

Q. What does research say about ethanol-blended fuels?

A. The American Institute of Chemical Engineers compared ethanol fuel to straight gasoline. In a published report, the institute said ethanol was "very similar in driving characteristics to straight gasoline, except that pre-ignition and dieseling (run-on) are noticeably reduced and acceleration can be improved" with ethanol.

This report continued, "Ethanol should be looked at as an octane enhancer. Mixing it with gasoline in a 9 to 1 ratio improves the octane rating about three octane numbers." There have been many other tests of ethanol during the past 20 years. Those tests found ethanol completely safe to use in all types of engines.

The Clean Air Choice

Using ethanol-blended fuel is one of the easiest ways you can help reduce air pollution and our dependence on imported oil. While many solutions for improving our nation's air quality are being debated, ethanol is here today. Using ethanol-blended fuels in your car, outboard motor, lawn mowers, chainsaw, snowmobile and other small engines can make a difference now.

Did you know...

- Last year over 10% of all gasoline in the United States contained ethanol.
- Fuel with 10% ethanol has been certified by the Environmental Protection Agency to reduce carbon monoxide emissions by up to 30%.
- Since 1981, over 152 billion gallons of ethanol blends have been used in the United States. With an average mileage of 20 mpg, that is over 3 trillion miles of proven experience with ethanol blends.

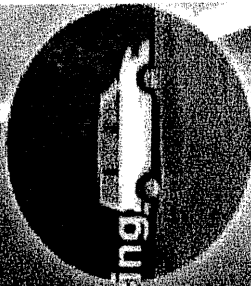


Mobil goes to great lengths to ensure that we deliver to you the best quality gasoline available — with or without ethanol. All of our gasoline meets or exceeds the specifications of the federal government and the American Society for Testing and Materials. In many cases we will use ethanol to oxygenate our gasoline in order to help meet clean air goals and reduce emissions. Like our customers, we believe in doing our part to protect our planet's natural resources and our environment.

Why is

Ethanol

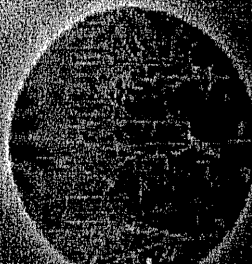
good for your car



Engine enhancing



Clean and safe



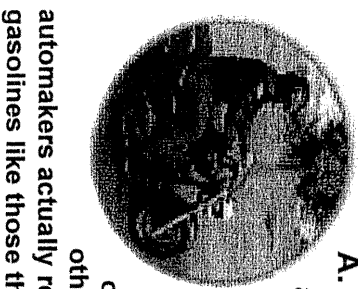
American made.

Mobil

ETHANOL... Engine friendly, Clean burning, American made... **POWER.**

Q. How will ethanol affect my engine?

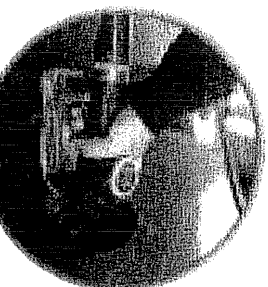
A. Ethanol is safe to use in any type of engine.



Ethanol is covered under warranty by every automaker that sells cars in the United States. It's safe to use in your car, truck, motorcycle or any other engine. In fact, many automakers actually recommend reformulated gasolines like those that contain ethanol.

Tests have concluded that ethanol does not increase corrosion, nor will it harm any seals or valves.

Q. Will ethanol plug my fuel filter?



A. Generally no. You can feel safe using ethanol. Ethanol is a very clean burning fuel that has some detergent properties.

These detergents work to reduce build-up and keep your engine running smooth. In fact, using ethanol may even improve the performance of your vehicle.

injection system?

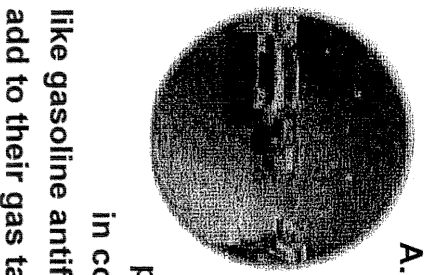
A. Ethanol helps keep fuel injection systems clean so they perform better.



