

A13-1308

ORIGINAL DOCUMENTS IN SAFECase No. A13, A15(I and IV.c)
and A26(I, II and III)Date of filing: 22/2/1996

** AWARD - Type of Award P Award AT
- Date of Award 22 Feb 1996
8 pages in English 9 pages in Farsi

** DECISION - Date of Decision _____
_____ pages in English _____ pages in Farsi

** CONCURRING OPINION of _____
- Date _____
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** SEPARATE OPINION of _____
- Date _____
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** DISSENTING OPINION of _____
- Date _____
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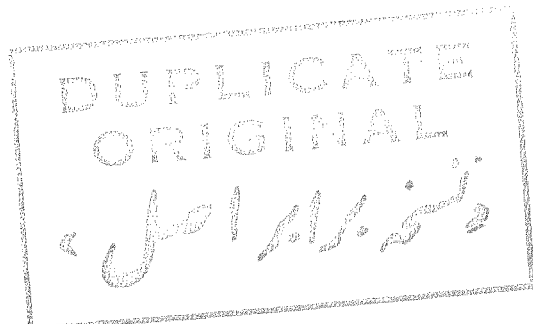
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1308

IRAN-UNITED STATES CLAIMS TRIBUNAL

دیوان داوری دعاوی ایران - ایالات متحدہ



CASES NOS. A13, A15 (I and IV:C),
and A26 (I, II, and III)

FULL TRIBUNAL

AWARD NO. 568-A13/A15(I and IV:C)/
A26(I, II, and III)-FT

ISLAMIC REPUBLIC OF IRAN,
Claimant,
and
UNITED STATES OF AMERICA,
Respondent.

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| IRAN-UNITED STATES CLAIMS TRIBUNAL | دیوان داوری دعاوی ایران - ایالات متحدہ |
| FILED | ثبت شد |
| DATE | 22 FEB 1996 |
| | تاریخ ۱۳۷۴ / ۱۲ / ۲۳ |

PARTIAL AWARD ON AGREED TERMS

1. On 19 January 1982, THE ISLAMIC REPUBLIC OF IRAN ("Iran") and BANK MELLAT filed a claim against THE GOVERNMENT OF THE UNITED STATES OF AMERICA ("the United States"), seeking, inter alia, compensation for alleged losses resulting from the freezing of Iranian assets in United States banks and financial institutions. This Case was given docket No. A13.

2. On 19 January 1982, THE MINISTRY OF PETROLEUM OF THE ISLAMIC REPUBLIC OF IRAN filed claims against THE GOVERNMENT OF THE UNITED STATES OF AMERICA, seeking, inter alia, the return of certain financial assets. This Case was originally given No. 934 and assigned to Chamber One. Subsequently, it was redesignated as Case No. A26 and reassigned to the Full Tribunal. By Order of 2 June 1993 in Cases Nos. A15 (I:A), (I:B), (I:C), A15 (II:A), A26, and B43, the Tribunal consolidated Part I of Case No. A26 with Case No. A15 (I:A); Part II of Case No. A26 with Case No. A15 (I:B); and Part III of Case No. A26 with Case No. A15 (I:C).

3. On 25 October 1982, THE ISLAMIC REPUBLIC OF IRAN filed claims against THE GOVERNMENT OF THE UNITED STATES OF AMERICA alleging various violations of the Algiers Declarations. In Case No. A15 (I), Iran seeks, inter alia, the transfer of financial assets consisting of proceeds of oil sales, bank deposits, proceeds of certain stand-by letters of credit and bank guarantees, and interest on certain Iranian bank deposits. In Case No. A15 (IV:C), Iran seeks, inter alia, the transfer of proceeds of certain stand-by letters of credit blocked by interim court injunctions in the United States.

4. On 12 November 1990, the Tribunal rendered an Interlocutory Award with respect to Part I:C of Case No. A15 (see Islamic Republic of Iran and United States of America, Interlocutory Award No. ITL 78-A15(I:C)-FT (12 November 1990), reprinted in 25 Iran-U.S. C.T.R. 247). In that Interlocutory Award, the Tribunal held that, by maintaining Treasury Regulations that permitted United States account parties to establish blocked accounts on their books in respect of certain stand-by letters of credit in

favor of Iranian banks, the United States violated General Principle A of the General Declaration. The Tribunal requested the Parties to enter into negotiations with a view to arriving at an agreement on the consequences of the Tribunal's determinations.

