



Rating: Buy
 S&P 500: 1396

Royal Dutch Shell plc Non-U.S. Energy MegaCap

<i>Symbol</i>	RDS-B	<i>Ebitda Next Twelve Months ending 3/31/09 (US\$mm)</i>	69,300
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	4
<i>Price (US\$/sh)</i>	76.20	<i>Natural Gas and Oil Production/Ebitda (%)</i>	72
<i>Pricing Date</i>	4/28/08	<i>Adjusted Reserves/Production NTM</i>	7.5
<i>Shares (mm)</i>	3106	<i>EV/Ebitda</i>	4.0
<i>Market Capitalization (US\$mm)</i>	236,600	<i>PV/Ebitda</i>	5.3
<i>Debt (US\$mm)</i>	42,700	<i>Undeveloped Reserves (%)</i>	49
<i>Enterprise Value (EV) (US\$mm)</i>	279,300	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	42.10
<i>Present Value (PV) (US\$mm)</i>	365,700	<i>Present Value Proven Reserves(US\$/boe)</i>	56.10
<i>Net Present Value (US\$/share)</i>	104.00	<i>Present Value Proven Reserves(US\$/mcf)</i>	9.35
<i>Debt/Present Value</i>	0.12	<i>Earnings Next Twelve Months (US\$/sh)</i>	10.81
<i>McDep Ratio - EV/PV</i>	0.76	<i>Price/Earnings Next Twelve Months</i>	7
<i>Dividend Yield (%/year)</i>	4.2	<i>Indicated Annual Dividend (US\$/sh)</i>	3.20
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical analysis of RDS since 2001 see www.mcdep.com/1sc.htm			

Summary and Recommendation

Buy-recommended **Royal Dutch Shell** (RDSB) offers 31% unlevered appreciation potential to estimated Net Present Value (NPV) of \$104 a share. First quarter results reported today matched our expectations for total cash flow with more from production and less from downstream than projected in our analysis three months ago (see table Next Twelve Months Operating and Financial Estimates). NPV is supported by projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) (see table Functional Cash Flow and Present Value). While NPV is concentrated 52% on oil, proven reserves are concentrated 57% on natural gas by our weighted measure of oil equivalent volume (see table Production and Reserves, 2007). Oil has the strongest price trend currently while natural gas may have more future potential (see chart (Six-Year Commodity Price Meter)). Lagging its peers in stock price, Royal Dutch Shell looks like a timely commitment with non-U.S. diversification and an inflation-protected dividend yield of 4.2%.