Problems with fuel injection plugging are the result of dirty fuel - not ethanol. Some gasolines today do not, by themselves, contain enough detergent additives. Therefore, ethanol is also valuable as a cleaning agent that helps prevent problems.

Using ethanol-blended fuel is one of the easiest ways you can help reduce air pollution and our dependence on imported oil.

Q. Will using ethanol help me during the winter?

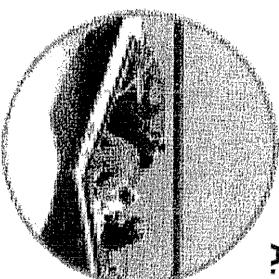


A. Yes. The ethanol recommended for use in motor fuels is an anhydrous, or water-free additive. It absorbs moisture and helps prevent gas-line freeze-up in cold weather. It works much like gasoline antifreeze that some motorists add to their gas tanks in the winter.

Using ethanol-blended fuel in the winter means you won't need to add expensive and possibly harmful additives to your fuel. Ethanol in your gasoline will protect your vehicle from gas-line freeze-up

pollution?

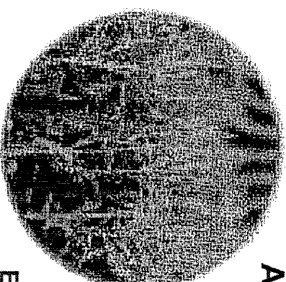
A. Yes. There is a significant reduction both carbon monoxide and hydrocarbon tailpipe emissions when ethanol is used. Many cities and states across the nation take advantage of the



environmental benefits ethanol provides. These cities include Chicago, Denver, Milwaukee and Minneapolis.

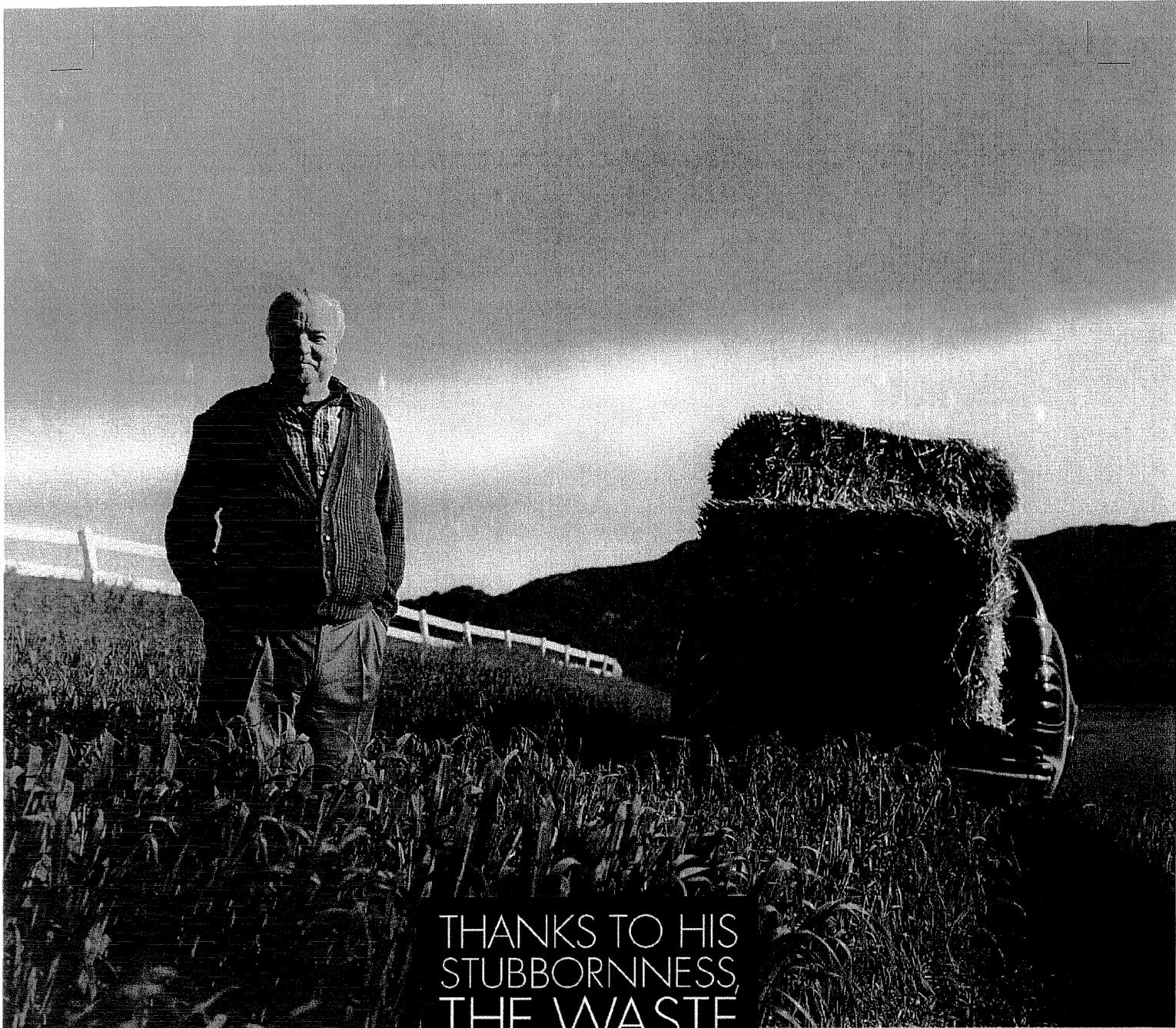
Ethanol is used in virtually every state in the nation from Alaska to Florida and from California to New York. For the United States, ethanol-blended fuel offer the promise of cleaner air. Ethanol is an abundant new source of energy for the future that also helps conserve natural petroleum resources.

