



BRIDGESTONE FIRESTONE VENEZOLANA C.A.
VALENCIA-VENEZUELA

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JAG207-04/00

VALENCIA, MAY 9TH, 2000

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TO: MR. ART STUART - BFOE
MR. JOHN BEHR - BFOE

CC: MR. DAVE THOMAS - LEGAL DPT
MR. H. HORTON - LEGAL DPT.
MR. G. FERESTAD - BFVZ
MS. A. C. COLMENAREZ - BFVZ LEGAL
MR. O. BENITEZ - BAKER & MCKENZIE

FROM: JORGE A. GONZALEZ

SUBJECT: FORD PROPOSAL

AS AGREED DURING THE MEETING HELD ON FRIDAY MAY 5TH, YESTERDAY AFTERNOON THE FOLLOWING PEOPLE TOOK PART IN A MEETING AT FORD:

MS. ANA CECILIA COLMENAREZ - BFVZ LEGAL COUNSEL
MR. OMAR BENITEZ - BAKER AND MC KENZIE PARTNER
MR. OSCAR RODRIGUEZ - BFVZ SALES DIRECTOR
MR. PEDRO MARTINEZ - BFVZ OE SALES MANAGER.

WHEN WE VISITED FORD TO PRESENT THE LETTER STATING OUR PROPOSAL, FORD VENEZUELA PRESIDENT MR. E. CASSINGENA AGREED TO HAVE A MEETING IMMEDIATELY TO DEFINE AMONG THE LEGAL COUNSELORS OF THE TWO COMPANIES THE APPROACH TO TAKE IN ATTENDING CUSTOMERS TO AVOID CONFLICTING STATEMENTS AND MISUNDERSTANDINGS AND DEFINE OTHER ISSUES COVERED IN THE LETTER.

UPON THEIR ARRIVAL AT FORD, I AM TOLD THAT OUR PEOPLE FOUND A VERY AGGRESSIVE ATTITUDE ON THE PART OF FORD PERSONNEL IN PARTICULAR THE PRESIDENT OF FORD VENEZUELA WHO INSISTED THAT BFVZ HANDLE THE REPLACEMENT OF TIRES THROUGH ITS DEALER NETWORK AND OFFER THE PEOPLE THAT HAVE EXPERIENCED PROBLEMS WITH THE VEHICLE THE REQUIRED EXPLANATION.

FORTUNATELY OUR LAWYERS WERE PRESENT AND HAD BEEN BRIEFED ON THE SITUATION AND ADVISED FORD REPRESENTATIVES THAT THE PURPOSE OF THE

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MEETING WAS TO DEFINE THE STATEMENT TO BE ISSUED TO CUSTOMERS AND IT APPEARED THAT INSTEAD THEY WERE READY TO STATE THAT THE TIRE WAS THE

ONLY CAUSE OF THE PROBLEMS FACED WITH EXPLORERS AND WASH THEIR HANDS. OUR LAWYERS TOOK THIS OPPORTUNITY TO REMIND THEM THAT THE SAME TIRE IN THE SAME DESIGN "WILDERNESS", IS FITTED ON GRAND BLAZERS AND TOYOTA AUTANAS WHICH DO NOT ROLL OVER EVEN IN CASES OF TIRE FAILURE AND THAT IN THE CASE OF 15" TIRES ALL CHEVROLET BLAZERS ARE EQUIPPED WITH FIRESTONE TIRES AND THEY DO NOT ROLL OVER EITHER. AT THE END OF THE MEETING THEY ADVISED ALL PARTICIPANTS THAT THEY WOULD HAVE TO CONSULT WITH ME AND ULTIMATELY WITH OUR HEAD OFFICE. I HAVE ASKED OUR LAWYERS TO PREPARE A FULL REPORT OF THE MEETING AND FORWARD IT TO YOU AND H. HORTON IN CASE OF ANY FUTURE QUESTIONS.

