



FOR THE RECORD



The True Story Behind The Creation Of

INVESTCORP

By the editors of
JMHinternational.com

TABLE OF CONTENTS

PREAMBLE	3
CHRONOLOGY OF EVENTS	4
I. INTRODUCTION	9
➔ Arab Monetary Fund (AMF)	10
➔ Investcorp	11
➔ Jawad Hashim	12
➔ Nemir Kirdar	12
II. INVESTCORP: Why Writing Now?	13
III. INVESTCORP: The “Project”	15
IV. Nemir Kirdar At The AMF	17
V. Retention Of The Law Firm Of Hatim Zu’bi In Bahrain	19
VI. INVESTCORP: Soliciting Investors	20
VII. INVESTCORP: The Summer Of 1981	21
VIII. INVESTCORP: Application For Incorporation & Founder Shareholders’ Meeting	22
IX. INVESTCORP: The Incorporation & First Meeting Of The Board Of Directors	24
X. INVESTCORP: Events Leading To Dr. Hashim’s Resignation	25

What Follows Is An Abridged Version Of A Chapter
In Dr. Jawad Hashim's Memoirs (second Edition) To Be Published In 2009.

PREAMBLE

The purpose of this document is to set the record straight. Written a quarter of a century after the creation of INVESTCORP, it will show how this unique investment entity was conceived, developed and implemented under the auspices of the Arab Monetary Fund and its President, Dr. Jawad Hashim. The period to which it refers is 1977 to 1984.

The editor,
August 2008



CHRONOLOGY OF EVENTS

In this chronology "JH" refers to Jawad Hashim and "NK" refers to Nemir Kirdar.

Date		Description
Early	1977	JH meets NK in Abu Dhabi.
May	1977	JH assumes his post as President of Arab Monetary Fund (HQ - Abu Dhabi).
Summer	1979	<p>JH pays an official visit to Bahrain. During this visit, he meets NK at Chase Manhattan Bank - Manama, Bahrain. JH informs NK of his intention to embark on a detailed study for the establishment of an investment entity with an international dimensions. JH asks NK if he is willing to leave Chase and join AMF as an advisor to JH. NK declines. JH suggests to write to David Rockefeller (Chairman of Chase) to second NK to AMF for one year.</p> <p>(See: Appendix-01, Paragraph-3)</p>
Oct.	1979	JH meets David Rockefeller in Belgrade during IMF and IBRD annual meeting and discuss possibility of NK being seconded to AMF.
Nov.	1979	JH visits David Rockefeller in New York and repeats his request re: NK. Rockefeller promises to look into the matter.
Jan.	1980	NK transferred from Chase-Bahrain to Chase-London, England, to assume the post of Investment Officer.
Jan.	1980	David Rockefeller retires as CEO of Chase, and Willard Butcher becomes the bank's new boss.

Date	Description
Mar. 13 1980	<p>JH writes to Willard Butcher, requesting the secondment of NK.</p> <p>(See: Appendix-03)</p>
Mar. 1980	<p>JH letter to Willard Butcher is referred to William Flanz — NK's superior at Chase Manhattan Bank - New York. Flanz telephones NK to see if NK is interested to join AMF. NK asks for time to make up his mind. Then NK calls JH and requests a meeting. At the meeting, JH and NK reach an understanding as follows:</p> <ul style="list-style-type: none"> (a) NK joins the AMF as one of the advisors to JH for the sole purpose of preparing a feasibility study on the investment of Arab surplus funds; proposal for the possible creation of an investment vehicle that will provide financial services to Gulf region with special emphasis on the private sector; (b) NK would be provided with one full-time secretary; (c) NK travel expenses associated with the special study would be paid by the AMF; (d) JH would lend NK \$1,000,000 to buy a house in London for his wife and children to live in; (e) NK accommodation expenses in Abu Dhabi would be paid by the AMF; (f) At the end of his one-year employment at the AMF, NK would go back to Chase Manhattan Bank - London. The special study, its recommendations and any other material relevant to the creation of the investment vehicle remain the property of AMF.

Date		Description
Apr. 10	1980	Chase Manhattan Bank agrees to second NK to AMF for one year. NK requests Chase to apply to British immigration authorities (The Home Office) to grant residency-permit to his wife and two daughters on the ground that NK will join Chase Manhattan - London after the end of his secondment to AMF.
Jun.	1980	NK rents a furnished apartment in London for his family and enrolls his children at schools.
Jul.	1980	NK joins AMF staff as Advisor to JH.
Aug. 06	1980	JH personally lends NK one-million Swiss Francs for a period of three years maturing August 5, 1983. As collateral, NK provides JH with a Promissory Note. (See: Appendix-04)
Nov. 17	1980	The feasibility study is completed. (See: Appendix-10)
Nov. 19	1980	JH asks NK to approach a leading law-firm in Bahrain to provide legal opinion for the promotion and possible incorporation of the investment vehicle if the AMF so wishes. NK suggests the law-firm of Hatim Zu'bi. (See: Appendix-05)
Nov. 23	1980	JH, in his capacity as the President of AMF, appoints the Law Offices of Hatim Zu'bi as the legal advisors for the AMF for the sole purpose of the proposed investment vehicle (which later is called Investcorp). (See: Appendix-05)

Date	Description
Nov. 29 1980	<p>From this date onward, JH, in his capacity as President of AMF, writes to several government institutions and national banks in the Gulf States, inviting them to participate in the proposed investment entity's capital. These institutions included: National Bank of Abu Dhabi, Qatar National Bank, National Bank of Bahrain and others. An example of these official AMF letters is the one addressed to Ahmed Khalifa Al-Suwaidi – Chairmain of the Board of National Bank of Abu Dhabi.</p> <p>(See: Appendix-06)</p>
Jan. 17 1981	<p>By a letter dated January 17, 1981, to the Chairman of National Bank of Bahrain, NK (in his capacity as Advisor to the President of AMF) forwards the feasibility study, as an official document of the AMF. The Bank's reply to NK (as Advisor to AMF's President) arrives on February 16, 1981.</p> <p>(See: Appendix-07)</p>
Feb. 21 1981	<p>David Rockefeller writes to JH referring to his visit to Abu Dhabi.</p> <p>(See: Appendix-08)</p>
Apr. 06 1981	<p>JH responds to David Rockefeller's above letter.</p> <p>(See: Appendix-08)</p>
May. 24 1981	<p>An application is made to Bahrain Ministry of Commerce and Agriculture for the incorporation of Investcorp.</p>
Aug. 12 1981	<p>Investcorp's Founders Shareholders meet in Manama, Bahrain, and appoints NK as the project's coordinator.</p>

Date		Description
Aug. 15	1981	NK leaves AMF, as his one-year secondment from Chase Manhattan Bank ends.
May. 07	1982	JH term of office as President of AMF ends. JH leaves for London, England.
Jun. 20	1982	Investcorp's first Board of Directors meeting. NK is appointed CEO for three-year term.
Oct.	1983	JH receives information that the regime of Saddam Hussein is planning to kidnap him.
Jul. 23	1983	JH and family leave London and reside in Toronto, Canada.
Dec. 07	1983	JH resigns from Investcorp's Board of Directors and Executive Committee.
Feb. 16	1984	JH resignation accepted and the Chairman of Investcorp's Board of Directors sends a thank-you letter. (See: Appendix-09)

I N V E S T C O R P

I. INTRODUCTION

1. Dr. Jawad Hashim was the President of the Arab Monetary Fund during the period 1977-1982. In July 1980 he employed Nemir Kirdar as one of his advisors on one-year secondment from Chase Manhattan Bank. Mr. Kirdar's task was to prepare certain feasibility studies in connection with the development of Arab financial markets, promotion of Arab monetary and economic integration and the quest for investment opportunities for the surplus of the oil-exporting Arab countries as part of the medium and long-term objectives of the Arab Monetary Fund (AMF).
2. Under the auspices of AMF and on its expense, a new financial institution was created in 1981/1982. This entity is called INVESTCORP, short for: Arab Investment Banking Corporation.
3. In 1982 Dr. Hashim encouraged Mr. Kirdar to resign from Chase Manhattan Bank to become INVESTCORP's Chief Executive Officer which he agreed to do. After assuming this new post, Mr. Kirdar began to assert, in press interviews and websites, that INVESTCORP was his "brainchild" without any reference to the AMF having initiated the concept and paying its initial creation-expenses including Mr. Kirdar's salary and allowances from July 1980 to August 15, 1981.
4. Therefore, this document is prepared for the record, to provide the historical background of Investcorp creation. Before going any further, it is important to provide brief background information about: **The Arab Monetary Fund, INVESTCORP, Jawad Hashim and Nemir Kirdar.**



The AMF is a regional Arab organization established by a treaty in 1976 among 22 member countries and commenced operation in 1977. The member countries are:

Jordan, United Arab Emirates, Bahrain, Tunisia, Algeria, Djibouti, Saudi Arabia, Sudan, Syria, Somalia, Iraq, Oman, Palestine, Qatar, Kuwait, Lebanon, Libya, Egypt, Morocco, Mauritania, Yemen, Comoros.

Objectives

The Fund aims at contributing to the achievement of the following objectives:

1. The correction of disequilibria in the balance of payments of member States.
2. The removal of restriction on current payments between member States.
3. The establishment of policies and modes of Arab monetary cooperation.
4. The rendering of advice, whenever called upon to do so, concerning policies relating to the investment of the financial resources of member States in foreign markets.
5. The promotion of the development of Arab financial markets.
6. The paving of the way towards the creation of a unified Arab currency.
7. The promotion of trade among member States.

Means

For the realization of its goals, the Fund shall employ the following means:

1. Providing short-term and medium-term credit facilities to member States with a view to assisting in financing their overall balance of payments deficits
2. Liberalizing and promoting trade and the resulting current payments and encouraging capital movements between member States.

3. Allocating from its resources, paid in the currencies of the member States, sufficient funds to provide the necessary credits to settle their current payments among them, in accordance with the rules and regulations to be laid down by the Board of Governors and within the framework of a special account to be opened by the Fund for that purpose.
4. Managing any funds placed under the charge of the Fund by a member State or States.
5. Holding periodic consultations with member States on their economic conditions and the policies they pursue in support of the realization of the goals of the Fund and States concerned.
6. Conducting the research required to achieve the goals of the Fund.
7. Providing technical assistance to banking and monetary institutions in member States.

**INVESTCORP**WWW.INVESTCORP.COM

INVESTCORP is a banking institution incorporated in Bahrain and operating globally with offices in Bahrain, London and New York.

INVESTCORP is an investment intermediary, acting as a vehicle to channel the wealth of its Arabian Gulf clients into investments in the United States and Europe. INVESTCORP's three offices act in tandem, with New York and London offices identifying investment opportunities, and the Bahrain office placing investment among a pool of clients. The company is active in four primary areas: Corporate Investments and Technology Investments, which each target the North American and Western European markets; Real Estate Investments in North America, with properties ranging from hotels to shopping malls, as well as residential and office buildings; and Global Asset Management. INVESTCORP has become best known through a number of high-profile investments, including its purchase and resale of Gucci, Saks Fifth Avenue, Tiffany and others. INVESTCORP typically acquires 100% control of a company, then works with existing management to expand the business before reselling the company at a premium. Throughout its more than 25 years in business, INVESTCORP has achieved an average return on investments of 26% per year. The company is listed on the Bahrain stock exchange.

The concept behind the creation of INVESTCORP was devised and implemented at the Arab Monetary Fund during the period 1980-1982, when Dr. Jawad Hashim was its President. The establishment of INVESTCORP commenced in May 1981 with the first founding shareholders subscribing and affecting payments on May 13, 1981.

By March 31, 1982, all committed founding shareholders had subscribed and paid their funds.

In May 1982, the public subscription was conducted. In June 1982, General Shareholders Meeting was convened and the shareholders elected the first Board of Directors.

In July 1982, the final incorporation process was completed and INVESTCORP started to develop its policies and procedures manuals, background material and logistical requirements and had began to hire its staff.

In January 1983, INVESTCORP commenced business operations.



JAWAD HASHIM

WWW.JMHINTERNATIONAL.COM

Iraq's Minister of Planning and Presidential Advisor (1968-1977).

President of the Arab Monetary Fund (1977-1982).



NEMIR KIRDAR

WWW.INVESTCORP.COM

An employee of Chase Manhattan Bank (1974-1982).

An employee of Arab Monetary Fund (July 1980 - July 1981).

Executive Chairman and CEO of Investcorp (1982-present).



II. INVESTCORP: Why Writing Now?

5. There are many reasons:

- 5.1 Nemir Kirdar's continuous assertions that INVESTCORP was his brainchild while it was not. The facts and documents revealed here (for the first time) will show that the entity now known as **INVESTCORP** was conceived at the Arab Monetary Fund during the period from 1980-1982 while Dr. Jawad Hashim was its President. Nemir Kirdar was a "foot-soldier" employed by Hashim to be one of his advisors at the Fund. Kirdar was given the task of researching the Gulf financial market in preparation for the establishment of an investment entity. As the documents will show, it was the AMF who funded almost all the expenses associated with the project from its infancy to its creation, including Nemir Kirdar's salary, accommodation and travel allowances, and importantly used its prestige and platform to solicit core investors and gain regulatory approval.
- 5.2 In 2003, Hashim published his political memoirs (in Arabic). The manuscripts were sent to the publisher (Dar Al-Saqi, London) through an Iraqi author and historian residing in London, England.¹ The memoirs contained several photographs and short biography of Dr. Hashim — with a photo showing Hashim as a member of the first Board of Directors of INVESTCORP. The biography made a reference to Hashim as one of the founders of INVESTCORP. It was thought that at the behest of Nemir Kirdar, the friend removed the photograph and the reference to INVESTCORP from the biography without Hashim's knowledge or consent. But in an email (dated July 5, 2008) to Hashim, this friend vehemently denied being responsible for the mysterious deletion of the two items. For committing such an act, the email goes on "would have been most immoral."
- 5.3 Many friends of Hashim, who read his memoirs and who are familiar with his role in founding INVESTCORP, repeatedly urged him to expand his memoirs to include a chapter on the true story of INVESTCORP's creation.

¹ This person happened to be a relative of Nemir Kirdar.

- 5.4 Prior to publishing this document, Dr. Hashim contacted Mr. Kirdar personally to inform him of his intention to update his memoirs by adding a chapter on the history behind the creation of INVESTCORP. Thus, on October 21, 2007, Dr. Hashim emailed Mr. Kirdar asking him to call and discuss a matter of mutual interest. (**See: Appendix-02**).

No response was received. Dr. Hashim sent another email on October 29, 2007, advising Mr. Kirdar of his memoirs-update and the nature of documents to be relied upon in writing the section relevant to INVESTCORP. (**See: Appendix-02**).

- 5.5 This email was sent as a matter of courtesy to ask whether Mr. Kirdar would like to review the draft prior to publication. Mr. Kirdar did not respond personally. Instead, his lawyers, **Gibson, Dunn & Crutcher** of London-England, forwarded a letter to Dr. Hashim advising that *“Mr. Kirdar has asked us to put you on notice ... that he will be monitoring the publication of your memoirs very closely.”* (**See: Appendix-02** for the full text of the letter). Puzzling as it was, the above letter may be interpreted as an attempt to suppress the publication of documentary-supported facts which would bring to the open the true story behind the creation of INVESTCORP. Hence, on January 7, 2008, Dr. Hashim responded to the above letter by a detailed email. (**See: Appendix-02**).

As can be seen from its contents, Dr. Hashim offered Mr. Kirdar a second opportunity to review the memoirs draft. No response was ever received.²

² On May 27, 2008, Hashim emailed Mr. Kirdar's British attorneys requesting Kirdar's personal email-address in order to send him the final draft of this document prior to publication. No response was received.

III. INVESTCORP: The “Project”

6. Upon nomination by the government of Iraq, Dr. Jawad Hashim was elected founding president of the Arab Monetary Fund (AMF) for a renewable five-years term of office from May 1977 - May 1982.³

Article 4(d) of the AMF Treaty states that AMF will render *“advice with regard to policies related to the investment of the financial resources of member States in foreign markets,...”* **Article 4(e)**, on the other hand, states that the AMF will undertake the task of *“promoting the development of Arab financial markets.”*

For the realization of the above goals, the AMF Treaty provided several means including the following:

- Article 5(i):** Conducting the research required to achieve the goals of the Fund.
- Article 5(j):** Providing technical assistance to banking and monetary institutions in member States.
- ...
- ...
- Article 7:** The Fund shall cooperate with similar Arab institutions to achieve its objectives; likewise, when necessary, it shall cooperate with similar international organizations.

Article 8 of the Treaty stipulates, in broad terms, that the AMF shall provide technical assistance and services in the financial and monetary spheres to member States. The above objectives inspired Dr. Hashim with the idea of creating an investment vehicle, unattached to any government agency, to provide financial service such as, but not limited to: **(i)** investment management services for individuals, financial institutions and government agencies; **(ii)** provide consultancy, assistance, management, data processing or advisory services; **(iii)** provide investment and financial training.⁴

³ Since 1980, Dr. Hashim’s relationship with the government of Iraq (headed by Saddam Hussein) had deteriorated, and , hence, Hashim’s second term of office as President of AMF was not renewed.

⁴ For details of the project’s objectives, see **Appendix-10**.

7. On an official visit to Abu Dhabi in early 1977 (in his capacity as Presidential Advisor) to deliver a letter from Saddam Hussein to the then President of United Arab Emirates, Dr. Hashim met Nemir Kirdar socially, at a dinner party. When Hashim assumed his post as President of AMF (HQ in Abu Dhabi), Nemir Kirdar, as the representative of Chase Manhattan Bank (stationed in Abu Dhabi), visited him a few times in Abu Dhabi. Hashim, Kirdar and their families also met socially several times. Dr. Hashim was impressed with Nemir's personality, intelligence, courtesy and apparent ability in financial and banking matters. At their official meetings, Hashim and Kirdar discussed mainly the banking relationship between AMF and Chase Manhattan. Hashim also used to outline the objectives of the AMF in relation to the promotion of Arab capital markets and best ways of utilizing the financial surpluses of the Gulf region through a viable investment entity.
8. In the Summer of 1979, Dr. Hashim paid an official visit to Bahrain. During this visit, he met with Nemir Kirdar at Chase Manhattan Bank.⁵ On this occasion Dr. Hashim again discussed his "dream investment vehicle" with Mr. Kirdar, asking if he would join the AMF staff to undertake a detailed feasibility study on the matter. Kirdar declined, citing his full-time duties at Chase. Dr. Hashim then suggested that he was willing to approach the chairman of Chase Manhattan, David Rockefeller, to second Kirdar for a period of one-year. Again, Kirdar politely declined. Instead, he suggested that when his assignment in the Gulf came to an end, and before moving to another post with Chase, he might consider taking a long leave of absence to join the AMF on secondment basis from Chase Manhattan.
(See: Appendix-01, Paragraph 3, Mr. Kirdar's Testimony).
9. As the chronology of events and the supporting documents (including Mr. Kirdar's testimony) show, in July 1980 Mr. Kirdar joined the AMF's staff as an advisor to its President Dr. Hashim on one-year secondment from Chase, with the following conditions to which Dr. Hashim agreed:

- 9.1 His job title would be Advisor to the President of the AMF.
- 9.2 His salary and other allowances would be similar to other advisors.
- 9.3 He would be living in a small suite at Abu Dhabi Sheraton Hotel at the AMF's expense.
- 9.4 Travel expenses necessary for the study would be paid by the AMF.
- 9.5 Dr. Hashim will secure a \$1 million loan for him to buy a house in London.
- 9.6 One full-time secretary.
- 9.7 He would return to Chase Manhattan Bank after the end of his one-year secondment.

(See: Appendix-01, Paragraphs 7-10, Mr. Kirdar's Testimony).

⁵ By this time Mr. Kirdar was the regional officer in charge of all Chase' activities in the Gulf. His head office was in Manama – the capital of Bahrain.

IV. Nemir Kirdar At The AMF

10. Once Mr. Kirdar assumed his job at the Fund, he was given a room next to Dr. Hashim's, and the research work on the feasibility study began. Its title was:

**ARAB MONETARY FUND PROJECT:
ESTABLISHMENT OF A PRIVATE INVESTMENT COMPANY**

(See: Appendix-10).

11. Hashim and Kirdar agreed that once the feasibility study was finalized, Dr. Hashim, in his capacity as President of the AMF, would begin soliciting the participation of banking institutions in the capital of the proposed company, regardless of the nature of ownership of those institutions: i.e., government, private or publicly owned. The solicitation would take the form of sending official letters on AMF stationary to those institutions. Further, Dr. Hashim would travel to meet the heads of these entities, high government officials and influential politicians. Kirdar, on the other hand, would solicit the participation of wealthy individuals and businessmen in the Gulf region. The ultimate aim of such an endeavor was to establish a viable and a unique investment vehicle with no connections to any government authority.

12. Loans to Nemir Kirdar

- 12.1 One month after joining the AMF, and in fulfillment of his promise to Mr. Kirdar, Dr. Hashim advanced SF 1,000,000 (one million Swiss Francs) loan to Mr. Kirdar. As he was personally unable to borrow such a large amount, Dr. Hashim borrowed the fund in his own name (and on his own risk) from First National Bank of Chicago (FNBC), Geneva branch, and advanced it to Mr. Kirdar. The loan was for three years maturing on August 5, 1983, with 6% interest. This loan was advanced to enable Mr. Kirdar to buy a house in London. As security to the loans, Mr. Kirdar provided Hashim with a Promissory Note.

(See: Appendix-04).

12.2 To pay for his share subscription in INVESTCORP, Kirdar requested a second loan for US \$600,000 from Dr. Hashim. On March 19, 1981, FNBC loaned Nemir Kirdar the above sum at a rate of $\frac{3}{4}$ of a percent above the six months London Interbank offered-rate (Libor) and was payable every six months in arrears. This second loan was guaranteed by Dr. Hashim. During the period of Mr. Kirdar's two loans from Dr. Hashim and/or his personal guarantee (from August 6, 1980, to August 19, 1983), a deposit account (number 820.368.6) was maintained in Mr. Kirdar's name at FNBC-Geneva to facilitate the transfer of the proceeds of the two loans according to Kirdar's instructions.

(**See:** Appendix-01, Paragraphs 10-13, Mr. Kirdar's Testimony).