Q. What is ethanol?



A. Ethanol is a clean burning, renewable, domestically produced product made from fermented agricultural products such as corn. Ethanol contains oxygen, which helps gasoline burn cleaner and more efficiently. When used in vehicles, ethanol reduces all types of emissions including carbon dioxide - a major contributor to global warming.

Although burning ethanol releases carbon dioxide during its production and combustion, the crop that ethanol is produced from absorbs that carbon dioxide. So, during ethanol production, greenhouse gases do not build up in the environment - they naturally recycled.



THANKS TO HIS
STUBBORNNESS,
THE WASTE
ON THIS TRUCK
CAN BE USED
TO FUEL IT.

Patrick Foody Sr. is a determined man. Some 30 years ago, he had a visionary idea. He would produce ethanol, a vital ingredient in transportation fuels, from agricultural wastes like cereal straws and cornstalks. Contemporaries doubted him. Initial attempts were costly. Still, Pat and his colleagues at Iogen Corporation pressed on. After much dogged persistence, and with help from

Shell, they found ways to make large-scale production a commercial reality. It may be a while yet before alternatives such as EcoEthanol™ can become a major source of energy. But by seeking out partners like Pat, we're hoping to bring that day a step closer. Visit www.shell.com/biofuels for more information.



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Previously: SCI CI M40993-A
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Trim: 7.875" x 10.5"
Bleed: 9.3125" x 11.5"

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Media Space: Full Page 4C Bleed
Media Issues: Various Consumer Pubs 2004

Creative Director:
Art Director: Brantley
Copywriter: Mohr

Account: Morris
Production: Marullo
Traffic: McGettigan

Vendor: TBD
Studio: See Initials please
Filed: Studio Output Size: 100%

Subject: Shell Touts Ethanol's Role in Achieving "Sustainable Mobility" at National Ethanol Conference

**Renewable
Fuels Association**

P R E S S R E L E A S E

FOR IMMEDIATE RELEASE Press Contact: Monte Shaw
February 8, 2005 480-596-7081 (RFA NEC office)

**Royal Dutch/Shell Touts Ethanol's Role in Achieving
"Sustainable Mobility" at National Ethanol Conference**

Scottsdale, AZ – During his marketing keynote address before approximately 1,000 attendees at the 10th Annual National Ethanol Conference, Royal Dutch/Shell Executive Director Downstream Rob Routs predicted “a period of unprecedented innovation and experimentation in the provision of transport fuel” and highlighted the opportunities it provided for renewable fuels like ethanol.

“In the next twenty years or so we could see a whole range of new technologies, new fuel types and new vehicles,” stated Routs. “They will help industry meet society’s demands to mitigate the effect of those fuels on the environment and they will provide ways of addressing the political imperatives to reduce dependence on imports...That makes it especially important for all of us to embrace what can be called sustainable mobility...It is clear that ethanol and other renewable fuels will have a key part to play in achieving that sustainability.”

