

# Shell U.K. Limited

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14 May 1997

Mr J Donovan  
Managing Director  
Don Marketing UK Limited  
St Andrews Castle  
33 St Andrews Street South  
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IP33 3PH

Dear Mr Donovan

I refer to your letter of 7 May addressed to Mr Herkströter which has been passed to me along with that sent to Dr Jennings. As we discussed at the AGM, I think it would be sensible to wait until you have received the papers being assembled by D J Freeman before trying to progress this matter further.

I am personally keeping the Shell U.K. and Shell Transport Directors informed of progress in this case. I would remind you that the Directors of Shell Transport are not Directors of Shell U.K. Limited and D J Freeman's observations on this point so far as confidentiality is concerned, continue to apply.

Yours sincerely

R M Wiseman  
General Counsel & Company Secretary

cc: C A J Herkströter  
C Joseph - D J Freeman



# Promotional Games & Contests

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Our Ref: JAD/N53

Mr Richard Wiseman  
General Counsel & Company Secretary  
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19 May 1997  
2 Page Fax To:  
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Dear Mr Wiseman.

Thank you for your letter dated 14 May. When we met at the AGM, I mentioned that I had already discussed matters with Mr Jennings.

In case there has been any misunderstanding, I would make it clear that when I bumped into Mr Jennings and Mr Moody-Stuart at the AGM, it was Mr Jennings, not me, who initiated a brief, but friendly discussion. I was of course very pleased to meet him again.

Mr Jennings indicated that he had been under the impression that matters had been fully resolved last year. Bearing salient factors in mind, including the fact that he is the Chairman of a parent company owning 40% of Shell UK, I could hardly tell him to mind his own business. In fact, I was delighted to learn of his interest in the matter. I explained that at the time of the mediation, we were unaware that Shell would launch a promotion in March 1997 which would give rise to another claim.

Mr Jennings suggested that I should have a discussion with Dr Fay. I explained that we were awaiting the papers being assembled by D J Freeman and that it would be best to take up his kind invitation after we had studied the new information. I am sure Mr Jennings will confirm this account of the discussions. The friendly banter of a more personal nature which passed between us will remain private as far as I am concerned. Suffice it to say that I concluded that he had read all of the information which I sent to him on 7 May, including the "Don Marketing Saga".

During our discussion at the AGM you confirmed that Mr Lazenby gave you no warning during the mediation that a DM claim could emerge as a result of the Smart Consortium promotion. Consequently, you were totally unaware of this matter during the mediation. You made the point that some considerable time had passed since his discussions and correspondence with me on the subject when he was at Shell UK.

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The confirmation that you had no knowledge of the potential claim in respect of the loyalty consortium concept puts an end to the argument advanced by D J Freeman that Shell had wiped the slate clean in respect of its moral obligations to DM. If Shell management was unaware of DM's potential further claim, any moral obligations arising from misdeeds by Shell UK managers in respect of the new claim, could not possibly have been taken into account.

I note that you are keeping Shell UK and Shell Transport directors informed of progress in regard to the new case including Mr Herkstroter, who according to what Mr Jennings said at the AGM, is the Group Managing Director ultimately responsible for matters relating to Shell's Statement of General Business Principles. In view of the gravity of the matters covered in the Don Marketing Saga document, I trust that you will circulate copies to all of the directors of Shell UK, Shell Transport and Royal Dutch Petroleum.

With regard to the last sentence in your second paragraph, it would be a novel concept for a subsidiary company (Shell UK Limited) to take legal action to prevent its parent companies from being kept accurately informed about matters which are of great importance to the reputation of the Royal Dutch/Shell Group. Particularly when there is an overwhelming mass of evidence confirming that the most senior directors of the parent companies were already informed about the various matters and that the Chairman of Shell Transport had actually intervened three times on behalf of DM. One can only speculate about what the pressure group who promoted Resolution 10 would make of any such action against a company which is a Shell shareholder, a long time supplier to the Shell Group and the recipient of a letter of apology from Dr Fay in respect of past misdeeds perpetrated on DM at the hands of Shell UK.

However, since you and I have now established direct dialogue, I see no reason for DM to involve the parent companies of Shell UK. Provided you can deal with the new matter constructively and expeditiously, it can be resolved strictly between DM and Shell UK, exactly as proposed in my letter to Dr Fay on 27th March.

We will now await the report and papers promised by D J Freeman.

Yours sincerely



John Donovan  
Managing Director