



Royal Dutch Shell plc



## Scrip Dividend Programme

Q&A Booklet for Shareholders with share certificates  
and CREST Shareholders

17 September 2010

**This document is important and requires your immediate attention.** If you are in any doubt about what action to take, you should seek your own personal advice from a financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the UK or, if you are not, from another appropriately authorised financial adviser. If you have sold or transferred all your Shares, please give this Q&A Booklet and any accompanying documents to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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This Q&A Booklet summarises the terms and conditions of the Programme as they apply to you. You should, however, also read the Terms and Conditions of the Programme, which are available on the Company's website at [www.shell.com/dividend](http://www.shell.com/dividend).

Capitalised terms in this Q&A Booklet have the same meaning as terms defined in the Terms and Conditions (paragraph 21 - "Glossary").

# What is a scrip dividend programme and how does it differ from a Dividend Reinvestment Plan (“DRIP”)?

A scrip dividend programme is a programme that allows shareholders to receive their future dividends in the form of shares rather than in cash. Under a scrip dividend programme, new fully paid shares are created and issued to shareholders. This differs from a DRIP under which shareholders’ cash dividends are used to buy existing shares in the market.

## What will I receive if I join the Programme?

If you join the Programme, you will receive new fully paid A Shares, instead of cash dividends, for all future dividends that the Company declares and in relation to which the Directors decide to offer a scrip dividend unless and until your Scrip Dividend Election is cancelled or the Company cancels or suspends the Programme.

The position set out above in respect of future dividends may differ for Shareholders acting on behalf of more than one beneficial owner, as set out in paragraph 18 below.

There are both A Shares and B Shares in the Company. Due to tax-related constraints, only A Shares will be issued under the Programme, including to Shareholders who currently hold only B Shares.

The A Shares are A ordinary shares in the capital of the Company and, in respect of the Company's third quarter interim dividend for 2010, are expected to be issued on 17 December 2010. All new A Shares issued under the Programme will be credited as fully paid and will rank equally in all respects with the existing A Shares and B Shares respectively (including having the same dividend rights and voting rights). The A Shares may be held in certificated or uncertificated form.

Further information about the Company and its A Shares and B Shares is available on the Company's website at **[www.shell.com](http://www.shell.com)**.

## What are the impacts of joining the Programme?

You will increase the number of Shares you hold in the Company without having to buy existing Shares in the market, which would involve you paying dealing costs. By doing so, you will participate in the future growth of the Company, although you should be aware that the value of Shares may go down as well as up.

In some countries, joining the Programme may currently offer a significant tax advantage compared with receiving cash dividends. In particular, dividends paid out as Shares by the Company will not be subject to Dutch dividend withholding tax and will not generally be taxed on receipt by a UK shareholder or a Dutch corporate shareholder.

Your percentage ownership in the Company will be maintained and might, depending on Shareholders' choices, increase. If you do not join the Programme and others do, your percentage ownership in the Company will fall.

You are, as at the date of this Q&A Booklet, given the option to purchase Shares through the Equiniti DRIP using your cash dividends. The Company's view is that the Programme will be an attractive replacement for the Equiniti DRIP (which will be withdrawn when the Programme is introduced) because the market dealing costs and stamp duty incurred under the Equiniti DRIP will not be incurred under the Programme. In addition, the Programme will benefit the Company because cash, which would otherwise be paid out as dividends, will be available to the Company for other purposes.

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## How do I join (or leave) the Programme if I hold share certificates?

### 4.1 How do I sign up

To join the Programme, you need to either:

- complete the Scrip Dividend Election Form(s) which accompany(ies) this Q&A Booklet and return it/them to the Registrar in the reply paid envelope provided. No acknowledgement of receipt of Scrip Dividend Election Forms will be issued by the Registrar or the Company; or
- join the Programme at **[www.shell.com/dividend](http://www.shell.com/dividend)** by following the links to make your Scrip Dividend Election online.

Separate Scrip Dividend Elections must be made on A Shares and B Shares. The yellow Scrip Dividend Election Form is for A Shares and the pink Scrip Dividend Election Form is for B Shares.

If you hold only A Shares and join the Programme, you will receive A Shares under the Programme. Your Scrip Dividend Election will apply to all future dividends declared in respect of your A Shares (including to all A Shares issued under the Programme) unless and until it is cancelled or the Programme is cancelled or suspended.

**If you hold only B Shares and join the Programme, you will receive A Shares under the Programme. If you also want to join the Programme in respect of your A Shares received under the Programme, you will need to make a Scrip Dividend Election in respect of your A Shares once they are issued to you.** You will be reminded of this when your statement of the number of A Shares issued to you under the Programme for the Company's third quarter interim dividend for 2010 is sent to you. This further Scrip Dividend Election will apply to all future A Shares acquired by you, whether under the Programme or otherwise, unless and until it is cancelled or the Programme is cancelled or suspended. **If you do not make a Scrip Dividend Election on your new A Shares, future dividends declared on those A Shares will be paid in cash and will be subject to any applicable Dutch dividend withholding tax (currently 15 per cent.).**

If you hold both A Shares and B Shares and you want to join the Programme in respect of all of your Shares, you will need to make a

separate Scrip Dividend Election for the A Shares and for the B Shares in one of the ways described above.

Your Scrip Dividend Election will apply to all future dividends declared in respect of the shareholding to which it relates, unless and until it is cancelled or the Programme is cancelled or suspended.

