



NEW LENS SCENARIOS

A SHIFT IN PERSPECTIVE FOR A
WORLD IN TRANSITION

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DISCLAIMER

This scenarios book contains forward-looking statements that may affect Shell's financial condition, results of operations, and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "should", "target", "will", and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this scenarios book, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal, and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects, and delays in the reimbursement for shared costs; and (m) changes in trading conditions. All forward-looking statements contained in this book are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional factors that may affect future results are contained in Royal Dutch Shell's 20-F for the year ended December 31, 2011 which is available at www.shell.com/investor and www.sec.gov.

These factors also should be considered by the reader. Each forward-looking statement speaks only as of the date of this scenarios book, March 2013. Neither Royal Dutch Shell nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this scenarios book.

WHY DO WE DO SCENARIOS?

Uncertainty and discontinuities are inevitable...

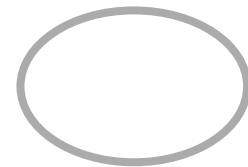
The Present



The Path

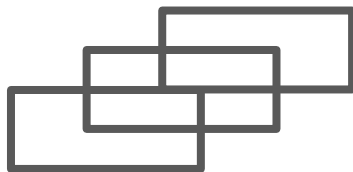


The Official Future

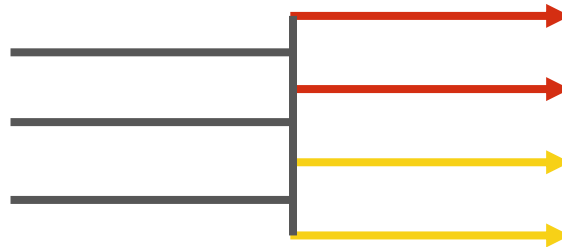


FORECAST

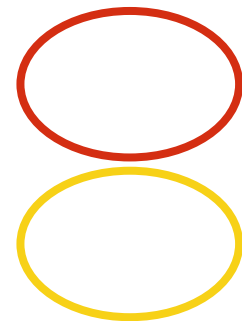
Current Realities
(mental models)