Routs predicted continued growth for renewable fuels and noted that Shell “is probably the largest marketer in the world of biofuels – both ethanol and bio-diesel – selling more than two billion liters a year.”

Routs highlighted Shell’s investment in Iogen, a firm working to commercialize cellulose ethanol. Routs stated, “We think Iogen’s cellulose ethanol...offers very real environmental advantages. And, while there is more work to be done in this respect, it has the potential to be cost competitive with gasoline. We also think it presents a good business proposition – we wouldn’t be investing in it if we didn’t think so...Of course, cellulose ethanol is not the only option for the ethanol industry but it is one which can complement existing activity.”

Routs sees a strengthening role for renewable fuels, noting, “We see advanced and renewable fuels as a logical area for us to develop our businesses and, by using our existing infrastructure and expertise, we believe we can do so in a cost effective way. It is an important element in our commitment to taking action to help tackle climate change. That action includes reducing greenhouse gas emissions from our own operations but also providing products to help our customers reduce emissions from their activities. And developing advanced and renewable fuels is a very practical and effective way of meeting that commitment.”

The complete text of Routs’ speech can be found on the RFA webpage at: www.ethanolRFA.org/Routs05.PDF

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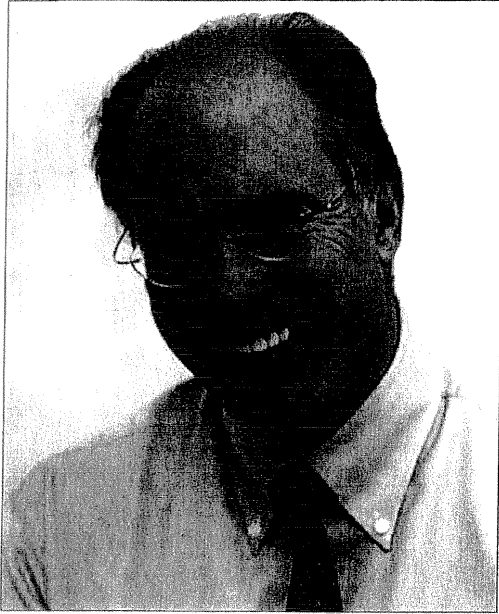


Seizing opportunities in the future fuels market

Rob Routs

Executive Director Downstream, Royal Dutch/Shell Group

The National Ethanol Conference
Arizona, 8th February 2005



Rob Routs is Executive Director Downstream (Oil Products and Chemicals) of the Royal Dutch/Shell Group and a Managing Director of the Royal Dutch Petroleum Company. As a Managing Director he is also responsible for Trading and for Europe and Sub-Saharan Africa (excluding Nigeria).

Rob was born in Australia and graduated in Chemical Engineering from the Technical University of Eindhoven in the Netherlands, where he obtained a PhD. in Technical Sciences.

He joined Shell in the Netherlands in 1976 and worked for Shell Canada from 1978 until 1999, finally as President of Oil Products. He then led Shell Global Solutions – the Group's research and technical services group – before becoming CEO of the Equilon refining and marketing joint venture in the United States. Following the Group's acquisition of Texaco's interests, he became the CEO of Shell Oil Products US and President of Shell Oil Company.

He became a Group Managing Director and joined the Committee of Managing Directors in 2003 and became Executive Director, Downstream in October 2004.

Rob and his wife, Janicke, have one son and five daughters.

As we enter a period of unprecedented innovation and experimentation in the provision of transport fuel, it is an exciting time to be in the fuels business. We are seeing an increasing range of fuel options including advanced gasoline and diesel; biofuels such as ethanol; and synthetic fuels including gas to liquids and biomass to liquids. Technology will play a key role in the further development of these fuels. Equally important will be the marketing of newer fuels and ensuring that the techniques used in the successful marketing of existing fuels are applied to future fuels. While no one can predict the precise make up of the future fuels mix, it is clear that there will be many new opportunities ahead for all fuel producers to provide clean, efficient and cost effective products to customers across the world.

I am delighted to be here at your tenth anniversary conference at the start of what looks set to be a very interesting and stimulating three days.

The fact that you have invited me to address you today is a powerful symbol of how far we have come in recent years in building relationships between the oil industry and ethanol producers.

