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June 17, 2004

Sheikh Khalid bin Mahfouz
c/o Kendall Freeman, Solicitors
43 Fetter Lane
London EC4A 1JU

Dear Sir,

I write in response to your solicitors' letter of 13 May 2004.

In 2002 we published a book, *Inside Al Qaeda: Global Network of Terror*, by Rohan Gunaratna ("the Book"). The Book contained allegations on page 62 which it may be argued meant that:

1. Sheikh Khalid bin Mahfouz, a wealthy Arab and former Chairman of the National Commercial Bank ("NCB") of Saudi Arabia, is a financial mainstay of Al Qaeda.
2. As a result of an investigation by the Saudi authorities, Sheikh Khalid bin Mahfouz was placed under house arrest after it was discovered that funds had been passed through NCB which were used to fund the assassination attempt on President Mubarak in 1995, as well as finding that several millions of dollars were transferred to Al Qaeda accounts in New York and London. NCB was subsequently forcibly "reconstituted".

As was made clear in footnotes, in referring to you the author relied on an article published in USA Today dated 29 October 1999 which quoted senior US intelligence sources. I understand that USA Today have recently stated that their report contained several errors. In common with others who relied on that report in good faith, Mr Gunaratna accepts that he can no longer do so and we as his publishers would not wish to do so either.

We have put a stop on any further distribution of the Book containing allegations that you were a financial mainstay of Al Qaeda, or that you were placed under arrest as a result of your involvement as chairman of NCB in the funding both of Al Qaeda and of an attempt to assassinate President Mubarak. We are happy to accept that you abhor terrorism and that you had no part in or knowledge of any alleged transfer of funds to support terrorism, that you were not placed under house arrest and that your decision and that of your family to sell over time its shareholding in NCB had nothing whatsoever to do with the matters raised in the Book.

Our aim as publishers is to educate and inform, and avoid publishing sensationalism or untruths and I therefore greatly regret that we fell short of our accustomed standards on this occasion.

Please accept my sincere apologies for the distress and embarrassment this has caused. I am pleased that we can resolve this matter without the need for litigation, and confirm our undertaking not further to publish these allegations or any similar allegations about you in the future.

To emphasise our regret over this matter, we have also agreed to make a donation in lieu of damages to UNICEF, which you have nominated, and pay your reasonable legal costs of dealing with this matter.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'C. R. Hurst', with a long horizontal flourish extending to the right.

Christopher A. R. Hurst
Chairman