Multiple Paths



Images of
Alternative Futures



Scenarios help us wrestle with possible futures

SCENARIOS

WE ARE ENTERING **AN ERA OF VOLATILITY & TRANSITIONS**

Intensified
economic
cycles

Political &
social
instability

Building a
'mini-lateral'
world

Demographic
transitions-
urbanisation

Challenged
environmental
boundaries

Emerging
resources
Shale gas & oil



MOUNTAINS



OCEANS



**“IF WE WANT THINGS
TO STAY AS THEY ARE,
THINGS WILL HAVE
TO CHANGE.”**

GIUSEPPE TOMASI DI LAMPEDUSA

The Leopard

MOUNTAINS

A VIEW FROM THE TOP

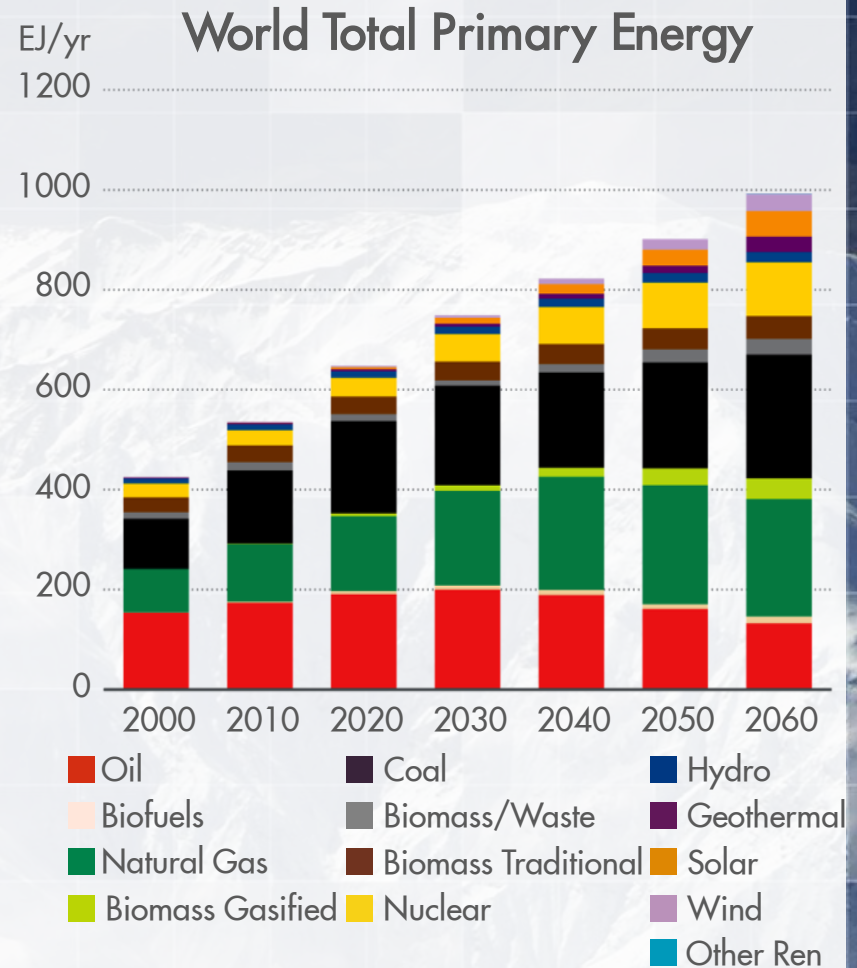
Top down approach

- Concentration of power – elites drive policy
 - preservation of social stability
 - evolving lock-in/out via education, income, behaviour
- Social polarisation and economic inequality
- Global economic growth moderates ...
 - developing countries in a trapped transition
- Return of the state ...
 - over time, reformist impulses in government seek room to manoeuvre
- Nationalist world ...
 - but over time, pragmatic accommodation of interests when stresses undermine stability

MOUNTAINS

ENERGY – Policy driven

- Moderate economic growth dampens energy demand and prices
- Supply side investments in big projects with long time horizons
- Urban planning leads to compact cities and fuel-efficient vehicles
- The Gas Backbone – the shale revolution
- Nuclear renaissance
- Renewables sluggish
- 'Clean' energy: CCS takes off by 2030
 - Electricity decarbonised by 2060