V. Retention Of The Law Firm Of Hatim Zu'bi In Bahrain

13. By November 1980, the project's feasibility study was complete, paving the way to proceed to the next step. The next step was the retention of a reputable law firm in Bahrain to prepare the ground for the incorporation of INVESTCORP. Because of his familiarity with Bahrain, Mr. Kirdar was instructed by Dr. Hashim to find the best law firm there to be retained by the AMF. The law firm of Hatim S. Zu'bi was retained. Thus, on November 19, 1980, Mr. Zu'bi wrote to the President of the AMF a detailed letter outlining the scope of his work. The following is an extract from Zu'bi's letter:

*H. E. The President,
Arab Monetary Fund,
Abu Dhabi, UAE November 19, 1980*

Re: Incorporation of an Arab Investment Company

Mr. Nemir A. Kirdar, Advisor to the Arab Monetary Fund (AMF), has kindly appraised me of the special study which has been prepared under the auspices of AMF for the promotion and incorporation of an Arab company whose objects will be personalized portfolio management, establishment and management special investment funds and investments in general...

...

...it is a source of pride for me to note the sponsorship by AMF of such an important Arab projects...

...

...As you will appreciate, it will not be practical nor in the interest of AMF or ourselves to fix our fees at this stage as the foregoing services will entail a great deal of work, investigation and consideration of various legal aspects...

...

...Should our proposal be acceptable to Your Excellency, as I understand that the AMF is willing to retain us for the above services and pay our fees as finally agreed therewith, we will be grateful if you would express your approval by signing the attached copy of this letter and returning the same to us so that we may proceed with the work.

[For full content of the letter, **See: Appendix-05**]

14. On November 23, 1980, Dr. Hashim, in his capacity as President of AMF, accepted Mr. Zu'bi's proposal and forwarded the signed contract together with a covering-letter on AMF stationary.
(**See: Appendix-05**).

VI. INVESTCORP: Soliciting Investors

15. To give credibility to the concept which the AMF developed, Hashim, in his capacity as President of the AMF, sought to solicit first the participation of institutional investors, mainly the national banks of each Gulf State. Beginning in November 1980, he first wrote to the Chairman of the Board of National Bank of Abu Dhabi (NBAD) Ahmed Khalifa Al-Suwaidi. Thus, by a letter dated November 29, 1980, Dr. Hashim requested Mr. Suwaidi to agree in principle to participate in the capital of the proposed investment company: INVESTCORP. **(See: Appendix-06).**

Similar letters were sent to the National Bank of Bahrain, Bank of Oman, The Dubai Bank, National Bank of Sharjah, Qatar National Bank and Commercial Bank of Qatar. Some of these letters were signed by Dr. Hashim while others were signed by Nemir Kirdar in his capacity as Advisor to the President of AMF. In all those letters, it was clearly indicated that the project was undertaken by the Arab Monetary Fund. For example, by a letter dated January 17, 1981, to the Chairman of National Bank of Bahrain, it was unambiguously stated that the AMF invites the said bank to contribute in the proposed investment company's capital. **(See: Appendix-07).**

In soliciting investors, whether institutional or individuals, the AMF indicated emphatically and clearly that INVESTCORP was the AMF's creation and upon which it had spent substantial sums of money in the form of salaries, accommodation, travel and legal expenses. INVESTCORP was not the creation of anybody other than the AMF. It was conceived pursuant to the interpretation of AMF's Treaty by the then President of the Fund, Dr. Jawad Hashim.

16. By May 1981 ⁶ the AMF "project" attracted many individuals and institutions to participate in the capital of the proposed company: INVESTCORP. Approximately US\$55 million were committed by the participants. Institutional participants whom Dr. Hashim, as President of AMF, solicited included:

- | | |
|-----------------------------|------------------------------|
| ▣ National Bank of Bahrain | ▣ Bank of Bahrain and Kuwait |
| ▣ Commercial Bank of Kuwait | ▣ Qatar National Bank |
| ▣ Saudi-Cairo Bank | ▣ Gulf Union Insurance Co. |

The first individuals to participate in INVESTCORP's capital were Dr. Hashim and few of his friends under an entity called Gulf International Investment Network (GINET) with 12% shareholdings. Others included wealthy businessmen from various Gulf States.

⁶ Nemir Kirdar was still an employee of AMF.

VII. INVESTCORP: The Summer Of 1981

17. As mentioned earlier, Mr. Kirdar's one-year secondment to the AMF was to end on August 15, 1981, and he was intending to return to Chase Manhattan-London. Dr. Hashim's five-year term of office was due to end in May 1982, unless renewed for a similar period. INVESTCORP was in the incorporation process. Kirdar requested a private meeting with Dr. Hashim to discuss their future relationship with INVESTCORP and whether he should go back to work for Chase Manhattan-London (the post for which he bought a house and relocated his family to London) or continue with INVESTCORP project. In this meeting, Mr. Kirdar asked Dr. Hashim specifically if he (Hashim) was interested in the post of INVESTCORP's CEO when it was finally incorporated. If so, then Kirdar will go back to Chase Manhattan-London. As Hashim was still President of AMF with the possibility of renewal for a second five-year term, Hashim response to Nemir's was as follows:

"Nemir should resign from Chase and Hashim would propose him to become the President and CEO of INVESTCORP for a three-year term of office. Hashim will be the Chairman of the Executive Committee for a similar period, i.e. three years."

18. Nemir Kirdar was extremely happy with Dr. Hashim's proposal. At the end of the meeting he turned to Hashim and said,

"Dr. Hashim, I fully respect your kindness and generosity. I admire your courage, perseverance and determined continuation with the creation of this unique investment vehicle [INVESTCORP]. You are giving me the opportunity to make a couple of million dollars and then retire at the West Coast." ⁷

Based upon the above understanding, on July 13, 1981, Dr. Hashim wrote to Willard Butcher (Chairman of the Board of Chase Manhattan Bank) advising him of Kirdar's decision not to return to Chase.

⁷ By "West Coast" Mr. Kirdar may have been thinking of California!!

VIII. INVESTCORP: Application For Incorporation & Founder Shareholders' Meeting

19. Pursuant to the legal advice of the law firm of Hatim Zu'bi (which was retained and paid for by the AMF), on May 24, 1981, an application was made to Bahrain Ministry of Commerce and Agriculture for the incorporation of INVESTCORP as a Bahrain Exempt Company with authorized capital of US \$100 million divided into 100,000,000 US\$ dollar par value common shares. While the application was pending approval, the Founder Shareholders held their first meeting on August 12, 1981, at the Hilton Hotel, Manama, Bahrain. As Mr. Kirdar was going to leave the AMF on August 15, 1981, and resign from Chase Bank (on the premise that he will become INVESTCORP's CEO), Dr. Hashim suggested that he (Nemir) should be designated as the "Project's Coordinator." stationed in Manama, Bahrain, which he duly was.
20. **Below are relevant extracts from the Minutes of the meeting:**

ARAB INVESTCORP INTERNATIONAL, E.C.
(Under Establishment)

FOUNDER SHAREHOLDERS' MEETING

Held at the Hilton Hotel, Manama, Bahrain at 10.a.m., Wednesday, August 12th, 1981.

MINUTES OF THE MEETING

The meeting was attended by 31 Founder Shareholders in person or by proxy, representing 93% of the subscribed shares of the proposed company. The meeting was also attended by Dr. Jawad Hashem, President of the Arab Monetary Fund; Mr. Hatim S. Zu'bi, Legal Adviser to the Founders and representative Mr. Ian Williams of Whinney Murray, Auditors acting as custodians...

...
...
...

...Dr. Jawad Hashem, President of the Arab Monetary Fund delivered a short speech emphasising the AMF dedication to support any venture in the financial field which would advance and upgrade the financial services and/or capabilities of the Arab world. Based on such conviction, the AMF welcomed this project and gave it unqualified support in its feasibility study and conceptual development period. ...Dr. Hashem expressed his delight in seeing the concept change into a reality at the meeting. ...He concluded by saying that the AMF is currently planning to pursue several other projects with similar significant financial market ramifications, both within the Gulf and other Arab countries. ...

In relation to the background of Investcorp creation, Nemir Kirdar stated:

..that the Arab Monetary Fund and its President, Dr. Jawad Hashem, had adopted its initial ideas and enabled him to research and prepare the feasibility studies and plan of action for the project and placed at his disposal effective facilities and expertise which have been invaluable for enabling him and those who worked with him to present a complete study and plan of action for implementation of the project. Mr. Kirdar expressed his thanks to the President and Members of the Arab Monetary Fund **and considered this project as one of several Arab projects presently sponsored and promoted by the Fund.**

21. Pursuant to the understanding between Mr. Kirdar and Dr. Hashim at their earlier meeting in the Summer of 1981, Mr. Kirdar left the AMF, resigned from Chase Manhattan Bank and assumed the post of Project's Coordinator in Manama, Bahrain. As there were no budget to cover the project's expenses from this point, Dr. Hashim advanced US\$50,000 from his personal account as a short-term loan. The loan was paid back at a later stage from fees generated by INVESTCORP.

While in Bahrain, attending the Founders' Shareholders Meeting, Dr. Hashim was informed that Bahrain Monetary Agency (Bahrain Central Bank) was somewhat hesitant to support INVESTCORP's incorporation application. Thus, Dr. Hashim, in his official capacity, met with the Governor of the Monetary Agency to apprise him of the objectives of INVESTCORP and the AMF's principal role in developing and embracing the project pursuant to the Fund's Treaty. After that meeting with the Governor, Dr. Hashim suggested that Nemir Kirdar, as the project's coordinator, should visit Bahrain Monetary Agency to provide any information the Governor requested.

Thus on August 15, 1981, Mr. Kirdar (together with legal advisor Hatim Zu'bi) met with the Governor as Dr. Hashim suggested. The meeting was followed by a letter dated August 22, 1981, from Mr. Kirdar (as the Project Coordinator) to the Governor of Bahrain Monetary Agency, outlining the objectives of INVESTCORP and its importance as one of Arab Monetary Fund's projects.

IX. INVESTCORP: The Incorporation & First Meeting Of The Board Of Directors

Board Of Directors

22. On April 12, 1982 (nearly eleven months after the application), Bahrain Ministry of Commerce and Agriculture approved the incorporation of INVESTCORP. Thus INVESTCORP (the AMF's brainchild) came into legal existence with its official name being Arab Investment banking Corporation with an authorized capital of US\$100 million.

23. On Sunday, June 20, 1982, INVESTCORP held its first meeting of the Board of Directors at the Holiday Inn, Manama, Bahrain, at 14:00 hours. As mentioned earlier, the understanding between Hashim and Kirdar in the Summer of 1981 was that Hashim will suggest and fully support the appointment of Nemir Kirdar for the post of CEO of INVESTCORP for an initial term of three years. Nemir, on the other hand, will suggest and support Hashim's appointment as Chairman of the Executive Committee for a period of three years.

By resolution one, Nemir Kirdar was elected as President and CEO of INVESTCORP for a three year term. When the Board moved to discuss the formation of the Executive Committee and duration of the Committee's function, Dr. Hashim suggested the duration should be three years. He did so based upon prior understanding with Nemir Kirdar. To Hashim's surprise, Nemir argued vehemently against a three period, suggesting, instead, one-year term. Hence, by resolution-three the Board elected five members of the Board of Directors to serve as members of the Executive Committee. They were:⁸

- ▣ Abdullah T. Bakhsh
- ▣ Jawad Hashim
- ▣ Nemir Kirdar
- ▣ Mohammed Jalal
- ▣ Ahmed Mannai

⁸ Mohammed Jalal became the Chairman of the Executive Committee.

X. INVESTCORP: Events Leading To Dr. Hashim's Resignation

24. When Dr. Hashim's term of office as President of the Arab Monetary Fund ended in May 1982, and because of political differences with Saddam Hussein, he did not go back to Iraq but went to live in London, England. In early June 1982, he sent his written resignation as Presidential Advisor to President Saddam Hussein. His resignation was ignored, and on June 27, 1982, he received a message from Saddam's office, ordering him to return to Iraq within thirty days, otherwise "appropriate" measures would be taken against him. This message was delivered through the then Iraqi Ambassador in London Dr. Abdul Wahab Al-Qaraghoul. Dr. Hashim ignored this "message" and, naturally, did not return to Iraq. Between June 1982 and July 1983, Dr. Hashim received numerous threats from Iraqi intelligence and was repeatedly alerted by close friends and associates that the danger of being kidnapped was not to be taken lightly.
25. In or around February 1983, Dr. Hashim and his family applied for residency in Canada. The application was approved in April 1983, and on July 23, 1983, they landed in Toronto, Canada. This move was considered by the regime of Saddam Hussein as defection of a prominent Iraqi official. It further angered Saddam prompting him to sequester all of Hashim's assets in Iraq and sentencing him and eighteen other Iraqi politicians in absentia to death for "treason."
26. In or around September 1983, the BBC's Arabic Service reported that an Iraqi Government in exile was formed, headed by Dr. Hashim and three others. Though the story was not quite accurate, the Iranian Ambassador to the UN announced in the UN that his Government was not willing to deal with Saddam Hussein but would deal with the Government in exile to end the Iraq-Iran war.
27. In or around early October 1983, Dr. Hashim received an alarming telephone call from an old acquaintance, Mr. Rifaat Chaderji. The message was as follows:

"At the behest of Saddam Hussein, the President of the Arab Monetary Fund [who succeeded Dr. Hashim], Mr. Saeed Ghobash, a citizen of the United Arab Emirates, has been invited to Baghdad to meet Taha Yaseen Ramadhan – Deputy Prime Minister of Iraq. The meeting was attended by [then Iraq's] Minister of Finance [in his capacity as a member of the Board of Governors of AMF] and his Chief of Staff Mr. Mahmoud

Othman. At the meeting, Taha Yaseen Ramadhan sought the AMF's ⁹ help in 'getting' Dr. Hashim by 'inviting' him to Abu Dhabi or Jordan under any pretext such as 'lecturing', 'consultation' or 'board meeting'. Once Hashim was lured to those destinations, the Iraqi Intelligence Services [Mukhabarat] would complete the remainder of the 'invitation' formalities. Mr. Ramadhan's explanation for this request was that Dr. Hashim has been openly associating with enemies of the Iraqi regime!"

After the meeting, Mahmoud Othman rushed to Rifaat Chaderji (who was leaving Baghdad for London) and informed him about what was discussed in the meeting, requesting him to warn Dr. Hashim of the "conspiracy."

28. The above "conspiracy" was further confirmed in a document (in Arabic) which later surfaced through Discovery Proceedings in London. The document is an extract of a secret closed-meeting in Abu Dhabi, attended by the Iraqi Minister of Finance on Tuesday, April 17, 1984. ¹⁰ Translated into English, the document refers to the Iraqi Minister saying:

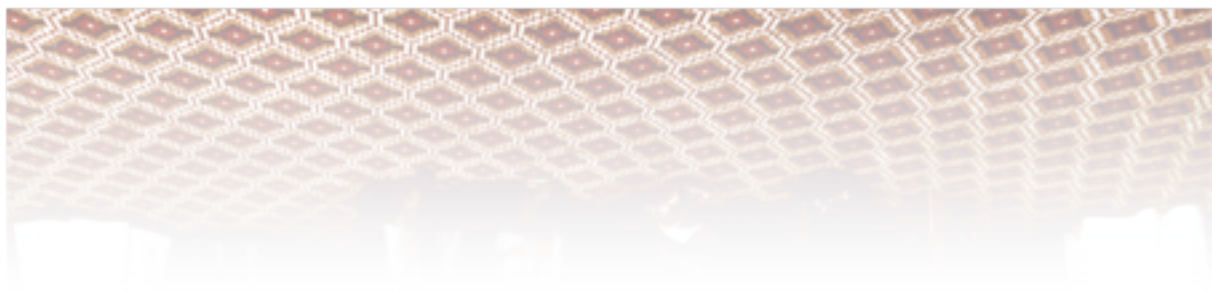
"This person has not returned to Iraq since he left the Fund until now. There were certain internal activities carried out by this person which necessitated interrogating him in Iraq. We asked him to return, but he did not return to Iraq. We did our best to lure him to Iraq by various means without arousing his suspicions, but all these methods failed. We have no alternative but to bring him by unlawful means which of course, is not possible in a European country... . For our part, we have sequestered all his assets inside Iraq."

29. The above events and the continuous "interest" of Saddam Hussein's regime in "getting" Dr. Hashim made it impossible for him to perform his functions with INVESTCORP and attend its Board of Directors and Executive Committee meetings, particularly in the event those "meetings" were likely to involve the hospitality of Iraqi Intelligence Service! Thus, on December 7, 1983, Dr. Hashim resigned from INVESTCORP's Board of Directors and its Executive Committee. His resignation was accepted on February 16, 1984. **(See: Appendix-09).**

⁹ Iraq was a major contributor to AMF's capital.

¹⁰ The document bears the serial discovery number F235-219 disclosed (probably by mistake) by AMF lawyers in London.

XI. Miscellaneous Pictures



INVESTCORP's first Board of Directors

Back row, 3rd from left: Jawad Hashim.

Front row, right: Nemir Kirdar



Pictures above & below:
David Rockefeller on his visit to Bahrain and Abu Dhabi in
1979, seen here with Jawad Hashim.
Nemir Kirdar is also seen in the picture above, on the right.



اولاً

التعريف على المكتوب مواد هك

التفتت بالدكتور هواد هكّم لأول مرة في ١٩٧٧ في
 أبو ظبي وكنت في حينها ممثلاً لتشييه مائتات سنة
 في الامارات وكان الدكتور هواد يزور ابو ظبي
 ضمن وفد عراقي يضم شخصاً آخر ترتبط به
 صداقة قديمة اسم السيد عصمت كافي
 وهو دبلوماسي معروف محل رئيساً منتخباً لرئاسة
 الامم المتحدة سابقاً ويشغل حالياً منصب
 وكيل وزارة الخارجية العراقية ببغداد فكان اول
 لقاءي بالدكتور هواد عن طريق السيد عصمت
 خلال الزيار المذكورة.

بعد اسبوع عكمت بانه الدكتور هواد قد عاد الى
 ابو ظبي من بغداد وقد عين بمنصب رئيس الصندوق
 النفط العربي الذي تم التوافق على انشاءه من قبل
 كافة الدول العربية وتم اختيار ابو ظبي مقراً للـ

ومن نفي الفترة تم قرار ترقيتي في تشييه
 مائتات سنة لكونه اولاً عن جميع فروع وراث
 ومجليات تشييه في كافة بلدان الخليج العربي
 وانه ينقل مرام علي لما اولته من البحرين حيث كان
 يوجد فيه التركيز الرئيسي لتشيه في المنطقة
 فلم يتخل لي فرصة اللقاء بالدكتور هواد قبل تركه
 ابو ظبي غير مع اومتنين وكانه لقاءات رسميه
 وظهره حيث اعربت تقديرها امل باقامة تعاون
 بين الصندوق وتشييه مائتات سنة.

ففيها انه مكتب رئيس في ابو ظبي وعلاقاتنا
في الامارات كانت ضمن مسؤولياتي فقد
كنت اتورد بين كل فترة واخرى في زيارة
ابو ظبي والمؤسسات المالية البارزة فيها
مع زملائي في تسيير لمتابعة مصالحنا...

فترت الدكتور هبار هاكم عدة مرات خلال عامي
١٩٧٨ و ١٩٧٩ وفي كل مرة كان يدور
المبحث عن تطوير العلاقات المصرفية بين تشييه
والصندوق وبعد ما فتوسع لبحث الوضع
العربي المالي بصورة اعماليه والاموال الطائلة
التي نتجت عن ارتفاع أسعار البترول
وتميل استنزافا والمؤسسات اعماليه
التي برزت وفتطور لبحث الحاجة لوجود
مؤسسات ^{عالية} اخرى تختلف في النوعية والتركيب
والاداء والريفة... الخ

وذات يوم في صيف ١٩٧٩ انتشر الدكتور هبار
وهوده في البحرين وزارني في مكنتي فسررت
هذا للاقفاقة، وبعد جولة لمراقبه تشييه
والاطلاق من نشاطاتنا، جلدنا للحديث
فاخبرني برغبته في التعمق بدلائله مركزه
حول جامعة البلدان الخليجه لقيام مؤسسة استثمار
على اوتوا عمالي وعقدي قديمه او على النحو الذي
كنت قد اقترعته عليه... والى هذا استعادي
للقيام بهذه المهمة، خاصة واننا كانت فكرتي
راسخا لانني حسب قوله علم وصاحب اهتمامه
عزيمه في هذا المجال

من كونه لشقته بية .. ورجية لاهتمامه بالموضوع
 الا انه اعتذرت عن القيام بما امره لانشغال
 الكل بمعلم عملي في الوقت الذي عند .. واخذته بان
 موضوعي على هذا المسوط يحتاج الى المتفرغ الكامل
 لا شهر عريضة .. وعلى من يقوم به السفر المتراهر
 والاتصال بمئات من الشؤميين وذو الخبز
 والمعارف والمصالح لا يحتاج اياهم والخروج
 بدائمه .. شاملة للاداءه وتحدد الحاجه
 وكيفية ^{استيعابها} ~~استيعابها~~ والى .. ثم انما تحتاج زيارة
 المؤتمرات الاستثنائية العالمية في نيويورك
 ولندن للاطلاع على كيفية العمل والاداءه والانتقال
 من الحوافز لجذب الخبز وقت شبيعتهم عن الاعمال
 الخ.

في الخي الدكتوره هداد لماذا لا اترك تشي
 والتحرر بالمعذور ولو فترة معينة للقيام بهذه
 الدراسة .. انه ابلغني بأنه مستعد لخاضعة
 ديفد روكفلر رئيس تشي مباشرة في هذا
 الامر وانتداني من تشي لفترة محدده
 اجتمع هداد ببرقة الدراسة ..

مكان هوابي باني اليوم لا استطع تركه هرابي
 اما بعد انتصار عملي صافي في البحرين وحصل المبارة بعين
 اخذت في تشي .. لربما قد استطع ان اخذ
 اجازة قطوله للمتفرغ لاشتاج رايه عن تطوير
 الـ تشييات العربية في العالم الخارج وسجلها
 وبذلك لعله سيقدم بعض الخدمة للمجتمع
 وكذلك بالنسبة لي ففهمي .. تكون التجربة ذات
 طابع ثقافي حيوي رحام ..

