 C.F.R. 229.303).

DEFENDANTS’ VIOLATION OF INDUSTRY AND SEC RULES

82. The Society of Petroleum Engineers (“SPE”), an independent professional society, has determined the classification of reserves. The SPE has established industry standard guidelines for accounting for reserves. According SPE, these classifications are a key factor in determining the value of the reserves, and reserves are classified as either “proved” or “unproved.”

83. According to the SPE, proved reserves:

can be estimated with reasonable certainty to be recoverable under current economic conditions. Current economic conditions include prices and costs prevailing at the time of the estimate. Proved reserves may be developed or undeveloped . . . [Proved reserves] must have facilities to process and transport those reserves to market that are operational at the time of the estimate, or there is a commitment or reasonable expectations to install such facilities in the future.

84. With respect to guidance by the SEC, the definition for proved oil and gas

reserves can be found in Rule 4-10(a) of Regulation S-X of the Securities Exchange Act of 1934, which states:

Proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions. See also FAS 25 Suspension of Certain Accounting Requirements for Oil and Gas Producing Entities ¶ 34 (Feb. 1979).

85. Moreover, the SEC states: “The concept of reasonable certainty implies that, as more technical data becomes available, a positive, or upward, revision is much more likely than a negative, or downward, revision. “ SEC Div. of Corp. Fin: Frequently Requested Accounting and Fin. Reporting Interpretations and Guidance (“SEC Guidance”) (Mar. 31, 2001).

86. Royal Dutch/Shell’s overstatement of its proved reserves by 20% is in clear violation of the above-referenced principles. More specifically, Royal Dutch/Shell violated both SPE and SEC rules by including, in its proved reserves figures, the Gorgon Joint Venture in Australia and the Nigerian Projects in Africa when such projects neither meet industry nor SEC standards for proved reserves and when its venture partners did not include such amounts in its calculations of its proved oil and gas reserves.

UNDISCLOSED ADVERSE INFORMATION

87. The market for Royal Dutch and Shell Transport securities was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Royal Dutch and Shell Transport’s securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class

purchased or otherwise acquired Royal Dutch and/or Shell Transport's securities relying upon the integrity of the market price of Royal Dutch and/or Shell Transport's securities and market information relating to Royal Dutch/Shell, and have been damaged thereby.

88. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Royal Dutch and Shell Transport's securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

89. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Royal Dutch/Shell's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Royal Dutch/Shell and its business, prospects and operations, thus causing Royal Dutch and Shell Transport's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing Royal Dutch and/or Shell Transport's securities at artificially inflated prices, thus causing the damages complained of herein.

ADDITIONAL SCIENTER ALLEGATIONS

90. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Royal Dutch/Shell, their control over, and/or receipt and/or modification of Royal Dutch/Shell's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Royal Dutch/Shell, participated in the fraudulent scheme alleged herein.

91. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

92. Additionally, the defendants were motivated to overstate Royal Dutch/Shell's proven reserves in order to maintain its competition position and to maintain its credit rating.

Applicability Of Presumption Of Reliance: Fraud-On-The-Market Doctrine

93. At all relevant times, the market for Royal Dutch and Shell Transport's securities was an efficient market for the following reasons, among others:

(a) Royal Dutch and Shell Transport's securities met the requirements for listing, and were listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Royal Dutch/Shell filed periodic public reports with the SEC;

(c) Royal Dutch/Shell regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Royal Dutch/ Shell was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

94. As a result of the foregoing, the market for Royal Dutch and Shell Transport's securities promptly digested current information regarding Royal Dutch/Shell from all publicly available sources and reflected such information in Royal Dutch and Shell Transport's securities price. Under these circumstances, all purchasers of Royal Dutch and Shell Transport securities during the Class Period suffered similar injury through their purchase of Royal Dutch and/or Shell Transport's securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

95. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint.

Many of the specific statements pleaded herein were not identified as “forward-looking statements” when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Royal Dutch and Shell who knew that those statements were false when made.

FIRST CLAIM
Violation Of Section 10(b) Of
The Exchange Act And Rule 10b-5
Promulgated Thereunder Against All Defendants

96. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

97. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (1) deceive the investing public, including plaintiff and other Class members, as alleged herein; and (2) cause plaintiff and other members of the Class to purchase Royal Dutch and/or Shell Transport’s securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

98. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the

statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of Royal Dutch and Shell Transport's securities in an effort to maintain artificially high market prices for Royal Dutch and Shell Transport securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

99. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of Royal Dutch/Shell as specified herein.

100. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Royal Dutch/Shell's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Royal Dutch/Shell and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Royal Dutch and Shell Transport's securities during the Class Period.

101. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (1) the Individual Defendants were high-level

executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (2) each of these defendants, by virtue of his responsibilities and activities as a senior officer and/or director of the Company was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (3) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (4) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

102. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Royal Dutch/ Shell's operating condition and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' overstatements and misstatements of the Company's business, operations and earnings throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

103. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Royal Dutch and Shell Transport's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of Royal Dutch and Shell Transport's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the Securities trades, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired Royal Dutch and/or Shell Transport securities during the Class Period at artificially high prices and were damaged thereby.

104. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the other members of the Class and the marketplace known the truth regarding Royal Dutch/Shell's financial results, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their Royal Dutch and/or Shell Transport securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

105. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

106. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation Of Section 20(a) Of
The Exchange Act Against the Individual Defendants

107. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

108. The Individual Defendants acted as controlling persons of Royal Dutch/ Shell within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

109. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

110. As set forth above, the defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling

persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of Royal Dutch and/or Shell Transport's securities during the Class Period.

WHEREFORE, plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and plaintiff's counsel as Lead Counsel;

(b) Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: March 25, 2004

Respectfully submitted,

LITE DEPALMA GREENBERG & RIVAS, LLC

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CERTIFICATION PURSUANT TO LOCAL CIVIL RULE 11.2

Plaintiff, by his attorneys, hereby certifies that to the best of his knowledge, the matter in controversy is related to the following matters: Joseph Cohen, et al. v. N.V. Koninklijke Nederlandsche Petroleum Maatschappij, filed on January 23, 2004; John Brockamp v. N.V. Koninklijke Nederlandsche Petroleum Maatschappij, et al., Civil Action No. 04-374 (JWB), filed on January 28, 2004; Paul Engel v. N.V. Koninklijke Nederlandsche Petroleum Maatschappij, Civil Action No. 04-430 (JWB), filed on February 2, 2004; George Alala v. N.V. Koninklijke Nederlandsche Petroleum Maatschappij, Civil Action No. 04-717 (JWB), filed on February 18, 2004; Anthony Lazorko v. N.V. Koninklijke Nederlandsche Petroleum Maatschappij a/k/a Royal Dutch Petroleum Company, et als., Civil Action No.: 04-894 (JWB), filed on February 25, 2004; William Sinnreich v. N.V. Koninklijke Nederlandsche Petroleum Maatschappij a/k/a Royal Dutch Petroleum Company, et als., filed on March 24, 2004; and David Noboa v. N.V. Koninklijke Nederlandsche Petroleum Maatschappij a/k/a Royal Dutch Petroleum Company, et als., filed on March 24, 2004.

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are wilfully false, I am subject to punishment.

Dated: March 25, 2004

LITE DEPALMA GREENBERG & RIVAS, LLC

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