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In return for the release, [redacted] probably expects to receive most of the HAWK spare parts not yet delivered, along with additional military equipment that Israel unilaterally has added to the arrangement. Once this equipment is delivered, [redacted] stated that Iran would take action to obtain the release of one more hostage and would pay the remainder of the money owed to the Iranian intermediary for the HAWK spare parts.

[redacted] moreover, indicated a willingness to meet with U.S. officials again on these matters, either in Tehran or "somewhere else" -- presumably Western Europe.

This is how we see the current situation:

-- The Ghorbanifar [redacted] connection has worked for the second time -- and another American has been released.

-- Ghorbanifar is an uncontrollable factor, but appears to respond generally to Mir's direction.

-- Mir has every reason to work for further releases of our hostages. Peres and Rabin have put their reputation on the Ghorbanifar connection and support Mir fully in his endeavors. There would be a considerable loss of face for Mir and his superiors if the link were broken. This connection appears to be the only hope they have for recovering their own missing soldiers.

-- [redacted] has now acted and likely expects the United States to respond quickly in turn by delivering most of the remaining HAWK spare parts. He probably believes the United States is also supplying the additional military equipment that has been promised.

-- Whether we are prepared to negotiate or meet their demands or expectations at this point, we should find out what they are.

-- If the deliveries do not occur, [redacted] will lose badly with his superiors in Tehran and matters could turn ugly, especially since the Lebanese Hizballah captors probably are not pleased with the Jenco release.

-- If there is no USG contact as a result of Jenco's release, it is entirely possible that Iran and/or Hizballah could resort to the murder of one or more of the remaining hostages.

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