The position set out above in respect of future dividends may differ for Shareholders acting on behalf of more than one beneficial owner, as set out in paragraph 18 below.

The Company and the Registrar reserve the right to treat as invalid a Scrip Dividend Election Form that is not complete in all respects.

You can change any previous Scrip Dividend Election you have made by submitting a new Scrip Dividend Election, but for it to apply to the next dividend declared the Registrar must receive your new Scrip Dividend Election by 4.30 p.m. (UK time) on the relevant Election Date. Details of the Election Dates will be available on the Company's website at **[www.shell.com/dividend](http://www.shell.com/dividend)**. Further copies of the Scrip Dividend Election Form may be obtained from the Registrar.

## **4.2 When do I need to submit my Scrip Dividend Election by?**

The Programme is being introduced with effect from the Company's third quarter interim dividend for 2010. The Programme's key dates for the third quarter interim dividend for 2010 are:

### **28 October 2010**

Announcement of cash dividend amount in US dollars

### **3 November 2010**

Ex-dividend date

### **10 November 2010**

Announcement of the share price used to calculate the number of Shares you will receive

### **26 November 2010**

Deadline for receipt of Scrip Dividend Elections and currency elections

### **17 December 2010**

Payment of cash dividend and issue of new A Shares

To join the Programme for the Company's third quarter interim dividend for 2010 onwards, you must ensure that your Scrip Dividend Election Form or your online Scrip Dividend Election is received by the Registrar by 4.30 p.m. (UK time) on 26 November 2010.

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(continued)

## How do I join (or leave) the Programme if I hold share certificates?

If you decide to join the Programme later, your Scrip Dividend Election Form or online Scrip Dividend Election needs to be received by the Registrar by 4.30 p.m. (UK time) on the relevant Election Date, which will be available on the Company's website at **www.shell.com/dividend**. The Election Date will be at least 10 Business Days after the relevant record date and not more than 20 Business Days before the relevant dividend payment date.

### **4.3 Will I have to make separate Scrip Dividend Elections to receive Shares for future dividends declared?**

Your Scrip Dividend Election will apply to all future dividends declared in respect of the shareholding to which it relates, unless and until it is cancelled or the Programme is cancelled or suspended.

If you hold only A Shares and join the Programme, you will receive further A Shares under the Programme and your Scrip Dividend Election will apply automatically to these A Shares unless and until it is cancelled or the Programme is cancelled or suspended.

**If you hold only B Shares and join the Programme, you will receive A Shares under the Programme. If you also want to join the Programme in respect of your A Shares received under the Programme, you will need to make a Scrip Dividend Election in respect of those A Shares once they are issued to you.** You will be reminded of this when your statement of the number of A Shares issued to you under the Programme for the Company's third quarter interim dividend for 2010 is sent to you. This further Scrip Dividend Election will apply to all future A Shares acquired by you, whether under the Programme or otherwise, unless and until it is cancelled or the Programme is cancelled or suspended. **If you do not make a Scrip Dividend Election on your new A Shares, future dividends declared on those A Shares will be paid in cash and will be subject to any applicable Dutch dividend withholding tax (currently 15 per cent.).**

As separate Scrip Dividend Elections need to be made on A Shares and B Shares, if you hold both A Shares and B Shares and only make a Scrip Dividend Election in respect of



one of those holdings, for any future dividends declared, you will receive A Shares on the holding to which your Scrip Dividend Election relates and a cash dividend on your other holding (unless and until your Scrip Dividend Election is cancelled or the Programme is cancelled or suspended).

The position set out above in respect of future dividends may differ for Shareholders acting on behalf of more than one beneficial owner, as set out in paragraph 18 below.

#### **4.4 How can I cancel my Scrip Dividend Election?**

You can cancel your Scrip Dividend Election by writing to the Registrar or by notifying them of the cancellation at **[www.shell.com/dividend](http://www.shell.com/dividend)**. For your notice of cancellation to take effect for a particular dividend, it must be received by the Registrar by 4.30 p.m. (UK time) on the relevant Election Date for that dividend, which will be available on the Company's website at **[www.shell.com/dividend](http://www.shell.com/dividend)**. The Election Date will be at least 10 Business Days after the relevant record date and not more than 20 Business Days before the relevant dividend payment date.

Once you have left the Programme, you will receive cash dividends in accordance with

the Company's cash dividend procedure, although you will receive your cash dividend approximately seven Business Days later than previously as the Company's dividend timetable will be extended as a result of the introduction of the Programme. Such cash dividends will be paid in euros in relation to a holding of A Shares (unless you submit a currency election requesting that they be paid in pounds sterling) and in pounds sterling in relation to a holding of B Shares (unless you submit a currency election requesting that they be paid in euros). **Any currency election submitted before you joined the Programme will not be valid and you must submit a new currency election before the relevant deadline if you do not want to receive dividends in the default currency.**

**If you leave the Programme in respect of your A Shares, future cash dividends declared on those A Shares will be subject to any applicable Dutch dividend withholding tax (currently 15 per cent.).**

If you have made Scrip Dividend Elections on both A Shares and B Shares and wish to leave the Programme completely, you must cancel each of your Scrip Dividend Elections separately.