أما تحقيق ذلك من يتبع (أ) موافقة تشييد
إعادة قدامات لفترة معينة (ب) التوقيتية هي
من الانتظار للانتظار فترة عمل هذا المبريد
وتحقيق خلفه

هذا وقد تركن الدكتور هوار هككم حائداً إلى مقره
في أبرطين راجياً مني أن أبلغه عن التمهال
بمنه الخصوص

وعلمت فيما بعد بأن الدكتور هككم قد خاض
السيد ديفيد روكفلر ^{أشار} لقاءهما في يونيو
في شهر ١٩٧٨ عند انعقاد جلسة أن الصند
المنفذ العالمي وكان في المؤتمر روكفلر
ليباً عندما علم بأن مدة الانتخاب تكون لمدة
أشهر ولها عاماً كاملاً وقد أقر الدكتور
هوار بأن قبوله المؤتمر كان "أنا
من تغرون لعملي شيء لدعم الصند
العربي ولكن تطلب من أن أعطيه شيء
فيكون له استطاع تحقيق ذلك"

وبذلك فقد زاد حرص الدكتور هوار لتحقيق
مغيبته ولم يستطع الأمر الواقع في
نوفمبر ١٩٧٨ بأن الدكتور هوار فيريد واتصل
بالمستتر روكفلر لتكبير طلبه في فرع المستر روكفلر
بدراسة الأمر والعقد إليه

كنت أنا في هذه الفترة بعيداً عن البرينوسرام
بملي حيث أيسر لي تشييد المحذور دور

في جامعة هارفرد لكبار المدراء من احدى الشركات
العالمية و لمدة ثمانية ايام لاربع لاربع لنا ضللا
بما يتصل العالم الخارجي حيث كانت البوابة مركزه
هذا ويتحتاج الى ١٤ ساعة باليوم من محل
وتتجهز...

وبعد عودتي الى البحرين في ديسمبر ١٩٧٨ اتصل
ببي الدكتور جبار و اتلفني بتفاصيل اتصاله بالمستر
وكفله...

وفي يناير ١٩٨٠ اتصل بي يثي محي الماكر
في تشيعة المستر وليام فلانز واعلمني بان في
نية الادارة نقلني الى لندن في صيف ١٩٨٠
لمركز مرموق في عقل الاستشارات والادارة
بيان وفي استعدادي من حيث المبدأ فربيت بذلك
فكرته عند ثقته...

بعد ما ابايع استصحت مماثلتي الى لندن
للتفتيش عن سكن ومزايا لبقا تية للمهام المعلن

وكذلك قرية مفاتحة تشي بعد تثبيت التعين
استقراض مبلغ بحود مليون دولار لشراء بيت
وتفديله وتثديله وتأليته... واستخدام مخصصاته
السكن الذي اتلمه من تشي لدفع الفوائد
ملك القرض... واستخدام جزء من معاشي لدفع اصل
الدين عند سنوات طويله...

وفي يناير سنة ١٩٥٤ طرأ تغير آخر .. فقد وصل
المستر دكتور محمد الكرامة الخامسة والستين فاميل
عند التقاعد واعتلى الى الرئاسة في تشييه
عائزاته منده الماستر وليد مد يوتشر ..

فكتب الدكتور هادي هاشم .. الى وطوله الى المستر
بوقت .. بتاريخ ١٣/٣/١٩٥٥ .. يهنئه فيلر عد استلام
ممنصبه الجديد ويطلب منه اعازتي الى المهنه ..

فاتصل بيه المستر فلانتر في تشييه واعلمني بكثيرا
الرسالة اعزاء فسأل رأي في رغبتني في الالتحق
بعمل البريد في لندن في صيف ١٩٥٨ .. او يقبل الاعاز
الى المهنه في المهنه العربيه لانه سغه في ابو ظبي وعن
ثم المهنه الى لندن .. فوعده بانني سافر في
الوقت واعود عليه ..

واتصلت بالدكتور هادي هاشم .. افوت الى ابو ظبي للاجتماع
به .. وطلبت منه الشكلم بكل صراحه عد ما هو
المطلوب مني .. ثم سألته عن معاشي ومخصصاتي وجميع
تفاصيل الترتيب ..

ثم اعلمته بانني لو استقرت مع تشييه ^{كنت} .. اطلب
قرضاً لشراء بيت في لندن ويتم ذلك حسب العاده
المعتقه بين البنوك العالميه تمن طويده رئيسي بالاستقلال
من شبه آخر .. وسألت الدكتور هادي هاشم
ما مكان تبديل ذلك بوا .. لانه باعني .. في المباش
رئيسيه المهنه التي سيم اعازتي اليها ..

ونعم اجابة الدكتور هود على كل ما جاء اعلاه
بالنيابة، اعلمته بسروية في قبول العمل مع الهند
بالاعانة من تشيس، وباني ساخر رؤا
في تشيس بنده

لقد كانت واضحا ما في سوف التوجه بالهند وفي الممارسة
أي منصب اراتي او فني وسوف ان يكون لي اي
تفاعل مع أي دائرة إلا بقدر ما احتاج اليه
من معلومات لمرافقة مباشرة بالدراسته التي كلفت
بها وكلمنا احتاج ~~الذي هو~~ ^{هو} سكرتير متفرغه ودية
السفر دون تحديد .. كما ولطابق من الدكتور هراد
اعماره بتفصيل عمل بين كل فترة واخرى ..

أما موضوع الدراسة : استثمارات الفاضل العربي
بمصر عام وما ينتجها الدول الخليجية من
الأجهزة الحديثة لاستثمار الفاضل عالمياً
التركيز على القطاع الخاص و إيجاد طريق لتقديم
الخدمات الاستثمارية إليهم

لهذا وبعد مقابلتي للدكتور هادي عدت الى البحرين واتصلت
بالمستر فلانز واعلمته برغيتي في التوجه الى ابوظبي
في يوليو القادم لمدة سنة وثلث ثم اعود الى الله
الى قتيبي لندن ..

مرفي ١٠/٤/١٤٨٠ صاحب المتر بوشش محمد
 - لالة الدكتور هاشم بالزويج - كما كتب لي
 المتر بوشش في العدد ..

لهذا فقررته نقل عائلتي الى لندن في الصيف
مباشرة وذلك مرصداً على ان تقار
دنا منهم وطماني لا انزوي المتواجد من
ابو ظبي ومرة واحدة تتطلب من السفر
المستمر...

فطلبت من تشييم لتقيم الطلب الى دوائر
الاقامة في لندن للحصول على اقامة لعائلتي
خاصة وانا - اعود بعد عام للعمل هناك
مع تشييم فانها تنبذني فوافقوا...

ناتية
وفي ١٩٩٠ انتقلت عائلتي الى لندن واستقرنا
كنائاً فقروا شراً مؤقتاً... و...
الاطفال في المدارس للمعلم المفضل...

وعملت انا الى ابو ظبي في يوليو ١٩٩١
حيث باشرت بمهمة جديدة... وانتقلت من
فندي الى ايرلندا في ابو ظبي مقراً مؤقتاً لي خذله
مكوثي في ابو ظبي...

ثانياً

”عملية الاقتراض

(القرض الأول)

منذ اللحظة الأولى من حياتي العملية التي مضى عليها أكثر
من عشرين عاماً فقد عرفني من يحمل معنى شرف
مصري وردني وانتباهي للتقيد بالامانة والقانون
والنظام والافلام والزاه الى بعد الحدود
مما اعتبرتني البعض متطرفاً في بعض الأحيان.

ولكن لم يمنعني كل ذلك اطلاقاً بالتردد في المطالبة
بحق المشروع على شرط ان يتم ذلك ضمن
النظام وينتقد بالطرق الاصولية المخرقة ..

وفي عام ١٩٨٨ لم اعتلده اي مكان بالرغم من اني
كنت قد تقلدت مناصب مصرفية رفيعة في نيويورك
وابوظيب والبرين .. فقد كنت خارجاً للرئيس والمسؤول
الاعلى لجميع فروع ومجالات وشركات
عاشراتي في منطقة الخليج .. ركنت مؤتمناً بمجوزات
كبيرة ومهاميات واسعة .. وكان رائتي خالياً
ولتي مومهايات وفرة .. ومستوما معشيت كانت
ممتازة .. فمثلاً في ابوظيب في ١٩٧٦ كنت آسكن في
امراً اكبر القل هينثي القاش للسيد غانم فارس المزروع
وكنا ندفع ٥٠ الف دولار سنوياً كإيجار والبرج وبعد
٨ سنوات البيت نفسه ليكنه السيد العراقي ..
وفي البرين كنا ندفع ٥٠ الف دولار سنوياً لبيت فاخر
فيه جميع الوسائل وبركة السباحة وساعة التفت والى ..
وبما انه الامتلاك في الخليج غير وارد فان الخصومات السكا
التي كنت استلمها من تشيب كنت ادفها كإيجار ..
بيفا زملائي في نفس المؤسسه والذين كانوا يعملون في
من افلى لندن وباريس الخ .. كانوا يستطيعون شراء
بيت ودفع الخصومات كإيجار ..

٤- عملاً بقرار لجنة أمن تقييني في لندن قرريته مغايرة
تقيني في تقييني من مطالبة بتغيير قراره لي من
جهة مصرفه اخيراً لاراء دار لي تقييني لندن
قرريته ان تستخدم مخصصات السكن في تقييني
القرارات واقر من اراضي لسفح القرية من مدي
نفقات طوال...

٥- وبعثت موافقة من تأجيل الاتحاد بلندن والتوجه
الى الصندوق النقد العربي لمقصفه، حصلت مبقاً
على موافقة الصندوق للقيام بنصف المهرم لي
الاقتراض بواطة الصندوق ولتشت المرفق...

٦- وبعثت مباحثتي في الصندوق في يوليو ١٩٨٨
تذكر بنيت الصندوق وعدي لي وفاتحت بنفذه
في الموضع وقال بانه سيجاول مع BCCI
في ابوتجيب (عندئذ كان الصندوق في مكالمة في بنات
BCCI) بعد هذا اعلنني بشيء الصندوق بان محاولته
لم تنجح... ولكنه وعدني فداً واعلني بانه سيجيب
الامر مع بنده امريكي في... ويراه مفرقه وتصل
مصر...

٧- بعد ذلك اخبرني الرئيس بان البنك الامريكي قد وافقه
من حيث المبدأ في انهم يريدون ان يملكون المبلغ والماله
والترقيات وان...

فما لم من ان المبلغ الذي كنت احتاجه هو بحدود المليون
دولار تقريباً فان لم ارفع الاستقراض بالبنك او بالانجليز
في ذلك الوقت لارتفاع الفائدة اكثر من ١٦٪ بينما كانت الفائدة
على المرفق السوي بحدود ٥٪... كما وانني لم ارفع

١ - تقاضى المبلغ المذكور كاملاً لاني لا اعلم بالضبط
 من ^{البيت} الذي ^{البيت} اشترىه ومثل المصاريف
 التي يتطلبها لتعمير وتجديد وتأثيث البيت

٢ - فاقبت رئيس الصندوق باني ١٨ - تقاضى مليون فرنك سويسري
 في الوقت الحاضر .. ولربما احتاج الى اي مبلغ
 اضافي في وقت لاحق عن ان يكون مجموع المبلغين
 بحمد الله المليون دولار الذي ذكرته له منذ البداية ..

٣ - بعد ما استدعاني رئيس الصندوق واعلمني بانه قد تقاضى
 مع فرست اوف شيكاغو والطريق التي ستم
 اتباعها هو ان المبلغ سيوفر المبلغ المطلوب بحساب
 رقمه ١٠٨٩ يعود الى رئيس الصندوق .. وان مدير
 المزرعة المالية ^{للضريبة} مطلع عن هذه العملية .. وعند طلبي بكم
 المبلغ فقاموا بالاطلاع على رئيس الصندوق او مدير المزرعة المالية
 وهم يودونهم سيقومون باصدار المبلغ لتنفيذ اي
 تحويل ..

٤ - اما الشرط .. فالقرف مدة ثلاث سنوات يستحقه
 في ٥/٨/٨٨٣ .. وابتداء من ٦/١١/٨٨٠
 وفي كل ثلاثة اشهر ^{على} دفع فواتير بمقدار
 ٦٪ (١٪ بالاضافة الى ٥٪ الفائدة عند السويدي)
 اي - ١٥,٣٣٣ فرنك - ويسري الى الحساب ^{البيت} اعلاه
 وعند استحقاقه القرف ^{البيت} المبلغ كاملاً الى الحساب
 اعلاه ..

٥ - استفسر ^{من} رئيس الصندوق مدة ^{البيت} اشترى
 البيت في لندن وبما هم من ^{البيت} يجد البيت .. فاعلمته باني
 وزوجتي .. فكونان مالك البيت ..

بعضها طلب مني رئيس الصنوبر تجميع كتاب ابي عن فيه
باني مدينة بالمبلغ المحرم وانقره برفع المبلغ عنه الاستغناء
مع فوائده .. وحيث ان الله لمن اوجه الكتاب الى الصنوبر
او فرقة .. شيكاغو .. فاجابني بوجوب تجميع الكتاب
اليه .. فحيث ان الله لمن اوجه الكتاب الى الصنوبر
طريقه .. شيكاغو .. فاجابني بوجوب تجميع الكتاب

فقد ردت الى الدكتور جواد هكيم كتاباً موقفاً من
قولي ونزعتني اقد فبلا تفاضل القرض .. و شكرته
لأعنته و اهتمامه ..

(القرض الثاني)

اعلمته

في امراض آذار ١٩٨٨ .. قابلت الدكتور جواد هكيم و
باحتياجي الى الشطر الثاني من البيت و المبلغ المطلوب
هو .. الف دولار امريكى ففعل بالامكان عن
تدبير ذلك .. فاجابني بالامكانية .. ف شكرته
على لطفه .. خاصة وان المبلغ قد اصعب اكثر
من المليون دولار الذي كنت قد تحدثت عنه في جادتي

الامر

وانتصر هو ببقائه فيه .. شيكاغو و اضيقه
بمواقفتهم ليس عند المبلغ فقط بل و لاقتراف المبلغ منهم
مباشرة و كنت عند شرط كفالة الدكتور جواد هكيم ..
و حيث العمل به .. القوام المعروفة .. و وقت
عند انتقاده قرضه يبين تفاضل القرض .. اما الفاش
فتدفع كل سنة اقسام بمقدار ١٠٪ بالاعتماد على

الفائدة على الدولار الأمريكي .. وقد استعملت
ترييد القرض في ١٩ / ٨ / ١٩٨٣ ..

(الدفع)

تم بمونة الله تـرييد القرضين ^{كامل} مع فوائدهما
بكل انتظام ولم يتبق في ذمتي اي مطلب او
اؤتتصل لوي كنت الكثير مواد صائم او فرست
افه شيكافد او الصندوع النقد العربي

ولقد تم التـرييد اعلاه بالاقتراف من بنده BCCI
في لندن لقاء من بيتي و اـرهي في بنده الاستثمار
القربي (انف تكرب)

فختاماً أود اعرابكم بان الهدف الذي من اجله
اتخذتني الصندرة قد تم اتمامه بنجاح ..

مرحمة كانت اطاره مع شامل لاسوله
الخليج الحاليه و الترحيل الى نتائج بيئت وجود
هاجه لبناء مؤسسة استشارية متميزه
تقدم خدمات استشارية وتنوع باختيارات
الاستشارات وبيعها من الراغبين في الاستشارة
من رعايا دول مجلس التعاون الخليجي ..

وختم على نتائج الدراسة اعلاه قدمنا خططا
تفصيلية شامله لكيفية انشاء هذه المؤسسة
والاوجه عمليا ونشاطاتها والكفاءات التي تحتاج
اليها واسم العمليات والاختصاصات

كما بينت الدراسة من يكون اصحاب هذه المؤسسة
وكيفية استقطابهم مع جدول زمني معين للتنفيذ
مع كل المتفاعلين الشامل لنقل المشروع من الورع
الى اكمال الجواز الكامل والمباشرة بالعمليات ..

وقد وجه رئيس الصندرة كتباً لعدد البنود الثمانية لبدء
المشروع ولربما الحثيكة في اخراجها الى هذا التنفيذ
من تلك البنود منه اسو ظني الوطني وبنه قطر
الوطني وبنه البحرين الوطني ..

مرفيونيون لها اختتموا اقتتالي الى الصندرة النفذ
المصير .. تركت الصندرة في خاية السادة لاكمال
مرحمتي بنجاح والحمد لله .. وقد وجه رئيس الصندرة كتاب شكر الى
المستر بوقاسر في تيمس ماضاته بهذا الصدد ..

APPENDIX 01

Translation of The Testimony of Nemir Kirdar in Abu Dhabi Proceedings (Documents # AD5210 - AD5227)

CONTENTS

Part One: How I Come to Know Dr. Jawad Hashim

Part Two: The Borrowings

- The First Loan
- The Second Loan

Note

- The testimony is in Arabic in Nemir Kirdar's own handwriting. The documents were contained in a file designated as AD13 provided to Dr. Jawad Hashim through discovery in legal proceedings in London, UK. All documents in this file relates to Mr. Kirdar. They have the following discovery numbers:

AD5142 - AD5148 , AD5207 - AD5230 , and AD5342 - AD5352.
- Each paragraph in the translation from Arabic is given a number for ease of reference.

Part One: How I Come to Know Dr. Jawad Hashim

1. I met Dr. Jawad Hashim for the first time in 1977 when he visited Abu Dhabi. At that time, I was the representative of Chase Manhattan Bank in the United Arab Emirates (UAE). Dr. Jawad Hashim was paying an official visit to Abu Dhabi accompanied by an old friend of mine: Mr. Ismat Kittany — a well known diplomat, a former UN official, and presently Under Secretary of Iraq's Ministry of Foreign Affairs. Thus my first encounter with Dr. Jawad was through Mr. Ismat during the visit referred to.

After few months, I learned that Dr. Jawad is back in Abu Dhabi as President of the Arab Monetary Fund which was established by all Arab countries, with its headquarters in Abu Dhabi.

2. At that time, Chase Manhattan Bank promoted me to be the person responsible of all Chase' branches and operations in the Gulf region, with Bahrain as the country of my operation. Prior to leaving Abu Dhabi for Bahrain, I met Dr. Jawad once or twice in my official capacity during which I expressed my hope to

establish banking relations between the Fund and Chase Manhattan.

Since Chase offices in Abu Dhabi and banking relations in the Emirates were within my scope of my responsibilities, I, together with my colleagues at Chase, frequently visited Abu Dhabi and the prominent financial institutions therein to follow our [Chase] interests there.

3. Thus, I visited Dr. Jawad Hashim several times during 1978 and 1979.

At each visit our discussion revolved around the banking relation between the Fund and Chase. Our discussion further expanded to cover wider subjects such as Arab financial situation in general and means and methods of how to use the huge monetary surplus generated by the increase in oil prices. We also discussed the needs for new financial institutions different [from the existing ones] in quality, structure, management and ultimate goal.

4. One day in the Summer of 1979, visiting Bahrain, Dr. Jawad paid a courtesy visit to Chase Manhattan offices. I was extremely happy for his visit. After a brief tour of our offices, we sat together for further discussion. He [Dr.

Jawad] told me of his desire to have a thorough study concentrating on the need of Gulf countries for a modern investment entity on modern international level. He asked if I am willing to undertake such as task, because, as he said, I have experience in this field.

I thanked him for his confidence in me and welcomed his keen interest in the subject. However, I declined to undertake this task because of my present full-time duties at Chase. I further told him that an undertaking of such a task requires full-time devotion for several months. Whoever is going to carry out this task will need to make numerous trips and approach hundreds of people with knowledge and experience to ascertain their opinions to produce a comprehensive study of the markets, to determine the needs and the means to satisfy such needs. Such a study further necessitate visiting international investment institutions in New York and London to understand their modus-operandi, management, products, incentives for attracting experts, etc. .

5. Dr. Jawad asked me why I do not leave Chase and join the Arab Monetary Fund for a specific period of time to undertake this task. He further told me that he is willing to write directly to David Rockefeller (Chase' Chairman) to second me to the Fund for a period of time in order to undertake the required study.

My answer was that now I am unable to leave my present post. But when my assignment in Bahrain comes to an end, and before starting another work with Chase, I may consider your offer. Possibly I take a long leave of absent [and come to the Fund] to produce a study on the development of Arab investments in the international markets. By this I may do some service to my society. The experience will be pulsating with energy, culture and importance.

However, to achieve that, two conditions must be satisfied:

- (a) Chase' agreement to second me for a limited period of time; and
- (b) Waiting until the end of my work in Bahrain and the appointment of a successor.

6. Dr. Jawad Hashim left for Abu Dhabi asking me to keep in touch on this subject. At a later date, I was informed that during the annual meeting of the IMF in Yugoslavia in September 1979, Dr. Jawad Hashim met David Rockefeller and requested his approval to second me to the Fund. Mr. Rockefeller's response was in the negative when he realized that the secondment period is for several months or perhaps for one entire year. Dr. Jawad told me that Mr. Rockefeller's response was, "*We are prepared to do everything to support the Arab Monetary Fund, but you are asking me to give you my right hand man which I am unwilling to do.*"

Dr. Jawad did not give in. Thus, in November 1979, Dr. Jawad visited New York and met Mr. Rockefeller repeating his request. Mr. Rockefeller promised to look into the matter and then revert to him [Dr. Jawad].

At this time I was away from Bahrain attending an eight-week course at Harvard University. The course was very focused, demanding 14 hours of daily intensive work and preparation. We were not allowed to make any contact to the

outside world. After returning to Bahrain in December 1979, Dr. Jawad called and apprised me of his discussion with Mr. Rockefeller.

7. In January 1980, I received a call from my direct boss at Chase, Mr. William Flanz, to inform me of the management intention to transfer me to London in the Summer of 1980 for a senior post in the field of investment. He wanted to know if, in principle, I am agreeable to this offer. I welcomed the offer and thanked him for his confidence in me. Few weeks later I, together with my family, travelled to London to search for accommodation and schools for my daughters. Once my posting to London was finalized, I intended to ask Chase for \$1 million loan to buy, renovate and furnish a house. The loan and its interests to be paid back using accommodation allowances which I would be receiving from Chase plus a portion of my salary over a long period of time.

Also in January 1980, Mr. Rockefeller reached the age of 65 — retirement age. He was succeeded by Mr. Willard Butcher as Chairman and CEO.