Kurt H. Wulff, CFA

McDep LLC
Independent Stock Idea
 April 29, 2008

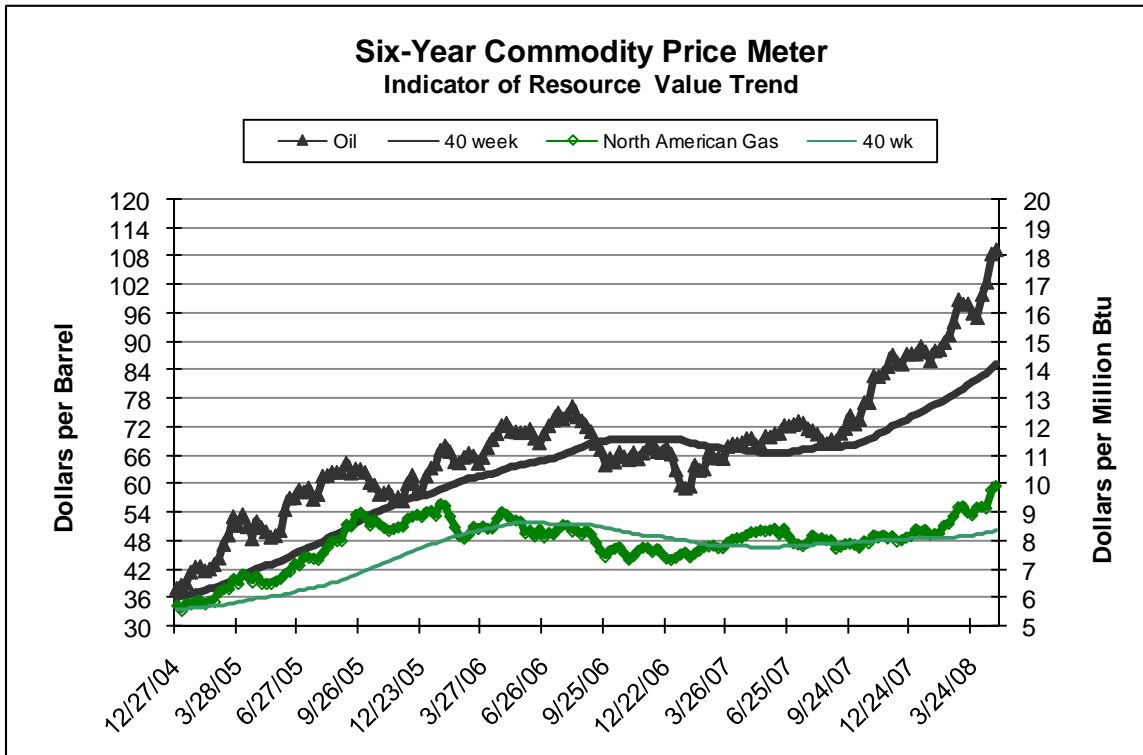


Royal Dutch/Shell									
Next Twelve Months Operating and Financial Estimates									
									Next
	Q1	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Twelve
	3/31/07	12/31/07	2007	3/31/08	6/30/08	9/30/08	12/31/08	2008E	Months
									3/31/09
Volume									
Natural Gas (mmcf)									
U.S.	1,162	1,138	1,130	1,105	1,105	1,105	1,105	1,105	1,105
Overseas (or Int'l)	7,819	8,047	7,083	8,650	6,276	6,198	8,047	7,292	7,288
Total	8,981	9,185	8,214	9,755	7,381	7,303	9,152	8,397	8,393
Days	90	92	365	91	91	92	92	366	365
Oil (mbd)	1,961	1,853	1,899	1,840	1,840	1,840	1,840	1,840	1,840
Total gas & oil (mbd)	3,458	3,384	3,268	3,466	3,070	3,057	3,365	3,239	3,239
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.81	6.97	6.87	8.02	10.75	11.49	11.85	10.52	11.58
U.S.	7.20	7.45	7.23	9.52	11.31	12.09	12.47	11.35	12.18
Overseas (or Int'l)	4.91	5.79	4.86	6.14	4.21	4.21	5.79	5.22	5.22
Total	5.21	6.00	5.18	6.52	5.27	5.40	6.60	6.03	6.13
Oil (\$/bbl)									
WTI Cushing	58.08	90.67	72.28	97.94	116.85	116.98	115.03	111.70	115.57
Worldwide	54.45	82.62	67.79	90.46	107.92	108.04	106.24	103.19	106.75
Total gas & oil (\$/bbl)	44.41	61.53	52.42	66.38	77.36	77.94	76.04	74.23	76.54
NY Harbor 3-2-1 (\$/bbl)	11.68	8.19	14.37	7.57	13.66	12.76	9.80	10.95	12.07
Revenue (\$mm)									
Natural Gas									
U.S.	753	780	2,985	957	1,137	1,229	1,267	4,591	4,914
Overseas (or Int'l)	3,458	4,290	12,556	4,831	2,405	2,402	4,290	13,928	13,875
Total	4,211	5,070	15,540	5,788	3,542	3,631	5,557	18,519	18,789
Oil	9,610	14,084	46,980	15,147	18,070	18,289	17,984	69,491	71,693
Other	59,659	87,548	293,261	93,367	93,367	93,367	93,367	373,468	373,468
Total	73,480	106,703	355,782	114,302	114,980	115,288	116,909	461,479	463,950
Expense	59,831	93,476	300,966	98,687	96,460	98,551	100,339	394,036	394,698
Ebitda (\$mm)									
Exploration and Production	8,388	9,606	34,619	11,063	11,887	12,056	12,948	47,955	49,765
Other	5,261	3,622	20,196	4,552	6,633	4,681	3,622	19,488	19,488
Total Ebitda	13,649	13,227	54,816	15,615	18,520	16,737	16,570	67,442	69,253
Exploration	272	382	1,712	325	600	600	600	2,125	2,400
Deprec., Deplet., & Amort.	3,260	3,840	13,180	3,146	3,600	3,600	3,600	13,946	14,400
Other non cash	(622)	(1,482)	(3,132)					-	-
Ebit	10,739	10,487	43,056	12,144	14,320	12,537	12,370	51,371	52,453
Interest	66	200	596	200	200	200	200	800	800
Ebt	10,673	10,287	42,460	11,944	14,120	12,337	12,170	50,571	51,653
Income Tax	3,735	3,600	14,861	4,180	4,942	4,318	4,259	17,700	18,078
Net Income (\$mm)									
Exploration and Production	3,508	4,140	14,176	5,458					
Other	2,771	1,731	10,703	2,354					
Unallocated	658	815	2,720	(48)					
Total	6,937	6,686	27,599	7,764	9,178	8,019	7,910	32,871	33,574
Shares (millions)	3,153	3,125	3,143	3,106	3,106	3,106	3,106	3,106	3,106
Per share (\$)	2.20	2.14	8.78	2.50	2.96	2.58	2.55	10.58	10.81
Ebitda Margin (E&P)	61%	50%	55%	53%	55%	55%	55%	54%	55%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Royal Dutch Shell plc					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	2,700	4.7	4.1	11,000	3%
Rest of World Natural Gas	7,630	10.6	7.3	56,000	15%
Oil	39,430	5.7	4.8	189,000	52%
Downstream	19,490		5.6	110,000	30%
	69,250	7.5	5.3	366,000	100%
Debt (US\$mm)					43,000
Net Present Value (US\$mm)					323,000
Shares (mm)					3,106
Net Present Value - Standard Estimate (US\$/sh)					104
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					99

