

To: Methvin, Stacy P SCC-DCA <Stacy.Methvin@shell.com>;
Clegg, Patsy M SCC-DCS/22 <patsy.clegg@shell.com>;
Carrier, Toniqua L SCC-DFS/137
<toniqua.carrier@shell.com>
From: Simpson, Edward J SCC-DCA/2
</O=SHELL/OU=MSXSCC/CN=RECIPIENTS/CN=USESIO>
Cc:
Bcc:
Received Date: 2006-11-30 21:38:36 GMT
Subject: RE: Nov Bz Litigation settlement and RE: RESPONSE
REQUESTED: Shanghai Health Study 2007 Invoice

OK, I'm multi-tasking here, so please bear with me.

Patsy: Input on Shanghai health study

- 2007 Invoice: we do NOT want to pay this early as US Base Chem (and now Aromatics) are over-budget in the PBU. We will treat this as a normal 2007 expense.
- 2006 expenses: to close the loop on this, we are pretty sure that the discrepancies noted below are due to a difference between when we actually paid an invoice vs. when we accrued (re. the \$400 k payment). No further action on this, albeit Toniqua is verifying the accrual was taken in 2005.
- Shell position on increased funds to Shanghai Health Study:
 - Although not formally requested as of yet, Stacy and I both have the same viewpoint - we do not support any further increases. We feel now is the time to send the message to the investigators to finish up with what they have. We would re-consider our views ONLY if all of the other major participants came out with a different viewpoint, but we do not want to show any flexibility in this position at this time. Please keep us posted on developments.

Stacy:

- Given the recent \$1.6 mln case settlement, we went from \$1.2 mln under budget Oct ytd in Aromatics to an anticipated ~\$0.5 mln over -budget on FY basis. Sorry, we put \$1 mln in both the 2006 and '07 budgets for legal settlements (with advice from Legal on a very unpredictable item), we'll have to re-consider whether to increase 2008 in the coming 6 months leading up to the next BP cycle.
- Patsy, this settlement will surely come up in our next quarterly Bz meeting, you heard about the case last meeting.

thanks, Ed.

Kind Regards,

Edward J Simpson

Aromatics Business Manager, Americas

Shell Chemical LP

One Shell Plaza, 910 Louisiana, Houston, TX 77002-4916

Tel: +1-713-241 5974 **Fax:** 8540 **Other Tel:** +1-713-826-8019

Email: Edward.Simpson@shell.com

-----Original Message-----

From: Methvin, Stacy P SCC-DCA
Sent: Wednesday, November 29, 2006 7:41

SHELL-MCCLURG-062805

To: Clegg, Patsy M SCC-DCS/22; Carrier, Toniqua L SCC-DFS/137; Simpson, Edward J SCC-DCA/2
Subject: RE: RESPONSE REQUESTED: Shanghai Health Study 2007 Invoice

Patsy,

Thanks for the reconciliation.

-----Original Message-----

From: Clegg, Patsy M SCC-DCS/22
Sent: Wednesday, November 29, 2006 7:40 AM
To: Methvin, Stacy P SCC-DCA; Carrier, Toniqua L SCC-DFS/137; Simpson, Edward J SCC-DCA/2
Subject: RE: RESPONSE REQUESTED: Shanghai Health Study 2007 Invoice

My records show the following:

- 2005 invoice for 400K that was not paid until 2006. This was actually requested by Shell as an advanced payment on our 2006 commitment.
- 2006 invoice for 500+K to complete our 2006 commitment.
- Nov 1 email to Stacy and Ed was inquiring as to whether they wished to pay the 2007 invoice of 435K in 2006 or 2007. The 436K completes our current commitment. I have not brought the latest invoice to the business for payment approval as of yet because Stacy indicated that we would pay in 2007. I will take to Debbie, so it will be in the PBU when ready to pay.
- Benzene Health Research Consortium commitments are part of the R&D budget.

Regards,
Patsy

Patsy Clegg
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-----Original Message-----

From: Methvin, Stacy P SCC-DCA
Sent: Tuesday, November 28, 2006 5:34 PM
To: Carrier, Toniqua L SCC-DFS/137; Simpson, Edward J SCC-DCA/2
Cc: Clegg, Patsy M SCC-DCS/22
Subject: RE: RESPONSE REQUESTED: Shanghai Health Study 2007 Invoice

Toniqua,

Patsy's note indicated that we had paid over \$900k this year for the Shanghai study. If your records show \$500k then perhaps Patsy's number included the \$411k invoice. Can you figure this out for me?

By the way, we are about to settle a lawsuit which could be as much as \$1.6MM which will be charged to the PBU. Ed - I will forward the note to you from Sue Jean if you have not seen this.