8. On March 13, 1980, Dr. Jawad Hashim wrote to Mr. Butcher congratulating him for his new post and asking him to agree to my secondment to the Fund. Mr. Flanz of Chase called me to inform me of the above letter. He wanted to know whether I intended to assume my new post in London in the Summer of 1980, or to accept secondment to the Arab Monetary Fund for one year after which I go back to Chase-London. I promised to think the matter over and revert to him.

I called Dr. Jawad and then travelled to Abu Dhabi to meet with him. I wanted him to tell me frankly what will be my duties, my salary, my other allowances and any other matter relating to the secondment. I further told him that if I continue with Chase, I will ask for a loan to buy a house in London. This, normally, is done through my boss by borrowing from another bank. I asked Dr. Jawad, who will be my boss, and (in his capacity as President of the Fund) if I will be able to secure the loan through him.

After receiving his positive response to all of my questions, I told him

that I will be happy to accept working at the Fund through secondment from Chase. I further told him that I will inform my superiors at Chase accordingly.

It was clear that I will join the Fund not to assume any administrative or technical duties. My dealings with any department [at the Fund] will be limited to information necessary for the study I am entrusted to do. What I needed is one full-time secretary and freedom of unrestricted travel. Dr. Jawad asked me to provide him regularly with details of my work.

9. As to the study itself: Investment of Arab financial surpluses in general and the surpluses of countries of the Gulf region; creation of modern institutions for international investment with emphasis on the private sector's investment services.

After this meeting with Dr. Jawad, I went back to Bahrain and called Mr. Flanz to inform him of my decision to go to Abu Dhabi [and join the Fund] in July for a period of one year after which I will, *insha'allah* ["God willing"], return to Chase-London.

10. On April 10, 1980, Dr. Hashim received Mr. Butcher's reply [to Dr. Hashim's letter of March 13, 1980] agreeing to my secondment. I also received a similar letter from Mr. Butcher.

As my task [with the AMF] required continuous traveling, I decided to move my family to London in the Summer [of 1980] so that [my children] would pursue their schooling with no interruption. Thus, I requested Chase to apply to the immigration authorities in London to secure my family's residency there, especially as I was returning to Chase Manhattan Bank after one year. Chase agreed.

11. At the end of June 1980, I moved my family to London, temporarily rented a furnished apartment and enrolled the children in schools.

I then returned to Abu Dhabi in July 1980 assuming my post [at the Fund]. During my stay in Abu Dhabi, I resided at the Sheraton Hotel.

Part Two: The Borrowings

The First Loan

12. Throughout my professional life which expands over 20 years, I was known (to those who worked with me) to be a strict adherent to honesty, to efficiency and to law obedience to the extreme. But this never prevented me from asking for my legitimate rights, provided everything is done within the law and proper procedures.

In 1980, I did not own a house despite the fact that I have reached senior banking positions in New York, Abu Dhabi and Bahrain. I was vice-president responsible for all of Chase Manhattan branches and operations in the Gulf region. I was entrusted with large assets and extensive authority. My salary was high with sizable allowances and a good standard of living. For example, in Abu Dhabi I lived in a very large villa which Mr. Ghanim Al-Mazruie was its landlord. We were paying US\$50 thousand annual rent. Now, after 8 years, this villa is the residence of Ambassador of Iraq. In Bahrain we were paying US\$65

thousand annual rent for a nice house with a swimming pool and a tennis court, etc. . Since non-Gulf citizens cannot own property, all housing allowance which I used to receive from Chase were paid towards my rent. On the other hand, colleagues who worked at the same institution [Chase] in London and Paris were able to buy their homes there and pay their accommodation allowances towards their mortgages.

When Chase decided to transfer me to London, I intended to ask Chase to arrange a loan for me from any other bank so that I may buy a house. My accommodation allowance and part of my salary would have been used to pay the loan interest and principal installments.

When I decided to postpone the London assignment and, instead, join the Arab Monetary Fund for one year, I obtained the prior agreement of the Fund's President to do the same, i.e. borrowing through the Fund for the same purpose [buying a house in London].

13. After starting my work at the Fund in July 1980, the President of the Fund remembered his promise to me. He promised to arrange the loan from BCCI-Abu Dhabi. [At that time, the offices of Arab Monetary Fund were at the BCCI building in Abu Dhabi.] Later on, the Fund's President informed me that his approach to BCCI was unsuccessful, but he assured me that he will secure the loan from an American bank in Switzerland whom he knew and dealt with. Thereafter he informed me that the said American bank agreed in principle to advance a loan, but the bank wants to know the amount and duration.

14. Although I needed \$1 million, I was reluctant to borrow in US dollars or in British Sterling Pounds, due to their prevailing high-interest rates which exceeded 16%, while interest rates on Swiss Francs was about 5%. I also did not want to borrow the whole amount at once, as I did not know how much exactly the house which I was going to buy, renovate and furnish will cost. Thus, I told the Fund's President that initially I will borrow one million Swiss Francs. At a

later stage I may borrow additional funds, provided the total of the two loans will not exceed of \$1 million.

15. Soon after, the Fund's President called me to his office to inform me that he has arranged the loan from First National Bank of Chicago (FNBC) - Geneva branch. The FNBC will deposit the loan amount [one million SF] in account number 1099 which is the personal account of the Fund's President. To withdraw the loan amount, I need only to notify the Fund's President or the Director of Finance at the Fund, who in turn will notify FNBC to execute transfer instructions.

16. As to the loan's condition: it was for three years commencing on November ¹ 6, 1980, and maturing on August 5, 1983. Interest is payable every three months at the rate of 6% (1% over the SF interest rate), i.e. SF 15,333 to be paid to the above account (1099). At maturity, the whole loan amount to be paid to the said account. Then the Fund's President enquired when I intend to buy the

¹ The correct date should be August.

house and in whose name the deed will be. I told him that it will be in the joint name of me and my wife.

17. The President of the Fund asked me to provide him with a letter [Promissory Note] confirming that I owe him the loan amount and undertake to repay it at maturity. I asked him to whom should I address the required letter: to the Fund or FNBC? He told me that due to the fact that the loan is from his personal account, the letter should be addressed to him personally. I provided Dr. Jawad Hashim with the said letter signed by me and my wife, confirming the loan's details. I also thanked him for his help and concern.

The Second Loan

18. In early March 1981, I went to see Dr. Jawad Hashim to inform him of my need for a second loan of US\$600 thousand and whether he is willing to arrange it. He said yes. I thanked him for his kindness, especially the two loans will exceed \$1 million we initially discussed. He [Dr. Jawad] called FNBC and obtained the bank's approval for a direct loan to me from the bank, provided it is

guaranteed by Dr. Jawad Hashim. The loan was processed according to normal banking procedures. A loan agreement was signed stating its conditions. Interest was to be paid every six months at the $\frac{3}{4}\%$ over the prevailing interest rate of the American dollar. The loan matured on August 19, 1983, and was fully paid.

With God's help, both loans and their interest were regularly paid. There is no outstanding amount whether to Dr. Jawad Hashim or FNBC or the Arab Monetary Fund.

The payment of the loans referred to above were paid from a loan which I obtained from BCCI-London with my London home and my shares in Investcorp as collateral.

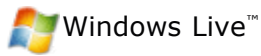
Finally, I would like to inform you that the objective for which the Fund employed me has been successfully achieved.

19. My task was to conduct a comprehensive survey of Gulf financial markets and achieve results showing the need for a unique investment institution to provide selective investment services to the citizens of Gulf Cooperation

Council.

Pursuant to that study, a comprehensive feasibility structure was provided showing how such an institution is structured, its operational activities details in addition to its human-resources requirements. The study further outlined the ownership of such an institution and methods of attracting investors together with implementation procedures to transfer the idea into reality. To achieve all the above, the President of the Fund sent letter to several commercial banks to study the proposal, inviting them to participate in the creation of the proposed entity. Among the banks (to which such letters were sent) are National Bank of Abu Dhabi, National Bank of Qatar and the National Bank of Bahrain.

20. In June 1981, my secondment to the Arab Monetary Fund came to an end. I left the Fund full of happiness, thanking God for completing successfully my duties and prompting the President of the Fund to send a thank-you letter to Mr. Butcher of Chase Manhattan Bank.



Print

[X Close window](#)**Nemi Kirdar**From: **jmhashim@hotmail.com**

Sent: October 21, 2007 6:45:07 PM

To: info@investcorp.com

This e-mail is for the personal attention of Nemir Kirdar, C.E.O of Investcorp.

From: Jawad Hashim (one of the founders of Investcorp)

Dear Nemir

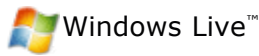
I need to talk to you in a matter of mutual interest. I live in Vancouver-Canada. My contact information :

Telephone: +1-604-417-6490 Fax : + 1-604-925-2676 e-mail : jmhashim@hotmail.com

I know you do have a very busy schedule but hope you will be kind enough and find some time for us to chat .

Very truly yours

Jawad Hashim

**Personal e-mail for Mr.Nemir Kirdar**From: **info@investcorp.com** (info@investcorp.com)

Sent: January 1, 0001 12:00:00 AM

To: info@investcorp.com

This E-mail is for the personal attention of Mr.Nemir Kirdar ,CEO

Dear Nemir

On October 21st. 2007 I sent you an e-mail to which I received to reply. The purpose of that e-mail is as follows:

1- I am updating my memoirs to which I am adding a chapter (amongst other things) dealing with my undeniable role in the creation on Investcorp.

2- The information contained therein relies on facts supported by documents such as:

a- My communications with David Rockefeller and W. Butcher re your secondment as advisor to me.

b- Your Witness Statement to the investigation authorities of Abu- Dhabi.

c- Your Promissory Note to me re the one million SF loan advanced by to you.

d-Various extracts from Euromoney magazine of August 21st. 1983.

e- other relevant materials that shows my role in the establishment of Investcorp and your role in the continuous and undeniable success of Investcorp.

The tentative title of the chapter is: FOR THE RECORDS- The creation of Investcorp. Additionally, the material I am writing will be posted on my as well as other websites.

Dear Nemir:

I am sending this e-mail as a matter of courtesy to see if you have any comments .

Very truly yours
Jawad Hashim

GIBSON, DUNN & CRUTCHER LLP

Telephone House
2-4 Temple Avenue London EC4Y 0HB
020 7071 4000 020 7071 4244 Fax
DX: 217 London/Chancery Lane
www.gibsondunn.com

PRocher@gibsondunn.com

6 November 2007

Direct Dial:
+44 20 7071 4202

Client No.:
03263-01028

BY E-MAIL

Jawad Hashim
JMH International

jawad@jmhinternational.com

Re: *Investcorp*

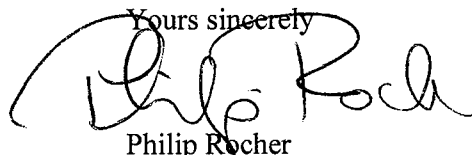
Dear Mr Hashim

We act for Mr Nemir Kirdar, the CEO of Investcorp, and also for Investcorp. Mr Kirdar has forwarded to us your e-mail addressed to him, dated 29 October 2007, which you sent to the general website e-mail address of Investcorp.

Mr Kirdar has asked us to put you on notice, for the avoidance of any doubt, that he will be monitoring the publication of your memoirs very closely. He and we assume, therefore, that you will pay the highest regard to ensuring that the contents of your memoirs, as they relate to Mr Kirdar and Investcorp, are true and accurate and not misleading in any way. He and we also assume that you will ensure that you abide by your duty of confidentiality to Mr Kirdar (and Investcorp) arising from your past business dealings with him and that you will respect Mr Kirdar's right to privacy.

Naturally, Mr Kirdar and Investcorp reserve all of their rights in the event that this does not prove to be the case.

Yours sincerely

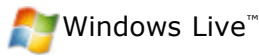


Philip Rocher

RPR/km

25899_2 (Letter to Jawad Hashim).DOC
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A LIST OF THE PARTNERS AND THEIR QUALIFICATIONS IS OPEN FOR INSPECTION AT THE ABOVE ADDRESS.
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LOS ANGELES NEW YORK WASHINGTON, D.C. SAN FRANCISCO PALO ALTO
LONDON PARIS MUNICH BRUSSELS ORANGE COUNTY CENTURY CITY DALLAS DENVER

**Nemir Kirdar / Investcorp**From: **Jawad Hashim** (jmhashim@hotmail.com)

Sent: January 7, 2008 8:33:01 PM

To: procher@gibsondunn.com

Attachments: [E-mail-to-Nemir-210ct2007.pdf](#) (171.1 KB)

Security scan upon download TREND MICRO

Dear Mr.Rocher : **Re: your client No.: 0363-01028**

I have just came across your letter of November 06/2007 which was sent to an E-mail I rarely review, my apologies for the delay in responding. I may summerize my response in the following points :

1- To begin with I am glad to hear that Nemir "*will be monitoring the publication of [my] memoirs very closely*". However, I am puzzled why Nemir chose to communicate through a lawyer's venue instead of directly contacting me. In my first e-mail to him (copy attached) I provided my communication coordinates. Indeed , one may infer that Nemir is concerned about certain facts in the said memoirs.

2- In my E-mail of October 29th., 2007 I intended to afford Nemir the opportunity of reviewing the memoirs (as to Nemir and Investcorp) prior to publication in order to see if he has any comments to make. This opportunity is still available to him personally not to lawyers.

3- As to duty of confidentiality to Nemir and/or Investcorp, I respectfully disagree with your contention. Every point I make and every fact I assert is supported with incontrovertible document, none of which would now be classified as "*private*" , "*classified*" or "*confidential*". In fact almost all documents to which I refer or upon which I rely are in the public domain as a result of discovery given by various parties , including Nemir ,Ernst & Young, AMF, FNBC, in litigation proceedings in various jurisdictions including (but not limited to) Abu-Dhabi and London.

4- Finally, recently it was brought to my attention that your client , Mr.Kirdar , (without my knowledge or consent) interfered directly in removing from the first edition of my memoirs (published in Arabic) certain photos and passages. On this matter I am seeking legal advice. Does your client has an explanation ?

Yours sincerely

Jawad Hashim

,

Arab Monetary Fund

A05230

Ref : 01-13-13-356

Date : March 13, 1980

Mr. Butcher
Chief Executive Officer
Chase Manhattan Bank

Dear Mr. Butcher,

I would like to take this opportunity to express my sincere congratulations for your assuming the position of Chief Executive Officer of Chase Manhattan Bank, and wish you and Chase continued prosperity and success. Also, I very much look forward to the happy occasion of meeting you personally in the near future.

The Arab Monetary Fund, as you may know, is a regional monetary organization, established by 21 Arab countries to achieve the objectives mentioned in Article IV of the Articles of Agreement.

I am pleased to say that we have had excellent relationships with Chase since our inception. A major credit for this relationship is due to the personal friendly relations I have enjoyed with your esteemed Chairman, Mr. David Rockefeller.

When I was given the responsibility to head this organization and start it up, I obviously needed and sought a great deal of external help and expertise from various leading banking and financial institutions. Among the primary contributors have been, obviously, the IMF, which our organization is almost similarly modeled after. Several private U.S. banks, including Chase, were also among the first ones that responded generously to our call; I am grateful to Mr. Wolf Schoelkopf, who advised us for two weeks in Abu Dhabi in April 1978, setting up key financial policies and strategies.

A year ago approximately, I asked another Chase executive, who manages your Gulf network, Nemir Kirdar, if he could join us for an assignment of up to one year to be advisor to me on certain important financial and investment activities in coordination with Arab Central Banks, as I have felt that his background and experience would be of particular usefulness to what we are aiming to accomplish. Nemir, however, told me, at that time, that he could not consider such an offer until his present assignment would come to an end, and that such request should be addressed to his superiors, and not to him directly. I accepted his reasons, and did not open the subject with him again until recently. In the meantime, I had the pleasant opportunity to meet my friend Mr. Rockefeller both at the IMF annual meeting in Yugoslavia, last October, and later in New York in November 1979. On both occasions, I took up the subject of Nemir Kirdar and expressed to David that such secondment would be of great prestige and good will to Chase, as much as it will be of significant contribution to us. David, however, was unwilling to agree as he stressed that Nemir was needed at Chase at that time. My response to David was that I could wait until Nemir's present assignment ends. We left the subject with an indication from David that he would return to me with a reply.

Since I had heard nothing, and recently had the occasion to meet with Nemir again here in Abu Dhabi, I informed him that after last June, I did not forget about the subject and that over the past several months I had two discussions with his Chairman. Nemir seemed to be more willing to discuss the subject at this time, as he probably expects that his assignment in Bahrain might end this summer. He indicated that he might be willing to come and help AMF if Chase would agree, and if there were no greater needs for him at Chase at the time.

Mr. Butcher, I do not intend to use someone like Nemir in the running of our day to day business, as our organization is quite well staffed at this time. I am, however, interested in expanding our senior advisory group, to which I have already been able to attract two important personalities, Dr. Labib Shokaire, who was Speaker of the House in Egypt and President Nasser's Advisor for 10 years, and Dr. Mohamed Mahmoud Al Imam, who is Ex-Minister of Planning and a well-known Arab Economist. I would like to have Nemir join at an equivalent level. Such exposure, as you can appreciate, could be not only highly visible, but of credit both to himself and to Chase, in the long run. During his assignment, I do not mind if Nemir continues contact with his Chase associates in this area, and help you in any way that would not be of conflict of interest.

AD 5228

- 3 -

I will greatly appreciate your favourable consideration and your discussing this matter with my friend Mr. Rockefeller, and convincing both him and Nemir that such an assignment should be good for all concerned.

In order to favourably finalize this, I am prepared to come to New York personally to meet with you, if need be.

With my best wishes.

Yours sincerely,

J. M. Hashim
Dr. Jawad Hashim
President

JH/ws

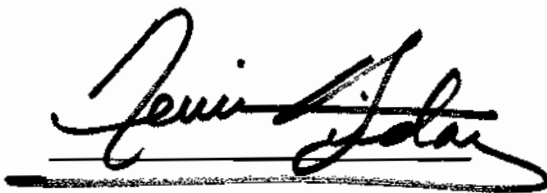
Encl. (Articles of Agreement)

This is to certify that on August 6, 1980, the undersigned have been granted a loan of SF One Million, maturing on August 8, 1983, by Dr. Jawad Hashim, at a rate of interest of Six % per annum payable quarterly in arrears.

The undersigned Nemir A. Kirdar and Nada Kirdar therefore, hereby jointly declare their indebtedness to Dr. Jawad Hashim for the full amount of One Million Swiss Francs and undertake to repay the loan on its above maturity date in one lump sum. Furthermore, they hereby undertake to meet the interest payments at a rate of Six % per annum on each interest due date during the entire period of their indebtedness from August 6, 1980 to August 8, 1983.

Both interest payments and the principal amount on maturity, will be paid to First Chicago Bank, Geneva for the account of Dr Hashim by the undersigned borrowers.

To that effect Nemir A. KIRDAR and Nada KIRDAR hereunder affix their signatures.

A handwritten signature in dark ink, appearing to read "Nemir A. Kirdar", written over a horizontal line.A handwritten signature in dark ink, appearing to read "Nada Kirdar", written over a horizontal line.

LAW OFFICES

HATIM S. ZU'BI Hon. G.B.E.,

LL.B. (Hons.) London, F.L. Arb. of Lincoln's Inn, Barrister-at-Law
Attorneys & Legal Consultants

19th November 1980

H.E. The President,
Arab Monetary Fund,
Abu Dhabi,
U.A.E.

Your Excellency,

Re: Incorporation of an Arab Investment Company

Mr. Namir A. Kirdar, Adviser to the Arab Monetary Fund (AMF), has kindly appraised me of the special study which has been prepared under the auspices of AMF for the promotion and incorporation of an Arab company whose objects will be personalised portfolio management, establishment and management of special investment funds and investment in general.

Certain aspects of the above study closely relate to and require investigation and advice in the realm of company laws in particular and other laws in general. As a result of our discussions, Mr. Kirdar has requested me to write to you expressing my willingness to undertake the legal services required for the completion of the study by providing the legal aspects relative to and ultimately undertaking the steps necessary for the incorporation of the proposed investment company.

AKZ

...2

Bab Al Bahrain Building
P. O. Box 502,
Manama,
State of Bahrain.

Tel. 251911/258207/251895

Cables: "HATIM ZU'BI"

Telex No 6365 HSZUBI BN

OTHER OFFICES AT

Amman Jordan

UAE: Abu Dhabi and Dubai

While, therefore, it is a source of pride for me to note the sponsorship by AMF of such an important Arab project, I wish to advise that my Law Office in Bahrain which is well known to Mr. Kirdar, had undertaken such services during the past nine years and has advised and undertaken the incorporation of several Arab and international companies with varying objects including investment companies and banks.

Initially, it would appear that the most significant aspects that need to be dealt with are the following:

1. The type of company and the place of incorporation thereof:

For selection of the most suitable type and location, the following elements would have to be taken into consideration:

- (A) company or corporate laws in force in the place of incorporation;
- (B) taxation laws applicable in the place of incorporation and to the operational centers of the proposed company which may take the form of a branch of a foreign company registered or a wholly owned subsidiary incorporated in the place where such center is located, depending on the conditions most favourable to the effective and profitable operation thereof;
- (C) the outlook on the part of shareholders and prospective investors to the entity and place of incorporation and seat of management of the company in respect of confidence in, security of and maintaining of secrecy by the company;
- (D) the international image of the company as reflected with foreign governments, central banks and other international institutions and banks and in the international financial centers in the light of the standing enjoyed by the place of incorporation as a taxhaven or otherwise;
- (E) foreign exchange and currency laws and regulations that may exist and be applicable in the place of incorporation as well as the locations of the various operational centers of the Company;
- (F) legal requirements for ownership of part of share capital and holding of directorships by nationals in the place of incorporation;

Handwritten signature/initials

(G) legal requirements for filing of returns, balance sheets and other information to and inspection by the authorities of the books and records of the company by the authorities in the place of incorporation;

(H) other legal requirements.

2. Structuring of share capital; rights of the various categories of shares; allotment of additional shares to founder shareholders; allotment of shares to members of management, public issue of shares, transfer of shares and listing of company shares on one or more stock exchanges.

3. Plan of action to be adopted for:

(a) selection of and convening the initial group of ten founder shareholders and preparation of the agreement to be entered into thereby;

(b) selection and convening of the supplementary number of founder shareholders to bring up the total number to thirty and possibly at that stage holding of a formal Founder Shareholder Meeting with full Minutes adopted and signed thereby;

(c) meanwhile preparation of Memorandum and Articles of Association of the company for approval by the Founder Shareholders Meeting which, of course, would have been preceded by a decision as to the entity and place of incorporation of the company as outlined in paragraph 1 above;

(d) incorporation of the company, election of the Board of Directors; appointment of the chief executive who would then proceed to establish the administrative and operational structure of the company.