## How do I join (or leave) the Programme if I hold my Shares through CREST?

### 5.1 How do I sign up?

To join the Programme you need to submit a CREST Dividend Election Input Message and, under the Terms and Conditions of the Programme, you are required to complete the “evergreen” box shown on the CREST Dividend Election Input Message (although, in the circumstances set out in paragraph 18 below, Shareholders acting on behalf of more than one beneficial owner are not required to complete the “evergreen” box). No other method of election, including submitting a paper Scrip Dividend Election Form, will be accepted unless otherwise expressly agreed by the Company.

Separate Scrip Dividend Elections must be made on A Shares and B Shares.

If you hold only A Shares and join the Programme, you will receive A Shares under the Programme. Your Scrip Dividend Election will apply to all future dividends declared in respect of your A Shares (including to all A Shares issued under the Programme) unless and until it is cancelled or the Programme is cancelled or suspended.

**If you hold only B Shares and join the Programme, you will receive A Shares under the Programme. If you also want to join the Programme in respect of your A Shares received under the Programme, you will need to make a Scrip Dividend Election in respect of your A Shares once they are issued to you.** You will be reminded of this when your statement of the number of A Shares issued to you under the Programme for the Company’s third quarter interim dividend for 2010 is sent to you. This further Scrip Dividend Election will apply to all future A Shares acquired by you, whether under the Programme or otherwise, unless and until it is cancelled or the Programme is cancelled or suspended.

**If you do not make a Scrip Dividend Election on your new A Shares, future dividends declared on those A Shares will be paid in cash and will be subject to any applicable Dutch dividend withholding tax (currently 15 per cent.).**

If you hold both A Shares and B Shares and you want to join the Programme in respect of all of your Shares, you will need to make a separate Scrip Dividend Election for the A Shares and for the B Shares.

The position set out above in respect of future dividends may differ for Shareholders acting on behalf of more than one beneficial owner, as set out in paragraph 18 below.

Your Scrip Dividend Election will apply to all future dividends declared in respect of the shareholding to which it relates, unless and until it is cancelled or the Programme is cancelled or suspended.

Once a Scrip Dividend Election is made using the CREST system, it cannot be amended. If you wish to change your Scrip Dividend Election, you must cancel your existing Scrip Dividend Election (by submitting a cancellation instruction through the CREST system), and make a new Scrip Dividend Election. For it to apply to the next dividend declared, you must submit your new CREST Dividend Election Input Message by 4.30 p.m. (UK time) on the relevant Election Date. Details of the Election Dates will be available on the Company's website at [www.shell.com/dividend](http://www.shell.com/dividend).

All Scrip Dividend Elections made via the CREST system should be submitted in accordance with the procedures as stated in the CREST Reference Manual.

## **5.2 When do I need to submit my Scrip Dividend Election by?**

The Programme is being introduced with effect from the Company's third quarter interim dividend for 2010. The Programme's key dates for the third quarter interim dividend for 2010 are:

### **28 October 2010**

Announcement of cash dividend amount in US dollars

### **3 November 2010**

Ex-dividend date

### **10 November 2010**

Announcement of the share price used to calculate the number of Shares you will receive

### **26 November 2010**

Deadline for receipt of Scrip Dividend Elections and currency elections

### **17 December 2010**

Payment of cash dividend and issue of new A Shares

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(continued)

## How do I join (or leave) the Programme if I hold my Shares through CREST?

To join the Programme for the Company's third quarter interim dividend for 2010 onwards, you must ensure that your CREST Dividend Election Input Message is received by the Registrar by 4.30 p.m. (UK time) on 26 November 2010.

If you decide to join the Programme later, your CREST Dividend Election Input Message needs to be received by the Registrar by 4.30 p.m. (UK time) on the relevant Election Date, which will be available on the Company's website at

**[www.shell.com/dividend](http://www.shell.com/dividend)**. The Election Date will be at least 10 Business Days after the relevant record date and not more than 20 Business Days before the relevant dividend payment date.

### **5.3 Will I have to make separate Scrip Dividend Elections to receive Shares for future dividends declared?**

Provided that you complete the "evergreen" box shown on the CREST Dividend Election Input Message, as is required by the Terms and Conditions of the Programme, your Scrip Dividend Election will apply to all future dividends declared in respect of the shareholding to which it relates, unless and until it is cancelled or the Programme is

cancelled or suspended (although, in the circumstances set out in paragraph 18 below, Shareholders acting on behalf of more than one beneficial owner are not required to complete the "evergreen" box).

If you hold only A Shares and join the Programme, you will receive further A Shares under the Programme and your Scrip Dividend Election will apply automatically to those A Shares as well unless and until it is cancelled or the Programme is cancelled or suspended.

**If you hold only B Shares and join the Programme, you will receive A Shares under the Programme. If you also want to join the Programme in respect of your A Shares received under the Programme, you will need to make a Scrip Dividend Election in respect of those A Shares once they are issued to you.**

You will be reminded of this when your statement of the number of A Shares issued to you under the Programme for the Company's third quarter interim dividend for 2010 is sent to you. This further Scrip Dividend Election will apply to all future A Shares acquired by you, whether under the Programme or

otherwise, unless and until it is cancelled or the Programme is cancelled or suspended.

**If you do not make a Scrip Dividend Election on your new A Shares, future dividends declared on those A Shares will be paid in cash and will be subject to any applicable Dutch dividend withholding tax (currently 15 per cent.).**

As separate Scrip Dividend Elections need to be made on A Shares and B Shares, if you hold both A Shares and B Shares and only make a Scrip Dividend Election in respect of one of those holdings, for any future dividends declared, you will receive A Shares on the holding to which your Scrip Dividend Election relates and a cash dividend on your other holding (unless and until your Scrip Dividend Election is cancelled or the Programme is cancelled or suspended).