5. Pursuant to Article 34 of the Tribunal Rules, a Joint Request was filed on 22 February 1996, signed by the Agent of the Government of the Islamic Republic of Iran and by the Agent of the Government of the United States of America, requesting that the Tribunal render an Award on Agreed Terms recording and giving effect to the two Settlement Agreements in these Cases, dated 9 February 1996, between Iran and the United States, providing for certain reciprocal obligations of the Parties, and terminating in their entirety and with prejudice Cases Nos. A15 (I), excluding Case No. A15 (I:F) except for accounts 78915710 and 01297539 formerly held at Philadelphia National Bank, A15 (IV:C), A13, and those parts of Case No. A26 that have been consolidated with Case No. A15 (I) pursuant to the Tribunal's Order of 2 June 1993 in Cases Nos. A15 (I:A), (I:B), (I:C), A15 (II:A), A26, and B43. One of the two Settlement Agreements in these Cases is termed "General Agreement On The Settlement Of Certain I.C.J. And Tribunal Cases" (hereinafter "the General Agreement"), the other is termed "Settlement Agreement On Certain Claims Before The Iran-U.S. Claims Tribunal" (hereinafter "the Settlement Agreement").

6. Copies of the Joint Request and of the two Settlement Agreements are attached.

7. The Settlement Agreement in Paragraph 1 provides that

[i]n full and final settlement of all disputes, differences, claims, counterclaims and matters directly or indirectly raised by or capable of arising out of, or related to,

(a) the following cases currently pending before the Iran-U.S. Claims Tribunal ("Tribunal Cases"):

(i) Case A/15 (I), excluding A/15 (I:F) except for accounts 78915710 and 01297539 formerly held at Philadelphia National Bank;

(ii) Case A/15 (IV:C);

(iii) Case A/13;

(iv) those parts of Case A/26 that have been consolidated with Case A/15 (I) pursuant to the Tribunal's Order of 2 June 1993 in that case; and

(b) Dollar Account No. 2;

the United States shall pay the Settlement Amount as provided in the General Agreement

8. The General Agreement in Paragraph 1 provides that the United States shall pay Iran the Settlement Amount of US\$131,800,000. Paragraph 1 of the General Agreement states that

[t]he Settlement Amount includes the balance remaining in Dollar Account No. 2 and the funds, plus interest thereon, formerly held in accounts 78915710 and 01297539 at Philadelphia National Bank. The Settlement Amount to be paid . . . comprises (a) US \$61,800,000 (Sixty-One Million and Eight Hundred Thousand U.S. Dollars) to be paid in accordance with the Settlement Agreement on the Case concerning the Aerial Incident of 3 July 1988 Before the International Court of Justice ("Settlement Agreement on the I.C.J. Case"), and (b) US \$70,000,000 (Seventy Million U.S. Dollars) to be paid as set forth below.

9. The General Agreement provides in Paragraph 2 that the US\$70,000,000 referred to in the foregoing paragraph shall be paid as follows:

(a) Iran requests and authorizes the United States to take the necessary steps under the Technical Arrangement Between Banque Centrale d'Algerie as Escrow Agent and the Governor and Company of the Bank of England and the Federal Reserve Bank of New York as Fiscal Agent of the United States, dated January 20, 1981, as amended November 22, 1989 ("Technical Arrangement"), to effect the transfer of the balance remaining in Dollar Account No. 2 to the N.V.

Settlement Bank of the Netherlands for deposit in the Security Account established pursuant to paragraph 7 of the Declaration of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981 ("Security Account"), and to close Dollar Account No. 2;

(b) Iran requests and authorizes the United States to take the necessary steps to effect the transfer of the funds, plus interest thereon, formerly held in accounts 78915710 and 01297539 at Philadelphia National Bank to the N.V. Settlement Bank of the Netherlands for deposit in the Security Account;

(c) Iran requests and authorizes the United States to transfer additional funds to the N.V. Settlement Bank of The Netherlands for deposit into the Security Account such that the amount of funds transferred under subparagraphs 2 (a), (b) and (c) totals US \$15 million (Fifteen Million U.S. Dollars); and

(d) Iran authorizes the United States to deposit US \$55,000,000 (Fifty-Five Million U.S. Dollars) in the name of Bank Markazi Jomhuri Islami Iran in the account at the Federal Reserve Bank of New York established pursuant to the direction of Bank Markazi Jomhuri Islami Iran to the Federal Reserve Bank of New York as fiscal agent of the United States (FRBNY).

10. The General Agreement in Paragraph 3 further provides:

Within ten days after the execution of this General Settlement Agreement, the Settlement Agreement on the I.C.J. Case and the Settlement Agreement on Certain Claims Before the Iran-U.S. Claims Tribunal . . . , the Agents to the Tribunal of the United States and Iran shall meet with appropriate representatives of the Court and the Tribunal. It is the intention of the Parties that the following actions shall occur simultaneously in the course of this meeting:

(a) The Parties shall submit a joint written request to the Court for an order discontinuing the I.C.J. case and recording the terms of the Settlement Agreement on the I.C.J. Case;

(b) The United States shall pay US \$70,000,000 (Seventy Million U.S. Dollars) as stipulated in paragraph 2, and the United States shall provide to the Agent of Iran written documentation from the N.V. Settlement Bank of the Netherlands (with respect to the US \$15,000,000) and the Federal Reserve Bank of New York (with respect to the US \$55,000,000) confirming receipt by those institutions of payment;

(c) Bank Markazi Jomhuri Islami Iran shall provide its direction to the Federal Reserve Bank of New York (with respect to the US \$55,000,000) and the Agent of the United States shall receive confirmation of the receipt of the direction from the Federal Reserve Bank of New York.