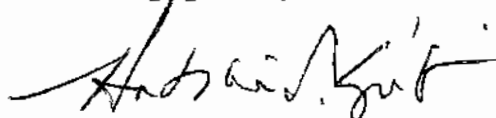
As you will appreciate, it will not be practical nor in the interest of AMF or ourselves to fix our fees at this stage as the foregoing services will entail a great deal of work, investigation and consideration of the various legal aspects. It will also entail travel, co-operation with local law firms and using the services of tax and other specialists in the various locations that will be considered as well as drafting and attendance at meetings. We can, therefore, only establish a basis for calculation of our fees and charging of fees by other foreign firms with whom we will be working on this matter. Our fees will be in principle based on time, effort and complexity of the work performed and recovery of out of pocket expenses incurred by us. We will also control the billing

of said foreign firms and incorporate it in our billing. We will generally submit our bills both for fees and expenses progressively to AMF as the work proceeds.

Should our proposal be acceptable to Your Excellency, as I understand that AMF is willing to retain us for the above services and pay our fees as finally agreed therewith, we will be grateful if you would express your approval by signing the attached copy of this letter and returning the same to us so that we may proceed with the work.

With renewed assurances of my highest esteem.

Truly yours,


(HATIM S. ZU'BI)

Agreed and Accepted
Arab Monetary Fund

By J. M. Hashim
PRESIDENT



Arab Monetary Fund
President's Office

Mr. Hatim Zu'bi
P.O. Box 502
Bahrain

November 23, 1980

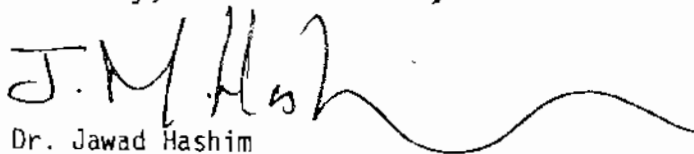
Dear Mr. Zu'bi

Thank you for your letter of November 19, 1980, outlining the steps that you will be taking towards the legal and tax oriented investigations to incorporate the proposed Investment Company, with optimum advantages.

Mr. Nemir Kirdar, Adviser to the President of the Arab Monetary Fund, has been fully authorized to deal with this project and I should therefore appreciate if you would deal with him directly in this regard, furnish him with a timetable, and agree with him on a schedule for reviewing progress.

Thanking you for your efforts, I remain

Sincerely,


Dr. Jawad Hashim
President

JH/ne

م.ب : ٢٨١٨- هاتف : ٢٨٥٠٠- تليفون : ٢٩٨٩- ابو ظبي

جھ/واج

TRANSLATION

Letter dated November 29, 1980, from the President of AMF to Ahmed Khalifa Al-Suwaidi -
Chairman of the Board of National Bank Abu DHabi (NBAD), re-invitation for NBAD to
participate in the Capital of INVESTCORP

Arab Monetary Fund

P. O. Box 2818

Tel: 28500

Telex: 2989

29/11/1980

H. E. Ahmed Khalida Al-Suwaido

Greetings.

Reference our telephone conversation with regard to the establishment of an investment company specifically for Gulf States international transactions. As the National Bank of Abu Dhabi has an important and effective role in the United Arab Emirates, it will constitute the cornerstone in the creation of this proposed investment company. Thus, we suggest you refer this project to the National Bank of Abu Dhabi for further study and to assist us in the implementation procedure.

With best wishes,

Jawad Hashim [signature]

Jawad Hashim

فى ١٧/١/١٩٨١ م.

السيد الفاضل رئيس مجلس ادارة بنك البحرين الوطنى المحترم
المنامة / البحرين

تحية طيبة وبعد ،

الموضوع / مشروع شركة عربية للاستثمار .

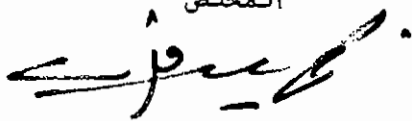
يسرنى ان اشير الى البحث الذى دار بيننا اثناء اجتماعنا بتاريخ ١٥ يناير الحالى حول مشروع شركة عربية للاستثمار الذى اعد صندوق النقد العربى فى ابوظبى دراسة حول له لسد حاجة يرى الصندوق وجودها ولتوفير خدمات دلت تلك الدراسة على جدواها وفائدتها للمستثمرين فى مختلف البلدان العربية وبصفة خاصة دول الخليج العربى.

وكما ورد فى الدراسة المذكورة فان خطة العمل لتأسيس شركة تتولى هذا المشروع ترمى الى اشراك عدد من البنوك الوطنية فى دول الخليج كمساهمين مؤسسين فى الشركة وذلك دعما لها وفى الوقت ذاته توسيع مجال نشاطات تلك البنوك عالميا وتوفير المزيد من الخدمات لعملائها وللمواطنين بوجه عام عن طريق جهاز فنى متخصص بمستوى عال .

واننا اذ نرفق لكم صورة عن الدراسة المعدة للمشروع نوكد بهذا دعوتنا لبنك البحرين الوطنى ش.م. للاشتراك فى المشروع كمؤسس وذلك عن طريق المساهمة بمبلغ مليونى دولار امريكى علما بان دعوات مماثلة قد سبق ووجهت الى بعض البنوك الوطنية الاخرى التى تم اختيارها وتلقى تلك الدعوى قبولا حسنا وتجاوبا من قبل تلك البنوك .

هذا ونغدو ممتنين لو تلقينا اجابتكم على هذا الخطاب مبينين قراركم بصدد الدعوة لاشتراك مؤسستكم الزاهرة فى هذا المشروع العربى راجيا قبول فائق احترامى وشكرى لحسن لقاءكم .

المخلص



نمير امين قيرداد

مستشار - رئيس صندوق النقد العربى

TRANSLATION

Letter from Arab Monetary Fund to the Chairman of the Board of National Bank of Bahrain

Arab Monetary Fund

17 / 1 / 1981

To: The Chairman of the Board
of National Bank of Bahrain
Manama, Bahrain.

Subject: Proposal for the Establishment of an Arab Investment Company

I refer to our meeting on 15th January at which we discussed the idea of creating an Arab investment company pursuant to the feasibility study prepared by the Arab Monetary Fund - Abu Dhabi. The Fund recognizes the importance of such an investment vehicle to provide investment services beneficial to investors from different Arab countries especially from the Gulf States.

As the feasibility study shows, the implementation plan is to incorporate a company and have several Gulf States' national banks as founding shareholders in the company. At the same time this will enhance these banks' activities internationally and generally provides additional investment opportunities for their clients through a highly competent staff.

Enclosed herewith a copy of the feasibility study. We look forward to the participation of the National Bank of Bahrain as a founding shareholder in the proposed company with two million U.S. dollars. We [the AMF] made similar requests to other national banks calling for their participation in the company. To those requests we have received favorable and positive responses.

Finally, we would be grateful to receive your decision as to the participation of your esteemed institution in this pan-Arab project.

Best regards,
Nemir Kirdar [signature]
Nemir Kirdar
Advisor to the President of the Arab Monetary Fund.



بنك البحرين الوطني ش.م.ب

صندوق بريدي ١٠٦ - المنامة - دولة البحرين

NATIONAL BANK OF BAHRAIN B.S.C.
P.O. BOX No. 106, MANAMA, STATE OF BAHRAIN

١٦ فبراير ١٩٨١م

حضرة الفاضل السيد نعيم أمين قيصر دار المحترم
مستشار - رئيس صندوق النقد العربي

تحية طيبة وبعد ،

الموضوع : مشروع شركة عربية للاستثمار

ردا على كتابكم المؤرخ ١٩٨١/١/١٧م حيث وجهتم الدعوة لبنك البحرين الوطني للاشتراك كمؤسس في المشروع المذكور اعلاه نود افادتكم بان مجلس ادارة البنك قد استعرض الدراسة المرفقة بكتابكم وأبدى موافقته من حيث المبدأ على فكرة المشروع ويشاطركم الرأي حول الحاجة لشركة من هذا النوع .

الا أن المجلس قد طلب قبل الموافقة على الاشتراك في المشروع كمؤسس مساهم بمبلغ مليوني دولار أمريكي الحصول على بيانات اضافية فيما يتعلق بالتوقعات المالية للمشروع بما فيها المردود المتوقع على رأس المال الموظف .

وحال استلام هذه البيانات وتحليلها من قبل اللجنة المختصة سيقوم المجلس باتخاذ قرار نهائي بالنسبة لموضوع المساهمة كمؤسس في المشروع .

فالرجاء موافاتنا بهذه البيانات في أقرب فرصة ممكنة .

وتفضلوا بقبول فائق تحياتنا ،،،

نورالدين عبد الله نورالدين
المدير العام

TRANSLATION

Letter from the Chairman of the Board of National Bank of Bahrain to the Arab Monetary Fund

NATIONAL BANK OF BAHRAIN B.S.C.

P.O. BOX No. 106, MANAMA STATE OF BAHRAIN

16 February 1981

Mr. Nemir Kirdar – Advisor to the President of the Arab Monetary Fund

Greetings

Subject: Proposal for the Establishment of an Arab Investment Company

In reply to your letter of 17/1/1981 concerning your invitation to the National Bank of Bahrain to participate in the project as a founding shareholder. We would like to inform you that the Bank's Board of Directors has reviewed the feasibility study. The Board agrees with the project's concept and the need for a company of this type.

However, prior to participating in the project with two million U.S. dollars, the Board would like to receive additional information as to the financial projections of the project including the expected rate of return on investment.

As soon as the above information is received and analyzed by the relevant committee, the Board will then take appropriate decision with respect to the participation in the project as a founding shareholder.

Kindly provide the requested information as soon as possible.

Best regards,

Nureldeen Abdulla Nureldeen [signature]

Nureldeen Abdulla Nureldeen

Director General

The Chase Manhattan Bank, N.A.
1 Chase Manhattan Plaza
New York, New York 10081

David Rockefeller
Chairman of the Board



CHASE

February 21, 1981

Dr. Jawad Hashem, President
Arab Monetary Fund
Abu Dhabi, United Arab Emirates

Dear Jawad:

I greatly enjoyed having a chance to see something of you during our recent visit to Abu Dhabi. You have done a remarkable job in building the Arab Monetary Fund into a significant international agency which is now recognized as playing an important role around the world. We are happy to have been able to provide you with some assistance, both technically and through our mutual friend, Nemir Kirdar. I certainly hope these good relations will continue to grow in the future.

It was very kind of you to have given the dinner for my colleagues and me in your home following our Chase reception. You included in the dinner an exceptionally interesting group of people as a result of which I had a number of very stimulating and useful conversations. I am convinced that only through this frank and open dialogue will we be able to find solutions to the highly sensitive and difficult problems which confront us all in the Middle East.

I must thank you also for the very handsome dagger which you were kind enough to send me. It is quite different from others which I have seen, and I am delighted to have it.

With warm good wishes and renewed thanks,

Sincerely,

Arab Monetary Fund
President's Office

Mr. David Rockefeller,
Chairman of the Board
Chase Manhattan Bank,
1 Chase Manhattan Plaza
New York, N.Y. 10081
U. S. A.

April 6th 1981.

Dear David,

Many thanks for your kind and gracious letter of February 21, 1981, and indeed it was a distinct pleasure for me to be able to welcome you to Abu Dhabi and see you both at the Arab Monetary Fund and at my residence.

Very much like yourself, I am a firm believer that through cooperation, interaction, and dialogue mutual interest can best be achieved and I have been an admirer of your many outstanding accomplishments in building bridges of goodwill and understanding with this part of the world. One definite example of your contribution, which I sincerely appreciate, is the support that you and the Chase have given to the Arab Monetary Fund since its inception. The secondment of Nemir Kirdar, this past year has been most invaluable. We have benefitted a great deal from his ideas on International Monetary Affairs, and in particular I would like to mention his unfailing efforts in promoting the development of Arab Financial Markets, which as you are aware is one of the basic objectives of the AMF.

Looking forward to seeing you in Abu Dhabi again, over the many years to come. I remain with every good wish and personal regards,

Sincerely,

JH/ne

بسم الله الرحمن الرحيم

التاريخ : ١٦ فبراير ١٩٨٤

الاخ الدكتور جواد هاشم المحترم

السلام عليكم ورحمة الله وبركاته
وبعد ،

فقد استلمنا رسالتكم المؤرخه في ٢٧ / ١٢ / ١٩٨٣ والمتضمنه
رغبتكم في التخلي عن مكانكم كعضو في مجلس ادارة بنك الاستثمار
العربي (انفستكوروب) بسبب كثرة مشاغلكم .

وقد تم عرض هذه الرساله على مجلس الاداره في يوم انعقاده بتاريخ
١٢ / ٢ / ١٩٨٤ والمجلس بكافه أعضائه الحاضرين اذ يعربون عن أسفهم للظروف
التي تحول بينكم وبين استكمال رساله العمل في هذه المؤسسه ، وتحول دون
الاستفاده من خبراتكم ، يتقدمون لكم بخالص الشكر والامتنان والتقدير على
ما بذلتموه من جهد فائق ودعم كبير منذ ابتداء الفكره لاهراز انفستكوروب الى
حيز الوجود ، ومع اطيب تمنياتهم لكم بالتوفيق والسداد .

والسلام عليكم . . .

أخوكم

عبد الرحمن سالم العتيقي
رئيس مجلس الاداره

TRANSLATION

INVESTCORP's Executive Committee reply (dated February 16, 1984) to Jawad Hashim's letter-of-resignation of December 27, 1983.

INVESTCORP

P.O. BOX 5340

Manama - Bahrain

Tel: 272-049

Telex: 9664 INCORP BN

16 February 1984

Dear Dr. Jawad Hashim

Greetings

We received your letter dated 27/12/1983 in which you expressed your desire to resign from Arab Investment Banking Corporation (Investcorp).

Your letter was presented to the Board of Directors in its meeting which was held on 12/02/1984. The entire members of the Board express their regret to be denied the opportunity of benefiting from your knowledge and expertise.

The Board would like to express its thanks and gratitude for the great work and support you have provided to create Investcorp. Please accept our best wishes.

Peace be on you.

Sincerely,

Abdul-Rahman Salim Al-Ateeqi [signature]

Abdul-Rahman Salim Al-Ateeqi

Chairman of the Board

ARAB MONETARY FUND
PROJECT

ESTABLISHMENT OF A PRIVATE
INVESTMENT COMPANY

ARAB MONETARY FUND
PROJECT

A MARKET DRIVEN APPROACH TO INVESTMENT MANAGEMENT

AN INVITATION FOR FOUNDING SHAREHOLDERS
IN A NEW LONDON AND GENEVA BASED INVESTMENT
MANAGEMENT COMPANY

INTRODUCTION

OVER THE NEXT SEVERAL YEARS, BILLIONS OF DOLLARS WILL FLOW FROM MIDDLE EAST SOURCES
THROUGH FINANCIAL INTERMEDIARIES TO VARIOUS INVESTMENT OUTLETS IN THE WEST AND FAR EAST.

TO DATE, EXPERIENCE INDICATES THAT THERE ARE CRITICAL DEFICIENCIES IN THE DELIVERY
SYSTEMS OF THE EXISTING FINANCIAL INTERMEDIARIES.

THESE DEFICIENCIES COULD BE CORRECTED THROUGH MARKETPLACE ENTRY BY A NEW AND DIFFERENT
TYPE OF INVESTMENT MANAGEMENT FIRM WHICH SHOULD OPERATE WITH A DISTINCT COMPETITIVE ADVANTAGE.

FOR INDIVIDUALS AND INSTITUTIONS INVITED TO BE FOUNDING SHAREHOLDERS, AN OUTLINE OF THE
CONCEPT AND STRUCTURE OF SUCH A FIRM, IS THE SUBJECT OF THIS DOCUMENT.

ARAB MONETARY FUND
PROJECT

AN EFFECTIVE APPROACH TO INVESTMENT MANAGEMENT

IN OTHER WORDS; THE NEW INVESTMENT MANAGEMENT COMPANY SHOULD BE VERY PROFESSIONAL, HIGHLY SELECTIVE AND MARKET DRIVEN; IT WOULD BE A VEHICLE TO DELIVER A BROADER RANGE OF QUALITY INVESTMENT PRODUCTS TO A SPECIFIC TARGET MARKET THROUGH A MARKET ORIENTATED AND HIGHLY EFFECTIVE DISTRIBUTION SYSTEM.

INVESTMENT OPPORTUNITIES

OVER THE NEXT SEVERAL YEARS, BILLIONS OF SURPLUS AND INVESTABLE DOLLARS WILL BE GENERATED IN THE MIDDLE EAST:

- * Arab countries will remain a principal source of the world's petroleum products, accounting for 51.7% and 14.4% of the total world's provable oil and gas reserves, respectively.
- * 1979 oil and gas revenues for Saudia Arabia, Kuwait, Qatar, Bahrain and the United Arab Emirates alone, totalled \$ 70 billion.

Despite huge domestic development efforts and substantial increases in consumption expenditures, these same countries had an estimated 1979 Current Account surplus of \$ 30 billion.

- * This level of Current Account surplus is expected to increase over the next few years since oil prices will continue to increase and since most of the region's infrastructural and industrial development is expected to level off by 1985.

INVESTMENT OPPORTUNITIES

THIS TREMENDOUS INVESTABLE WEALTH WILL TEND TO FLOW INTO VARIOUS OUTLETS OUTSIDE THE MIDDLE EAST:

- * The governments of these oil states are increasingly encouraging the development of alternatives to this non-replaceable wealth, and therefore, these depleting assets must be converted into potential foreign exchange earning assets over the coming years.
- * These same governments will continue to transfer much of this wealth to the private sector through internal recycling process, e.g. the former's purchase of land; use of private sector goods and services; execution of government expenditures, etc.
- * Regional investment opportunities are significant and politically/ socially appropriate... but cannot absorb the magnitude of the resources available for investment ... the amounts are just too enormous...
- * Significant amounts of this added wealth today are being invested in the United States, Europe and Japan where the markets have relative political and economic stability, as well as market size diversity, depth and efficiency.

INVESTMENT OPPORTUNITIES

OFF-SHORE, WELL-MANAGED AND DISCREET INVESTMENT IS BECOMING MORE IMPORTANT TO A WIDER RANGE OF MIDDLE EAST BUSINESSMEN AND INSTITUTIONS.

WHILE OFFERING SUBSTANTIAL OPPORTUNITIES FOR THE INVESTOR, THE MARKETS IN THE U.S., EUROPE AND THE FAR EAST ARE INCREASINGLY COMPLEX ... REQUIRING DEDICATED, INTENSE, AND INFORMED DECISION MAKING AND FOLLOW UP ...

THUS, A HIGHLY PROFESSIONAL, WELL MANAGED INVESTMENT FIRM IS NEEDED TO PERFORM THIS IMPORTANT INTERMEDIARY ROLE.

AN EFFECTIVE APPROACH TO INVESTMENT MANAGEMENT

IN RECAPITULATION: THE NEW FIRM WILL

1. Identify a limited but highly affluent group of high net worth individuals and institutions in selected geographic markets.
2. Establish resident Marketing Executives in proximity to their targeted investment groups.
3. Establish a central investment headquarters with highly qualified experts in addition to both full time and part time advisors. The objectives of this center would be to:
 - a) Identify and analyse a wide variety of investment products that might serve one or more of the needs of the targeted investors.
 - b) Formulate comprehensive portfolio strategies utilizing combination of these products and then implement those investment programs on behalf of the above clients.

DEFINITION

THIS INVESTMENT COMPANY WILL PROVIDE AN OPPORTUNITY FOR INVESTORS AND SHAREHOLDERS TO OBTAIN HIGHEST QUALITY AND INDIVIDUALLY TAILORED INVESTMENT ADVICE AND ACCOUNT MANAGEMENT WITH THE OBJECTIVE OF PRESERVING CAPITAL AND ACHIEVING AN ACCEPTABLE RETURN ON FUNDS INVESTED, THAT MUST BE ACCOMPLISHED WITH COMPLETE PRIVACY.

FOR THE INSTITUTIONAL SHAREHOLDER, THE PROPOSED INVESTMENT COMPANY WILL SERVE AS AN EXTENSION TO AN IN-HOUSE CAPABILITY TO PROVIDE INVESTMENT ADVICE AND MANAGEMENT FOR VALUED CUSTOMERS, WHO NEED INVESTMENT SERVICES OUTSIDE THE MIDDLE EAST.

TO ACCOMPLISH THESE AIMS THE PROPOSED INVESTMENT COMPANY WILL HAVE A SMALL BUT HIGHLY PROFESSIONAL CORE, BACKED UP BY MODERN COMPUTER CONTROL SYSTEMS TO SIFT AND EVALUATE INVESTMENT INFORMATION PUT OUT BY SELLERS AND BROKERS, TO SORT OUT AND RECOMMEND OPTIONAL INVESTMENT PROGRAMMES FOR INDIVIDUALS AND GROUPED FUNDS, AND TO MONITOR AND MANAGE THESE INVESTMENTS IN A HIGHLY CONFIDENTIAL MANNER FOR THE BENEFIT OF THE INVESTORS.

BENEFITS

FOR THE INVESTOR THIS MEANS :

- . Legal secrecy for investment/confidentiality in their handling.
- . Asset protection/risk diversifications.
- . Acceptable return on investments.
- . Tailored advice for individual and grouped off-shore investments.
- . Control over funds invested.

CUSTOMER LOCATIONS

- * SAUDI ARABIA
- * KUWAIT
- * U.A.E.
- * QATAR
- * BAHRAIN
- * OTHER MIDDLE EAST WEALTH CENTERS

INVESTOR PROFILE

- * High net worth individuals who wish to diversify their investments but lack the expertise and/or the time to devote the necessary attention and the required follow up capability.

These individuals are most probably very successful in their own lines of businesses and as a result generate surplus earnings that need to be professionally invested and managed in order to preserve their original value and allow for future growth.

- * Institutions (banks, insurance companies, pension funds, etc) that need a professional and unbiased source of international expertise for sound and profitable employment of their own excess funds or to help special customers on behalf of the institution.