The position set out above in respect of future dividends may differ for Shareholders acting on behalf of more than one beneficial owner, as set out in paragraph 18 below.

#### **5.4 How can I cancel my Scrip Dividend Election**

You can cancel your Scrip Dividend Election by inputting a CREST cancellation message. For your CREST cancellation message to take effect for a particular dividend, it must be submitted by 4.30 p.m. (UK time) on the relevant Election Date for that dividend, which will be available on the Company's website at **[www.shell.com/dividend](http://www.shell.com/dividend)**. The Election Date will be at least 10 Business Days after the relevant record date and not more than 20 Business Days before the relevant dividend payment date.

Once you have left the Programme, you will receive cash dividends in accordance with the Company's cash dividend procedure, although you will receive your cash dividend approximately seven Business Days later than previously as the Company's dividend timetable will be extended as a result of the introduction of the Programme. Such cash dividends will be paid in euros in relation to a holding of A Shares (unless you submit a currency election through the CREST system requesting that they be paid in pounds sterling) and in pounds sterling in relation to a holding of B Shares (unless you submit a currency election through the CREST system requesting that they be paid in euros).

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## How do I join (or leave) the Programme if I hold my Shares through CREST?

**Any currency election submitted before you joined the Programme will not be valid and you must submit a new currency election before the relevant deadline if you do not want to receive dividends in the default currency.**

**If you leave the Programme in respect of your A Shares, future cash dividends declared on those A Shares will be subject to any applicable Dutch dividend withholding tax (currently 15 per cent.).**

If you have made Scrip Dividend Elections for both A Shares and B Shares and wish to leave the Programme completely, you must cancel each of your Scrip Dividend Elections separately.

## What will I receive if I do not join the Programme?

If you do not join the Programme, you will continue to receive cash dividends for any dividends declared on your Shares in accordance with the Company's cash dividend procedure, so holders of A Shares will receive any cash dividend in euros (but may choose to receive such dividend in pounds sterling) and holders of B Shares will receive any cash dividend in pounds sterling (but may choose to receive such dividend in euros). If you have a current currency election in place, it will continue to apply to any future cash dividends

declared. However, you will receive your cash dividend approximately seven Business Days later than previously as the Company's dividend timetable will be extended as a result of the introduction of the Programme. Full details of the Company's cash dividend procedure and the changed dividend timetable are available on the Company's website at **[www.shell.com/dividend](http://www.shell.com/dividend)**.

If you do not join the Programme now, you may do so at any point in the future whilst the Programme continues to be offered.

## What if I want to receive a cash dividend?

If you want to receive a cash dividend, you do not need to take any action. If you do not join the Programme, you will continue to receive a cash dividend in accordance with the Company's cash dividend procedure as described in paragraph 6 above. However, if you do not join the Programme you will receive your cash dividend approximately seven Business Days later than previously as the Company's dividend timetable will be extended as a result of the introduction of the Programme. Full details of the Company's cash dividend procedure and the changed dividend timetable are available on the Company's website at **[www.shell.com/dividend](http://www.shell.com/dividend)**.



## I live outside the UK, the Netherlands and the US. Can I join the Programme?

You may join the Programme unless, by doing so, any registration or other legal or regulatory requirements in the jurisdiction where you live would be infringed by you or the Company.

If you live outside the UK, the Netherlands and the US, it is your responsibility if you wish to join the Programme to be satisfied that you can do so without imposing any additional legal obligations on the Company and to be satisfied that you are observing fully the laws of the jurisdiction where you live (including obtaining any governmental, regulatory or other consents which might be required). If you cannot meet these conditions, you cannot join the Programme.

## Will the A Shares I receive under the Programme be worth the same as a cash dividend?

Yes, on the basis of the Reference Share Price plus your residual cash amount. However, the market value of the A Shares that you receive instead of a cash dividend may increase or decrease between the date the Reference Share Price is announced, which is when the number of A Shares you will receive is determined, and the date you receive your A Shares. The A Shares you receive under the Programme on the dividend payment date (plus your residual cash amount) may therefore be worth more or less than the cash dividend you would have received had you not joined the Programme.

## How many new A Shares will I receive?

If you join the Programme, the number of new A Shares you will receive will be calculated on the basis of:

- (i) the amount of the cash dividend per Share in US dollars;
- (ii) the number of Shares held by you at the dividend record date;
- (iii) the Reference Share Price; and
- (iv) any residual cash amount brought forward from the last scrip dividend calculation.

The Reference Share Price will be the US dollar equivalent of the average of the closing price for the Company's A Shares listed on Euronext Amsterdam for the five dealing days commencing on (and including) the date on which the Shares are first quoted ex-dividend in respect of the relevant dividend. The example set out in Appendix 1 to this Q&A Booklet shows how the Reference Share Price will be calculated.

Your entitlement to new A Shares will always be rounded down to the nearest whole A Share and any residual cash amount will be retained by the Company on your behalf (without interest) and will be included in the calculation of your next scrip dividend entitlement.

If you hold both A Shares and B Shares and you have made a Scrip Dividend Election in respect of both, your entitlement to new A Shares will be calculated separately as regards to your existing A Shares and B Shares.

The example set out in Appendix 2 to this Q&A Booklet shows how the number of new A Shares and any residual cash amount will be calculated.