(d) The Parties shall submit a joint request to the Tribunal for an Award on Agreed Terms incorporating the terms of this General Settlement Agreement and the Settlement Agreement on Certain Claims;

(e) The United States shall pay US \$61,800,000 (Sixty-One Million and Eight Hundred Thousand U.S. Dollars), as stipulated in the Settlement Agreement on the I.C.J. Case, and the United States shall provide to the Agent of Iran written documentation from the Union Bank of Switzerland confirming the receipt of payment;

(f) The Court shall issue an order discontinuing the I.C.J. Case; and

(g) The Tribunal shall issue the Award on Agreed Terms incorporating the terms of this General Settlement Agreement and the Settlement Agreement on Certain Claims and terminating the Tribunal cases.

11. The Settlement Agreement in Paragraph 4 provides:

Upon the Tribunal's issuance of an Award on Agreed Terms, Iran shall not, directly or indirectly, at any time thereafter, take or pursue any legal action or initiate or pursue arbitral or court proceedings or otherwise make any claim or counterclaim whatsoever against the United States and its affiliates, subsidiaries, agents, agencies, instrumentalities, predecessors, successors and assigns, the Federal Reserve Bank of New York, the Governor and Company of the Bank of England, Banque Centrale d'Algerie, the released banks or the released account parties with respect to, arising out of, in connection with or relating to the Tribunal Cases, Dollar Account No. 2, and the Technical Arrangement.

12. The Tribunal is informed by the two Agents that the provisions for payment required by Paragraphs 2 and 3 of the General Agreement have been met. In particular, the Tribunal is informed that the transfers of funds specified in those Paragraphs have been effected.


13. In view of the fact that the provisions of the General Agreement, the Settlement Agreement, and Joint Request fulfill the requirements for the issuance of an Award on Agreed Terms, the Tribunal accepts the General Agreement and the Settlement Agreement in accordance with Article 34, paragraph 1, of the Tribunal Rules.

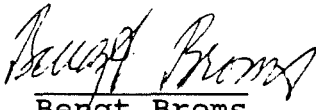
14. Based on the foregoing,

THE TRIBUNAL DETERMINES AS FOLLOWS:

- a) The General Agreement, to the extent it relates to the settled Tribunal Cases, and the Settlement Agreement, both filed with the Joint Request, are hereby recorded as an Award on Agreed Terms, binding on the Parties in full settlement of Cases Nos. A13, A15 (I), excluding Case No. A15 (I:F) except for accounts 78915710 and 01297539 formerly held at Philadelphia National Bank, A15 (IV:C), and A26 (I, II and III).
- b) In accordance with Paragraph 1 of the General Agreement, the United States is obligated to pay the amount of One Hundred Thirty One Million Eight Hundred Thousand Dollars (US\$131,800,000) in the manner stated in Paragraphs 2 and 3 of the General Agreement.
- c) As payment of the above amount by the United States is acknowledged by the Agent of the Government of the Islamic Republic of Iran, this Award is final and binding on the Parties and disposes of any claims and matters asserted in Cases Nos. A13, A15 (I), excluding Case No. A15 (I:F) except for accounts 78915710 and 01297539 formerly held at Philadelphia National Bank, A15 (IV:C), and A26, (I, II and III) as defined in the General Agreement and the Settlement Agreement.


Dated, The Hague
22 February 1996


Krzysztof Skubiszewski
President


Bengt Broms


Gaetano Arangio-Ruiz

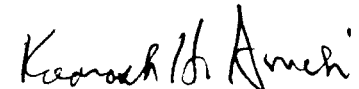
In the Name of God


Assadollah Noori

See remarks below

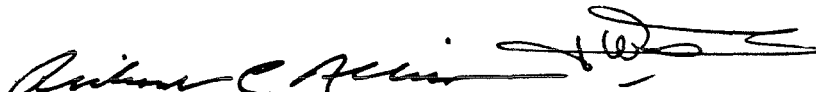
George H. Aldrich

In the Name of God



Koorosh H. Ameli

See remarks below

In the Name of God


Richard C. Allison

Mohsen Aghahosseini
See remarks below


Charles T. Duncan

The authority of this Tribunal to issue Awards on Agreed Terms is strictly limited to settlements submitted by the Parties with respect to disputes within its jurisdiction and properly pending before it. Hence, the reference in paragraph 14(b) of the present Award to the obligation of the United States to pay a settlement amount -- the greater part of which is evidently a consideration against the settlement not of Cases before this Tribunal, but of a Case before the International Court of Justice-- should only be read in the light of the above stated point; a fact to which paragraph 14(a) of the Award has itself alluded.