CUSTOMER SATISFACTION CRITERION

INVESTOR SATISFACTION WITH ANY INVESTMENT MANAGEMENT FIRM IS OF COURSE BASED UPON ACHIEVEMENT OF DESIRED FINANCIAL RESULTS, HOWEVER ... IT IS ALSO BASED UPON:

- * Legal secrecy and the assurance of absolute confidentiality of the relationship both within and outside the investment manager's office.
- * The accuracy and timeliness of order execution and reporting.
- * Market perception of the firm's high degree of reliability, professionalism and stature.
- * The ability of the firm to generate confidence by the size of its capital base and the prestige of its ownership structure.
- * The quality, integrity and reputation of the people involved.

CONTINUED

CUSTOMER SATISFACTION CRITERION

- * Frequency of contact but only at the investors convenience.
- * The extent of the sophistication of the data base, information, and forecasting availability.
- * Accessibility to the investment firm through its effective presence in key financial centers.
- * Unbiased and tailored investment advice; not selling.

SHORTCOMINGS OF THE EXISTING SUPPLY SYSTEM

WHILE THERE ARE MANY INVESTMENT MANAGEMENT FIRMS CALLING ON THE TARGET MARKET, MOST HAVE NOT FULLY SATISFIED THE INVESTING COMMUNITY; SOLUTION TO THESE PERCEIVED SHORTCOMINGS IS REASON FOR THE CREATION OF A NEW TYPE OF INVESTMENT MANAGEMENT COMPANY. AMONG THE MOST NOTICEABLE SHORTCOMINGS OF THE EXISTING FIRMS, ARE:

- * The questionable quality and professionalism of the marketing and investment advisory staff; top quality staff are either constrained by conflicting business priorities, or are inadequately trained and rewarded.
- * Marketing people are not perceived as advisors - they are usually only salesmen.
- * The frequency of in-person client contact has been less than desired, and the key people in the investment firm are often inaccessible - usually because they are covering too broad a geographic area.
- * Existing firms often do not recognize the important difference between various discrete market segments within the investing community.
- * Many firms are too large and organizationally too complex, to provide responsive, personalized service for this particular and important part of the world.

OUR PROPOSED RESPONSE:

THESE SHORTCOMINGS CAN BE OVERCOME THROUGH THE
MARKETPLACE ENTRY OF A NEW, UNIQUE INVESTMENT
MANAGEMENT FIRM ...

WE ARE LOOKING TO YOU TO JOIN US AS FOUNDING
SHAREHOLDERS IN THIS NEW INVESTMENT INSTITUTION.

AN EFFECTIVE APPROACH TO INVESTMENT MANAGEMENT

THE CONCEPT

Use a small but highly professional marketing and analytical group to intermediate between:

- a selectively targeted, relatively underinformed but highly affluent market,
- and
- the very best investment expertise available in the world today.

THE NEW INVESTMENT MANAGEMENT FIRM

THE PROPOSED NEW INVESTMENT MANAGEMENT FIRM
SHOULD CAPITALIZE ON THE SHORTCOMINGS OF THE
PRESENT DELIVERY SYSTEMS

THUS, IT MUST AVOID THOSE SHORTCOMINGS ...

AS FOLLOWS

AN EFFECTIVE APPROACH TO INVESTMENT MANAGEMENT

CURRENT DELIVERY DEFICIENCIES AS PERCEIVED BY THE MARKETPLACE TODAY

- . Questionable quality of marketing staff
- . Marketing responsibility of the staff over too broad a geographic area and operating from a remote base
- . Inadequate incentive compensation for better performers



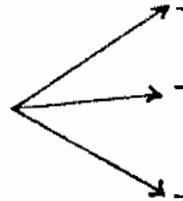
THE NEW FIRMS' RESPONSE

- Ensure knowledge, accessibility and quality of personnel.
- Recruit proven top performers.
- Provide full support to the marketing staff and give them a long term mandate to develop the image and presence of the firm in each of the specific geographic markets.
- Provide marketing staff with continuous flow of the best information and business intelligence in the world and keep them fully abreast of market changes.
- Give each Marketing Executive a direct equity type reward in accordance with demonstrated results.

AN EFFECTIVE APPROACH TO INVESTMENT MANAGEMENT

CURRENT DELIVERY DEFICIENCIES AS PERCEIVED BY THE MARKETPLACE TODAY

Investment organizations sell their standardized products and not necessarily what the investor feels he really needs.



THE NEW FIRMS' RESPONSE

Products should be provided as investors require them.

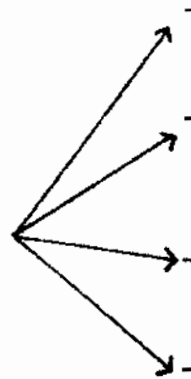
The product menu must be constantly reviewed to cater to new and developing customer needs.

Review and discuss all products with clients to ensure they are aware of their own changing needs and the on-going potential of the market.

AN EFFECTIVE APPROACH TO INVESTMENT MANAGEMENT

CURRENT DELIVERY DEFICIENCIES AS PERCEIVED BY THE MARKETPLACE TODAY

Lack of responsive, informative
and personalized service.



THE NEW FIRMS' RESPONSE

- Target a client base which remains small enough to allow a highly personalized attention.
- Ensure that the resident marketing staff build an effective rapport with the clients and gain their acceptance for the services offered by the firm
- Organize effective calling programs and other communication opportunities for the targeted markets.
- Utilize the most modern computer systems to track and evaluate world-wide investments and provide confidential detailed reports to the investors at pre-determined intervals.

DIFFERENTIATION : COMPETITIVE ADVANTAGE

THE PROPOSED FIRM WILL BE DIFFERENTIATED FROM THE COMPETITION:

- * By specializing exclusively in investment counselling and account management, the proposed firm can concentrate all its management skill and expertise on effective investing without conflicting considerations.
- * With an extensive marketing network in key surplus funds centers, the firm will establish unique and highly effective customer relationships which itself will generate marketplace confidence, and a means of keeping abreast of changing investor requirements.

PRODUCTS

THE PROPOSED INVESTMENT FIRM WILL BE ABLE
TO OFFER TWO "PRODUCT GROUP" ALTERNATIVES; THE
INVESTORS ACCORDINGLY, MAY CHOOSE:

BETWEEN INVESTING IN

PERSONALIZED PORTFOLIO MANAGEMENT

OR

POOLED RESOURCE MANAGEMENT

PRODUCTS

I. PERSONALIZED PORTFOLIO MANAGEMENT

Discretionary management of clients assets according to jointly established, broad, perimeters and overall investment objectives and strategies.

Available products, include:

- | | |
|----------------------------|---------------------------------|
| * Real Estate | * Fixed Income Corporate Issues |
| * Precious Metals | * Foreign Currency Baskets |
| * Commodities | * Direct Investments |
| * Money Market Instruments | * Art and Collectables |
| * Treasury Instruments | * Bank Accounts |
| * Equities | |

Main Characteristics of Personalized Portfolios:

- . Management earns fees primarily from results not turnover or selling specific investments this gives them best reason for maximizing discretionary investors' account earnings and for securing principal.
- . Firm's high quality and wide ranging investment information as well as small tight management structure allows them to choose well among investment alternatives.
- . Modern computer systems to track investments and provide up-to-date confidential records.
- . Investor retains title to investment.

PRODUCTS

II. POOLED RESOURCE INVESTMENTS

The investor selects participation in one or more of the following joint funds in accordance with his own investment objectives and diversification preference

Available Funds, include:

- * Real Estate Fund
- * Precious Metals and other Commodities Fund
- * Money Market and Foreign Exchange positioning Fund
- * Growth Equities Fund
- * Fixed Income Fund
- * Venture Capital and Direct Investments Fund

In addition, two other funds which would be composed of diversified investments, would be available to the investor:

- * Diversified Fund guaranteeing a fixed annual yield.
- * Diversified Fund guaranteeing a minimum yield.

└─ for further explanation of these two Funds ──>

PRODUCTS

- * Fixed Guarantee Yield whereby clients are provided a fixed annual income irrespective of what the Fund would actually generate. Thus, the firm will end up either accepting a loss resulting from the subsidy or benefiting by retaining any incremental gain over and above the amount guaranteed.
- * Diversified Fund with minimum guaranteed yield whereby clients are guaranteed a certain minimum level of income, while they would accept to share with the Firm any amount earned, over and above this minimum percentage.

MAIN CHARACTERISTICS OF POOLED FUNDS

- . Each of the joint funds will be composed of not only the equity belonging to the various investors but, a portion of the Firms' own capital.
- . Each of the funds will be leveraged to optimize gain and therefore, return on the funds invested.

PRODUCTS

NOTE:

FOR INDIVIDUAL PORTFOLIOS IN APPLICATION, IT MUST BE RECOGNIZED THAT THE GROWTH, EARNINGS AND SAFETY OF PRINCIPAL AS OBJECTIVES OF INVESTORS SEEKING INVESTMENT MANAGEMENT AND COUNSELLING WILL VARY; THUS THE STYLE OF INVESTMENT IN TERMS OF CURRENCY AND ASSET TYPE MUST BE CAREFULLY PLANNED AND EXECUTED,...

BASED UPON CLIENT PREFERENCES, AND THE EXPERTISE AND INFORMATION OF THE FIRM, A PORTFOLIO STRATEGY WILL BE DEVELOPED FOR EVERY TYPE OF INVESTOR AND THIS STRATEGY WILL BE EVALUATED AND REASSESSED PERIODICALLY AND ACCORDING TO A PRE-DETERMINED TIMETABLE.

THE ORGANIZATIONAL CONCEPTS

TO ACHIEVE THE TYPE OF EFFECTIVE INVESTMENT MANAGEMENT COMPANY REQUIRED BY THE SPECIAL MARKET OF THE MIDDLE EAST, THE RIGHT ORGANIZATION IS THE KEY TO SUCCESS.....

The overall market is extremely diverse...therefore an efficient organization is needed to divide it into manageable components ...

The marketing and investment centers are thousands of miles apart ... therefore only good organization can weave these elements into one, efficiently and effectively functioning entity ...

The information flow in this business is huge ... therefore it must be managed through selection, synthesis and distribution which comes from good organization...

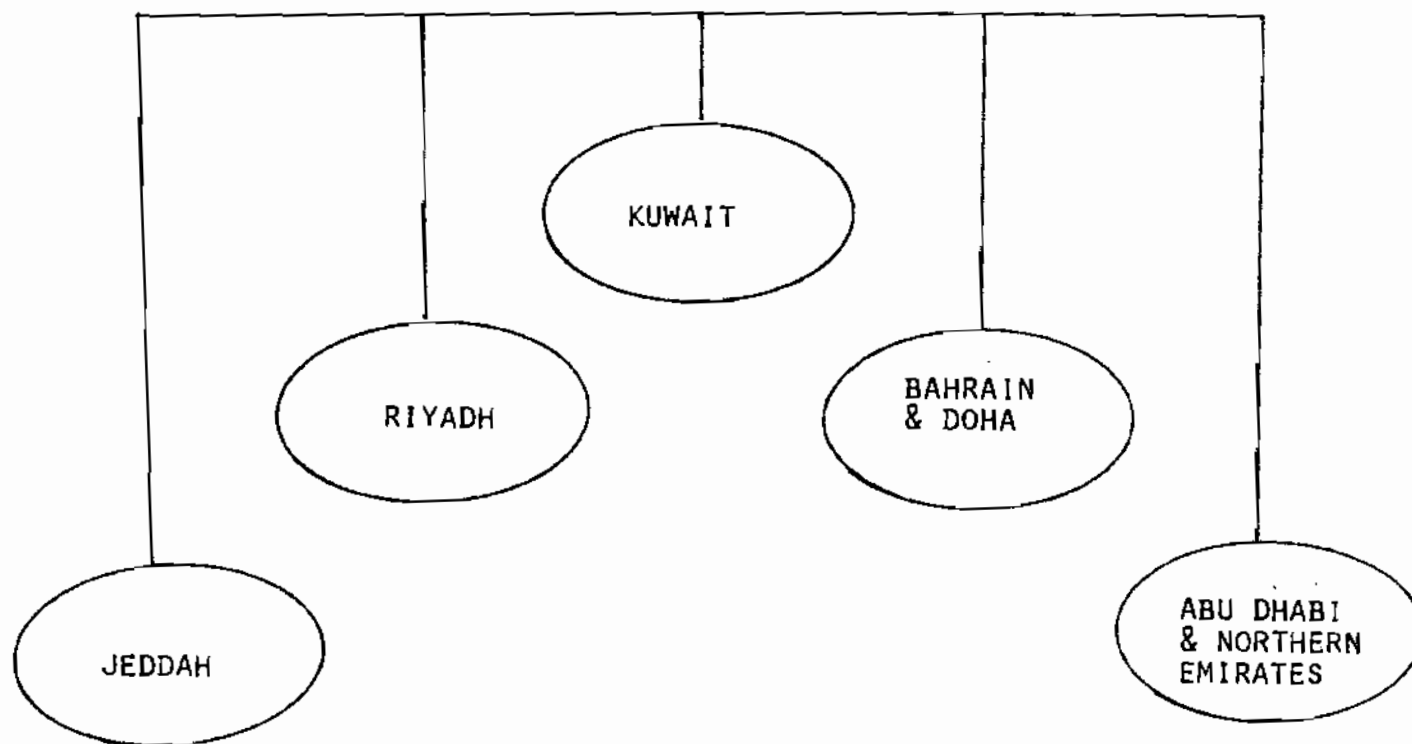
The most important factor for success is people ... and people must be organized efficiently if they are to be properly motivated and utilized...

High performance in this field requires input from an extremely broad range of advisors and other sources ... organization facilitates this process

The founding shareholders contribution to the firm is important for success... good organization will optimize that contribution

THE ORGANIZATIONAL CONCEPTS

THE KEY GEOGRAPHICAL MARKET CENTERS



THE ORGANIZATIONAL CONCEPTS

INVESTMENT CENTERS

INVESTMENT AND INFORMATION CENTERS

TOKYO

FRANKFURT

MEXICO CITY

KUWAIT CITY

HEADQUARTERS
LONDON

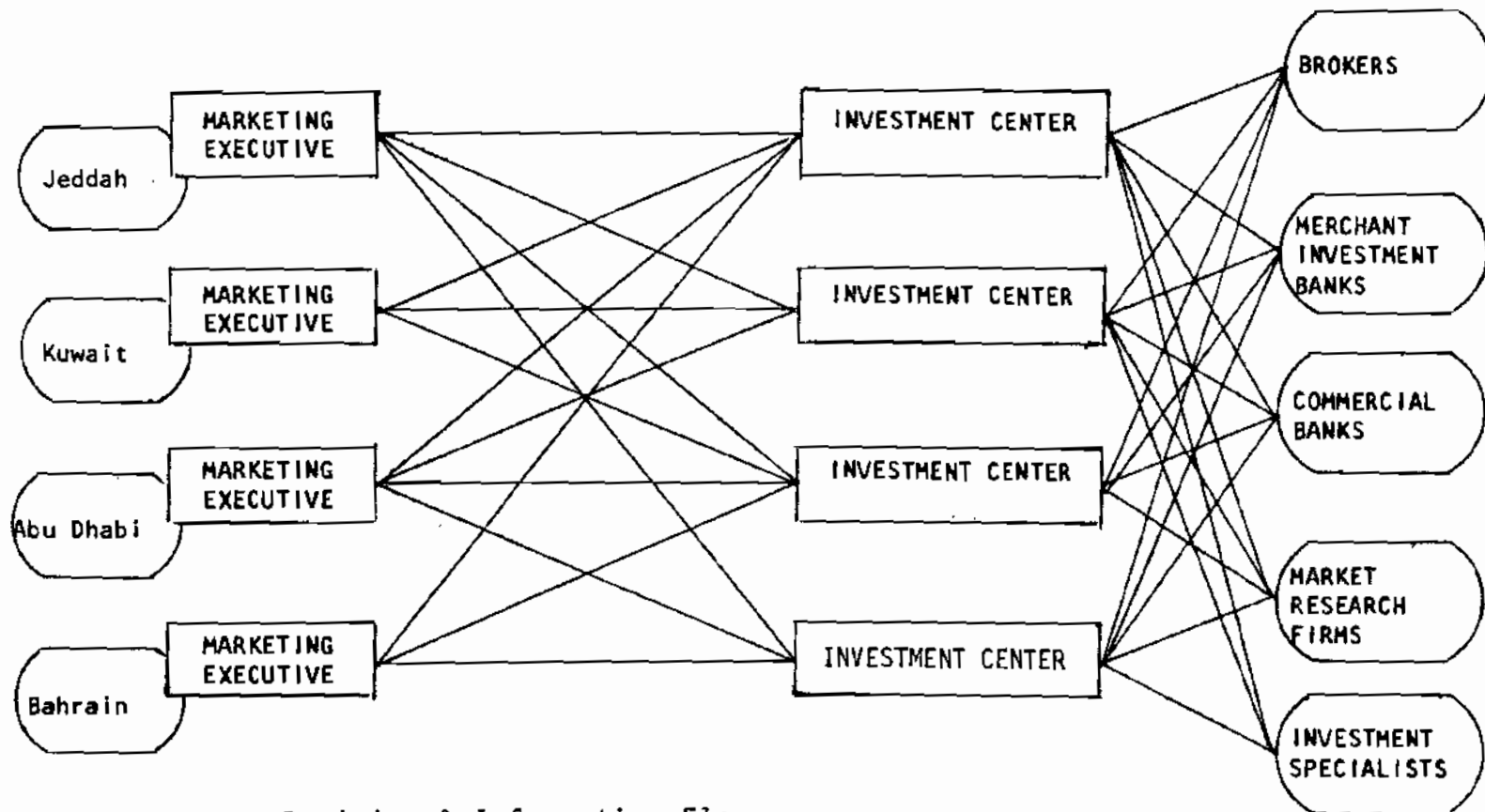
FUNDS MANAGEMENT CENTERS
GENEVA

LONDON

NEW YORK

THE ORGANIZATIONAL CONCEPTS

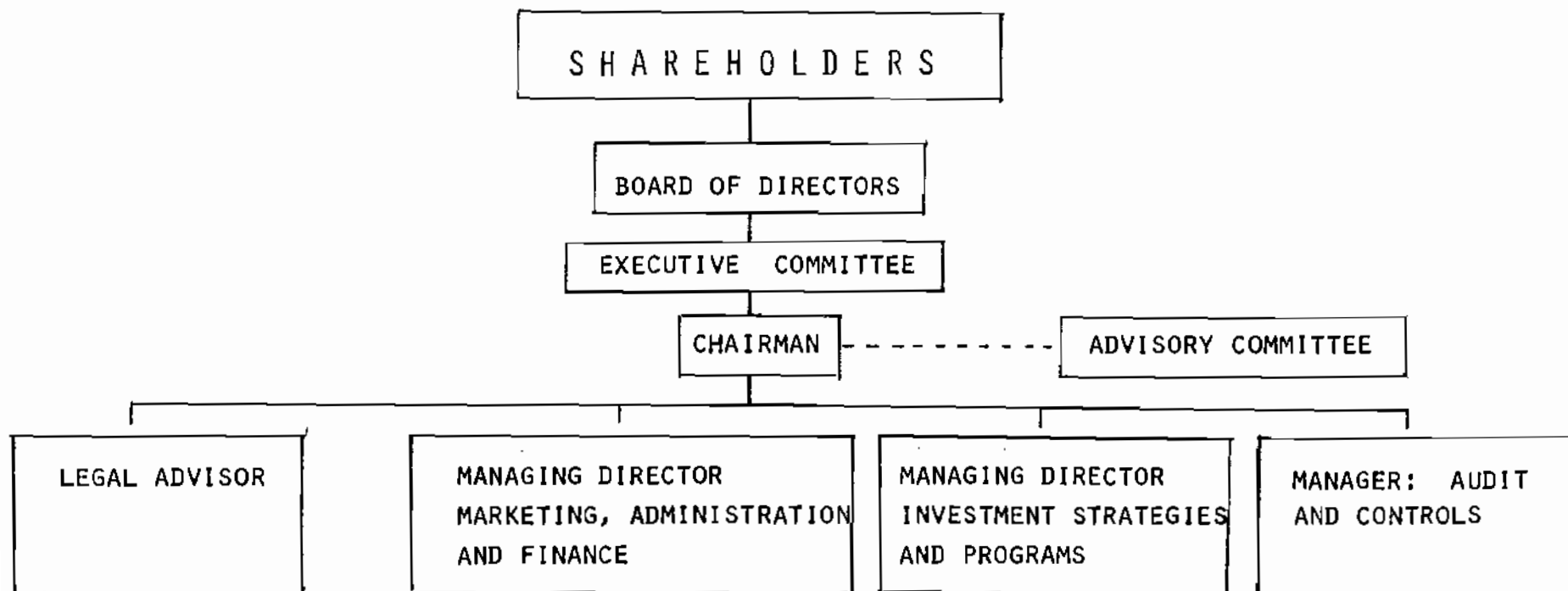
MARKET AND INVESTMENT CENTER LINKAGE IS CRUCIAL



THE ORGANIZATIONAL CONCEPTS

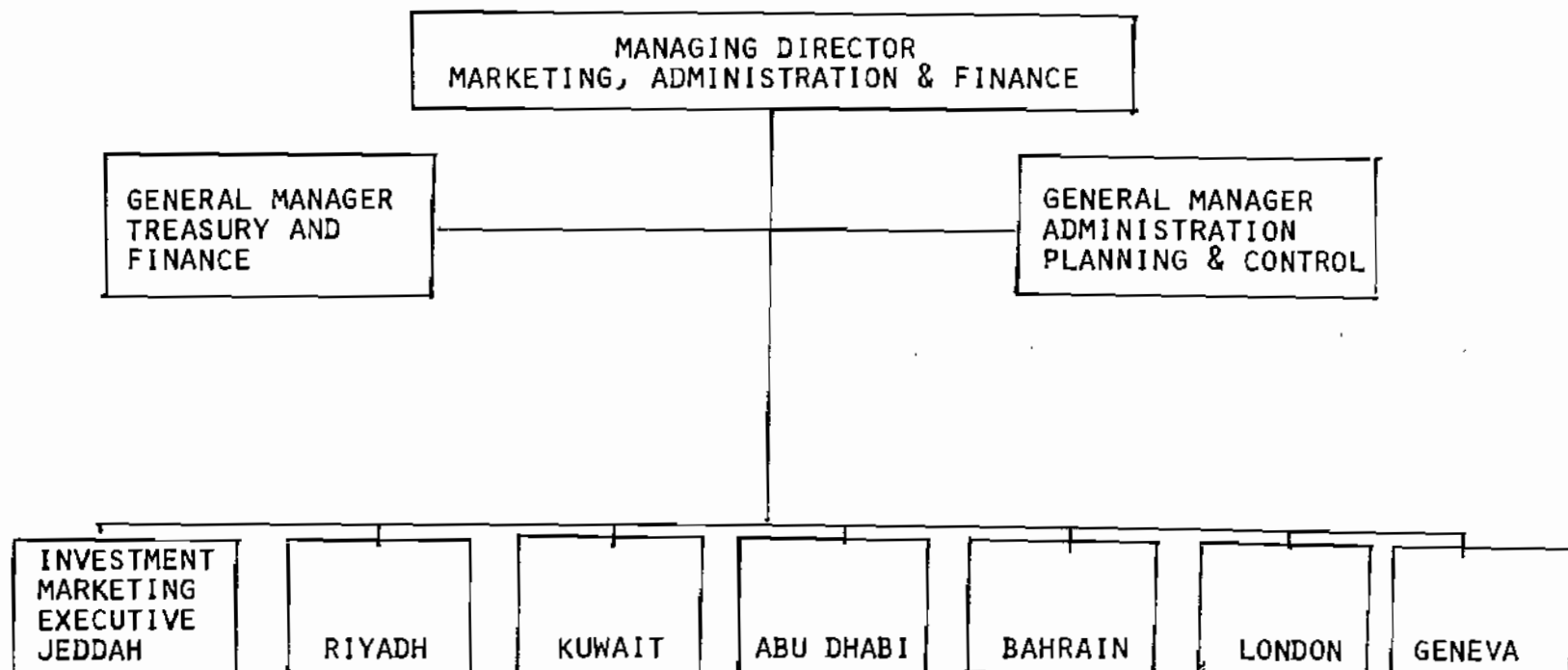
- * THE PROPOSED FIRM MUST HAVE A STRUCTURE THAT
 - * FACILITATES DECISION MAKING, WHILE AT THE SAME TIME
 - * RETAINS A LEVEL OF CONTROL WITH WHICH THE DIRECTORS ARE COMFORTABLE .