I think we all accept that, in the past, those relationships were sometimes strained and, because of this, we did not recognise that we might have common interests and opportunities to work together. However, that has now changed completely and our relationships as customers and suppliers are positive, constructive and friendly ones.

We are all part of a fuels market that is changing and changing fast - and that means, wherever you stand in that market, there are going to be interesting and challenging times ahead.

Fuels are at the heart of a very wide ranging energy debate. That debate is about what we need to do to ensure energy supplies are secure. It is a debate about how we are to accommodate increasing demand for mobility without damaging our environment, and it is a debate about how we are going to meet growing and increasingly sophisticated customer demand. And I want to stress that this debate is taking place not just here in the US but across the world, from the rapidly growing economies of Asia to the mature traditional energy markets in Europe.

Partly in response to that debate we are entering a period of unprecedented

innovation and experimentation in the provision of transport fuel. And that makes it a really exciting time to be in the fuels business.

In the next twenty years or so we could see a whole range of new technologies, new fuel types and new vehicles. Those developments will give energy producers new business opportunities as they respond to growing customer demand for more advanced fuels. They will help industry meet society's demands to mitigate the effect of those fuels on the environment and they will provide ways of addressing the political imperatives to reduce dependence on imports.

However, we do need to recognise that the scale of the challenge in meeting those demands will be huge. Around the world, demand for transport, especially road transport, is growing at a rapid rate. By 2020 there could be one billion cars on the world's roads, 50 per cent more than today, and those vehicles will need ever increasing quantities of secure and reliable supplies of clean and efficient fuels.

That makes it especially important for all of us to embrace what can be called sustainable mobility. And Shell has long recognised the need to operate in a sustainable manner because we know it is vital for the future of our business as well as that of the planet.

It is clear that ethanol and other renewable fuels will have a key part to play in achieving that sustainability. And those alternative fuels provide a great example of how we can incorporate sustainable development into our core

“In the next twenty years or so we could see a whole range of new technologies, new fuel types and new vehicles.”

business and still earn a return for our shareholders.

Options for future fuels

So what are the likely future fuel options? Of course, predicting the future in the energy business is a good way of making yourself look foolish but I think some trends can be identified.

Over many years, Shell has used scenarios to explore possible futures. They are not predictions or forecasts but tools to help us think about the future. And our latest work suggests possible scenarios where the rate of growth in oil demand slows and where oil's share of the transport fuels market could decline. Many factors will affect how far and how fast those changes take place, and certainly oil will remain the largest energy source for many years to come. But what the scenarios highlight is that the pace of economic growth, increasing environmental regulations and concerns about security of supply could all drive the development of new fuel options. These fuels could then take an increasing role alongside conventional oil based fuels.

Longer term we are likely to see fully renewable sources of fuel and the emergence of hydrogen fuel cell vehicles. However, we need to be realistic and understand that it will be some time before hydrogen could be available on a commercial scale sufficient to gain a major share of the fuels market. The pace of its development will inevitably be slowed by the sheer scale of the investment needed to set up a completely new fuelling infrastructure. In contrast, biofuels can use the existing infrastructure and so would only need relatively modest investment to increase their market share.

I think that means we will see a transition period where there will be greater use of the alternative fuel options that are already available. And those options will allow us to make progress both in reducing the environmental impact of road vehicles and in providing a greater diversity of energy supply.

The first option in this respect is the

continued development of advanced gasoline and diesel. Considerable progress has been made in recent years in reducing emissions from these fuels and in offering improved performance for motorists.

A second option is the development of synthetic fuels. These fuels offer greater diversity of supply, improvements in engine technology, as well as lower tailpipe emissions. In particular, there is real potential for these fuels to be developed as synthetic blends that include components produced from natural gas, biomass or coal. These fuels also have the crucial advantage that they can be used in existing vehicles and can be supplied through the current fuels distribution infrastructure.

I can best illustrate the potential of these fuels with the example of Gas to Liquids Fuel or GTL where Shell's work is most advanced. GTL is a colourless, odourless, non-toxic, biodegradable product that significantly reduces vehicle emissions while, at the same time, offering improved combustion. We have been producing GTL on a relatively modest scale from a plant in Malaysia since 1993 and have been conducting a range of trials around the world of how GTL Fuel performs on the road. We have also introduced premium diesel fuels, with a GTL component, in Germany and Thailand.

