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TO: Mr. Art Stuart - BFOE  
Mr. John Behr - BFOE

CC: Mr. Dave Thomas - Legal Dpt BFS  
Mr. Hal Horton - Legal Dpt. BFS  
Mr. Jorge González - BFVZ  
Mr. Gary Ferestad - BFVZ  
Mr. Omar Benitez - Baker & McKenzie Vzla.

SUBJECT: SUMMARIZING MEETING BFVZ - FORD

On May 05, 2000, Mr. Gonzalez delivered a letter ("the letter") to Mr. Cassingena, President of Ford Venezuela (FOV) stating the term under which BFVZ agrees to collaborate with FOV in the solution of their Explorer in Venezuela. After the receipt of such letter, a meeting, with lawyers was called for by FOV. Such meeting took place yesterday.

Such meeting is summarized as follows:

Mr. Cassingena was very strong and rude with regard to BFVZ's Letter. He said it was not acceptable and that under no circumstances he will accept a statement that their Explorer has suspension problems. That all the problems were created by our tires and that we should solve the problem and act together with them in the message to be sent to the Venezuelan consumers. Our response was (1) to immediately deny such statement, (2) to indicate that we were under the impression that the commercial terms of the Letter had already been accepted by Judy Sullivan, from FOV USA, and (3), to clearly state in equally strong terms that in our opinion, the problem their Explorers were confronting in Venezuela resided in their suspension system and therefore any liability should be placed in FOV and not in BFVZ. Thereafter he asked us what BFVZ intended to do and what was the message BFVZ proposed. BFVZ explained that its position was clearly mentioned in the Letter and that the reason for the attendance to the meeting was to jointly cooperate with FOV in the campaign regarding their Explorer and that BFVZ was the party expecting a message from FOV in order to collaborate with FOV.

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FOV officers came very strong indicating that their Explorers did not have any problem, that they comply with all legal requirements and standards in the USA and Venezuela and that the accidents that have taken place in Venezuela are due to the BFVZ Wilderness tire. Such statements were rejected by us indicating that a good number of accidents have taken place with tires other than BFVZ tires and that they have been modifying their Explorers' suspension. We explained to them the cause of many of the accidents and that we do not feel responsible at all. At this stage, FOV officers tried to point out that BFVZ had not educated the Venezuelan consumer as to tires maintenance. This was completely rejected and an explanation as to how such education is carried was given. A long discussion followed on issues that pretended to be evidence supplied by FOV trying to place the cause of the accidents in BFVZ's tires. Again, such liability was completely rejected and general specification of certain accidents and the causes therefore were given.

Thereafter, BFVZ insisted that it was our understanding that the reason for the meeting was to find an amicable joint solution for FOV's Explorer problems and the type of campaign to be adopted, irrespective of whatever had happened. For that purpose BFVZ had sent the Letter and proposed a new tire and the commercial terms for its purchase, all of that subject to the change in the suspension system. At this point in the time, FOV suggested that we use our distribution chain in order to proceed to change Firestone tires on all of the 1996, 1997, 1998 and mid 1999 FOV's Explorers, without them accepting any of the commercial terms and without any change in the suspension system. This was completely rejected because (1) it gave the subliminal message that the cause for the accidents was BFVZ's tires, (2) they are referring to a Recall of the Explorers' tires which recall is not our responsibility and we are not going to do so, and (3) we believed the cause of the accidents was a design failure in the suspension system and thus they were the ones that should make the proposal. For this latter purpose they should use their distribution chain and we will collaborate with them.

Immediately, we informed that any suggestions other than the proposals contained in the Letter should be consulted with Mr. Gonzalez and Mr. Ono. The meeting was called off but Mr. Cassingena informed Mr. Oscar Rodriguez, our Sales Director, that he should talk to Mr. Hector Rodriguez, FOV's Purchasing Director. In this conversation, Mr. Hector Rodriguez rejected the price proposed in the letter for the new tire and the use of such tire for their current vehicle.

Conclusion: No agreement has been reached. FOV is forced by time to come up with a quick and prompt solution because they have to testify next week before the State Attorney as to one accident that took place in Acarigua, Portuguesa State.

If you have any questions, please do not hesitate to contact me.

Regards,

Ana Cecilia Colmenárez  
Manager of Legal Affairs of BFVZ

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