ORGANIZATION OF THE FIRM

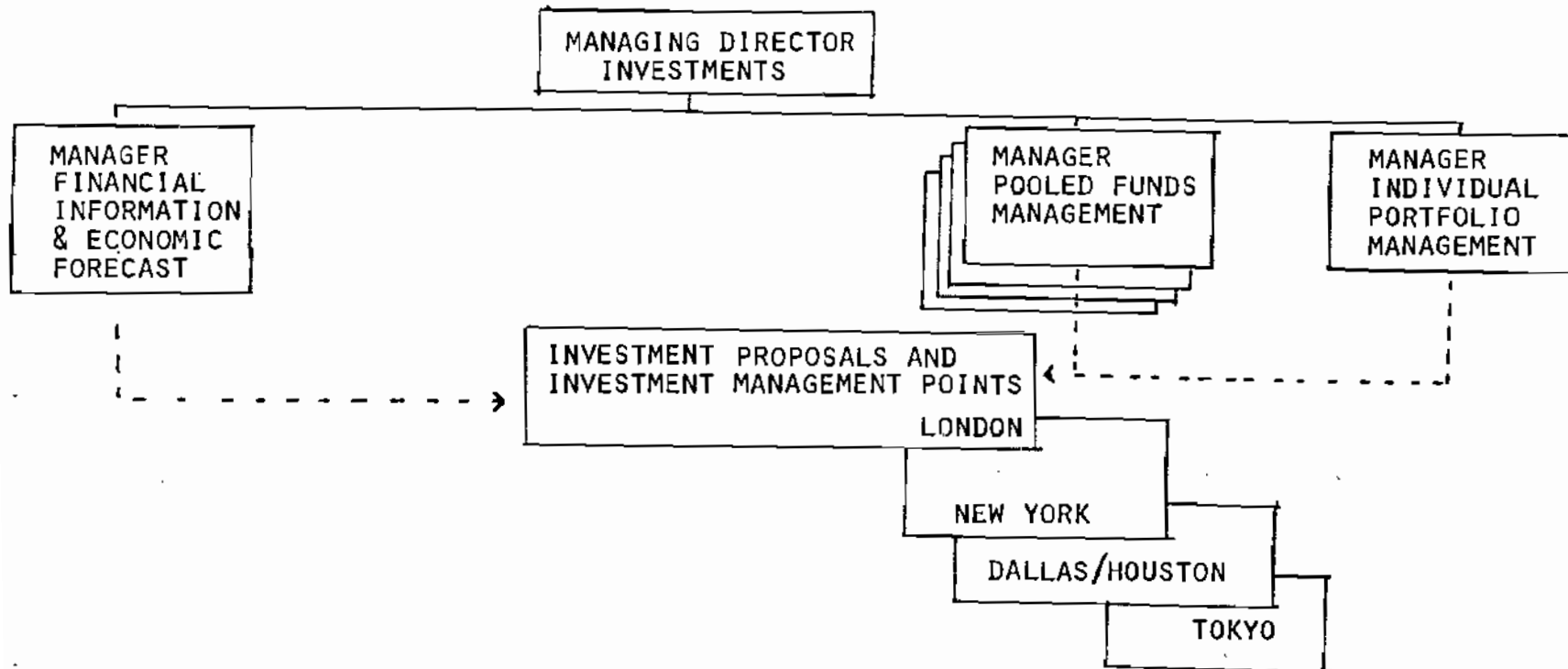


ORGANIZATION OF THE FIRM

MARKETING, INVESTMENT CONSULTING AND FUNDS RECEIVING ...



ORGANIZATION OF THE FIRM



MANAGEMENT STRUCTURE

OVERALL MANAGEMENT OF THE FIRM WILL BE AS FOLLOWS:

- * Board of Directors - The highest authority in the firm, it will meet periodically to set policy, review performance and ensure direction.
- * Executive Committee - With delegated broad authority to closely monitor and review the ongoing investment performance of the firm.
- * Advisory Committee - To provide a broad range of outside perspectives of the various investment markets at frequent intervals and to review and direct overall investment policies.
- * The Chairman and Chief Executive Officer - Heads the Board and the Executive Committee, with responsibility for directing the firm and building and maintaining its external image and market stature.
- * Controller - Reporting to the Chairman to ensure fair and independent valuations are made on a routine basis of all individually managed and grouped investments and that a wall of confidentiality is maintained around all accounts.

MANAGEMENT STRUCTURE

THE BOARD OF DIRECTORS, CONSISTS
OF THE COMPANY'S CHAIRMAN, TWO
MANAGING DIRECTORS, AND EIGHT
SELECTED SHAREHOLDERS.

RESPONSIBILITIES

AN ADVISORY COMMITTEE OF PRESTIGIOUS INTERNATIONAL NAMES IN THE FIELDS OF INVESTMENT, BANKING, BUSINESS, GOVERNMENT, ECONOMICS AND EDUCATION WILL BE AVAILABLE TO:

- * Add an orderly, organized, meaningful, and multi-discipline direction to the firm's portfolio strategy and overall investment process and policy.
- * Increase the scope of the firm's global contact with important personalities involved in investment.
- * Improve the perception of the firm in the areas where investments are to be pursued.
- * Increase the firm's prestige.

RESPONSIBILITIES

THE INVESTMENT MANAGEMENT FUNCTION IS RESPONSIBLE FOR:

MANAGEMENT

- * Investment Strategy
- * Selection and Monitoring Investment Managers
- * Management of the Investment Centers

INFORMATION

- * Economics Research
- * Forecasting
- * Consulting
- * Information Preparation

RESPONSIBILITIES

THE MARKETING, ADMINISTRATION AND FINANCE FUNCTION IS RESPONSIBLE FOR:

- MARKETING

- * Management of Business Development Thrust
- * Customer Relationships
- * Advertising and Promotion

- ADMINISTRATION, PLANNING AND FINANCIAL CONTROL

- * Planning and Budgeting
- * Accounting
- * Personnel
- * Premises and Insurance
- * Management Information System
- * Communications

- FINANCE

- * Corporate treasury and liability management

RESPONSIBILITIES

AUDITING AND CONTROL FUNCTION

Will audit the operations of the firm at all levels and as frequently as feasible to ensure proper conduct and total adherence to Board and regulatory policies ...

The controller will liaise with the outside auditors who will report directly to the Board on a yearly basis and with various qualified valuers, who will be responsible for evaluating the worth of each investment on an ongoing basis.

Additionally the controller will ensure that the computer control systems are the most sophisticated and most capable of maintaining absolute customer confidentiality.

This function is directly responsible for the safety of the customer funds and shareholder interests.

The head of the function will report to the Chairman of the Board directly and will have to report periodically on constant tests and examinations that would be conducted. These reports will be on a complete basis and will not refer to individual confidential customer records.

RESPONSIBILITIES

THE LEGAL ADVISORY FUNCTION IS RESPONSIBLE FOR:

- * Client Tax Advice
- * Holding Company Formation
- * Documentation
- * Corporate Legal Matters
- * Attorney Relationships

RESPONSIBILITIES

OTHER SUPPORT FUNCTIONS ARE RESPONSIBLE FOR:

- * Information centre - research activities; data collection, library, etc.
- * Communications - telephone, telex and facsimile, data links and information security internal and with clients.
- * Data processing - function, capacity, configuration and tie-in with other facilities.
- * Management systems - Management Reporting, Finance and Accounting, and clients' confidential records.
- * Operations - Perform the entire range of all necessary back-up and production; accurately maintain all documents, records and books of the corporation.

RESPONSIBILITIES

- * THE PROPOSED FIRM WILL HAVE PEOPLE WHO
 - * Instill confidence in the investing public
 - * Can establish the right channels and relationships that can bring attractive investment opportunities to its notice
 - * Have the professional competence to make key investment decisions
 - * Understand changing investor requirements and the extent to which they are being satisfied by competing organizations
 - * Forecast changes in regulatory requirements, political environmental and economic conditions
 - * Take a long view of the investment opportunities of the future

INCORPORATION

THE FOUNDING SHAREHOLDERS WILL DECIDE ON
THE LOCATION OF INCORPORATION OF THE ENTITY
E.G. BAHRAIN, LUXEMBOURG, ETC. BASED
UPON:

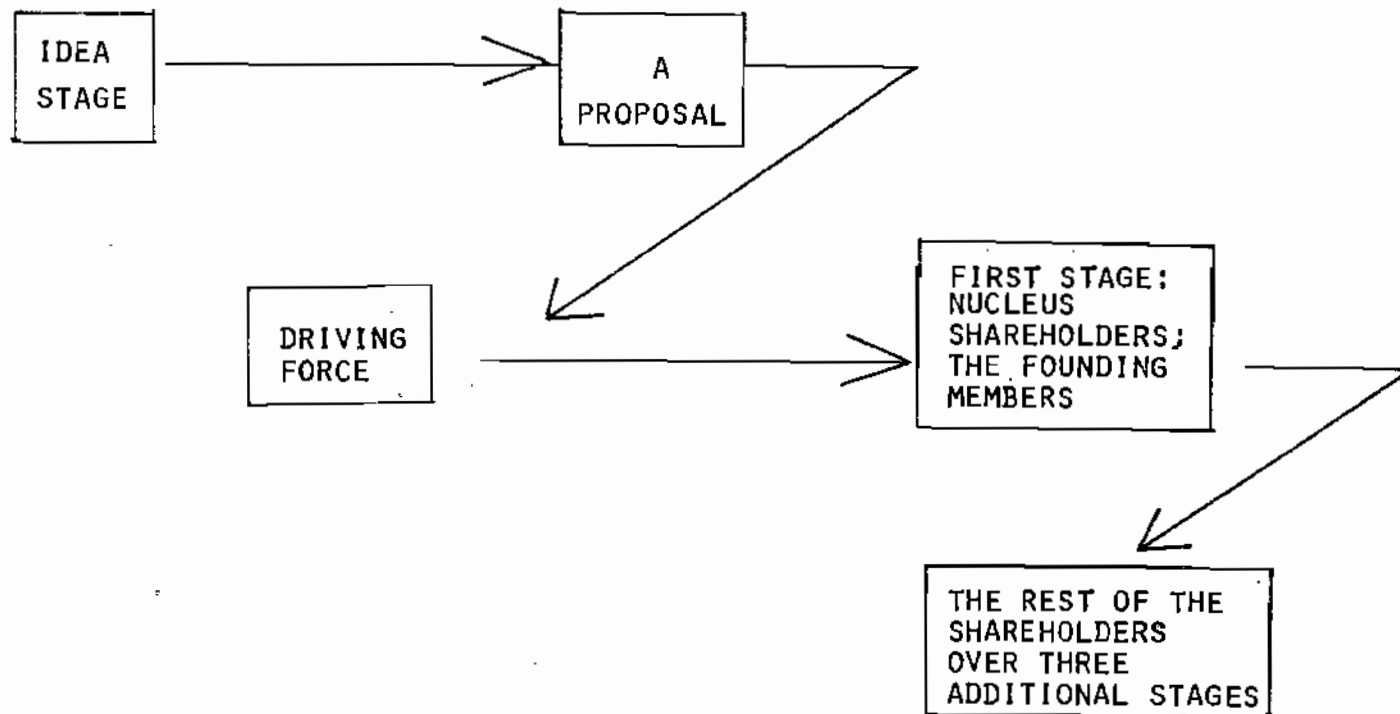
- LEGAL AND TAX
CONSIDERATIONS
- MARKET PERCEPTION;
CLIENT SENSITIVITIES
AND PREFERENCES

CAPITALIZATION AND OWNERSHIP PLAN

THE CAPITALIZATION AND OWNERSHIP STRUCTURE
IS OF COURSE CRUCIAL TO THE SUCCESS OF OUR
PROPOSED INVESTMENT MANAGEMENT FIRM

IMPLEMENTATION: THE STARTING POINT

THE CREATION PROCESS OF THE PROPOSED INVESTMENT COMPANY WILL BE AS FOLLOWS:



SHAREHOLDERS: COMPOSITION & PROCESS

THE SHAREHOLDERS WILL BE ATTRACTED IN FOUR STAGES:

- | | | |
|-------------|---|--|
| STAGE ONE | * | Up to 10 highly prominent and leading personalities will be individually selected and invited to participate as founding shareholders. |
| STAGE TWO | * | Each of the above individuals could invite up to three additional outsiders to join as equal founding shareholders in order to achieve broader geographic representation and prominence. |
| STAGE THREE | * | Invite up to five strategically located leading indigenous commercial banks in the key business centers which constitute the primary markets of the firm to join as founding institutional shareholders. |
| STAGE FOUR | * | The balance of the shareholding base will be made available to investors at large through public offering. |

CAPITAL STRUCTURE

EVENTUAL TOTAL
CAPITALIZATION

U.S.\$ 100 MILLION

THE ABOVE CAPITAL TO BE DERIVED FROM THE
FOLLOWING SOURCES:

SHARES "A"

First: up to 10
individual founding
members

10 x \$1 million each = \$10 million

Second: up to 30
individual founding
members

30 x \$1 million each = \$30 million

5 commercial banks

5 x \$2 million each = \$10 million

Management incentive
option stocks

A total of \$5 million
available over five
year period = \$5 million

SHARES "B"

Through public
offering

= \$45 million

GRAND TOTAL OVER
FIVE YEARS

\$100 million

CAPITAL STRUCTURE

EXPLANATION

- * "A" SHARES: These shares would be acquired and retained by the founding members for at least three years in order to ensure stability and maximum commitment to the corporation during the establishment period. Within the three years, these shares could only be sold back to the corporation, should any stockholder wish to liquidate his interest in the organization. However, if the shares are maintained by the stockholders until after three years elapse, the above restriction will no longer remain valid and the "A" shares, therefore, would then become totally marketable.
- * "B" SHARES: This category of shares would be floated in the open market from the start, and would be available to the general investors at the prevailing market price. Such public floatation should be pursued only after all of the individual founding members and the 5 commercial banking institutions have completely joined and upon careful consideration by these founders of the right timing and the right markets in which the issue is to be floated, in order to ensure maximum success.

CAPITAL STRUCTURE

EXPLANATION

TOTAL COMMON STOCK "B" SHARES THAT WOULD BE AVAILABLE IMMEDIATELY AS MARKETABLE INSTRUMENTS WOULD BE EQUAL TO U.S. DOLLARS 45 MILLION.

OF THIS \$45 MILLION

- * up to \$20 million would be made available as an incentive option to individual founding shareholders at par prior to floatation.
- * up to \$10 million would be made available to the senior management group at par and would be exercisable anytime during the first three years of the establishment of the firm at the individuals own discretion. The allocation of the shares would be made by the Board of Directors and based on the terms and conditions of the employment contract of each eligible individual.
- * Remaining \$15 million (or more) would be floated in the leading Gulf stock exchange markets for general public participation. It is anticipated that, given the above strong shareholding base, and with an effectively engineered market publicity, there would be significant acceptance of this issue in the marketplace and therefore, a good possibility of over subscription. That, by itself, should mean an attractive boost for the market price per share almost right from the start.

CAPITAL STRUCTURE

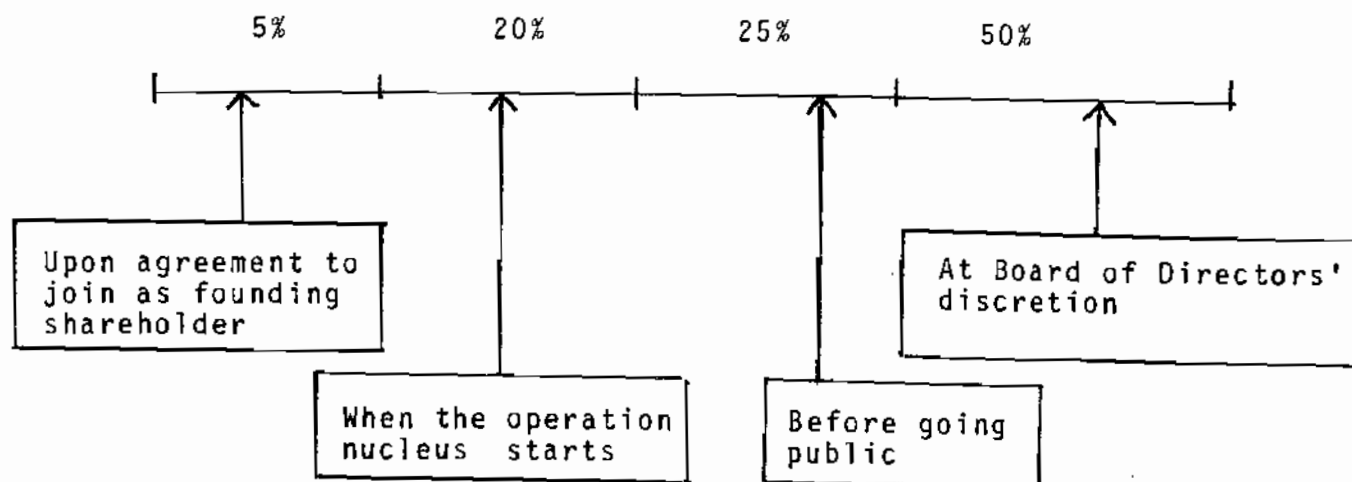
EXPLANATION

MANAGEMENT GROUP INCENTIVE STOCK OPTIONS WOULD BE COMPOSED OF A TOTAL OF U.S.\$5 MILLION OF "A" SHARES AND U.S.\$10 MILLION OF "B" SHARES.

- * "A" shares of a total aggregate of \$5 million would be made available to some 15 individuals who would make up the management structure of the organization and exercisable over a period of five years ... These individuals, therefore, will be given the opportunity to become shareholders in the organization in due course, and thereby should assume their responsibilities as partners, as well. Members of the management team would work against pre-established business plans and targets, and upon accomplishment of successful results they would be compensated with a healthy cash bonus. Management members who would be entitled to such program would then be allowed to purchase a certain amount of common "A" shares, at par, if they so wish. The amount of the shares to be purchased under this plan should not exceed the amount of the bonus received by each individual. The total sum that would be available for the entire management group of common "A" shares, at par, over the five year period should not exceed the \$5 million mentioned above.
- * "B" shares of a total aggregate of U.S.\$10 million would, additionally, be made available to the founding senior management members, at par, and exercisable anytime during the first three years after incorporation. This should be a reward/incentive for joining the new entity while giving up their existing prestigious positions at some top tier international organizations.

SHAREHOLDERS: CAPITAL CONTRIBUTION

EACH INDIVIDUAL AND INSTITUTIONAL SHAREHOLDER WILL BE REQUESTED TO PAY UP HIS/ITS EQUITY COMMITMENT IN FOUR STAGES - AS FOLLOWS:



CORPORATE OBJECTIVE

IT IS THE OBJECTIVE OF THIS NEW INVESTMENT COMPANY TO GENERATE FOR ITS SHAREHOLDERS A CONSISTENT RETURN IN EXCESS OF THAT ORDINARILY RECEIVED ON INTERNATIONAL INVESTMENTS OF COMPARABLE SAFETY AND PRUDENCE, OVER A LONG HORIZON OF TIME PERIOD, THROUGH BOTH DIVIDENDS DECLARED AND CAPITAL GAINS ON SHARES.

CORPORATE OBJECTIVE

THE FIRM EXPECTS TO ACCOMPLISH THIS BY:

- * Attracting and retaining a large customer base that would contribute to the generation of considerable and expanding fee income.
- * Obtaining favourable average interest and dividend yields on capital through careful selection of securities and prudent risk diversification.
- * Generating profits from capital gains which result from invested talent, alertness and expertise.
- * Additional leveraging through use of debt funding.

FINANCIAL STRUCTURE

- * The balance sheet of the proposed firm would reflect the following liabilities:
 - Capital funds
 - Direct borrowings

- * The asset structure should reflect the firm's strategy of how to utilize the above total sum of funds most prudently and advantageously considering
 - Liquidity
 - Asset diversification (over the short and long term)
 - Participation in all of the pooled funds.