If all Shareholders join the Programme in respect of all of their Shares for the third quarter interim dividend for 2010 and assuming (for illustrative purposes only) that the third quarter interim dividend for 2010 is the same as the second quarter interim dividend for 2010, 91,918,310 new A Shares would be issued under the Programme, representing approximately 1.47 per cent. of the issued share capital of the Company as at the date of issue of this Q&A Booklet. This has been calculated using the US dollar equivalent of the average of the closing price for the Company's A Shares listed on Euronext Amsterdam for the five dealing days from 1 September 2010 to 7 September 2010 inclusive, being the latest practicable date before the publication of this Q&A Booklet.

## What if I sell or buy Shares?

### 11.1 Shareholders with share certificates

If you sell or otherwise transfer some or all of your Shares, your existing Scrip Dividend Election will be deemed to be cancelled for those Shares that you have sold or transferred, but only with effect from the registration of the relevant transfer. Your existing Scrip Dividend Election will, however, continue to apply to the remainder, if any, of your Shares covered by that Scrip Dividend Election, other than in the circumstances set out in paragraph 18 below. If you acquire additional A Shares or B Shares and those Shares are registered in your name before the next dividend record date, those A Shares or B Shares (as applicable) will be included automatically in any existing Scrip Dividend Election on A Shares or B Shares (as applicable) that you have made.

If you sell or otherwise transfer all of your A Shares or B Shares, this will automatically cancel any Scrip Dividend Election you have made in respect of your A Shares or B Shares (as applicable) with effect from the next dividend record date.

If having sold or otherwise transferred your entire holding of A Shares or B Shares, you acquire additional A Shares or B Shares (as applicable) **before** the next dividend record date, your Scrip Dividend Election on your holding of A Shares or B Shares (as applicable) will not be cancelled automatically and will apply automatically to any A Shares or B Shares (as applicable) that you hold in the future, unless and until it is cancelled or the Programme is cancelled or suspended, other than in the circumstances set out in paragraph 18 below.

If having sold or otherwise transferred your entire holding of A Shares or B Shares, you acquire additional A Shares or B Shares (as applicable) **after** the next dividend record date, you will need to make a further Scrip Dividend Election should you wish to participate in the Programme in respect of that holding of A Shares or B Shares (as applicable).

## **11.2 CREST Shareholders**

If you sell or otherwise transfer some of your Shares, your existing Scrip Dividend Election will continue to apply to the remainder, if any, of your Shares covered by that Scrip Dividend Election, other than in the circumstances set out in paragraph 18 below. If you acquire additional A Shares or B Shares and those Shares are registered in your name before the relevant dividend record date, those A Shares or B Shares (as applicable) will be included automatically in any existing Scrip Dividend Election that you have made.

If you sell or otherwise transfer all of your A Shares or B Shares, any Scrip Dividend Election you have made in respect of your A Shares or B Shares (as applicable) will not be cancelled automatically. Accordingly (and subject to the remainder of this paragraph 11.2), any such Scrip Dividend Election will apply automatically to any A Shares or B Shares (as applicable) that you hold in the future, unless and until it is cancelled or the Programme is cancelled or suspended.

If you have made an evergreen partial election in accordance with paragraph 18.2 below in respect of your A Shares or B Shares and you acquire additional Shares, your relevant Scrip Dividend Election will only apply automatically to such number of those A Shares or B Shares (as applicable) as does not result in the number of Shares to which the relevant Scrip Dividend Election would then apply exceeding the number of A Shares or B Shares (as applicable) stated on your relevant CREST Dividend Election Input Message.

## What happens to any residual cash amount if I leave the Programme?

In keeping with common practice for scrip dividend programmes operated by other UK listed companies, any residual cash amount attributable to you will, on the cancellation of your Scrip Dividend Election, be paid to ShareGift (net of any applicable taxes), unless you instruct the Registrar otherwise in advance, in which case the residual cash amount will be paid to you (net of any applicable taxes). Such payments will be made at least quarterly and will be paid in euros if the residual cash amount relates to a holding of A Shares (unless you request that the residual cash amount be paid in pounds sterling) and in pounds sterling if the residual cash amount relates to a holding of B Shares (unless you request that the residual cash amount be paid in euros). The conversion of any US dollar residual cash amounts to euros or pounds sterling will be made at a market exchange rate.

All such amounts paid to ShareGift will be pooled and the funds used by ShareGift's trustees to support a range of other UK charities, covering a broad spectrum of local, national and international work. ShareGift has been able to donate millions of pounds to hundreds of different charities as a result of donations of unwanted shares and small cash amounts. Further information relating to ShareGift is available at [www.sharegift.org](http://www.sharegift.org).

## How will I know how many new A Shares I have received?

Once your new A Shares have been issued a statement will be sent to you (along with your new share certificate if you are a share certificate holder) showing the number of new A Shares issued to you, the value of any residual cash amount and the Reference Share Price. If your cash dividend, together with any residual cash amount, is insufficient to acquire at least one new A Share, your statement will explain that no new A Shares have been issued and will show the total residual cash amount to be carried forward.

CREST Shareholders will have their accounts credited with new A Shares on the dividend payment date or as soon as practicable thereafter.

## I am a participant in a DRIP – will I automatically receive A Shares?

### 14.1 Participants in the Equiniti DRIP

When the Programme is introduced, the Equiniti DRIP will be withdrawn and will not be available for future dividend reinvestment. If you currently participate in the Equiniti DRIP you will **not** in most cases be enrolled in the Programme automatically. If you wish to join the Programme, you will need to make a Scrip Dividend Election for your shareholding as described in paragraph 4 or 5 above, depending on how you hold your Shares.

