

October 11, 2017

VIA COURIER DELIVERY

The Honorable Kenneth E. Mapp, Governor
Government House
21-22 Kongens Gade
St. Thomas, US Virgin Islands 00802

RE: Notice of an Event of Force Majeure

Dear Governor Mapp:

We refer to the Agreement between Diageo USVI Inc. ("DUSVI") and the Government of the United States Virgin Islands ("GVI"), dated as of June 17, 2008, as amended, supplemented or otherwise modified (the "Diageo Agreement"). Capitalized terms defined in the Diageo Agreement shall have the same meanings as used herein, unless otherwise specified.

In accordance with the provisions of the Diageo Agreement, this is to notify GVI of the occurrence of an Event of Force Majeure as a consequence of the impact that Hurricanes Irma and Maria had on DUSVI.

In the wake of the hurricanes, DUSVI's primary concern has been the safety and welfare of our employees and their families on St. Croix. While a number of our employees suffered significant damage to their properties, we are glad to report that our employees and their families have all been accounted for and are safe. We continue to provide assistance and support to our employees affected by the hurricanes, in addition to our corporate pledge of \$1 million in hurricane relief to the USVI.

As to DUSVI's operations, Hurricane Irma's impact on the distillery's structure was relatively limited but nonetheless caused the complete shut-down of operations due to the unavailability of clean water from WAPA for an extended period of time, among other impediments outside of DUSVI's control. Hurricane Maria which followed then caused structural damage to the distillery, which has further impacted our ability to resume operations. Specifically, one of the cooling towers which is critical to the production of rum was damaged and rendered out of commission, and there were significant electrical outages affecting the operation of equipment and other manufacturing components. The administrative offices were also critically damaged, impeding communications, connections, and access to equipment. As a result, since the hurricanes hit the USVI, our distillery has not been operational.

We have been working diligently to assess and prioritize repairs of the damaged areas, but this work is ongoing and our assessment is not yet complete. Our best estimate at this time, however, is that we will resume commercial operations, at least in part, between the end of October and early December. In the meantime, pursuant to Section 6.2.1(b) of the Diageo Agreement and as part of our efforts to mitigate the effects of the Event of Force Majeure, we have made arrangements to source rum for our Captain Morgan branded products from third parties outside the USVI, to the extent required to avoid an out-of-

DIAGEO USVI

RR 1 BOX 9400
KINGSHILL, ST. CROIX USVI 00850
PH: (340) 713-5600 • FX: (340) 719-7190

stock situation for Captain Morgan in the U.S. and until such time that that we can resume normal operations in the USVI, which we are aiming to accomplish as soon as possible.

We will of course provide an update when we have more information on our progress.

Very truly yours,

A handwritten signature in blue ink that reads "Cynthia Arnold". The signature is fluid and cursive, with the first name being more prominent than the last.

Cynthia Arnold
Director of Operations
Diageo USVI

Cc: Commissioner, Virgin Islands Department of Property & Procurement
Attention: Director of Finance and Administration, Virgin Islands Public Finance Authority
Attorney General of the Virgin Islands, Virgin Islands Department of Justice
Peter Hiebert and Geoffrey Eaton, Winston & Strawn