



AN OPEN LETTER TO ALL NEW ZEALANDERS FROM SHELL NEW ZEALAND LIMITED

In May 2006, Shell New Zealand introduced Fuel Economy Formula to Shell service stations throughout the country. Shell has more than 100 years of experience developing the technology and services that make it a leading provider of innovative new fuels today, including the Fuel Economy Formula.

Shell is justly proud of its achievement in designing and developing the Fuel Economy Formula. When the fuel was introduced, Shell commenced an advertising campaign that stated Fuel Economy Formula was "designed to take you further".

After an investigation over nearly two-and-a half years, the Commerce Commission last week informed Shell New Zealand that it intends to initiate proceedings in the District Court under the Fair Trading Act in respect of Shell's advertising of the Fuel Economy Formula.

Shell has co-operated with the Commission throughout the investigation and is disappointed that the Commission has decided to adopt this course.

Shell will defend any such prosecution. Shell's advertising of the Fuel Economy Formula has already been considered by the Advertising Standards Authority, which dismissed a complaint by a competitor more than two years ago.

Shell's Fuel Economy Formula has been extensively fleet tested and has shown a statistically significant average fuel economy benefit of 0.98% when compared with untreated fuel. Shell believes the fleet test evaluation of the Fuel Economy Formula represents best practice. Obviously the benefits to individual motorists of using Fuel Economy Formula will vary depending on a number of factors such as driving conditions, the age and manufacture of vehicles, and driver behaviour.

Shell believes that its claim that the Fuel Economy Formula is "designed to take you further" is true in every respect and is not in breach of the Fair Trading Act. While Shell is disappointed that the Commission has indicated an intention to initiate proceedings, we welcome the opportunity to present the evidence supporting our claims that the Fuel Economy Formula is "designed to take you further".

In the meantime, Shell will continue to offer New Zealanders the best possible range of fuel products.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark Forsyth', is located below the closing text.

Mark Forsyth
General Manager Retail
Shell New Zealand