Firestone Plantations Company

HARVEY S FIRESTONE FOUNDER

CABLE ADDRESS: FIRESTONE

HARBEL LIBERIA, WEST AFRICA

October 10, 1990

VIA TELEFAX (201)674-7956
Commander-in-Chief Charles Taylor
National Patriotic Front of Liberia
Republic of Liberia
c/o Mr. Tom Woewiyu

Dear Sir:

Further to our letter to you dated October 3, 1990, we have prepared the attached Aide Memoire which describes the effect of the Civil War on Firestone Plantations Company ("FPCO") operations in Liberia. We are sending this to you and other interested parties in anticipation of meetings to determine the conditions upon which FPCO might resume its operations.

An important subject that has not previously been addressed in our communications are concerns we have for our employees, their families and all Liberians in this time of need. FPCO recognizes that upon any resumption of operations it may be necessary to precede any reactivation by a resupply of medical provisions and rice. This is an additional agenda item we would wish to discuss at the time of our meeting which we hope can take place at the earliest possible opportunity.

We would appreciate a prompt written response either from you or your representative, Tom Woewiyu, by return fax. We desire to meet with you or another principal of your organization who understands the situation on our plantation and in Liberia. While we are prepared to meet with any other representative whom you choose, such representative must have written instructions from you authorizing his representation.

For your assistance, our fax numbers are (216) 379-4422 or (216) 379-6072.

Very truly yours,

FIRESTONE PLANTATIONS COMPANY

D. A. Ensminger
President and Managing Director

Attachment
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Firestone Plantations Company
AIDE-MEMOIRE

THE EFFECT OF THE LIBERIAN CIVIL WAR ON
THE FIRESTONE PLANTATIONS COMPANY.

1. Cessation of Operations and Declaration of Force Majeure. Regrettably, Firestone Plantations Company (FPCO) and its parent corporation, Bridgestone/Firestone Inc. ("BFS"), were forced to cease operations in Liberia in June, 1990, due to the civil war in Liberia. Armed conflicts took place on the Firestone Plantations and Firestone facilities have been, and still are, occupied. The Government of Liberia was formally notified by letter dated August 22, 1990 (copy attached) that a condition of force majeure had existed since June, 1990. By letter dated October 3, 1990, we reiterated that this condition continues to exist.

2. Losses and Damage Suffered by FPCO. FPCO's management employees witnessed, prior to their departure from Liberia in June, 1990, the substantial destruction of, or damage to, FPCO's assets in Liberia, the confiscation or theft of its equipment and vehicles, the looting of materials and supplies, the occupation of its facilities and the dislocation of many of its employees. Reliable reports received by FPCO management since June, 1990, are to the effect that this degree of destruction, damage and loss has continued and may have increased. Indeed, FPCO has been informed that finished dry rubber has been removed from the plantation for export and sale on the open market. In short, the Government of Liberia proved unable, as required under the Concession Agreement, to provide protection to FPCO.

3. Profound Changes in Circumstances. FPCO must now evaluate the full effect of the profound changes in circumstances which have occurred in Liberia and how these would affect any resumption of operations in Liberia. This is a difficult assessment in light of the unprecedented changes to the political and economic structure of the country as a result of the civil war. These changes will materially affect the people, government, and economy of Liberia in the years to come and have fundamentally revised the Liberian political system. The existing situation raises questions as to whether, when and how operations could be resumed in Liberia at an acceptable level of risk both to personnel and to the investment itself; when the conditions constituting force majeure will be lifted; and what the policies of the Liberian Government in the future towards FPCO and other business operations in the country will be.

4. Security of Personnel and Assets. FPCO cannot resume operations unless its employees, both Liberian and expatriate, have sufficient assurances that peace, law and order will be restored in Liberia to ensure their own safety and that of the members of their families from physical harm and harassment. These assurances must be objectively credible to FPCO and subjectively convincing to the employees. Continued looting of personal property and acts of violence against individuals are of great concern to FPCO. There have been reports that thousands have lost their lives, that ethnic hostilities and tensions have increased and that thousands of deadly weapons have been brought into Liberia. FPCO has further been informed that the plantation has been bombed, that certain residences have been destroyed and that its factory and equipment may have sustained concussion damage as a result of bombing. It is essential, therefore, that reasonable assurances be provided as to the safety of employees of FPCO and their families and the protection of their property.

5. Restoration of Access to the Freeport of Monrovia. The majority of FPCO's products are exported in the form of latex. FPCO has storage tanks and facilities at the Freeport of Monrovia for the export of latex. FPCO cannot fully recommence operations unless it is assured of access to the Freeport of Monrovia and the ability, thereby, to export latex.