If you participate in the Equiniti DRIP and do not join the Programme, you will receive a cash dividend on your Shares as described above. Any residual cash in the Equiniti DRIP will be handled in accordance with the Equiniti DRIP terms and conditions which provide that amounts of less than five pounds sterling or ten euros will be sent to charity, whilst any residual cash exceeding this value will be sent to you by cheque or directly to your bank account in accordance with any previously provided bank mandate.

### 14.2 Participants in other DRIPs

If you participate in any other DRIP, you should contact your DRIP provider for further information about the effect on your DRIP of the introduction of the Programme.



## When will I receive my share certificate?

If you hold share certificates for your Shares then, subject to Admission, your new share certificate will be posted to you on or about the same date as dividend cheques are posted to Shareholders who are taking their dividends in cash. You will not receive a share certificate if you are a CREST Shareholder.

## Does the Programme apply to Shares held in joint names?

Yes, but for Scrip Dividend Elections made using the Scrip Dividend Election Form, all joint Shareholders need to sign. If you join the Programme using the online election facility or if you are a CREST Shareholder, there is no requirement for your Scrip Dividend Election to be authenticated by all joint Shareholders.

## What happens if I have more than one holding of Shares?

If your Shares are registered in more than one holding then, unless they are consolidated before the relevant Election Date, you will need to make a separate Scrip Dividend Election for each holding if you want to cover all of your Shares. If you would like to consolidate your holdings, you should contact the Registrar at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephone on 0800 169 1679 (from within the UK) or on +44 (0)121 415 7073 (from outside the UK) or using any alternative contact details for the Registrar which are made available on the Company's website from time to time.

If you hold both A Shares and B Shares within one registered holding, you should refer to paragraph 4 or 5 above, as applicable, for details of how your Scrip Dividend Election will be treated.

## Can I join the Programme in respect of part of my holding?

### 18.1 Shareholders with share certificates

You can join the Programme in respect of your A Shares and/or your B Shares, but if you want to join in respect of your A Shares and your B Shares you must make separate Scrip Dividend Elections on them. However, a Scrip Dividend Election may only be made for the whole of your holding of A Shares or, as applicable, B Shares. You cannot, for example, join the Programme in respect of half of your A Shares or half of your B Shares.

However, if you are acting on behalf of more than one beneficial owner, the Directors may, at their discretion, allow you to make a Scrip Dividend Election in respect of a smaller number of Shares than your entire holding. If this applies to you, you should refer to paragraph 1.5 of the Terms and Conditions, which are available on the Company's website at [www.shell.com/dividend](http://www.shell.com/dividend) for further information.

If you wish to make a currency election in respect of any of your Shares not covered by your Scrip Dividend Election, you should submit your Scrip Dividend Election after the relevant dividend record date (but before the relevant Election Date). In these circumstances, your Scrip Dividend Election will only apply to that particular dividend and will **not** apply to any future dividends declared by the Company. If you wish to participate in the Programme in respect of any particular future dividend declared, you must submit a new Scrip Dividend Election by the relevant Election Date.

## 18.2 CREST Shareholders

You can join the Programme in respect of your A Shares and/or your B Shares, but if you want to join in respect of your A Shares and your B Shares you must make separate Scrip Dividend Elections on them. However, a Scrip Dividend Election may only be made for the whole of your holding of A Shares or, as applicable, B Shares. You cannot, for example, join the Programme in respect of half of your A Shares or half of your B Shares.

However, if you are acting on behalf of more than one beneficial owner, the Directors may, at their discretion, allow you to make a Scrip Dividend Election in respect of a smaller number of Shares than your entire holding. If you wish the Directors to exercise this discretion, your CREST Dividend Election Input Message must state the number of A Shares or B Shares for which the Scrip Dividend Election is being made.

You will be entitled to receive cash in respect of any dividend declared on any A Shares or B Shares (as applicable) which are not covered by the CREST Dividend Election Input Message.

If you wish to make a currency election in respect of any of your Shares not covered by your Scrip Dividend Election, you should submit your Scrip Dividend Election after the relevant dividend record date (but before the relevant Election Date) and must **not** complete the “evergreen” box. In these circumstances, your Scrip Dividend Election will only apply to that particular dividend and will **not** apply to any future dividends declared by the Company. If you wish to participate in the Programme in respect of any particular future dividend declared, you must submit a new Scrip Dividend Election by the relevant Election Date.

## Can the Company change or cancel the Programme?

The Company needs Shareholder approval to operate the Programme, which must be renewed every five years. At any time the Directors may, at their discretion and without notice to individual Shareholders, modify, cancel or suspend the Programme. Details of any modification to the terms of the Programme, or of its cancellation or suspension, will be made available on the Company's website at **[www.shell.com/dividend](http://www.shell.com/dividend)**.

The operation of the Programme is subject to the Directors deciding to offer a scrip dividend for any particular dividend declared. The Directors also have the power, after such a scrip dividend is offered, to revoke it at any time before the issue of new A Shares under the Programme.

### 19.1 Modification

Your existing Scrip Dividend Elections (unless otherwise specified by the Directors) will be deemed to remain valid under the modified arrangements unless and until cancelled or the Programme is cancelled or suspended.