OCEANS

A VIEW OF THE HORIZON

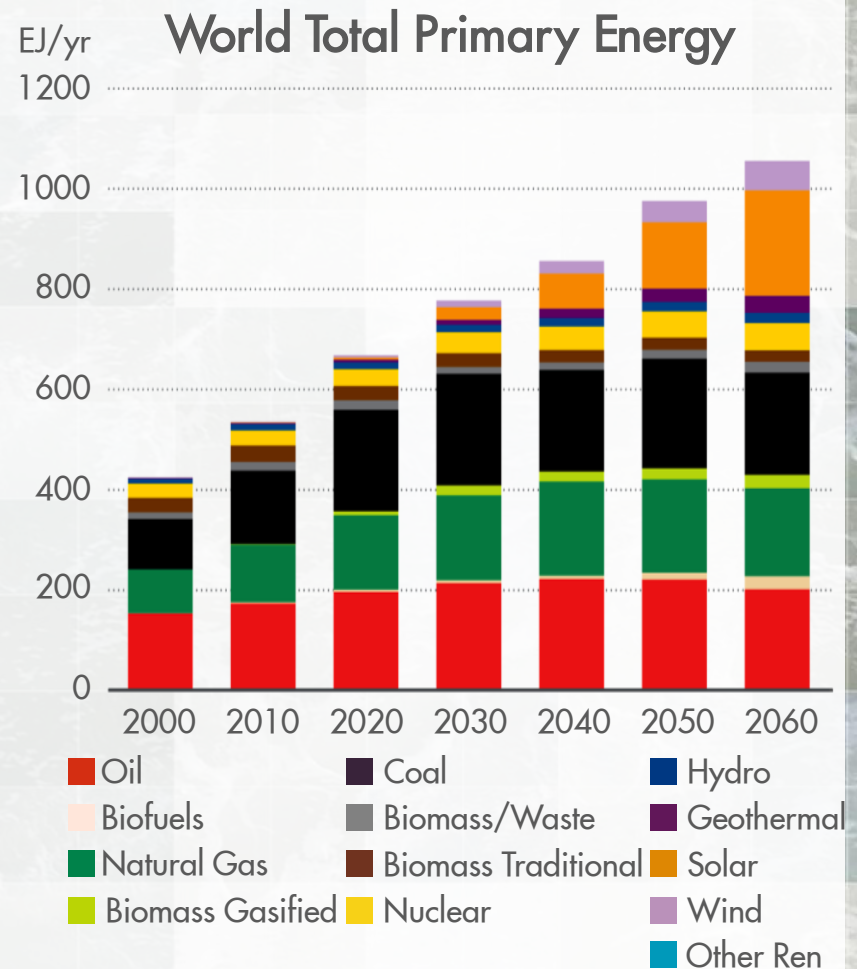
People power drives change

- Rising aspirations challenging vested interests and push reform
 - Social strains and political churn
- Reform unleashes market forces, driving new waves of growth and individual empowerment
- It's a copycat world
 - but perspectives can get locked in again
- Open borders world
 - From TINA to TARA, globalisation is transformed into a coat of many colours