Stacy

-----Original Message-----

From: Carrier, Toniqua L SCC-DFS/137
Sent: Tuesday, November 28, 2006 5:21 PM
To: Methvin, Stacy P SCC-DCA; Simpson, Edward J SCC-DCA/2
Cc: Clegg, Patsy M SCC-DCS/22
Subject: RE: RESPONSE REQUESTED: Shanghai Health Study 2007 Invoice

The Shanghai Health Study costs should come in as an R&D allocation. If the invoice is forwarded to me, I will ensure proper coding. We have budgeted ~\$2mln for 2007 R&D.

2006 YTD R&D is \$1.7 mln with a full year budget of \$1.9mln. This YTD total includes a \$500k invoice for Benzene Health Research Consortium (BHRC). If we are required to pay the BHRC in 2007, the payment of both invoices will most likely cause us to exceed our R&D budget. However, pending no large legal settlements in 2007, Aromatics should still be on target to meet 2007 budget.

Let me know how you would like to proceed.

Thanks,

Toniqua

-----Original Message-----

From: Methvin, Stacy P SCC-DCA
Sent: Sunday, November 19, 2006 5:21 PM
To: Simpson, Edward J SCC-DCA/2; Carrier, Toniqua L SCC-DFS/137
Cc: Clegg, Patsy M SCC-DCS/22
Subject: RE: RESPONSE REQUESTED: Shanghai Health Study 2007 Invoice

Ed,

As you might guess, Base Chem is over budget in other areas due to late billing from hurricane related events in the beginning of the year. Therefore, if this is in the 2007 budget, I would prefer to pay it next year. I will wait for Toniqua to revert on that issue.

Regarding another budget extension, I have the same reaction as you, I think they have no incentive to wrap this up. We need to pressure to get this done.

Stacy

-----Original Message-----

From: Simpson, Edward J SCC-DCA/2
Sent: Sunday, November 19, 2006 8:17 AM
To: Methvin, Stacy P SCC-DCA; Carrier, Toniqua L SCC-DFS/137
Cc: Clegg, Patsy M SCC-DCS/22
Subject: RE: RESPONSE REQUESTED: Shanghai Health Study 2007 Invoice

Stacy, Aromatics is under budget in 2006 ytd, assuming no last minute Legal surprises, so we could pay it this year (unless you prefer to use our under-budget to offset other over-budgets).

Toniqua: where do Shanhai Health Study costs come in, I don't see where

they are currently on our cost sheet and whether they are explicitly in the 2007 budget - are they sent through as an allocation in Corp Services??? (sorry if this is the 10th time I've asked this question!).

Separately, Patsy gave me a phone message heads-up that Irons is asking for yet another budget extension - I don't have details but I know what my knee-jerk reaction is. For your awareness, this situation may result in a call from the director at API to you or Hoffmeister to advise/advocate.

thx, Ed.

Kind Regards,

Edward J Simpson
Aromatics Business Manager, Americas
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-----Original Message-----

From: Carrier, Toniqua L SCC-DFS/137
Sent: Wednesday, November 01, 2006 9:55
To: Simpson, Edward J SCC-DCA/2
Subject: RE: RESPONSE REQUESTED: Shanghai Health Study 2007 Invoice

Yes, I think we should pay the invoice this year. YTD legal expenses (including the settlements I transferred from Corp Services in Oct) is \$487,462.

Thanks

-----Original Message-----

From: Simpson, Edward J SCC-DCA/2
Sent: Wednesday, November 01, 2006 9:39 AM
To: Carrier, Toniqua L SCC-DFS/137
Subject: FW: RESPONSE REQUESTED: Shanghai Health Study 2007 Invoice

Toniqua, could we fit this in the PBU budget this year, assuming no large new legal settlements at the end of the year? Ed

Kind Regards,

Edward J Simpson
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-----Original Message-----

From: Methvin, Stacy P SCC-DCA
Sent: Wednesday, November 01, 2006 9:36
To: Clegg, Patsy M SCC-DCS/22
Cc: Simpson, Edward J SCC-DCA/2
Subject: RE: RESPONSE REQUESTED: Shanghai Health Study
2007 Invoice

Patsy,

I would prefer to pay in 2007 because I am over on my budget this year (although I think that Aromatics is under).

Ed - do you have money in next year for this?

Stacy

-----Original Message-----

From: Clegg, Patsy M SCC-DCS/22
Sent: Wednesday, November 01, 2006 9:31 AM
To: Methvin, Stacy P SCC-DCA
Cc: Simpson, Edward J SCC-DCA/2
Subject: RESPONSE REQUESTED: Shanghai Health Study
2007 Invoice

Stacy;

Shell has received the 2007 invoice, \$435,071, for support of the Shanghai Health Study. Thus far this year we have paid \$911,959, which was our 2006 commitment. We have the option to pay the 07 invoice this year or delay to Jan 07. What is your preference?

Patsy Clegg
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