## 19.2 Cancellation

Your existing Scrip Dividend Elections will be deemed to have been cancelled as at the date of any cancellation of the Programme and you will receive a cash dividend in the future in respect of any dividend declared in accordance with the Company's cash dividend procedure. Any future cash dividend declared on A Shares will be subject to any applicable Dutch dividend withholding tax, currently 15 per cent. If the Programme is cancelled by the Directors, any residual cash amount attributable to you will be paid to ShareGift as described in paragraph 12 above, or to you if so requested by any deadline specified on the Company's website at [www.shell.com/dividend](http://www.shell.com/dividend) (in each case net of any applicable taxes).

## 19.3 Suspension

Your existing Scrip Dividend Elections will be suspended for the duration of any suspension of the Programme and a cash dividend will be paid to you in accordance with the Company's cash dividend procedure in respect of any dividend declared, the dividend payment date for which falls during such suspension. Any cash dividend declared on A Shares will be subject to any applicable Dutch dividend withholding tax, currently 15 per cent. If the Programme is recommenced, the Scrip Dividend Elections will automatically reactivate and apply to all future dividends declared unless and until cancelled or the Programme is cancelled or suspended.

## Where will the new A Shares be listed and traded?

Applications will be made to the London Stock Exchange, the UK Listing Authority and Euronext Amsterdam for Admission and, subject to Admission occurring, the new A Shares issued under the Programme will be traded on the main market for listed securities of the London Stock Exchange and on Euronext Amsterdam.

It is expected that Admission will become effective and dealings will commence in the new A Shares expected to be issued in respect of the Company's third quarter interim dividend for 2010 at 8.00 a.m. (UK time) (9.00 a.m. NL time) on 17 December 2010.



## What are the tax consequences?

**The following information is current as at the date of this Q&A Booklet. The Company assumes no obligation to update this document to reflect any changes to applicable tax legislation and regulatory practice which take effect after the date of this Q&A Booklet.**

**The tax consequences of electing to receive new A Shares in place of a cash dividend will depend on your individual circumstances. If you may be subject to taxation in a jurisdiction other than the Netherlands, the UK and the US, or you may otherwise be unsure as to your tax position, you should seek your own professional advice.**

**Holders of B Shares should note that the tax treatment of dividends paid on the new A Shares may differ from the treatment of dividends paid on B Shares.**

### 21.1 Dutch tax

The following summary is intended as general information only and it does not purport to present a comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to you. It is based on Dutch tax law as applied and interpreted by the Dutch tax courts as at the date of this Q&A Booklet. **You are advised to read the more detailed summary in the Terms and Conditions, which are available on the Company's website at [www.shell.com/dividend](http://www.shell.com/dividend).**

#### (a) Dutch dividend withholding tax

Dividends distributed by the Company are generally subject to withholding tax imposed by the Netherlands (currently at a rate of 15 per cent.). However, dividends received by a holder of a B Share under the dividend access mechanism will not be subject to any withholding tax in the Netherlands. Details of the dividend access mechanism are available on the Company's website at [www.shell.com](http://www.shell.com).

You will not be subject to Dutch dividend withholding tax with respect to new A Shares issued under the Programme.

(continued)

## What are the tax consequences?

### (b) Dutch Shareholders

The following is a summary of your tax position on the assumption that you are resident solely in the Netherlands for tax purposes.

As an individual you will generally be subject to Dutch personal income tax imposed on a fictitious yield, rather than actual income or gains, on your Shares under the regime for savings and investments (inkomen uit sparen en beleggen). If you elect to receive new A Shares under the Programme, you will not be liable to Dutch personal income tax on the receipt of the new A Shares as such, but the new A Shares will generally belong to the tax base for calculating the fictitious yield.

Dutch corporate entities that elect to receive new A Shares under the Programme are generally not liable to Dutch corporate income tax in respect of the receipt of the new A Shares. However, any subsequent benefits, including capital gains, which such corporate entity may derive from those new A Shares, will generally be subject to Dutch corporate income tax.

### 21.2 UK tax

The summary below, which is based on UK law and HMRC practice as at the date of this Q&A Booklet, sets out certain tax consequences of the issue of new A Shares or the payment of a cash dividend to a holder of A Shares or B Shares. It assumes that you are resident solely in the UK for tax purposes and hold your Shares beneficially as an investment and it will not apply if, for instance, you hold your Shares under an Individual Savings Account. **You are advised to read the more detailed summary in the full Terms and Conditions, which are available on the Company's website at [www.shell.com/dividend](http://www.shell.com/dividend).**

- No UK withholding tax is applicable to the payment of a cash dividend or the issue of new A Shares. (Dutch tax will generally be withheld (currently at a rate of 15 per cent.) from cash dividends paid on A Shares, but this charge will not apply to the issue of new A Shares under the Programme or to cash dividends received by holders of B Shares under the dividend access mechanism.)

- You will not be subject to UK tax on the receipt of new A Shares under the Programme.
- For the purposes of UK taxation of chargeable gains, new A Shares that you receive under the Programme will be treated as the same asset as, and as being acquired at the same time as, the corresponding existing holding of Shares. No additional base cost will accrue in respect of the new A Shares.
- There will be no change to the tax treatment in your hands of a cash dividend on the A Shares or the B Shares.