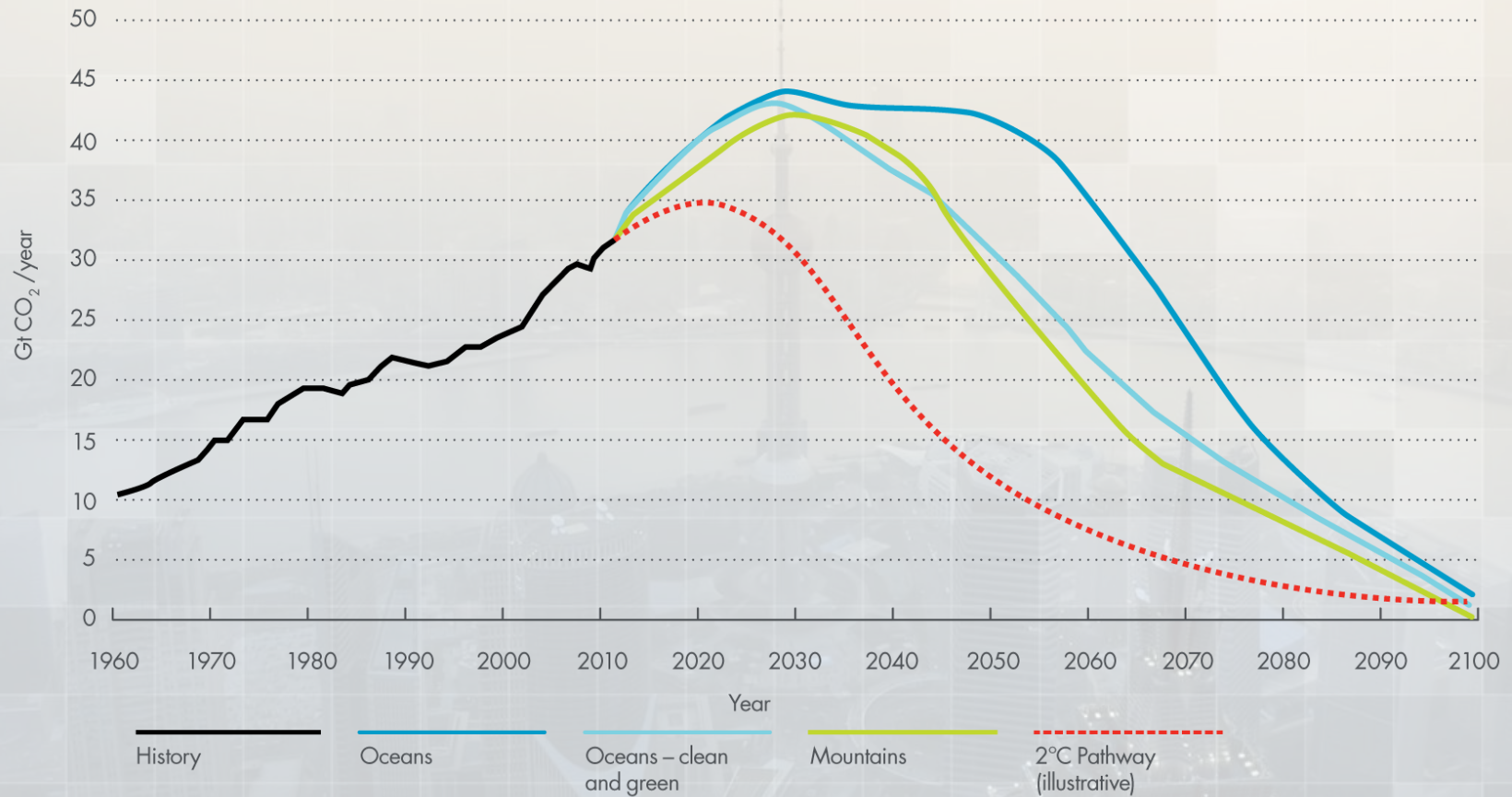
OCEANS

ENERGY – Market driven

- Surge in energy demand from emerging economies results in rising energy prices
- Investment in supply at times constrained by political turbulence
- Unconventional gas proves disappointing outside of North America
- The long liquid fuels game
- Strong efficiency gains
- Unlock of new renewables supplies
- Eventual climate shocks drive adaptation, Solar and CCS
 - a late 'green' world

