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Your Ref JAD

Our Ref CSJ/105457/KOS

17 April 1998

Dear Mr Donovan

Shell Smart Card Consortium

Thank you for your letter of 16th April. As you know Mr Moody-Stuart has already expressed the view that matters have now reached the point where correspondence should be carried on through solicitors and I do not therefore believe that he will wish to respond personally to your letter when he returns to this country in the course of next week.

As I pointed out to your solicitors (to whom I am of course sending a copy of this letter) I am getting somewhat mixed messages from you and from Royds Treadwell. They have stated quite categorically that you do not intend to make any disclosures in breach of agreements that you have entered into. You however talk about sending letters to national newspapers and it is not at all clear to me exactly what is included in what you propose to send. Certainly disclosure of copies of everything that you have sent to Mr Moody-Stuart would be in flagrant breach not only of the mediation agreement but also of the July 1995 agreement.

We take exactly the same position in relation to your proposal to hand out copies of the written statement of claim. You say that they constitute information that is already in the public domain. To an extent that is true as members of the public can by going through proper procedures, gain access to that information but this does not in any way relieve you from your own obligations under agreements you have entered into. The statement of claim plainly includes material which you have a duty to keep confidential pursuant to the 1995 agreement and you are not at liberty freely to disclose that to members of the general public.

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Associate
John Skrimshire*

Consultants
David Freeman
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Mahir Jallil

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 DJ FREEMAN

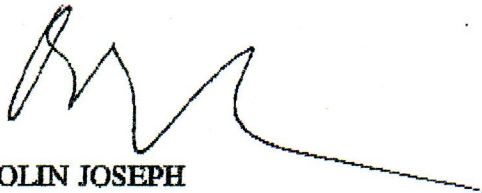
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The most recent letter from your solicitors dated 16 April states that if at any time we consider any potential action that you might suggest taking to be in breach of any of your confidentiality obligations we have only to say so for you to reconsider your position. I trust you will do so.

Yours sincerely



COLIN JOSEPH

Copy to Royds Treadwell