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Sent: Monday, August 16, 2004 6:13 PM
To: Steven Donziger
Cc: mdf@san.rr.com
Subject: Issues Outline Document
Attachments: Ecuadorian Issues Outline Aug 16[final].doc

Steve

I hope all is going well on your journey. Attached, please find our initial thoughts on the project. We look forward to getting your feedback upon your return.

Best,
Lehane

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MEMORANDUM

AUGUST 16, 2004

INITIAL THOUGHTS

Overview

The Ecuadorian Amazon ChevronTexaco project can be reduced, in the end, to a single strategic imperative: **Bringing ChevronTexaco to the negotiation table by inflicting economic pain on the company.** We must create an ongoing storyline that ChevronTexaco faces hidden, purposely concealed economic exposure because of its unresolved role in the Ecuador pipeline project. Ultimate success will depend on our ability to organize and focus our efforts on impacting the company's bottom-line.

We have substantial experience in designing and helping to run campaigns that target major corporations. Based on this experience, we believe it will be essential immediately to start five integrated initiatives rolling down parallel tracks all at the same time. If we can keep these initiatives moving at the right pace relative to one other, it will have a significant impact on ChevronTexaco's corporate decision-making.

The Five Tracks

Track One: **Legal Activity**

The legal battles in this case have been going on for years. However, legal developments (filings, new suits, rulings, related suits, discovery, etc.) provide ongoing, natural news hooks to generate press coverage. Our objective must be to identify and catalogue upcoming legal developments (either through our own making or as a product of the natural evolution of the case), package these developments as having economic consequences for ChevronTexaco and deliver the stories to the right media outlets at the right time to generate maximum coverage and deliver the most pain. For example, a legal development prior to a corporate reporting period always guarantees the issue gets

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discussed by analysts during the quarterly analyst calls. Consequently, the matter will bleed into the economic evaluation of the company.

Legal developments to consider include:

- *Filing of a Corporate Governance Suit in the US*
- *Generating Information Learned Through Discovery*
- *Developments with the Ecuadorian Judge's review process*
- *Amendments, new filings, etc.*

Track Two:
Shareholder Activity

We must generate aggressive, sustained shareholder activity against the company. There is no better way to get the attention of a company than through well-coordinated shareholder activity. The activity not only generates press coverage but also gets the prompt attention of a company's senior management and board.

Here are some specific shareholder initiatives that need to be pursued:

- *Major State Pension Funds* -- Generating interest from state pension funds to show an interest in the subject (states to target would include CA, NY and FL).
- *University Pension Funds* – AmazonWatch could consider organizing an initiative on targeted university and college campuses who are significant shareholders in ChevronTexaco.
- *State Attorneys General/Treasurers/Comptrollers* -- State elected officials are often looking to make news on issues.
- *Analysts* – Coordinated and sustained outreach to the analysts who cover ChevronTexaco.
- *Major Shareholders* -- Schedule of ongoing contact and communication with major shareholders.

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- *Ownership of ChevronTexaco Shares* – Organize a group of very sympathetic and committed supporters to become ChevronTexaco shareholders and use this status to create issues within the ChevronTexaco shareholder community.

Track Three:
Congressional Activity

Major multi-national corporations like ChevronTexaco loathe the meddling of the federal government in their affairs. Congressional activity can impact trade deals, spook shareholders and the Street and lead to long, bruising public fights. We should look to develop an investment into this issue by some key members of Congress.

Our approach should include:

- *Identifying, Briefing and Developing Key Supporter(s) in the Senate and House*
- *Using Congressional Support to Raise Public Awareness on the Issue* – Letters, trips and meetings.
- *Leveraging Congressional Support to Apply Pressure to ChevronTexaco* – Hearings, proposed legislation, interfering with trade agreements and regulatory activity.

Track Four:
Developing Allies

The likelihood of the success in the shareholder world and on the Hill is exponentially increased the more allies we recruit to this effort. Given the nature of the issue – Latin America, Indians, and environmental, big oil – we ought to be able to develop a comprehensive coalition.

Coalition entities we should consider reaching out to include:

- *Major Latino Organizations* (e.g. La Raza)
- *Native American Organizations*
- *Other Major Minority Organizations* (e.g. NAACP, Jesse Jackson, etc.)

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- *Labor*
- *Major Mainstream Environmental Organizations* (e.g. Sierra, LCV, EWG, etc.)
- *Celebrities*
- *Religious Organizations*

Track Five:
Press Investment

To date, the press coverage has been very impressive. Now we need to take it to the next level and generate significant press investment by those publications that will impact the economic pressure points – analysts, shareholders, government, etc.

Please find the groupings of press that we will look to contact:

- *Trade Press* – Oil and gas trade press, Wall Street trade press that covers this industry and the environmental press.
- *California Press* – California outlets that will cover the story on an ongoing basis because ChevronTexaco is based in Northern California (SF Chron, Contra Costa Times, LAT).
- *National Economic Press* – Outlets that cover national economic issues (WSJ, Dow Jones, Reuters, Bloomberg, AP, MarketPlace, CNBC, Lou Dobbs, Fortune, Forbes, Business Week, etc.). We will want to put in place a specific business press corps who are interested in writing off of any significant developments.
- *National Press* – National outlets (NYT, WPost, USA Today, etc.). We will want to develop reporters who cover this issue in an ongoing way – not different reporters who write here and there.
- *Editorial Boards* – We should target the editorial boards of key papers, including the NYT, Wash Post, Boston Globe, etc.

Next Steps

As you know, we manage a very small number of complex situations at any one time, and we will devote our personal attention to your project for as long as necessary to ensure success. Our basic approach is to take the strategies and tactics we have employed in political campaigns and apply them to complicated business and public affairs challenges. We are proactive and aggressive. We view the press as both a shield and a sword. In short, we believe in playing to win.

Our clients generally give us responsibility for managing their complex communications situations. In short, we serve as “communications quarterbacks” for our projects, and we are personally accountable for the results. If you retain us, you will work with the two of us personally.

We believe that you need and deserve results quickly. If we fail to provide results satisfactory to you, our standard contract permits you to terminate our relationship at any time, for any reason.

We understand the special nature of your project and are willing to consider a flexible compensation plan that makes sense for you. This could include a significantly reduced monthly fee and some percentage of any settlement or judicial judgment. We welcome your thoughts on such a flexible arrangement.

Please let us know what you think. We are ready to get started on this project immediately and look forward to hearing from you.