6. The Need for Immediate Inspection of FPCO Assets. In order for FPCO to assess the feasibility of any future resumption of operations, and to minimize further deterioration of assets, it needs to send a small team to the plantation in Liberia in order to evaluate the state of its equipment and the degree of repair, rehabilitation and replacement which would have to occur. To accomplish this objective, FPCO must be assured that its representatives will have safe passage into and out of Liberia in the near future. FPCO will thus have to obtain permission from, and the cooperation of, any political or military authority which exercises effective control, *de facto*, over the area comprising the FPCO plantation, the operation of the United States Trading Company in Monrovia, the FPCO leased port facilities in Monrovia, and over points of entry to and exit from Liberia. By so doing, FPCO will not thereby be interfering in the internal affairs of Liberia nor recognizing, or disputing, the legitimacy of the claims which any political or military authority may have that it is the legitimate government of Liberia or is otherwise entitled to exercise governmental authority in any part of Liberia. Furthermore, any such communication by FPCO with a political or military authority, and specifically any entry by FPCO representatives into Liberia for the purpose of evaluating the state of its assets, is certainly not an admission or

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suggestion by FPCO that the obviously continuing state of force majeure which exists in Liberia has ceased to exist. Therefore, entry by its representatives into Liberia will be merely in order to carry out the purposes described in this paragraph.

7. Protection Against Certain Legal Claims and Restoration of the Judicial System. Critical to the reestablishment of normal business activity will be the introduction of a fair and impartial judicial system which will protect the rights and properties of persons and enterprises resident in Liberia, and at the same time provide a fair and impartial means of resolving disputes. FPCO will seek the protection of the Liberian Government from claims which arise from or relate to FPCO's inability either to carry on operations or other activities because of the existence of force majeure conditions, or to reconstruct records destroyed as a result of such conditions. The Liberian Government should recognize that claims which arise against a private party like FPCO during a period of force majeure, or as a result of force majeure conditions, will be barred. FPCO, like other private investors in Liberia, is deeply concerned about the operation of the legal system and the laws under which it will carry out its business. FPCO expects that such laws would be comprehensive, predictable and stable such that all affected persons will have adequate notice as to their rights and what is expected of them in order to comply with such laws. Private investors have a strong interest in a fair and independent judiciary which will provide protection to them against efforts to interfere with their rights or to deprive them of their property.

8. Major Investment Required to Restore or Rehabilitate Assets. FPCO and BFS would be required to invest millions of dollars in order to resume operations. Based on its current financial performance, BFS would have to borrow all funds to be invested. Given the high level of political risk which exists in Liberia today, and which almost certainly will continue to exist during the early post-war years, it will be very difficult to justify making such borrowing and such additional investment without reasonable assurances as to the restructuring of the Liberian economic and political system in a manner which offers protection to such investment. This means that circumstances must exist which objectively demonstrate that the high risk of such investment has been moderated. FPCO looks to the Liberian Government and all political and military groups operating within the country to help bring about such circumstances and, in the immediate future, to assist in the recovery of FPCO's vehicles, machines, equipment, supplies and other assets which have been taken by

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third parties for their own purposes. FPCO recognizes that the restoration of stability and a fully functioning economic and political system cannot take place overnight. However, meaningful steps can be taken by all relevant parties which point the way towards the achievement of such stability within a reasonable time, and FPCO would be greatly encouraged to see such developments.

9. The Need for Revisions to the Concession Agreement. It is obvious that conditions have changed profoundly from those which existed on the effective date of the Concession Agreement or, indeed, prior to December 24, 1989. Given the requirement that FPCO and BFS would have to borrow and invest additional capital if FPCO were to resume operations, and given the vastly increased level of risk associated with such an investment, revisions to certain terms of the Concession Agreement are necessary to improve the economic terms of an FPCO investment and to make possible a fair return on that investment. A fundamental premise is that FPCO must be treated in a manner that is no worse than the treatment accorded its competitors in Liberia, with regard to fiscal and tax issues. It further needs such fiscal and tax provisions as will enable it to compete not only with other Liberian producers, but also with producers in all the major rubber producing countries of the world. The civil war in Liberia has greatly harmed FPCO's ability to be competitive on a worldwide basis. For example, FPCO has lost many of its latex customers who have had to go elsewhere for their supplies of latex. It will require great effort, and almost surely steep pricing discounts, in order to win back these customers who may be understandably concerned that continuing instability in Liberia will once again interrupt this source of supply. In order to replace assets that have been lost, FPCO will need to import many vehicles and other equipment. The imposition of import duties on the importation of these items would make it economically impractical to do so. Therefore, exemption from the imposition of such import duties will be necessary. With regard to taxation of income, policies should reflect current international rates and standards so as to encourage, rather than deter, new investment in the country by entities such as FPCO and BFS. Moreover, the government should consider granting some relief or exemption from such taxation to encourage new investment (such as that FPCO will need to make) which will assist in the restoration of business activity and the employment of persons within Liberia. This will enhance rather than diminish sources of revenue for the carrying on of future governmental activities. Moreover, incentives granted investors in this very difficult post-war period will encourage business activity that otherwise might not take place. Such measures would also inspire confidence as to the future direction of governmental policy in Liberia.

10. Conclusions. FPCO has been a very important corporate citizen of Liberia since 1926. It hopes to be able to build upon and continue its unique relationship with the Liberian Government and people. Aside from the Government itself, it has been for many years the largest employer in the country. However, all sides need to recognize that FPCO has incurred, and continues to incur, major losses as a result of the instability which exists in Liberia and the continuing hostilities. These developments have more seriously disrupted the social and economic fabric of the country than any other event since FPCO began operating in Liberia over 60 years ago. FPCO hopes that, with the restoration of peace to Liberia, all citizens of the country, individual and corporate, will be able to join together in order to rebuild what has been destroyed and that all parties will act together with goodwill to lay a solid foundation for national reconstruction.

October 10, 1990

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