Dated, The Hague
22 February 1996

Krzysztof Skubiszewski
President

In the Name of God

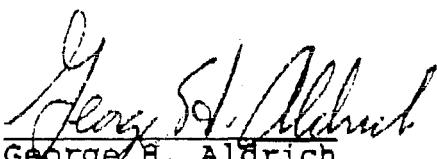
Bengt Broms

Gaetano Arangio-Ruiz

Assadollah Noori *

See remarks below

In the Name of God


George H. Aldrich

Koorosh H. Ameli *

See remarks below

In the Name of God

Richard C. Allison

Mohsen Aghahosseini *

Charles T. Duncan

See remarks below

- * The authority of this Tribunal to issue Awards on Agreed Terms is strictly limited to settlements submitted by the Parties with respect to disputes within its jurisdiction and properly pending before it. Hence, the reference in paragraph 14(b) of the present Award to the obligation of the United States to pay a settlement amount -- the greater part of which is evidently a consideration against the settlement not of Cases before this Tribunal, but of a Case before the International Court of Justice -- should only be read in the light of the above stated point; a fact to which paragraph 14(a) of the Award has itself alluded.

1307

In the Name of God

Before

The Iran-U.S. Claims Tribunal

The Hague, The Netherlands

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|---------------------------------------|---|
| IRAN-UNITED STATES CLAIMS TRIBUNAL | دیوان داوران دعوی ایران - ایالات متحده |
| FILED | ثبت شد |
| DATE | 22 FEB 1996 |
| | ۱۳۷۴ / ۱۲ / ۲ تاریخ |

Cases A/15 (I) and (IV:C), A/13, and A/26

JOINT REQUEST FOR AN ARBITRAL AWARD ON AGREED TERMS

Pursuant to Article 34 of the Tribunal Rules, the Government of the United States of America and the Government of the Islamic Republic of Iran jointly request that the Tribunal issue an Award on Agreed Terms that will incorporate and give effect to the attached Settlement Agreements.

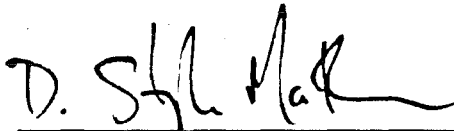
The Settlement Agreements, which were entered into on February 9, 1996, provide that, in consideration of full and final settlement of all disputes, differences, claims, counterclaims, and matters directly or indirectly raised or capable of arising out of, or related to Cases A/15 (I) excluding A/15 (I:F) except for accounts 78915710 and 01297539 formerly held at Philadelphia National Bank, A/15 (IV:C), A/13, and those parts of A/26 that have been consolidated with Case A/15 (I), and the balance remaining in the escrow account held at the Bank of England pursuant to Paragraph 2(b) of the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran With Respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria of January 19, 1981 ("Dollar Account No. 2"), and the settlement of certain other claims not before the Tribunal, the sum of U.S. \$131,800,000 (One Hundred Thirty-One Million, Eight Hundred Thousand Dollars) shall be paid to the Government of the Islamic Republic of Iran.

As specified in the Settlement Agreements, nothing therein shall be used except for the purpose of giving effect to their terms, and shall not prejudice or affect other rights of Iran or the United States, or the rights of any other person or entity, in other cases before the Tribunal or elsewhere.

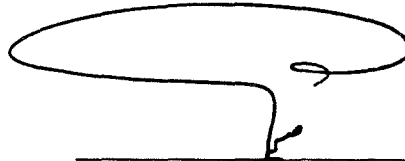
The two Governments have agreed that, for the purposes of these Cases, the Tribunal in its current composition may rule on this Joint Request for an Arbitral Award on Agreed Terms.

The Undersigned request the Tribunal to incorporate the Settlement Agreement as an Arbitral Award on Agreed Terms and to terminate Cases A/15 (I), excluding A/15 (I:F) except for accounts 78915710 and 01297539 formerly held at Philadelphia National Bank, A/15 (IV:C), A/13, and those parts of A/26 that have been consolidated with Case A/15 (I) in their entirety and with prejudice.

Respectfully submitted,



D. Stephen Mathias
Agent for the United
States of America
Iran-U.S. Claims Tribunal



M. H. Zahedin Labbaf
Agent of the Islamic
Republic of Iran
Iran-U.S. Claims Tribunal

Attached: General Agreement on the Settlement of
 Certain I.C.J. and Tribunal Cases
 Settlement Agreement on Certain Claims Before
 the Iran-U.S. Claims Tribunal

GENERAL AGREEMENT
ON THE SETTLEMENT OF CERTAIN I.C.J. AND

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| IRAN-UNITED STATES CLAIMS TRIBUNAL | دیوان داورى دناوى ایران - ایالات متحده |
| FILED | ثبت شد |
| DATE | 22 FEB 1996 |
| TRIBUNAL CASES | تاریخ |
| | ۱۲۷۴ / ۱۲ / ۲ |

The Government of the United States of America ("United States")
and the Government of the Islamic Republic of Iran ("Iran"),

Having considered the settlement of the Case Concerning the
Aerial Incident of 3 July 1988 currently pending before the
International Court of Justice ("Court"),