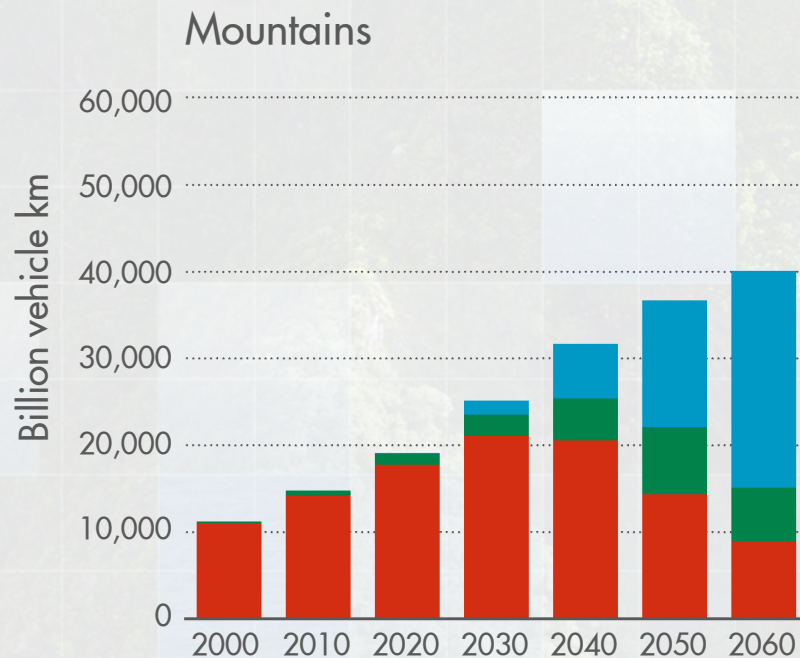


GLOBAL ENERGY-RELATED CO₂ EMISSIONS

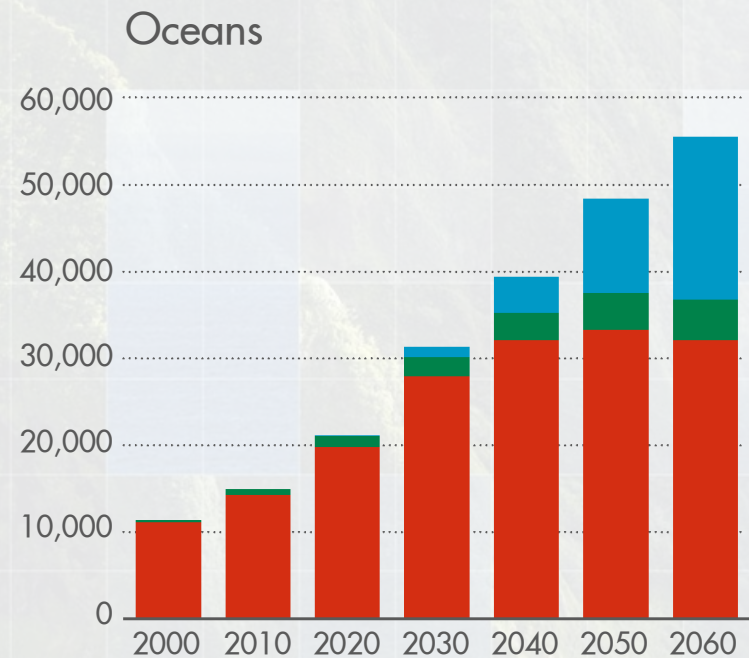


SCENARIO CONTRAST

WORLD PASSENGER TRANSPORT



- Electricity and Hydrogen
- Gaseous Hydrocarbon Fuels
- Liquid Hydrocarbon Fuels/Biofuels

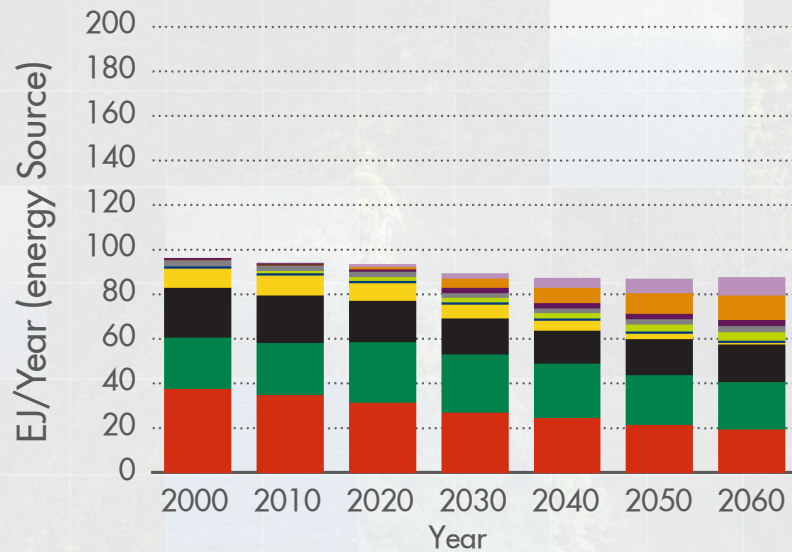


Combined with the impact of higher economic development, *Oceans* sprawling suburbs lead to higher travel needs than *Mountains* compact cities

