

Shell Shareholders Organisation

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21st May 1999

Mr Mark Moody-Stuart
Group Chairman
Royal Dutch Shell Group
Shell Centre
London

18 PAGES BY FAX ONLY TO: 0171 934 8060

Dear Mr Moody-Stuart

Following the correspondence initiated by your wife, my son wrote to Mr Malcolm Brinded on 19th and 20th May seeking his consent to supply information to both of you which is highly relevant to the issue at the heart of the past and current litigation. I have incorporated into this letter part of the content of his first letter to Mr Brinded.

My son received a response this afternoon indicating that "Mrs Moody-Stuart feels that she does not need the material your father offered to her." This is puzzling in view of the absence of any such comment in the card that I received from her yesterday. I can only assume that Mrs Moody-Stuart asked you to pass her comment on to Mr Brinded. If so, then I will of course fully respect her wishes.

As you may be aware, Mr Andrew Lazenby has been the 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 decided to enclose just two documents. They are witness statements from highly reputable independent people. One is from Mr Mike McMahon and the other from 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 – there is no suggestion that Shell ever took any other Option on a loyalty scheme.

I assume that the CMD is 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.

Although you have probably been led to believe by the Legal Department of Shell UK that Mr Lazenby is an innocent victim of an obsessive serial litigant, the evidence proves that Mr Lazenby used underhand business practices during the Smart project on a "predatory" basis. The Shell documents provide absolute proof. Mr Lazenby is convicted by his own words.

Please 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 dishonest 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. I will be supplying the witness statements and other evidence to all Directors of Shell UK Limited including Mr Steve Miller.

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.

You are of course already very conversant with the Don Marketing Saga. It is a matter of record that you have been "in the loop" in these matters for a number of years. It is also my understanding that you were involved in the decision making process which led to the funding agreement (offered to us by Dr Fay at the end of May 1995) and the subsequent mediation in 1996. My son has corresponded with you in regard to the current claim. I further understand that you were a member of the CMD at the time when it approved the Smart Consortium Project. You are of course Group Chairman of the Royal Dutch Shell Group which includes the two parent companies – Royal Dutch and Shell Transport, which jointly own and control Shell UK Limited. No doubt you will advise if any of this information is incorrect.

As the trial is only a few weeks away, I would specifically ask for your written response by close of business on Tuesday 25th May 1999 on whether you intend to continue to give your own complete support to Mr Lazenby, despite the further evidence that has emerged. In the event of no response from you on this point I will assume that he still has your unreserved backing.

Yours sincerely

Alfred Donovan

Mr Steve Miller
Director
Shell UK Limited
Shell-Mex House

5th June 1999
18 PAGES BY FAX ONLY TO:
01224 884248

Dear Mr Miller

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

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19th May 1999

Mr Malcolm Brinded
Country Chairman
Shell UK Limited
Shell-Mex House

17 Pages by Fax Only To:
0171 257 3939

Dear Mr Brinded

I am grateful to you for the friendly approach that you took during our brief discussion at the AGM. Mr Wiseman will confirm that you are perfectly free to discuss or correspond with me regarding the pending trial without either of us breaching any sub judice rules.

Before I turn to the SMART claim, I would just like to say that I was pleased to learn that you will be looking into the grievances of the former and current agent operators who contacted me. They seem to be decent hard working people. I understand that Mr Moody-Stuart has asked to be kept informed. I will have no further involvement in the matter.

As you may be aware, all of our current and past litigation revolves around Mr Andrew Lazenby. We have alleged in the current case that Mr Lazenby 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 could point you to all the relevant evidence in documents and witness statements and describe the history in depth. However, I know you are busy and have little time to read lots of paperwork. I have therefore decided to enclose just two documents. I do hope you will read them.

They are witness statements from highly reputable independent people. One is from Mr Mike McMahon and the other from Mr John Armstrong-Holmes. I traced these gentlemen recently after finding information about them in the discovery documents supplied by Shell. Please note when reading the statements the Options to which both make reference must be the one Shell took from Don Marketing – there is no suggestion that Shell ever took any other Option on a loyalty scheme.

In the concluding paragraph of his Witness Statement, Mr Lazenby testifies to the “unreserved support” that he has “received from Shell management to the highest levels”. I can draw only one conclusion. Shell senior management at the highest levels cannot possibly be aware of the self-incriminating documents written by Mr Lazenby, which provide a definitive answer to the question mark over his honesty and scruples, which has been the fundamentally important core issue in all of our claims.

Although you have probably been led to believe that Mr Lazenby is an innocent victim of an obsessive serial litigant, the truth of the matter is that Mr Lazenby used underhand business practices during the Smart project on a “predatory” basis, exactly as Mr Armstrong-Holmes has stated. The Shell documents provide absolute proof. Mr Lazenby is convicted by his own words.

I would be grateful for your permission to supply a copy of this letter and the attached document to Mrs Judy Moody-Stuart, who has recently been in correspondence with my father at her own initiative. Mrs Moody-Stuart is aware that I am making this request. As a result of her intervention, my father decided to cease all campaigning activity on 7th May pending the outcome of the trial. The websites have also been suspended as a result of the same development.

Yours sincerely

John Donovan