Having considered the settlement of Cases A/15 (I) and (IV:C),
A/13, and those parts of A/26 that have been consolidated with
Case A/15 (I), all currently pending before the Iran-United
States Claims Tribunal ("Tribunal"), and

Having considered the disposition of the balance remaining in the
escrow account held at the Bank of England referred to in
Paragraphs 2(B) of the Undertakings of the Government of the
United States of America and the Government of the Islamic
Republic of Iran With Respect to the Declaration of the
Government of the Democratic and Popular Republic of Algeria of
January 19, 1981 ("Dollar Account No. 2"),

Agree as follows:

1. In full and final settlement of all disputes,
differences, claims, counterclaims and matters directly or
indirectly raised by or capable of arising out of, or related to,

(a) the Case Concerning the Aerial Incident of 3 July 1988
currently pending before the Court ("I.C.J. Case");

(b) the following cases currently pending before the Iran-
U.S. Claims Tribunal ("Tribunal Cases"):

(i) Case A/15 (I), excluding A/15 (I:F) except for accounts 78915710 and 01297539 formerly held at Philadelphia National Bank;

(ii) Case A/15 (IV:C);

(iii) Case A/13; and

(iv) those parts of Case A/26 that have been consolidated with Case A/15 (I) pursuant to the Tribunal's Order of 2 June 1993 in that case; and

(c) Dollar Account No. 2;

the United States shall pay the amount of US \$131,800,000 (One Hundred Thirty-One Million and Eight Hundred Thousand U.S. Dollars) ("Settlement Amount"). The Settlement Amount includes the balance remaining in Dollar Account No. 2 and the funds, plus interest thereon, formerly held in accounts 78915710 and 01297539 at Philadelphia National Bank. The Settlement Amount to be paid in settlement of the cases listed above comprises: (a) US \$61,800,000 (Sixty-One Million and Eight Hundred Thousand U.S. Dollars) to be paid in accordance with the Settlement Agreement on the Case Concerning the Aerial Incident of 3 July 1988 Before the International Court of Justice ("Settlement Agreement on the I.C.J. Case"), and (b) US \$70,000,000 (Seventy Million U.S. Dollars) to be paid as set forth below.

2. (a) Iran requests and authorizes the United States to take the necessary steps under the Technical Arrangement Between Banque Centrale d'Algerie as Escrow Agent and the Governor and Company of the Bank of England and the Federal Reserve Bank of New York as Fiscal Agent of the United States, dated January 20, 1981, as amended November 22, 1989 ("Technical Arrangement"), to effect the transfer of the balance remaining in Dollar Account No. 2 to the N.V. Settlement Bank of the Netherlands for deposit in the

Security Account established pursuant to paragraph 7 of the Declaration of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981 ("Security Account"), and to close Dollar Account No. 2;

(b) Iran requests and authorizes the United States to take the necessary steps to effect the transfer of the funds, plus interest thereon, formerly held in accounts 78915710 and 01297539 at Philadelphia National Bank to the N.V. Settlement Bank of the Netherlands for deposit in the Security Account;

(c) Iran requests and authorizes the United States to transfer additional funds to the N.V. Settlement Bank of The Netherlands for deposit into the Security Account such that the amount of funds transferred under subparagraphs 2 (a), (b) and (c) totals US \$15 million (Fifteen Million U.S. Dollars); and

(d) Iran authorizes the United States to deposit US \$55,000,000 (Fifty-Five Million U.S. Dollars) in the name of Bank Markazi Jomhouri Islami Iran in the account at the Federal Reserve Bank of New York established pursuant to the direction of Bank Markazi Jomhouri Islami Iran to the Federal Reserve Bank of New York as fiscal agent of the United States (FRBNY).

3. Within ten days after the execution of this General Settlement Agreement, the Settlement Agreement on the I.C.J. Case and the Settlement Agreement on Certain Claims Before the Iran-U.S. Claims Tribunal ("Settlement Agreement on Certain Claims"), the Agents to the Tribunal of the United States and Iran shall meet with appropriate representatives of the Court and the Tribunal. It is the intention of the Parties that the following actions shall occur simultaneously in the course of this meeting:

(a) The Parties shall submit a joint written request to the Court for an order discontinuing the I.C.J. case and recording the terms of the Settlement Agreement on the I.C.J. Case;

(b) The United States shall pay US \$70,000,000 (Seventy Million U.S. Dollars) as stipulated in paragraph 2, and the United States shall provide to the Agent of Iran written documentation from the N.V. Settlement Bank of the Netherlands (with respect to the US \$15,000,000) and the Federal Reserve Bank of New York (with respect to the US \$55,000,000) confirming receipt by those institutions of payment;

(c) Bank Markazi Jomhuri Islami Iran shall provide its direction to the Federal Reserve Bank of New York (with respect to the US \$55,000,000) and the Agent of the United States shall receive confirmation of the receipt of the direction from the Federal Reserve Bank of New York.