### **21.3 US tax**

**The following is a summary of US Federal income tax consequences, as at the date of this Q&A Booklet, of joining the Programme for Participating Shareholders. This summary applies only to US holders, which means beneficial owners of Shares who are: (i) individuals who are citizens or residents of the US; (ii) corporations (or other entities**

**taxable as corporations) created or organised in or under the laws of the US or any state thereof or the District of Columbia; (iii) estates the income of which is subject to US Federal income tax regardless of its source; or (iv) trusts if a court within the US is able to exercise primary supervision over their administration and one or more US persons have the authority to control all substantial decisions of the trusts or if the trusts have made a valid election to be treated as US persons.**

This summary may not apply to you if you are a US holder with a special tax status, such as a dealer in securities or currencies, trader in securities using a mark-to-market method of accounting, financial institution, tax-exempt entity, regulated investment company, real estate investment trust, insurance company, or a person holding Shares as part of a hedge, straddle or conversion transaction or whose “functional currency” is not the US dollar or who is a partner in a partnership holding Shares.

(continued)

## What are the tax consequences?

As this is only a summary and your tax treatment may depend on your own particular circumstances, you should consult your own tax adviser regarding the US Federal, state, local, foreign and other tax consequences of receiving a scrip dividend of new A Shares instead of a cash dividend.

If you are a US holder who receives a scrip dividend of new A Shares instead of a cash dividend, you will recognise ordinary dividend income for US tax purposes. This dividend income will be subject to the same rate of US Federal income tax as a cash dividend paid by the Company. However, the amount of dividend income you will recognise will likely be different for a scrip dividend of new A Shares than for a cash amount.

The amount of your dividend income for any dividend payment date will equal the fair market value of the new A Shares you are entitled to receive as a scrip dividend on that dividend payment date plus the amount of cash retained by us on your behalf on that dividend payment date as a residual cash amount in lieu of a fractional A Share. The fair market value of the new A Shares will be based on their US dollar value on the dividend payment date, which might be different from the Reference Share Price used to determine the number of new A Shares to which you are entitled. Your dividend income will not include the value of any new A Shares you receive through the application of your residual cash amount.

Your tax basis in the new A Shares you receive as a scrip dividend will equal the amount of your dividend income from the receipt of those new A Shares. Your tax basis in the new A Shares you receive for any dividend payment date through the application of your residual cash amount will equal the amount of the cash balance so applied. Your holding period in the new A Shares received for any dividend payment date will begin on the day after the dividend payment date.

# Appendix 1

## Example calculation of Reference Share Price

**The Reference Share Price is calculated as follows:**

Euronext Amsterdam dealing day	Price (€)	€/US\$ Forex	Price (US\$)
ex dividend date (" <b>ex date</b> ")	21.955	1.3245	29.079
ex date + 1 dealing day	21.590	1.3292	28.697
ex date + 2 dealing days	21.780	1.3156	28.654
ex date + 3 dealing days	21.950	1.3144	28.851
ex date + 4 dealing days	22.115	1.3222	29.240
5 day average			28.904

**This gives a Reference Share Price of US\$28.904**

# Appendix 2

## Example calculation of new A Share entitlement and residual cash amount<sup>1</sup>

This example is based on the following:

- Dividend per Share: US\$0.42
- Number of Shares owned: 1,000
- Reference Share Price: US\$28.904
- Residual cash amount from previous dividend entitlement: US\$4.00<sup>2</sup>

### 1 Calculation of number of new A Shares

$$\text{Cash dividend} = \text{number of Shares held} \times \text{dividend per Share} = 1,000 \times \text{US\$}0.42 = \text{US\$}420.00$$

$$\text{Number of new A Shares} = \frac{\text{amount of cash dividend} + \text{residual cash amount}}{\text{Reference Share Price}} = \frac{\text{US\$}420.00 + \text{US\$}4.00}{\text{US\$}28.904} = \text{US\$}14.67$$

**= 14 new A Shares**

### 2 Calculation of residual cash amount

$$\text{Value of new A Shares}^3 = \text{number of new A Shares} \times \text{Reference Share Price} = 14 \times \text{US\$}28.904 = \text{US\$}404.66$$

$$\begin{aligned} \text{Residual cash amount} &= \text{amount of cash dividend} &&= \text{US\$}420.00 \\ + \text{previous residual cash amount} &- \text{value of new A Shares} &&+ \text{US\$}4.00 - \text{US\$}404.66 \end{aligned} \quad \mathbf{= \text{US\$}19.34}$$

### 3 Total value of dividend under the Programme

$$\begin{aligned} \text{Value of new A Shares}^3 + \text{new residual cash amount} &= \text{US\$}404.66 \\ - \text{previous residual cash amount} &+ \text{US\$}19.34 - \text{US\$}4.00 \end{aligned} \quad \mathbf{= \text{US\$}420.00}$$

The residual cash amount will be carried forward to the next scrip dividend calculation in accordance with paragraph 10 or, if you leave the Programme, paid out in accordance with paragraph 12 above.

**In this example, a Participating Shareholder owning 1,000 Shares with a residual cash amount of US\$4.00 brought forward from previous dividends<sup>2</sup> would therefore receive 14 new A Shares and have US\$19.34 carried forward to the next scrip dividend calculation.**

<sup>1</sup> This is a hypothetical example only. If you have any questions about how your new A Share entitlement will be calculated, please contact the Registrar.

<sup>2</sup> For the first dividend declared in respect of which you have joined the Programme you will not have any residual cash amount.

<sup>3</sup> "Value" for this purpose only is taken as being the Reference Share Price. The value of Shares may go down as well as up.