IN A NUTSHELL, IT APPEARS THAT NOW FORD VENEZUELA WANTS TO TURN THE TABLES AND INSTEAD OF THIS BEING A PROPOSAL TO HELP RESOLVE A PROBLEM THEY WANT TO BLAME BRIDGESTONE FIRESTONE FOR THEIR PROBLEMS. BASED ON THE ITEMS DISCUSSED AT THE MEETING AND A CONVERSATION OF OUR SALES DIRECTOR, OSCAR RODRIGUEZ WITH FORD PURCHASING DIRECTOR MR. HECTOR RODRIGUEZ, FORD'S POSITION CAN BE DEFINED AS FOLLOWS:

- FOV WILL NOT INSTALL THE NEW TIRE ON THE NEW VEHICLES COMING OFF THE ASSEMBLY LINE.
- FOV WANTS THE TIRES AT NO CHARGE.
- FOV DOES NOT ACCEPT ANY CONDITIONS.
- THEY EXPECT BFVZ TO REPLACE THE TIRES, NO QUESTIONS ASKED. SIMILAR TO A "SILENT RECALL".
- OUR CONDITION OF CORRECTING THE SUSPENSION PRIOR TO INSTALLING THE NEW BRIDGESTONE TIRES IS NOT ACCEPTABLE TO THEM EVEN THOUGH FOV CONTINUES WITH THE SO CALLED ENHANCEMENT PROGRAM IN EFFECT THROUGHOUT VENEZUELA USING GOODYEAR TIRES, BUT IT APPEARS THAT THEY DO NOT WANT TO APPLY IT TO THE BRIDGESTONE TIRES. IT IS NOT CLEAR WHAT DO THEY INTEND TO DO

ONCE YOU HAVE SEEN THE REPORT FROM OUR LAWYERS, IT WOULD BE ADVISABLE TO LET FORD DEARBORN KNOW OF THE POSITION ADOPTED BY FOV. ALL ITEMS CONSIDERED, MY RECOMMENDATION IS THAT WE GO BACK TO JUDY SULLIVAN AND ADVISE THAT WE HAVE MADE THE OFFER BUT THEY DID NOT ACCEPT IT.

FROM OUR PERSPECTIVE, IF THEY DO NOT ACCEPT TO MODIFY THE SUSPENSION PRIOR TO INSTALLING THE NEW BRIDGESTONE TIRES, I DO NOT RECOMMEND TO GO AHEAD SINCE WE KNOW FOR A FACT THAT THE VEHICLE MAY ROLL OVER

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WITH ANY TIRE BRAND AND IT WOULD PUT IN JEOPARDY THE BRIDGESTONE BRAND IN VENEZUELA.

I SINCERELY QUESTION THEIR INTENTIONS PARTICULARLY CONSIDERING THAT THEY ARE GOING AHEAD WITH THE ENHANCEMENT PACKAGE INSTALLING AND CHARGING FOR GOODYEAR TIRES WHILE THEY ARE NOT WILLING TO DO IT WITH OUR PRODUCT AND IN ADDITION KNOWING THAT IN VENEZUELA THERE ARE MANY UNCONTROLLABLE FACTORS SUCH AS IGNORED SPEED LIMITS, EXTREME HEAT, POOR TIRE CARE, BAD TIRE REPAIRS, POOR ROADS AND A RECOMMENDED AIR PRESSURE ON THE EXPLORERS OF 28 PSI.

PLEASE ADVISE YOUR THOUGHTS AND RECOMMENDATION. CONSIDERING THAT FOV HAS BEEN MODIFYING THE SUSPENSION, OUR INTENTION WAS TO GO ALONG WITH YOUR PROPOSAL TO APPEASE AND HELP FORD DUE TO OUR LONG BUSINESS RELATIONSHIP BUT IT APPEARS THAT THEY WANT BRIDGESTONE FIRESTONE TO SOLVE THEIR PROBLEMS.

PLEASE CALL ME IF YOU HAVE ANY QUESTIONS.

BEST REGARDS,

JORGE A. GONZALEZ

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