Royal Dutch Shell								
Production and Reserves, 2007								
				<i>12/31/2007 Proven Reserves</i>			<i>Weighted</i>	<i>NTM</i>
		<i>2007 Production</i>	<i>Developed</i>	<i>Undeveloped</i>	<i>Weighted</i>	<i>Life Index</i>	<i>R/P</i>	<i>Adjusted</i>
		<i>(daily)</i>	<i>(annual)</i>	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(years)</i>		<i>(years)</i>
U.S. Natural Gas		1,126	411	1,327	1,153	1,904	4.6	4.6
Rest of World Natural Gas								
Europe		3,351	1,223	12,728	3,753	14,605	11.9	
Africa		584	213	628	965	1,111		
Asia Pacific		2,405	878	3,603	3,693	5,450	6.2	
MidEast, Russia, CIS		249	91	99	11,689	5,944	65.3	
W. Hemisphere ex U.S.		496	181	857	400	1,057	5.8	
Total		7,085	2,586	17,915	20,500	28,165	10.9	10.9
Oil								
U.S.		323	118	423	249	548	4.6	
Europe		422	154	477	164	559	3.6	
Africa		332	121	348	219	458	3.8	
Asia Pacific		227	83	237	111	293	3.5	
MidEast, Russia, CIS		433	158	629	761	1,010	6.4	
W. Hemisphere ex U.S.		79	29	106	52	132	4.6	
Oil Sands		79	29	580	531	846	29.2	
Total		1,896	692	2,800	2,087	3,844	5.6	5.7
Total Oil Equivalent		3,264	1,192	6,007	5,696	8,855	7.4	7.5



Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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