One of the trials of GTL took place in California and used GTL fuel in six trucks with conventional diesel engines as they delivered bottled water for Yosemite Waters. The results showed that all emissions were reduced, with nitrogen oxide emissions down by 16 % and particulates by 23 %. Similar results showing significant reductions in emissions have also been recorded in trials in Berlin, London and Tokyo.

GTL is produced using the Shell patented Shell Middle Distillate Synthesis Process, a process that can equally be applied to coal and to biomass. While work on coal and biomass is at an earlier stage, we see real future potential in biomass to liquids – BTL. BTL fuels would be truly renewable and offer

“Alternative fuels provide a great example of how we can incorporate sustainable development into our core business”

“Gas to Liquids Fuel.... significantly reduces vehicle emissions while, at the same time, offering improved combustion.”

exciting new opportunities for biomass producers.

I do want to underline the potential for biofuels in all the future fuel options. Shell is probably the largest marketer in the world of biofuels – both ethanol and bio-diesel – selling more than two billion litres a year. And we see that business continuing to grow. We already market bio-diesel in a number of countries in Europe where the diesel market is significant and growing. In France, diesel vehicles make up 70 per cent of new car registrations. And last October total sales of diesel passenger cars in western Europe outstripped those for gasoline powered cars for the first time.

This extensive penetration of diesel in these markets means there is potential for further growth in bio-diesel. And using the bio-ester route to produce that bio-diesel does have some particular advantages because, unlike ethanol, the bio-esters can be blended at refineries and then seamlessly introduced into the distribution system and onto customers.

That diesel market in Europe is clearly much more developed than in the US but I think we could well see a general increase in overall diesel usage here and with it real opportunities to develop a bio-diesel market.

This wide range of options means that the future fuels market is going to be a highly competitive one, with competition not just between providers but between fuel types. Customers will have more choice in fuels, still a very new development in what was once a commodity based market. And they will have more choice in the vehicles and engine types they drive. That means we, as energy producers, will have to respond in more sophisticated ways and ensure that we remain at the forefront of all fuel technologies to meet that customer demand. And the most effective way of achieving those ends is through open, undistorted markets where all the different fuel options can compete fairly.

I want now to touch on two factors that can help us meet the challenges of

operating in that increasingly complex and competitive market - technology and marketing.

The role of technology

Let me start with technology. Technological development has always been important in our industry. And it is going to become even more so in the future. We must ensure we extract the value from technology throughout the energy chain - from production right through to the manufacture, transport and distribution process. At every step it can help improve the quality and efficiency of what we do. And it can help us meet the needs and expectations of our customers and of society as a whole.

Another key benefit of technology is the way it opens up new ways of doing things. One example of this is the work Iogen are doing to commercialise cellulose ethanol.

We think Iogen's cellulose ethanol, by using residue feedstocks and avoiding competition with agricultural production for food, offers very real environmental advantages. And, while there is more work to be done in this respect, it has the potential to be cost competitive with gasoline. We also think it presents a good business proposition - we wouldn't be investing in it if we didn't think so and we think its attractions will increasingly become clear to other investors too.

And the real progress Iogen has made in a very short time to make cellulose ethanol a practical option is a testament to the value that can be derived from new technology.

Of course, cellulose ethanol is not the only option for the ethanol industry but it is one which can complement existing activity. And I think the message is clear, whatever part of the ethanol business you are in, there is a powerful need to improve the efficiency of what you do and that means investing in and supporting the new technology to help you do so.

However, getting the technology right is only one element in the success of a fuel. The starting point must be to

“I do want to underline the potential for biofuels in all the future fuel options.”

“Technological development has always been important in our industry. And it is going to become even more so in the future.”

ensure that you have a quality product. Even the smallest failing can lead to a loss of public confidence. Quality assurance becomes even more essential when introducing new fuels or new types of fuels to customers. And I want to pay tribute to the steps the ethanol industry has taken to ensure consistent quality in its products.

Once you have your product you then, of course, need to distribute it efficiently and this is certainly an area where the major oil producers have the benefit of experience and expertise - expertise that they could apply to the distribution of alternative fuels in the future.

