

**To:** Clegg, Patsy M SCC-CHSE-PC <paty.clegg@shell.com>;  
Wilkins, Wally P SCC-CTLOA/2 <wally.wilkins@shell.com>;  
Handy, Debra C SDPR-PSID <debra.handy@shell.com>;  
Simpson, Edward SCC <Edward.Simpson@shell.com>  
**From:** Cagen, Stuart Z SCC-HSE  
</O=SHELL/OU=MSXSCC/CN=RECIPIENTS/CN=SC724012>  
**Cc:** Fleming, Gary L SCC-CTFNW <gary.fleming@shell.com>;  
Slager, Wiebe W SIC-CTLOA <wiebe.slager@shell.com>;  
Wadland, Nolan SCC-CTFNW <Nolan.Wadland@shell.com>;  
Voyer, Philippe P SIC-CTLOA/1 <P.Voyer@shell.com>; Foulk,  
Donald DC SCC-CTLOA/2 <donaald.foulk@shell.com>; Van  
der Beek, Chris DC SIC-CTLOA/4  
<chris.vanderbeek@shell.com>; Ashurst, Duncan D  
SIC-CTFN <Duncan.Ashurst@shell.com>; Van den Brakel,  
Peter P SIC-CTFNA/3 <peter.vandenbrakel@shell.com>  
**Bcc:**  
**Received Date:** 2003-12-18 21:56:58 GMT  
**Subject:** RE: CT Fixed Cost Budget as of 12-16-03

---

All:

Some clarification, I hope, on Tox R&D for 2004.

The Aromatics PBU is aware of the need for additional funds for toxicology as a result of recent (~3 or 4Q03) decisions regarding the so-called Shanghai Health Study concerning benzene. This study and particular recent decisions are the source of the higher than expected values. Accordingly, I would agree that reductions in other areas would not be recommended.

There is a possibility that the actual rate of spending for this study will be slower than what we expected this fall, but for 2004 we may not know this with certainty for another 2-3 months. At this point we and our industry co-sponsors are carefully monitoring the cash flow of this study to minimize the impact on the 2004 R&D budget, with consequent impact on budgets for 2005-2007.

I hope this helps.

Please let me know if you have any questions.

Stuart

Stuart Cagen

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

**Tel:** +1 713 241 1407 **Fax:** +1 713 241 3325 **Other Tel:** +1 832 646 3987  
**Email:** stuart.cagen@shell.com  
**Internet:** <http://www.shell.com/chemicals>

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

**From:** Wilkins, Wally P SCC-CTLOA/2  
**Sent:** Wednesday, December 17, 2003 4:11 PM  
**To:** Clegg, Patsy M SCC-CHSE-PC; Simpson, Edward SCC; Handy, Debra C SDPR-PSID  
**Cc:** Slager, Wiebe W SIC-CTLOA; Wadland, Nolan SCC-CTFNW; Fleming, Gary L SCC-CTFNW; Voyer, Philippe P SIC-CTLOA/1; Foulk, Donald DC SCC-CTLOA/2; Van der Beek, Chris DC SIC-CTLOA/4  
**Subject:** FW: CT Fixed Cost Budget as of 12-16-03

Ed, Debra, Patsy

You can see in the attached note that the Aromatics Technology spending in the U.S is now forecast to exceed the agreed 2004 budget due to an increase in the proposed toxicology spending by \$500M. Even though it shows up as a technology expense, these programs are controlled within the OE-HSE organization and I cannot comment on whether this spending is justified or not. I assume that the you have reviewed this and agree to the additional spending.

At this point, I do not intend to reduce other CT spending to compensate for this increase in forecast Tox spending. To do that would require a drastic reduction in the level of CT support for the business and the sites. Unless I hear from you otherwise, I will continue with my plan that was put together in September. However, this will mean that the technology spending will be 400-500M\$ over the T&R.

Wally

> -----Original Message-----

> **From:** Fleming, Gary L SCC-CTFNW  
> **Sent:** Wednesday, December 17, 2003 1:04 PM  
> **To:** CTLT Meeting  
> **Cc:** WTC CHEM FIN REP; Van den Brakel, Peter P SIC-CTFNA/3;  
> Ashurst, Duncan D SIC-CTFN  
> **Subject:** CT Fixed Cost Budget as of 12-16-03

>  
> Attached is the CT Fixed Cost Budget, including WTC updates  
> made through 12-16-03. Overall, WTC is now \$.2mm under  
> target and SRTCA is \$3.3mm under target, for a global CT  
> position of \$3.5mm under target.

>  
> WTC Fixed Cost Budget:

>  
>     └┐ \$ .6mm Tox estimates over target  
>     └┐ \$ .5mm Depreciation lower than target  
>     └┐ \$(.4mm) Functional R&D lower than target  
>     └┐ \$(.9mm) PBU's under target  
>     └┐ \$(.2mm) Total under target

>  
> Specific Items impacting budget:

>  
>     └┐ The Solvents/Phenol budget at WTC was \$.7mm over  
>     > target, primarily due to increased indirect allocations  
>     > resulting from added space associated with SPAM. They are  
>     > \$.3mm over for Global CT.

>  
>     └┐ The Aromatics budget at WTC was \$.4mm over target,  
>     > primarily due to an added \$.5mm from Tox. They are \$.3mm  
>     > over for Global CT.

>  
>     └┐ The EO/Glycols budget at WTC was \$.2mm over target.

- > They are \$.5mm over for Global CT.
- >
- > The remaining PBU's budget at WTC were under target as follows:
  - └└ \$(1.0mm) PDO
  - └└ \$(0.2mm) SMPO
  - └└ \$(0.1mm) Lower Olefins
  - └└ \$(0.1mm) Urethanes
  - └└ \$(0.1mm) Hoder

>

>

> << File: CT Budget 2004 as of 12-17.xls >>

> Please let me know if you have any questions.

>

> Thanks,

>

> Gary Fleming

> Shell Chemical LP

> Westhollow Technology Center, T-2280

> Phone: 281-544-6091, Fax: 281-544-7915

>

>