

Mr Malcolm Brinded
Director
Shell UK Limited
Shell-Mex House

5th June 1999
18 PAGES BY FAX ONLY TO:
0171 257 3939

Dear Mr Brinded

JOHN DONOVAN -v- SHELL UK LIMITED

I am writing to you in your capacity as a Director of Shell UK Limited. The above landmark case concerning the SMART scheme will be heard in the High Court within a matter of days.

As you may be aware, a Shell UK Manager, Mr Andrew Lazenby, has been a central figure in the litigation. We have alleged in the current case that he deliberately misused confidential information supplied to him in good faith. I know that it must seem unlikely to you that a Shell Manager would behave in this way. If I did not know the background I would think the same.

I know you are busy and have little time to read lots of paperwork. I have therefore enclosed just two documents. They are witness statements from highly reputable independent people - Mr Mike McMahon and Mr John Armstrong-Holmes. Please note when reading the statements the Options to which both make reference must be the one Shell took from Don Marketing on the concept, which became the SMART consortium scheme - there is no evidence that Shell ever took any other Option on a loyalty scheme.

I assume that you are unaware of these witness statements and the associated self-incriminating documents written by Mr Lazenby, which provide a definitive answer to the question mark over his honesty and scruples. I say this because Mr Lazenby has testified in his Witness Statement that he has unreserved support from the highest levels of Shell Management.

You may have been led to believe that Mr Lazenby is an innocent victim of an obsessive serial litigant. The truth of the matter confirmed by Shell's own documentary evidence is that Mr Lazenby deliberately used underhand business practices during the Smart project aided and abetted by his colleagues, including his Manager, Mr David Watson. I note that one of the colleagues, Tim Hannagan, is now attempting to distance himself from the relevant events.

Apart from the unethical conduct regarding our claims and the matters relating to Mr McMahon, Mr Armstrong-Holmes, and Senior King (a Shell retained agency which has also made serious allegations about Mr Lazenby), there is also documentary evidence of his double-dealing regarding Premier Points. During a clandestine meeting with the MD of Premier Incentives, he received highly confidential information about Mobil and as a result, contemplated Shell substituting Premier Point for Air Miles, which he did not consider to be a "mass market promotion". A few days later Mr Lazenby was wining and dining an unsuspecting Air Miles executive. We also have documentary evidence of his attempt to "steal" a deal from Texaco and of his willingness to engage in "illegal" activity despite the prospect of being discovered. The almost unbelievable scope of Mr Lazenby's deceitful conduct suggests that he must have got some enjoyment or kicks from indulging in such intrigue.

The appointment of Mr Lazenby to a position in which he had no experience, no training and no scruples, has cost my family several years of our lives and all of our assets, plus over a million pounds of shareholders money wasted and immeasurable damage to Shell's reputation. Frankly, I find it amazing that Shell is still supporting this individual despite the apologies for his actions which have previously been made to my son and I by Dr Chris Fay during a meeting on 30th May 1995 when he made his unprecedented "money or justice" proposal.

We even received an unsolicited letter of apology from Dr Fay in October 1996 regarding the way we had been treated by Shell UK. Mr Richard Wiseman has also apologised twice in the presence of my son's solicitors (in June and September 1996) on behalf of the board of Shell UK Limited in respect of the first three DM claims settled by Shell, all involving Mr Lazenby.

Like Senior King, we had no problems until Mr Lazenby was appointed. We had a trusting, friendly, and highly successful relationship with all of his predecessors stretching back many years. In this connection, our award winning Make Money game for Shell in 1984 has been declared in the June 1999 issue of Promotions & Incentives magazine as the No1 promotion of the millennium.

Under all of the circumstances I would ask you to consider whether it is appropriate for you and your colleagues at the highest levels of Shell to continue to support Mr Lazenby. The consequence of that support is that Shell Management is endorsing the disreputable practices in which Mr Lazenby has engaged on Shell's behalf. Such activity cannot possibly be compatible with Shell's Statement of General Business Principles.

There are other important issues in the litigation to be decided by the Courts. I have written to you and your colleagues simply because I do not want any Shell UK Director to be able to deny advance knowledge of Mr Lazenby's misdeeds when the case comes before the Courts.

You should also be aware that I have faxed to Mr Moody-Stuart and Mr Steve Miller copies of the same witness statements that are supplied with this letter. Mr Moody-Stuart self evidently gives a greater priority to supporting a Shell manager under fire than he does to upholding his commitments to the Business Ethics stipulated in Shell's Statement of General Business Principles. That of course is his prerogative. I hope that he has not let his personal feelings influence his judgement.

You must decide if you want to be left in a position whereby a dishonest Shell manager is claiming unreserved support for his activities from the highest levels of Shell Management, which includes you, unless you indicate otherwise. If I do not hear from you to the contrary before the case commences, I will assume that you do support Mr Lazenby and I will make this known immediately that it is appropriate for me to do so. My fellow Shell shareholders are entitled to know your position in regards to these matters. You may at the very least wish to check the documents from Shell's own discovery documents in which Mr Lazenby is convicted by his own words. I will fax the information to you if so requested.

The Court will decide whether Shell misappropriated our multibrand loyalty concept. What is absolutely undeniable is that Mr Lazenby deliberately deceived Don Marketing in relation to its concept. This was entirely consistent with his premeditated underhand plan perpetrated against Mr McMahon and other companies involved in the same project, to deliberately stop them from offering their expertise and ideas to Shell's rivals. To achieve this objective he used outright deception. It is simply impossible to reconcile his actions with the statement of principles published and widely advertised by Shell (which now falls within the scope of the Advertising Standards Authority).

There is ample proof that we have consistently bent over backwards to try to resolve matters without resorting to litigation, but all of our ADR proposals have been ignored. Despite Shell's massive financial advantage, which it has used to the fullest extent, we have at great personal cost managed to bring the case to Court where the issues will now be decided.

Yours sincerely

Alfred Donovan



Shell U.K. Limited

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Dear Mr. Donovan,

Thank you for your recent letter to me, which has been passed on to Mr. R. Wiseman, Legal Director of Shell U.K. Limited for attention.

Yours sincerely,

M.A. Brinded
M.A. Brinded,
UK Country Chairman