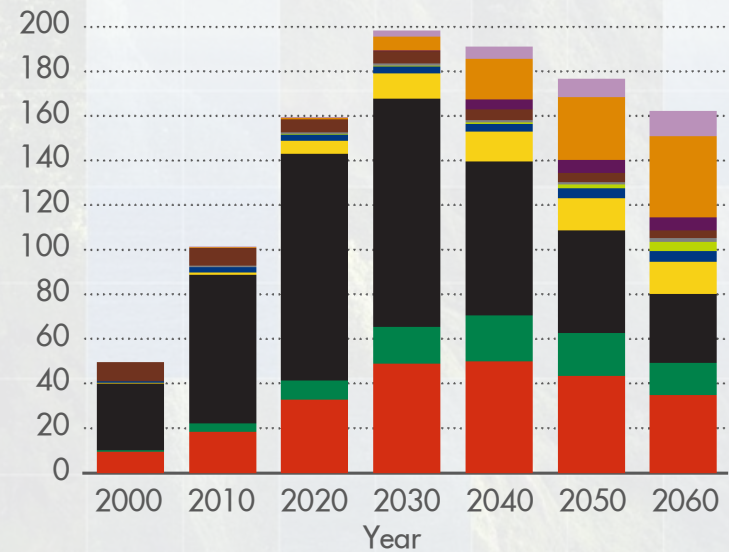
NATIONAL CONTRAST

TOTAL PRIMARY ENERGY IN OCEANS

USA



China



Oil
Natural Gas
Coal

Nuclear
Hydro-electricity
Biofuels

Biomass/Waste
Biomass Traditional
Geothermal

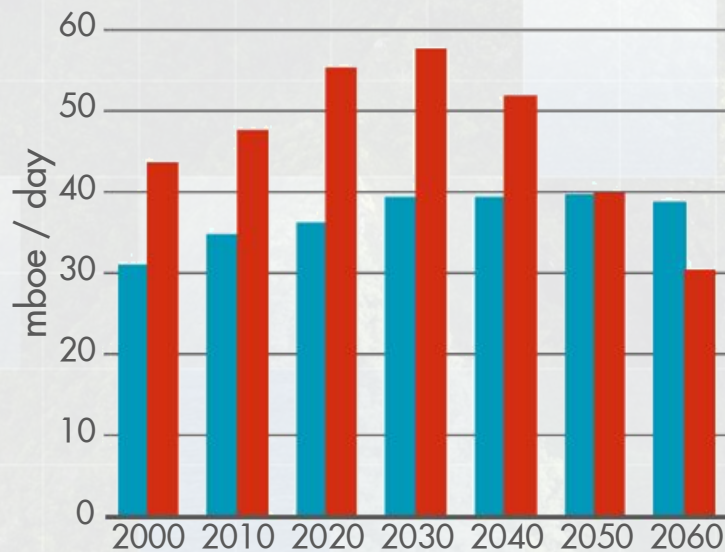
Solar
Wind
Other Renewables

SCENARIO CONTRAST

OPEC AND NON-OPEC PRODUCTION

Mountains

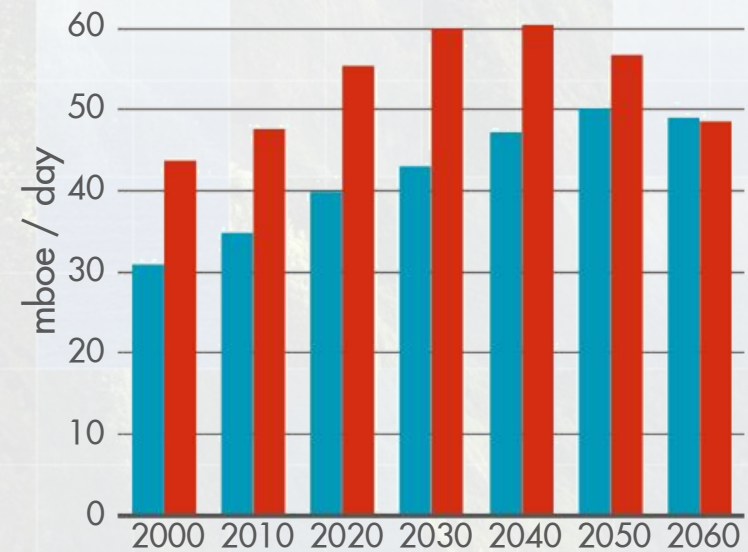
Oil, condensate & NGL production



The effect of abundant gas and a slower growing global economy affect the call on OPEC in Mountains

