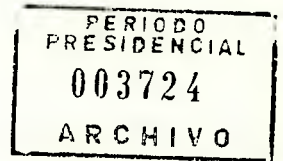


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October 30, 1990

Consejo de Defensa del Estado

Attention: Davor Harasic, Esq.

Dear Mr. Harasic:

You have asked us to advise you preliminarily of the assistance and information we are likely to require if the Consejo de Defensa del Estado (the "Council") retains us to prepare a report advising it with respect to the remedies available to the Republic of Chile in the United States Courts and international tribunals to recover the damages caused by the seizure of Chilean grapes in Philadelphia in March 1989 and the ensuing actions regarding Chilean grapes by the United States Food and Drug Administration ("FDA").

We would be both pleased and honored to prepare such a report for the Council and we are confident that it could be completed prior to Christmas, 1990. The report would address such matters as alternative theories of liability, standing and damages and assess the probable outcomes.

We are sure you understand that we cannot at this time state definitively and precisely all of the information and assistance we would require if we were retained to prepare the report. We can advise you now, however, that we would promptly require the following.

1. Copies of all statutes and regulations pursuant to which payments were made by the Republic of Chile to growers, exporters, importers and others following the FDA seizure in March 1989.
2. A schedule of payments by the Chilean Government to growers, exporters, importers or others by reason of FDA seizure.
3. The documents acquired or prepared during the course of investigations by the Chilean Government with respect to the grape seizure and any memoranda or notes of interviews conducted in the course of such investigations.
4. Copies of chemical or other scientific investigations conducted by or at the behest of the Chilean Government or the exporters. In particular, we would want a copy of the report prepared at the University of California, Davis.
5. Access for consultation with the persons who are responsible for the investigation at the University of California, Davis and others conducted in Chile, together

with any supporting materials which we might find it necessary to review.

6. Consultation beginning immediately with Chilean counsel, economists and financial analysts who could review with us in detail the structure and economics of the grape industry and precisely how damages were sustained by the growers, exporters, importers and the Government, and who could prepare in consultation with us a reasoned and supportable schedule of damages sustained by each of the injured parties. After initial consultation, it is probable that much of the continuing consultation could be accomplished by fax or telephone.

7. It would be desirable that we have access for consultation with counsel for the exporters. Action taken or not taken by the exporters to assert claims for damages could significantly affect the remedies available to the Republic of Chile. In addition, such consultation might avoid duplication of work.

In addition, we would like to be advised if it would be feasible, in the event we concluded that such action would facilitate the assertion of claims by the Chilean Government, for the Republic of Chile to enact a statute which vested in it the sole and exclusive right to pursue claims in the United States Courts arising out of the

grape seizure in March 1989 and providing as well for the distribution of any recovery in a fair and equitable manner among those who sustained injury.

We estimate that the cost of preparing the report would be approximately \$250,000, plus disbursements. We treat as disbursements the cost of stenographic services and the costs involved in the reproduction of documents. In a matter such as this, disbursements of that nature may be substantial.

You have asked that we estimate the cost of preparing a Statement of Claim for filing with the Food and Drug Administration pursuant to the Federal Tort Claims Act. Since substantially all of the research and analysis necessary for the preparation of the Statement of Claim would have been completed in connection with the preparation of the report, we estimate that the cost of preparing a Statement of Claim should not exceed \$25,000.

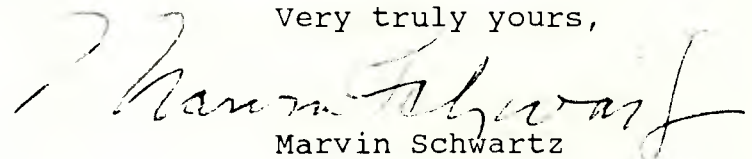
You have asked that we attempt to estimate the cost of asserting claims against the United States in the appropriate United States District Court under the Federal Tort Claims Act. You have advised us that you recognize the difficulty and uncertainties inherent in making such an estimate at this time. Assuming aggressive defense of such claims by the United States Department of Justice and the

fullest utilization by the Department of its rights under our rules of procedure to take the testimony before trial of witnesses who might have knowledge of the underlying facts, and to obtain copies of all documents which bear upon the matters in controversy, and assuming further that the litigation would be resolved by a trial court judgment in approximately two years, we estimate that our fee would range from approximately \$5,000,000 to approximately \$10,000,000. We expect that our disbursements would be substantial. It is our practice to submit statements for services on a quarterly basis.

If the matter were to proceed to trial we would require expert assistance in chemistry and economics and presumably would offer testimony by such experts. Their fees would be substantial.

Please do not hesitate to advise us if you would like any additional information at this time. I will be available by telephone tomorrow at 212/558-3516 and Mr. Akers at 202/956-7535.

Very truly yours,

  
Marvin Schwartz