(d) The Parties shall submit a joint request to the Tribunal for an Award on Agreed Terms incorporating the terms of this General Settlement Agreement and the Settlement Agreement on Certain Claims;

(e) The United States shall pay US \$61,800,000 (Sixty-One Million and Eight Hundred Thousand U.S. Dollars), as stipulated in the Settlement Agreement on the I.C.J. Case, and the United States shall provide to the Agent of Iran written documentation from the Union Bank of Switzerland confirming the receipt of payment;

(f) The Court shall issue an order discontinuing the I.C.J. Case; and

(g) The Tribunal shall issue the Award on Agreed Terms incorporating the terms of this General Settlement Agreement

and the Settlement Agreement on Certain Claims and terminating the Tribunal cases.

If all seven actions set forth in subparagraphs 3 (a) - (g) above do not occur in the course of this meeting, or within such additional time as the Parties may agree, this General Settlement Agreement, along with the Settlement Agreement on the I.C.J. Case and the Settlement Agreement on Certain Claims, shall automatically become null and void and the Parties, without prejudicing their respective rights, shall be placed in the same position as they were in prior to the date of this General Settlement Agreement.

4. The details and procedures of the payments described in paragraphs 1 and 2, as well as the releases, indemnifications and waivers agreed to in consideration of those payments, are set forth in the Settlement Agreement on the I.C.J. Case and the Settlement Agreement on Certain Claims.

5. Each Party shall undertake appropriate steps to ensure that the transfers and activities contemplated by this General Settlement Agreement and all associated settlement agreements and documents shall be fulfilled.

6. For the purpose of construction or interpretation of this General Settlement Agreement, the entire Agreement, along with the Settlement Agreement on the I.C.J. Case and the Settlement Agreement on Certain Claims, shall be read and construed as a whole without giving any specific effect to any paragraph separately.

7. The representatives of the United States and Iran hereby expressly declare that they are duly empowered to enter into and execute this General Settlement Agreement.

8. This General Settlement Agreement has been written and signed in both the English and Persian languages and each text shall have the same and equal validity.

9. This Settlement Agreement shall take effect upon signature by both Parties.

For the United States

By: D. Shultz

Date: Feb. 9, 1996

For the Islamic Republic of Iran

By: [Signature]

Date: 9.2.96

SETTLEMENT AGREEMENT ON
CERTAIN CLAIMS BEFORE THE IRAN-U.S. CLAIMS TRIBUNAL

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| IRAN-UNITED STATES CLAIMS TRIBUNAL | دیوان داری دیباوی ایران - ایالات متحده |
| FILED | ثبت شد |
| DATE | 22 FEB 1986 |

The Government of the United States of America ("United States") and the Government of the Islamic Republic of Iran ("Iran"), for themselves and their affiliates, subsidiaries, agencies, instrumentalities, predecessors, successors, assigns and controlled entities, directly or indirectly owned or controlled by them, including Bank Markazi Jomhuri Islami Iran ("Bank Markazi"),

Having considered the settlement of Cases A/15 (I) and (IV:C), A/13, and those parts of A/26 that have been consolidated with Case A/15 (I), all currently pending before the Iran-United States Claims Tribunal ("Tribunal"), and

Having considered the disposition of the balance remaining in the escrow account held at the Bank of England pursuant to Paragraphs 2(B) of the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran With Respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria of January 19, 1981 ("Dollar Account No. 2"),

Agree as follows:

1. In full and final settlement of all disputes, differences, claims, counterclaims and matters directly or indirectly raised by or capable of arising out of, or related to,

(a) the following cases currently pending before the Iran-U.S. Claims Tribunal ("Tribunal Cases"):

(i) Case A/15 (I), excluding A/15 (I:F) except for accounts 78915710 and 01297539 formerly held at Philadelphia National Bank;

(ii) Case A/15 (IV:C);

(iii) Case A/13;

(iv) those parts of Case A/26 that have been consolidated with Case A/15 (I) pursuant to the Tribunal's Order of 2 June 1993 in that case; and

(b) Dollar Account No. 2;

the United States shall pay the Settlement Amount as provided in the General Agreement on the Settlement of Certain I.C.J. and Tribunal Cases.

2. Upon the Tribunal's issuance of an Award on Agreed Terms and in consideration of the payment of the Settlement Amount, Iran, for itself and its affiliates, subsidiaries, agents, agencies, instrumentalities, predecessors, successors and assigns, and controlled entities, including Bank Markazi and all banks directly or indirectly owned or controlled by Iran, hereby releases, quitclaims and forever discharges:

(a) the United States and its affiliates, subsidiaries, agents, agencies, instrumentalities, predecessors, successors, and assigns;

(b) the Federal Reserve Bank of New York, the Governor and Company of the Bank of England, and Banque Centrale d'Algerie;

(c) all U.S. banks and all banks in the United States that held Iranian deposits directly or indirectly at any time between November 14, 1979, and August 17, 1981;