Oceans

Oil, condensate & NGL production



■ OPEC

■ Non OPEC

MOUNTAINS

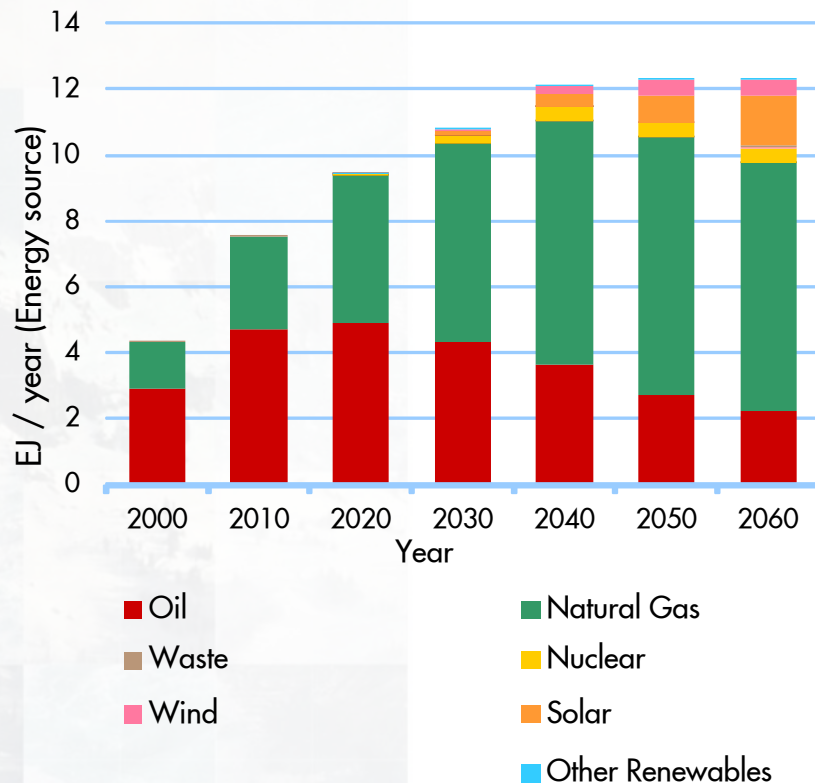
TOTAL PRIMARY ENERGY

OCEANS

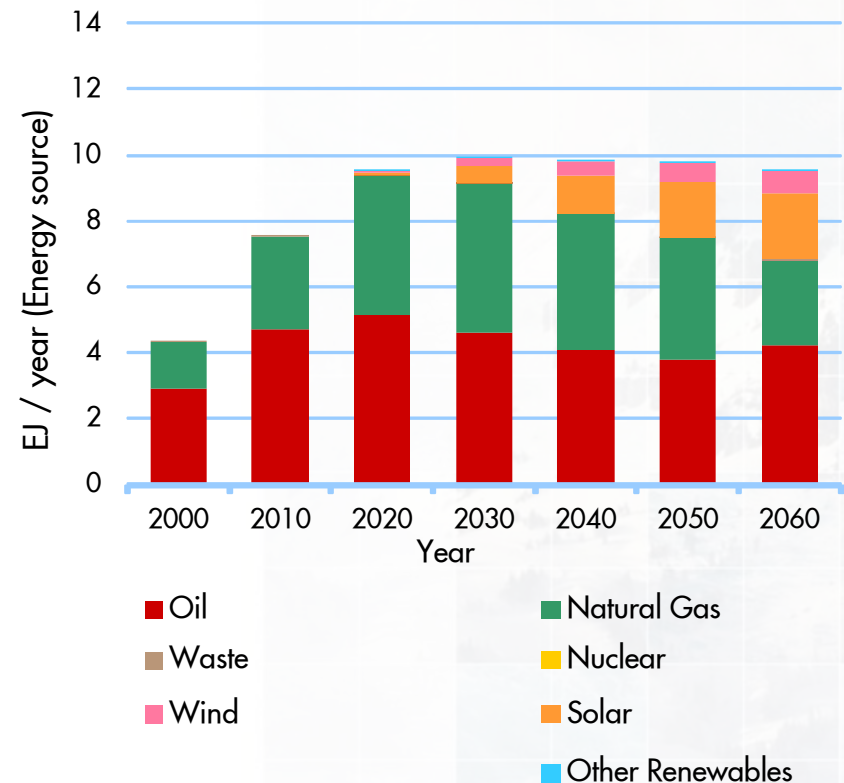
Efficiency is key in both scenarios

A Clean ... versus a Green approach

VS... Saudi Arabia - Total Primary Energy - By Source



Saudi Arabia - Total Primary Energy - By Source



WHAT ARE WE LEARNING?

CONCLUDING REMARKS

- Considering longer time horizons, and a broad view of drivers & interactions between markets, economics, & politics, brings focus on decisions needed today
- Both scenarios have positive and troubling features
- Resource stresses complex and urgent, but multiple opportunities
- *Clean and Green* important: Cleaner fossil fuels (with CCS) needed in any case – with a revolution in renewable energy as well
- Political, economical and societal choices crucial to develop available resources and technology
- Innovative cross-boundary collaborations are key to success

QUESTIONS & ANSWERS