FINANCIAL STRUCTURE

* THE FIRM'S EARNINGS WILL BE GENERATED FROM THE FOLLOWING SOURCES:

- All earnings on Capital funds.
- Incremental earnings on Guaranteed Income and Profit Sharing funds that exceed the customer share.
- Earnings generated by borrowed funds that exceed interest cost.
- Discretionary Portfolio management annual fees plus any additional incentive fees; this fee will be according to scale and would be based upon the increase in the capital value of the entire portfolio per each customer.
- Pooled Funds Management Fees plus any additional incentive fees.
- Front end, one time, arrangement fees collected at the time of the establishment of all customer accounts.
- Foreign Exchange, money market management, and other treasury earnings.
- Earnings generated from capital gains, deals, and all other one time and or repeating business transactions.

THE FIRM IN ACTION

THE DYNAMICS OF THE FIRM WILL COME FROM TWO PRINCIPAL THRUSTS:

MARKETING: creating a consistent stream of incremental customer funds and servicing of existing customer needs on an ongoing basis.

INVESTING: effective employment of those funds to achieve optimum results over a prolonged period of time.

THE FIRM IN ACTION

THE MARKETING FUNCTION WILL BE PRIMARILY DISCHARGED BY THE MARKETING EXECUTIVE IN THE FIELD; EACH WOULD BE TOTALLY DEDICATED TO HIS OWN GEOGRAPHIC SECTOR.

THE MARKETING EXECUTIVE WILL HAVE TO:

- * Understand the total market and define its size, attractiveness, characteristics, needs, factors for customer satisfaction, competition, reasons for competitive success or failure, market pricing, products desired, market change, regulatory changes, political influences, economic environment, etc.
- * Focus on that market segment which offers the highest attractiveness and for which gaining market share would be feasible.
- * Achieve annual business development targets in a most cost effective manner.

THE FIRM IN ACTION

THE INVESTING ARM, WILL HAVE THE TOTAL ASSET AND ALL CUSTOMER FUND MANAGEMENT RESPONSIBILITY FOR ACHIEVING HIGH PERFORMANCE WHILE MAINTAINING SAFETY. TO DISCHARGE THESE RESPONSIBILITIES, THE INVESTMENT GROUP WILL:

- * Develop and maintain the most sophisticated information base and forecasting system.
- * Draw up an asset diversification strategy consistent with the firm's philosophy and customer preferences.
- * Negotiate and subcontract the direct management of some of the assets and customer funds to premier institutions and money managers who command absolute top class reputation and who have the high degree of specialization and expertise in the management of those particular types of assets.
- * Monitor the performance of the above managers on a timely basis and ensure that the relationship continues only if the results are highly satisfactory and must be judged against the performance of the leaders of the industry.

ACTION PLAN

IMMEDIATELY AFTER INCORPORATION A MORE DETAILED PLAN SHOULD BE DRAWN TO REFLECT THE FOLLOWING:

- * Corporate Structure
- * Functions of the Board
- * Corporate staff functions
- * Staffing levels
- * Profile of key jobs
- * Central service resources
- * Planning and control systems
- * Management reporting
- * A Business Plan ...

BUSINESS PLAN

AFTER ESTABLISHMENT OF THE FIRM AND DEFINITION OF THE OVERALL GOALS AND BUSINESS METHODOLOGY BY THE FOUNDING SHAREHOLDERS, SPECIFIC PLANS WILL BE PREPARED BY MANAGEMENT.

* FIVE YEAR PLAN

1. Annual targeted customer funds both by products and geographic marketplace.
2. Establish a clear business mission with a list of programs by type of investment and by area. Generate proforma cash flows and financial assumptions. Describe the general implications of the programs in terms of corporate structure, personnel and other resources.

* ONE YEAR PLAN

Upon approval of the five year plan, a one year action plan would be developed with specific activities and milestones. This would establish budgetary requirements for the marketing efforts, operating expenses, and finally a comprehensive investment strategy.

BUSINESS PLAN

THE BUSINESS PLAN WILL REFLECT STRATEGY AS TO:

- * Financial - leverage and source of funds.
- * Fiscal - tax implications in different businesses and different countries and programmes to minimise tax
- * Legal - corporate structure to provide operating flexibility and minimise asset risk.
- * Fund Managers - selection and continuing evaluation of external top quality investment management institutions for each line of investment.
- * Currency risks
- * Exchange control

The policies will form the management thrust of the company and set clear limits for its business practice. Specialist outside counsel will be used in some of these areas.

AND FINALLY

YOU ARE INVITED

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INVITATION

YOU ARE INVITED TO BE A FOUNDING SHAREHOLDER

- IN A PROFITABLE INVESTMENT
- IN A NEW UNIQUE INVESTMENT MANAGEMENT CONCERN
DIRECTED TO MIDDLE EASTERN NEEDS DEDICATED TO
OBTAINING THE BEST ADVICE FOR ITS CLIENTS AND
THEREFORE THE HIGHEST RETURN COMMENSURATE WITH
THE PRESERVATION OF CAPITAL.

APPENDIX I

OBSERVATIONS: CHARACTERISTICS OF ARAB INVESTMENTS

- * Petrowealth has percolated downward in Arab Countries, so there is a specific trend of the emergence of more and more small unknown investors.
- * There is an inevitable filtering down of money from the Arab central banks to large corporations to individuals. As these individuals get their hands on large sums, some of it is inevitably being moved abroad.
- * Nondescript bourgeois Arab businessmen may not be fabulously wealthy but certainly possess plenty of excess funds to invest.
- * The new generation of Arab investors is a much larger group than its predecessors, and is beginning to look abroad for new investment opportunities.
- * Most Arab investors remain as wary as ever of directly shouldering risks or directly selecting investments - even as they become increasingly convinced that they are not well served by those who do propose to do the job for them.

- * It is not a flood of money that is channeled to investments overseas today, primarily because profits and returns available locally are still substantially higher than in the West.
- * You are dealing with a social structure that is both patriarchal and personal, with basically simple individual human beings who want to invest based on human relationships. There are however signs that this will be quickly changing. The new Arab foreign investors are less likely to be those with royal blood than those who have achieved success in operating a business. They prefer to invest in things they already understand, such as real estate, oil and gas, construction or agribusiness and food distribution. It also means instead of simply reacting to proposals that private investors now actually have teams analyzing specific areas. People are now talking about investment programs and looking at sector X over a long period.
- * More and more the Arab investors are diversifying geographically; they are going outside the U.S. and Western Europe, to the Far East, Latin America and Australia to try and set up hotels in Mexico for example, or forest plantations in Malaysia or companies in Hong Kong. More cement factories are established in Pakistan than investments in Eurobonds or U.S. equities.
- * Old preferences for dealing one-to-one with familiar faces and the aversion to pooling resources through investment funds are also breaking down.
- * There is still an ever important need for the personal approach - the indication of a personal relationship with the client.

- * The Arab investor is finding that with so many things happening he is spread terribly thin. There are only 24 hours in the day and he cannot meet face to face with everyone he does business with.
- * The criteria for Arab private investment have become more sophisticated. They no longer limit themselves to short-term investments and are more willing to accept components previously alien to them. They have become interested in the electronics industry and agricultural projects for example because they can see some applicability and relevance to the Middle East.
- * The question everyone continues to ask is what will the Arab Governments do with their money, which has always been difficult to answer because of the Middle Eastern penchant for secrecy.
- * Arabs have had a natural tendency to deal with people in institutions they know.
- * The governments of Saudi Arabia and Kuwait have been - and continue to be - the investors with the largest surpluses to invest abroad, and the contrasting investment styles of these two countries will probably continue to define the boundaries for other official Middle Eastern investors.
- * While the overall patterns of Arab investment have remained fairly consistent over the years, there are some signs of important changes taking place. Arab investors are probably moving away from the battered U.S. dollar; there is no flight, but new investments are being made in other currencies, as well, to diversify the currency base of the portfolio. There is the fallout from the U.S. government freeze on Iran's official dollar deposits in American banks. This clearly disturbed Arab investors, and initially, at least, led to some shift of Arab official deposits to non-American banks. Some indicate the freeze will have a lasting effect on U.S. banks.

- * The Iran asset freeze-and-seizure, however, seems to have had less effect on private investors who note that Iranian private accounts were not affected.
- * Despite the Arabs' history of avoiding direct or long-term risks, there is growing evidence of an evolutionary trend finally leading them away from the focus on liquidity.
- * There is a feeling of comfort, a new notion of higher risk tolerance among official investors, because they have acquired a substantial cushion to absorb losses, should they occur.
- * Arab holdings of corporate equities have also been increasing but once again in a very conservative manner.
- * The Arabs have generally favoured real estate "because they can see it, walk around it, and kick it". Arab investors it turns out have a particular fondness for hotels, and recently such Arab owned hostelries as London's Dorchester have been joined by others in the U.S.
- * Arabs are among the most passive, low-key foreign investors. They are not interested in controlling anything, they are looking for a good rate of return and growth.
- * When Arabs make a direct investment they would like board representation but are not interested in an active management role.
- * The majority of leading Arab investors have preferred the policy of making an investment and then giving total support to management. They do not plan to take over the responsibility of managing them.

- * There will be a lot of opportunity in the next couple of years in the U.S. to buy troubled companies that will bounce back.
- * According to some leading Arab investors, sometimes the rate of return in the U.S. is not as good as one can get elsewhere but that is compensated by the accuracy of the reports that they receive from management and the knowledge of what they are buying, generates greater confidence.
- * Some Arab investment strategy has been to go for stocks with a low price/earnings ratio, understated real value and high yield.
- * Other Arab investment strategies have been to combine the income with small but continuous growth, and reinvest the income back.
- * The international negative publicity wave - from Japan, across Europe, to the U.S. - of incriminating Arab financial or investment behaviour is creating a feeling of distress and resentment among Arab investors.

APPENDIX II

INVESTMENT CHARACTERISTICS: BY COUNTRY

SAUDI ARABIA

- * Saudi Arabia has always looked particularly stolid. Last October, SAMA reported overseas assets of \$57 billion, most of which was held in U.S. dollars. 99.9 percent of its funds are managed by international - but not Arab - banks. Saudi official funds continue to be poured into short term bank deposits, U.S. Treasury bills, U.K. gilts and other conservative and generally short-term investments. When Saudi official institutions have departed from this pattern, it has been to buy gold or high-quality corporate securities. Saudis are also the world's largest holders of silver with an estimated 600 million ounces.
- * In Saudi Arabia the downward percolation of petrowealth is intentional. One Arab financier insists that the country's leaders recognize they may not be able to complete their grandiose development plans but they intend to use the plans as a way to distribute the cash more evenly. That means more money in private hands.

- * It has been published that Morgan Guaranty was managing portfolios valued at \$600 million for Saudi Arabia.
- * Since the mid-70's Saudi Arabia and Kuwait have staked out the two poles of Arab overseas investment. Most of the other states have fallen between them, clustered if anything closer to the Saudi model of conservatism. Many private Arab investors have been as cautious as the Saudi government, despite the attention focused on a few of the more adventuresome entrepreneurs.
- * Saudi Arabia's interest in diversifying away from the dollar was demonstrated in early July 1980 when the central bank bought almost a third of the World Bank's DM700 million bond issue. But that investment also suggested SAMA had been rethinking its other investment policies. The Saudis' DM200 million slice of the issue was twice the 15 percent limit SAMA had unofficially set on its participation in any issue, and the 10 year maturity went beyond SAMA's unofficial eight year limit.
- * The Saudis have also joined other Arab investors in showing greater interest in corporate debt. Its rare forays into corporate paper had tended to be limited to triple-A companies like AT&T which sold SAMA \$100 million worth of six-year notes about five years ago. SAMA's largest publicized investment in U.S. corporate debt came last December, when it bought \$300 million worth of seven year IBM notes at 10.8 percent interest. But recently Saudi Arabia has also been investing \$50 to \$100 million at a time in lower-rated companies. Lately, it has not only been involved in a \$160 million private placement for Du Pont, but also private deals for Kimberly-Clark and Procter & Gamble, both double-A companies. And SAMA has also provided some cash for Dow Chemical, which has a split rating of Aa/A.

- * SAMA, with total reserves theoretically available for medium-term investment well in excess of \$60 billion, undoubtedly remains the world's last major untapped investment pool.
- * SAMA has always aimed to build a portfolio diversified by currency, credit, maturity and investment instrument so as to spread risk.
- * The accumulation of Saudi Arabia's foreign-exchange reserves represents the exchange of a real resource - oil - for financial assets. In an ideal world, this exchange should be costless, and the aim of investment policy would be to maintain the value of the financial assets in relation to oil.

Obviously, this has not been the case. Even the maintenance of the value of reserves in relation to the price of imports has been a hard task. Currency fluctuations, negative real interest rates and restrictions on access to certain national markets have made the implementation of investment policies difficult. In this sense, the easier it is to invest worldwide and achieve real returns, the easier the decision to accept financial assets in place of oil. It is, however, worth remembering that the investment of the surpluses has been achieved despite these difficulties in a wide range of instruments without disturbance to national or international markets. SAMA places particular emphasis on this objective, because of its broad-based desire to preserve world financial stability.

- * According to SAMA the world has perhaps already moved to a multicurrency reserve system. The removal of some restrictions on foreign investment into the domestic capital markets of Germany, Japan and Switzerland is obviously an important factor and removes some of the limitations to investment policy.

- * SAMA as custodian of the financial assets for the government, has an obligation to maintain the value of these assets. This obligation will entail that investments will generally be limited to those of prime quality.
- * Saudi Arabia is expected to increase its imports of goods and services, and the budget for the fiscal year 1980-1981 has already been increased by 30 percent to \$75 billion.
- * Ghaith Pharoan of Saudi Arabia owns 98.5% of the National Bank of Georgia, and his Saudi Arabia Research and Development Corp. owns 45% of an office complex in Dallas, and 50% of a 32,000 acre tract in Louisiana.

KUWAIT

- * This time around the bulk of the OPEC surplus to be invested abroad will be concentrated in two countries, Saudi Arabia and Kuwait.
- * It has been published that Morgan was managing portfolios valued at \$700 million for Kuwait; Citibank has had short term funds management responsibility for some \$2 billion.
- * So far Kuwait has generally been the most active and aggressive official Arab investor - a fact amply illustrated by its recent \$1 billion bid for a 15 percent stake in America's Getty Oil. It has also developed one of the most comprehensive and elaborate mechanisms for channeling funds abroad. The multilayered apparatus for handling the Kuwaiti government's investments includes not only the finance ministry (a wing of the ministry, the Kuwait Investment Office, actively made the Getty bid, which eventually was not accepted), but an official Kuwait Investment Office in London, the Kuwait Real Estate Investment Consortium, of which the finance ministry holds 20 percent, and the country's three largest investment companies - the celebrated "three K's" - The Kuwait Investment Co., (50% government owned); the Kuwait Foreign Trading, Contracting and Investment Co. (85% government owned); and the Kuwait International Investment Co. (a privately owned merchant bank and holding company).

The Kuwait Investment Company's investments have been largely property-oriented, and include ownership of the Ramada Hotel in Bahrain, a hotel and exhibition complex in Atlanta, Georgia, and Kiawah Island off South Carolina. KIC also has its own shipping fleet and numerous banking participations around the world. It is also involved in running portfolios and managing syndicated loans and international bond deals.

The Kuwait International Investment Company is also an international leader and underwriter in addition to having extensive corporate investments. KFTCIC has concentrated on making investments for the Kuwait government in the third world. It manages Kuwait's stake in the Kanana sugar project in the Sudan, the SUMED pipeline in Egypt and an assortment of joint ventures throughout the world. KREIC remains the most important vehicle for Kuwaiti government investments in real estate. And one of its shareholders, the Kuwait Hotels Company, owns the Hilton in Kuwait and has a majority interest in the Khartoum Hilton.

Kuwait has also made several major direct investments in Germany, starting in 1974, when it startled a world still reeling over oil-price hikes by acquiring a 14% interest in Daimler-Benz. The following year Kuwait bought 25% of Korf Stahl, a steel concern, and in May 1980 it acquired 10% of Metallgesellschaft, a Frankfurt metals and engineering firm, for about \$63 million. In June 1980, Kuwait became a partner of Volkswagen by acquiring 10% of Volkswagen do Brasil for \$115 million from Monteiro Aranha, a Brazilian investment company.

However, Kuwait's official investments are even more concentrated in the U.K. which has longstanding historical ties to Kuwait. In July, 1980, Kuwait gained control of 51.1% of Hay's Wharf, a diversified London company. The Kuwait Investment Office already held a one-third interest in Hay's since 1974 when KIO outbid Commercial Union Insurance to acquire St. Martin's Property Corporation, which owned the Hay's stake. KIO paid £100 million for St. Martin's, its biggest takeover in the U.K. Acting through the Kuwait Investment Office, official Kuwaiti shareholdings also have been acquired in Guardian Royal Exchange, Union Discount, Legal and General, Sun Life Assurance, Bank of Scotland, Provident Financial, the broking firms of Alexander Howden and Stenhouse Holdings Ltd., and a holding company, Trafalgar House Ltd.

In addition there are Kuwaiti interests in such U.K. investment trusts as London and Montrose, Caledonia Investments, Lakeview, Scottish American and Cardinal. And last February, a private Kuwaiti family acquired 10% of Grindlay's Holdings. The British Companies Act of 1976 required disclosure of all shareholders owning more than 5% of a company's stock, and this showed KIO's portfolio worth about £250 million.

- * In addition to substantial holdings in London and the U.K., this spring, a largely Kuwaiti group bought an office complex on the Avenue Montaigne in Paris for Ff.550 million, the largest real estate deal in French history.
- * The Governments of Kuwait and Saudi Arabia have been - and continue to be - the investors with the largest surpluses to invest abroad, and the contrasting investment styles of these two countries will probably continue to define the boundaries for other official Middle Eastern investors.
- * The Government of Kuwait acquired the Tour Manhattan office block at La Defense, just outside Paris, for a reported Ff.110 million.

ABU DHABI

- * It has been published that Morgan Guaranty is managing portfolios valued at \$900 million for Abu Dhabi.
- * Abu Dhabi had become the largest shareholder in Eastern Air Lines after the Rockefeller family, with a stake approaching 4%, while also having substantial holdings in TWA, United, and Seaboard World Airlines.

U.S.A.

- * According to U.S. Government statistics, at the end of 1979 Middle East oil exporters had invested \$49.5 billion in the U.S. This included \$6.6 billion in short term Treasury bills and certificates, \$12.0 billion in other U.S. government securities, \$15.3 billion in commercial bank deposits, \$6.9 billion in corporate stocks, \$2.9 billion in corporate bonds and only \$354 million in direct investments. In addition, Middle East oil exporters had deposits of \$33.1 billion in foreign branches of U.S. Banks.
- * Arab holdings of corporate equities have also been increasing, but once again in a very conservative manner. Middle East investors bought \$656 million worth of stock in the U.S. last year, bringing their total holdings to \$6.8 billion.
- * Arab investors are also still actively bidding on U.S. banks. In June four Kuwaiti investors paid \$40 million to the Patagonia Corp., and Arizona bank-holding company, to acquire the Great Western Bank and Trust Co. of Phoenix, with assets of \$487 million.
- * This summer Arab investors acquired Financial General Bankshares Inc., a Washington-area bank-holding company with about \$2.3 billion in assets.
- * A lack of information is not the only problem for Arab investors in the U.S. That comes first but the second most serious factor is unnecessary adverse publicity and the tax problems caused by the U.S. withholding tax on investment income.

FRANCE

- * Arab investors are looking more seriously at France than they used to, as evidenced by the Ff.550 million real estate purchase this Spring 1980.
- * Several Arab banking ventures have been established in Paris which following London constitutes the second most important business traffic center for Arabs in the developed world.
- * A largely Kuwaiti group bought an office complex on the Avenue Montaigne in Paris for Ff.550 million, the largest real estate deal in French history.
- * The Government of Kuwait acquired the Tour Manhattan office block at La Defense, just outside Paris, for a reported Ff.110 million.

UNITED KINGDOM

- * Arab investors looking at the U.K. see the financial sector as the most highly sophisticated and highly organized area.
- * Kuwait Investment Office paid £107 million for St. Martin's Property Corp., its biggest takeover in the U.K. Acting through the Kuwait Investment Office, official Kuwaiti shareholdings also have been acquired in Guardian Royal Exchange, Union Discount, Legal and General, Sun Life Assurance, Bank of Scotland, Provident Financial, the broking firms of Alexander Howden and Stenhouse Holdings Ltd. and a holding company, Trafalgar House Ltd.

In addition, there are Kuwaiti interests in such U.K. investment trusts as London and Montrose, Caledonia Investments, Lakeview, Scottish American and Cardinal. And last February, a private Kuwaiti family acquired 10% of Grindlay's Holdings. The British Companies Act of 1976 required disclosure of all shareholders owning more than 5% of a company's stock, and this showed KIO's portfolio worth about £250 million.

- * Arabs feel more at home in London than in any other major financial center. Significant numbers of leading Arabs own residences in London and use the City as a primary contact point for their worldwide business and investment transactions.

JAPAN

- * It has been published that a leading securities house in Japan estimates that OPEC investments in that country totalled \$12 billion at the end of 1979. Of this sum, 42% was in bank deposits, 8% in CD's, 42% in bonds and 8% in stocks. According to this estimate, OPEC investments accounted for 42% of all non-Japanese investments in Japanese bonds and 17% of foreign investment in stocks.
- * Arab investments in Japanese stocks have reached \$1.2 billion and during this year \$1 to \$1.5 billion will be added. Most Arab securities orders are placed through either American or European fund managers, financial institutions or securities firms. Even when a final investor places orders directly, it is most likely the investor will hire a Westerner as an investment adviser.
- * Arab investment will move from bank deposits to Japanese national bonds and further to the gensaki market (the bond repurchase market), to long term debentures and stocks, in that order. Indeed, an officer in Nomura Securities' bond department confirms that OPEC investors have been purchasing Japanese government bonds, usually those with maturities of ten years or longer. Besides going into the market, oil-producing countries have also bought bonds directly from the Bank of Japan. Of this direct sale, Toyoo Gyohten, assistant vice finance manager for interanational affairs, says the direct sale window was opened because the current Japanese secondary market is not mature enough to supply what oil-producing countries want to buy at any time. He insists that the total sale of government bonds to OPEC countries, both via the Bank of Japan and the market, counting only those (buyers) who are identifiable, will amount to several million dollars a year. Japanese officials will not disclose the identity of the buyers but many industry sources believe SAMA is the biggest buyer through this channel. This direct sale opportunity comes, of course, at a time when Japan is facing a trade deficit and is interested in importing capital.