



PRESS RELEASE

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DTC managing director repeats commitment to WFDB to supply rough diamonds via Diamdel to secondary market

Antwerp, May 19, 2004 – In a letter sent to Shmuel Schnitzer, the president of the World Federation of Diamond Bourses (WFDB), Gareth Penny, the managing director designate of De Beers' Diamond Trading Company (DTC), has repeated a commitment to the WFDB that the DTC intends to supply up to \$500 million [worth of rough diamonds] to Diamdel this year, to be distributed to the secondary market.

Penny's statement followed a query sent to him by Schnitzer, in which the WFDB president asked why DTC officials had reportedly denied that the DTC had reiterated its commitment to supply Diamdel with up to \$500 million of rough, when they participated in the WFDB Executive Committee meeting on April 30. Referring to remarks appearing in the media, which seemed to imply that the supply of rough diamonds to Diamdel had not been discussed at the meeting, Schnitzer noted in his query that the issue was discussed, in the presence of the DTC representatives.

In his reply to Schnitzer, Penny said that when the subject of supplies to Diamdel had been raised at the WFDB Executive Meeting, the DTC representative had referred the Executive Committee to a letter sent by Penny to Schnitzer on March 16, 2004, saying that the contents were clear on the subject. "That is, we remain steadfastly committed to the position and that it is our hope and intention to supply up to \$500 million to Diamdel this year," Penny emphasized.

The presence of DTC officials at the WFDB Executive Committee meeting in Antwerp, Penny wrote to Schnitzer, "was a demonstration of our wish to maintain constructive dialogue between the WFDB and the DTC, and was not intended as a forum to discuss the details of DTC policy that had already been articulated and confirmed by senior DTC management." Penny added he looked "forward to continuing the constructive relations that it has established with the WFDB on issues of mutual interest."

Upon receipt of Penny's reply, Schnitzer said the WFDB would continue to follow the DTC's supply of rough diamonds to Diamdel. "The supply of rough diamonds by Diamdel to the secondary market is of utmost importance to the well-being and survival of our industry and trade. Without the middle and small range diamond manufacturers, our industry's future would be at great risk," he said.

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