

Note to : B.P. Constant, CB Director
From : A.D. Dirkzwager, Lloyds Bank Plc, Rotterdam

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17.8.1992

Re : N.V. GTI HOLDING - YOUR NOTE OF JULY 1, 1992

Due to being on summer holidays in the month of July and upon my return Andrew Bonar being in Tehran during the first week of August my reaction to your note is belated.

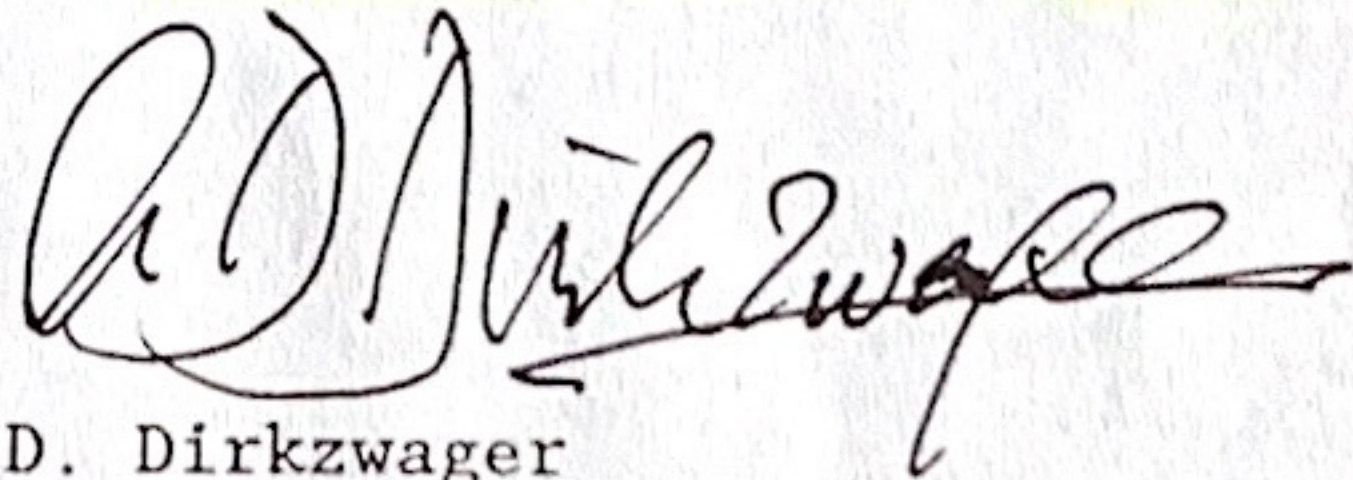
First of all, in order to comply with the terms of your authorisation to continue the relationship I confirm that : 1) a new facility letter will be drafted by our lawyers, 2) in the past 10 years the parent company has always been liable for every single guarantee we have established and the liability of the parent as such has been recorded which is also acknowledged by NV GTI and it will not be different in the future, 3) in future, we shall only support those projects which have been checked by us to not exceed 12 months. Since most guarantees, according to prevailing market practices, have no expiry date, we shall insist on the submission of underlying copies of agreements relating to the projects.

Having noted the Bank's terms of authorisation, I reconfirm that NV GTI is not only a well-managed, quoted company in the Netherlands, but the attractive aspect, of being their bankers, is that they require only 'non-funds based' services from the Bank which relate to performance risks for a rather routine type of electronic and technical installation jobs. Furthermore, the nature of their business is such that NV GTI can fairly securely predict its net profit figure 12 months in advance, basing themselves on orders on hand.

We are of the opinion that A/L 92/20 of 12.5.1992 reflects the true position of GTI as outlined above. I cannot help but think that the apparent severe counselling tone of your note of 1st July 1992 serves another purpose than that of protecting the Bank's interest from possible losses to be incurred by rendering services to GTI.

I will be happy to discuss the other points you raised in your note in an open and constructive discussion. I will not accept the onus to prove the denial of unsubstantiated observations. I honestly believe that it should not have been necessary to go into writing on this matter had you instead communicated your concern to the undersigned verbally. I could have given you the necessary reassurances. Be assured that I continue to give my best efforts to Lloyds Bank whilst I express my concern on how Lloyds Bank perceives the market as expressed in the following quotation : "Good managers are cautious but not too cautious."

If they show an excessive fear of mistakes the initiative of their associates can be stifled. People get supercautious if every little slip up tends to unnerve their managers".

A handwritten signature in dark ink, appearing to read 'A.D. Dirkzwager'. The signature is fluid and cursive, with a large initial 'A' and 'D'.

A.D. Dirkzwager
Manager