In Shell's case we have particular experience in the US ethanol market as the premier ethanol distributor on both the East and West Coasts. Our Carson and Sewaren hubs are the only facilities of their kind, with dedicated trains that transport ethanol from the Midwest to the Southern California and Northeast markets – handling over 70% of the ethanol distributed in those markets.

Effective Marketing

At the end of that distribution chain are the most important people of all – the customers who we have to persuade to buy our products. And that's where the marketing comes in. Effective marketing will become even more important as competition increases and customers are presented with ever greater choice.

Shell, of course, has the marketing advantage of having one of the world's most powerful and widely recognised brands but I believe many of the lessons from our marketing campaigns can be applied to other brands.

Let me give you the example of a very recent successful marketing campaign. If that marketing campaign has worked you should be aware that Shell has launched V-Power fuel here in the US. Shell V-Power is the most advanced fuel Shell has ever developed. It is a new premium-grade gasoline with more than five times the minimum amount of cleaning agents required by government standards. And it actively cleans your engine as you drive by removing carbon deposits from critical

engine parts.

We had already launched premium fuels in 50 countries but the US was our biggest challenge and biggest market. Let me just give you an idea of the scale of the project. It involved 13,000 retail outlets, converting 65,000 fuel dispensers, training 12,500 staff and was supported by a \$30 million communications campaign.

While the scale of the campaign was unusual the basics would apply to the marketing of any fuel - using leaflets, advertising, creating excitement and enthusiasm, training the staff to ensure they knew the benefits of the fuel and that they passed on that knowledge to customers. And providing incentives to customers - such as gift vouchers - to demonstrate their own knowledge of our product. Indeed we have a few vouchers left and I was tempted to set you the V-Power general knowledge quiz at the end of my speech. That certainly would have been a good test of whether the marketing campaign has worked.

The other test of the marketing campaign is whether it has delivered sales. And there we do have some very encouraging data. In the six months since its launch V-Power has become America's best selling premium gasoline.

I have given you this example of a successful marketing campaign, partly because it is the one I know best, but also because it involved the introduction of a new type of fuel in a sophisticated and competitive market. And think that we can apply many of the techniques we have learned from marketing today's advanced fuels, from campaigns like that for V-Power, to the emerging alternative and renewable fuels market.

An exciting future for fuels

And Shell fully intends to be part of that market. We see advanced and renewable fuels as a logical area for us to develop our businesses and, by using our existing infrastructure and expertise, we believe we can do so in a cost effective way.

It is also an important element in our commitment to taking action to help

"I want to pay tribute to the steps the ethanol industry has taken to ensure consistent quality in its products."

"We see advanced and renewable fuels as a logical area for us to develop our businesses ."

tackle climate change. That action includes reducing greenhouse gas emissions from our own operations but also providing products to help our customers reduce emissions from their activities. And developing advanced and renewable fuels is a very practical and effective way of meeting that commitment.

As I said at the beginning of my speech we can't predict exactly how the future fuels market will develop. The history of energy has been full of false starts, technologies that seemed promising but then failed. As you all know, ethanol was the first fuel used by Henry Ford but for a variety of reasons was overtaken by gasoline. The first research into fuel cells was carried out a century ago but the technology is still not commercially viable. Picking winners in our business is never straightforward.

However, if we cannot predict the precise make up the future fuels mix, I think we can see that if industries like the ethanol industry can continue to maintain quality, make full use of technological development, and respond to customer

needs then it should be able to seize those opportunities ahead and play a key part in meeting our future energy demands.

I want to conclude by underlining that it is a very exciting time to be in the fuels business wherever you take part in that business - renewables, hydrogen, conventional, or a combination of all three. The days are long gone when the fuels market was a static one where some people thought that the only way to add value was to sell more sandwiches !

Fuels matter again and we, in the business, have the advantage that we have a good product, an adaptable product and a product that will continue to be in great demand. That means the opportunities are great, we just have to make sure that we are ready to seize them - wherever they come from.

So I look forward to continuing to exchange ideas with you, and working together to provide clean, efficient and cost effective fuels to customers across the world.

“Fuels matter again and we, in the business, have the advantage that we have a good product, an adaptable product and a product that will continue to be in great demand.”

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Aggregated Industry Projections up to 2010 Based on the oil company action plans