(d) all banks and account parties on standby letters of credit (SLCs) that were issued in favor of Iran by U.S. banks or by banks in the United States prior to January 19, 1981, and that did not expire before November 14, 1979, and for which a blocked account was established pursuant to

Section 535.568 of the U.S. Iranian Assets Control Regulations, 31 U.S. Code of Federal Regulations sec. 535.568. A list of such SLCs, excluding SLCs as to which Iran informed the United States that all legal disputes have been previously resolved by the Tribunal in the related cases or otherwise, is set forth at Annex A. Should it transpire subsequently that legal disputes arise with respect to any SLC otherwise within the scope of this paragraph but as to which it was believed that all legal disputes had previously been resolved, or that there were other SLCs for which blocked accounts were established pursuant to Section 535.568 and as to which all legal disputes have not been resolved but in the course of negotiations the status of such SLCs was not known to the Parties and thus they were not listed in the Annex, such SLCs would also be considered as having been listed in the Annex, and banks and account parties on such SLCs would be regarded as within the scope of this paragraph; and

(e) all banks and account parties on documentary letters of credit ("DLCs"), except for Citibank/MAPCO International Inc. DLCs Nos. WCG-P55602B and WCG-P55576B, that were issued in favor of Iran by U.S. banks or by banks in the United States prior to January 19, 1981, and that did not expire before November 14, 1979;

from and against any and all claims, counterclaims, demands, disputes, losses, damages, suits, actions and causes of action of any nature, whether in rem or in personam or otherwise, that they have ever had, now have or may have in the future with respect to, arising out of, in connection with or relating to the Tribunal Cases, Dollar Account No. 2, and the Technical Arrangement Between Banque Centrale d'Algerie as Escrow Agent and the Governor and Company of the Bank of England and the Federal Reserve Bank of New York as Fiscal Agent of the United States, dated January 20, 1981, as amended November 22, 1989 ("Technical Arrangement"). Each entity referred to in this paragraph as

being released from claims is referred to individually as a "Released Entity" and jointly as "Released Entities."

3. Upon the Tribunal's issuance of an Award on Agreed Terms and in consideration of the payment of the Settlement Amount, Iran shall indemnify and hold harmless all Released Entities, including the United States, the Federal Reserve Bank of New York, the Governor and Company of the Bank of England and Banque Centrale d'Algerie, against any and all claims, counterclaims, demands, disputes, losses, damages, suits, actions and causes of action of any nature, whether in rem or in personam or otherwise, that Iran, its affiliates, subsidiaries, agents, agencies, instrumentalities, predecessors, successors, assigns and controlled entities, including Bank Markazi and all banks directly or indirectly owned or controlled by Iran, may raise, assert, initiate or take with respect to, arising out of, in connection with or relating to the Tribunal Cases, Dollar Account No. 2, and the Technical Arrangement.

4. Upon the Tribunal's issuance of an Award on Agreed Terms, Iran shall not, directly or indirectly, at any time thereafter, take or pursue any legal action or initiate or pursue arbitral or court proceedings or otherwise make any claim or counterclaim whatsoever against the United States and its affiliates, subsidiaries, agents, agencies, instrumentalities, predecessors, successors and assigns, the Federal Reserve Bank of New York, the Governor and Company of the Bank of England, Banque Central d'Algerie, the released banks or the released account parties with respect to, arising out of, in connection with or relating to the Tribunal Cases, Dollar Account No. 2, and the Technical Arrangement.

5. Upon the Tribunal's issuance of an Award on Agreed Terms, Iran and the United States shall waive any and all claims for costs, including attorneys' fees, arising out of or related in any way to the arbitration, prosecution or defense of any claim or counterclaim before any forum, including the Tribunal,

with respect to, arising out of, in connection with or relating to the Tribunal Cases, Dollar Account No. 2, and the Technical Arrangement.

6. This Settlement Agreement has been entered into for the sole purpose of settling the disputes at issue in the Tribunal Cases, Dollar Account No. 2, and the Technical Arrangement. This Settlement Agreement shall not constitute a legal precedent, shall not be used except for the purpose of giving effect to its terms, and shall not prejudice or affect other rights of Iran or the United States, or the rights of any other person or entity, in other cases before the Tribunal or elsewhere.

7. The releases, indemnifications and waivers contained in this Settlement Agreement are self-executing upon the issuance of the Award on Agreed Terms by the Tribunal and need not be authorized or evidenced by any additional document or agreement.

8. For the purpose of construction or interpretation of this Settlement Agreement, the entire Agreement shall be read and construed as a whole without giving any specific effect to any article separately.

9. The representatives of the United States and Iran hereby expressly declare that they are duly empowered to enter into and execute this Agreement.

10. This Settlement Agreement has been written and signed in both the English and Persian languages and each text shall have the same and equal validity.

11. This Settlement Agreement shall take effect upon signature by both Parties.

For the United States

By: D. S. H. M. R.

