

SOLICITORS

43 Fetter Lane
London EC4A 1JU
Tel +44(0)171 583 4055
Fax +44(0)171 353 7377
DX103 London

Colin Joseph
Tony Leifer
Stephen Koehne
Toby Greenbury
Edward Totman
Jonathan Lewis
Marcus Rutherford
Paul Clark
Richard Spiller
Vivien Tyrell
Alan Magnus
Susan Hall
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Monica Blake
Caroline Janzen
Ashwani Kochhar
Richard Max
Susan Charles
Graham Chase
Mark Everiss
Elizabeth Goss
James Pilgrim-Morris
Ann Robson
Jonathan Martin

By Fax and Post

J Donovan Esq
Don Marketing UK Ltd
St Andrews Castle
33 St Andrews Street South
Bury St Edmunds
Suffolk
IP33 3PH

Direct line 0171 556 4419
Direct fax 0171 556 4461
Internet CSJ@djfreeman.co.uk

Your Ref **JAD**

Our Ref **CSJ/JXM/105457/SB1**

19 June 1998

Dear Mr Donovan

Shell Smart Card Consortium

Thank you for your letter dated 18 June 1998. We have also received a letter from your solicitors Royds Treadwell of today's date.

You have asked whether my clients have knowledge of any investigations that have been carried out in connection with the litigation. Routine credit enquiries have been made which are normal in litigation of this kind. The purpose of the inquiry was, quite reasonably, to establish whether my clients would be covered to receive all their costs from you if they are successful in this action. Mr Phillips who visited the registered office of Don Marketing was acting in the course of these enquiries. We are satisfied that the other incidents mentioned in your letter of 15 June 1998 have nothing to do with the limited enquiries made. No instruction has been given by this firm or my client which could conceivably have lead to the other incidents which have occurred and we have been assured by the company that they have no knowledge of the incidents (other than the visit of Mr Phillips) to which you refer. In view of the great sensitivity with which all those who are aware of this litigation know my clients are exercising, we consider that it is not impossible that the call made by an anonymous caller from a pay-phone in London E1 was made maliciously to damage Shell's reputation. No-one knowing Shell's position in this litigation and wanting to assist my clients could have made such a telephone call.

My clients believe that it would be in their interest as well as your own to identify the person who made this call and would like to work with you and the police to assist. Do you have any further information which may help my client identify the caller? For example, was the telephone conversation recorded and if so, could you supply us with a copy of the audio tape?

Associate

John Skrimshire*

Consultants

David Freeman

Christopher Hancock

Mahir Jalili†

* Non-solicitor

† US Attorney

LB142650.1

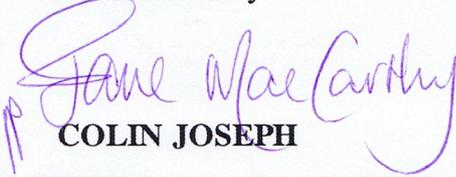
The Partnership is regulated in the conduct of its investment business by the Law Society

J Donovan Esq
Don Marketing UK Ltd

19 June 1998

I look forward to hearing from you.

Yours sincerely


COLIN JOSEPH

23-JUN-1998 12:34 FROM: RUTUS TREADWELL TO: 001204300000 P.01

RMW/LD
CSJ/JXM/105457/SBI

Messrs D J Freeman,
Solicitors,
DX No: 103 London

Email: rrw@royds.law.co.uk

23 June 1998
Sent via fax and by dx
Fax No: 0171 556 4461
No of Pages 2

Dear Sirs,

Re: Shell Smart Card Consortium

We have received from our Client a copy of your letter to him of the 19th June - surprisingly not copied directly to us. Indeed we have received no reply to our letter either from you or for that matter Cofton Consultants.

The Plaintiff in this litigation is John Donovan not Don Marketing UK Limited. What has a visit to the Company's registered office address got to do with "routine credit enquiries" about John Donovan? If "routine credit enquiries" were indeed the sole ambit of the brief given by your firm to Cofton Consultants then perhaps you would supply us with a copy of your letter of instruction so that everyone can be satisfied about what you say.

Neither do we accept that such enquiries are "normal" in litigation. Your Clients have been litigating with ours for years. If it was "normal" presumably such checks would have been made at the behest of your predecessors, Mackrell Turner Garrett. The fact that those checks were not made indicates to us that you have your own idea of what is "normal".

Despite what you say about "Mr. Phillips" the fact is that your explanation requires our Client and ourselves to accept that the events of the past fortnight have been a wholesale coincidence of the most spectacular kind.

Royds Treadwell

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As you can imagine we have taken detailed instructions from our Client about the extremely disturbing anonymous telephone call he received ten days ago. We are entirely satisfied that this call could only have been made by someone connected with your Clients or fully briefed by them. The caller accurately informed John Donovan that your Clients were using private enquiry agents; accurately informed John Donovan that your Clients had retained the services of Shandwick Public Relations and Tequila (both of whom have recorded a number of visits to our Client's website); accurately recounted the events which had taken place at Shell's AGM; and (probably) accurately recounted Dr. Fay's anger on that occasion.

The caller also stated that your Clients were "fed up with" the campaign which supports the litigation (particularly the "colourful website") and threatened that if this continues not only would the litigation prove financially ruinous to Mr. Donovan, he and his family would be "endangered".

At the same time you are also aware of the approaches our Client has received from someone calling himself "Charles Hoots". Are you in a position categorically to confirm that no one connected with Shell, DJ Freeman, Cofton Consultants or any other company instructed by Shell has at any time adopted this pseudonym when making enquiries of Mr. Donovan?

We should add that we think that your Clients are wasting their money in paying people like Mr. Phillips to make footling enquiries at St. Andrew's Castle. It is no secret that it is highly unlikely that Mr. Donovan would be in a financial position to pay the enormous costs you will no doubt charge Shell for running this litigation. Fortunately, he does not consider there to be much risk that he will have to do so.

Costs would of course be substantially restricted if, instead of playing procedural games, your Clients would get on and serve Defences to these claims so that the litigation can rapidly proceed to a conclusion. The tactics you have adopted in the libel proceedings indicate that, perhaps unsurprisingly, this is very far from your client's intention.

Yours faithfully,

Royds Treadwell

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