Date: Feb. 9, 1996

For the Islamic Republic of Iran

By: 

Date: 9.2.96

ANNEX

LIST OF CERTAIN STANDBY LETTERS OF CREDIT PURSUANT TO PARAGRAPH 2(D) OF THE SETTLEMENT AGREEMENT ON CERTAIN CLAIMS

As provided in Paragraph 2(d) of this Settlement Agreement, SLCs within the scope of Paragraph 2(d) as to which the Parties believe that all legal disputes have been resolved are excluded from this list. Should any legal dispute subsequently arise with respect to any such SLC, such SLC shall be regarded as included on this list and the bank and account party with respect thereto shall be regarded as released from any and all liability, pursuant to Paragraph 2.

| <u>Reference Number*</u> | <u>Issuing Bank</u> | <u>Account Party</u> |
|--------------------------|-------------------------------|---------------------------|
| III-1 | Bank of America | Air Logistics Corp. |
| III-8 | Chase Manhattan | Western Electric |
| IV-6 | Bankers Trust Co. | Dunbar Kapple Inc. |
| IV-7 | Chemical Bank N.Y. | Sangamo Int'l, Inc. |
| IV-8 | Chemical Bank N.Y. | New World Research |
| IV-9 | Chemical Bank N.Y. | Garsite Int'l |
| IV-15 | First National Bank of Boston | Itek Corp. |
| IV-16 | First National Bank of Boston | Itek Corp. |
| IV-17 | First National Bank of Boston | Itek Corp. |
| IV-18 | Harris Bank Chicago | Werner Lehara Int'l, Inc. |

* The reference numbers are based on the lists of SLCs contained in Docs. 889, 896 and 909 filed in Case A/15 (I:C).

| | | |
|--------|-----------------------------------|------------------------------|
| IV-19 | Marine Midland | YVAC Co. |
| IV-20 | Mellon Bank | McGraw Edison Power |
| IV-21 | Mellon Bank | McGraw Edison Power |
| IV-24 | Mercantile Trust Co. | A.B. Chance Co. |
| IV-25 | Mercantile Trust Co. | A.B. Chance Co. |
| IV-26 | Mercantile Trust Co. | ITT Blackburn Co. |
| IV-27 | Morgan Guaranty | Morrison Knudsen |
| V-1 | Mellon Bank | McGraw Edison Power |
| V-2 | Mellon Bank | McGraw Edison Power |
| VII-14 | Bank of America | Stanford Research Inst. |
| VII-15 | Bank of America | Stanford Research Inst. |
| VII-26 | Chase Manhattan Int'l Chicago | Engineering Equipment Co. |
| VII-27 | Chase Manhattan | McGraw Edison Power |
| VII-55 | Crocker National Bank of L.A. | Intel Int'l Corp. |
| VII-56 | Crocker National Bank of L.A. | Intel Int'l Corp. |
| VII-68 | First National Bank of Boston | Arthur Young & Co. |
| VII-69 | First National Bank of Boston | Arthur Young & Co. |
| VII-72 | First National Bank of Chicago | Mueller Co. |

| | | |
|----------|-----------------------------------|---|
| VII-73 | First National Bank of Chicago | S & C Electric |
| VII-79 | Manufacturers Hanover Trust | Avco Corp. |
| VIII-1 | Bank of America | SRI Int'l |
| Ex.II-5 | Mercantile Bank | Brauner Export Company |
| Ex.II-9 | First National Bank of Boston | ITP Export Corp. |
| Ex.II-13 | Bank One, Indianapolis | Orton/McCullough Crane Co. |
| Ex.II-19 | Riggs National Bank | Page Communications Engineers, Inc. |
| Ex.II-23 | Citibank | Westinghouse Electric Corp. |
| Ex.II-24 | Citibank | Westinghouse Electric Corp. |

**Statement Relating to the General Agreement on the
Settlement of Certain I.C.J. and Tribunal Claims**

The General Agreement on the Settlement of Certain I.C.J. and Tribunal Claims provides, in paragraph 3, that within ten days after the execution of the General Settlement Agreement and its associated agreements, the Agents to the Tribunal of the United States and Iran shall meet with appropriate representatives of the Court and the Tribunal so as to take certain actions simultaneously. Paragraph 3 provides, however, that those actions may also occur "within such additional time as the Parties may agree." By this statement, the Parties agree that such actions may occur within fifteen days after the execution of the General Settlement Agreement and its associated agreements.

 Feb. 9, 1996

D. Stephen Mathias
Agent for the United
States of America
Iran-U.S. Claims Tribunal

 Feb. 9, 1996

M. H. Zahedin Labbaf
Agent of the Islamic
Republic of Iran
Iran-U.S. Claims Tribunal

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|---------------------------------------|---|
| IRAN UNITED STATES CLAIMS TRIBUNAL | دوران داورى دعاوى ایران - ایالات متحده |
| FILED | ثبت شد |
| DATE | 22 FEB 1996 |
| | تاریخ ۱۳۷۴ / ۱۲ / ۲ |