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CLAIMS TRIBUNAL

ان دادوری دعاری ایران - ایالات متحدہ

ORIGINAL DOCUMENTS IN SAFE

Case No. 111

Date of filing: 10 Oct 85

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- Date of Award 10 Oct 85
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** DECISION - Date of Decision _____
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- Date _____
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- Date _____
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** DISSENTING OPINION of _____
- Date _____
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- Date _____
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DUPLICATE
ORIGINAL

نسخه برابر اصل

CASE NO. 111

CHAMBER ONE

AWARD NO. 194-111-1

INTERNATIONAL SCHOOLS SERVICES, INC.,

Claimant,

and

NATIONAL IRANIAN COPPER INDUSTRIES
COMPANY,

Respondent.

IRAN UNITED STATES CLAIMS TRIBUNAL	دادگاه داورى دعوى ایران - ایالات متحدہ	
فیت شد - FILED		
Date	10 OCT 1955 ۱۳۳۴ / ۷ / ۱۸	تاریخ
No.	///	شماره

AWARD

Appearances:

For the Claimant:

Mr. J. P. Janetatos,
Mr. S. A. McLaughlin,
Attorneys-at-Law,
Mr. C. W. Schultheis,
Claimant's Representative

For the Respondent:

Mr. P. Ansari,
Legal Adviser to the
National Iranian Copper
Industries Company,
Mr. K. Baradari,
Mr. G. Nabavi,
Mr. M. Nassiri,
Respondent's Representatives.

Also present:

Mr. M. K. Eshragh,

Deputy Agent of the Islamic
Republic of Iran,
Ms. J. M. Selby,
Deputy Agent of the United
States of America.

I. Facts and contentions

This case arises out of a contract to operate a school for American children in Iran. The Claimant is International Schools Services, Inc. ("ISS"), a non-profit, non-stock corporation organized under the laws of the District of Columbia, United States of America. The claim was filed on 18 November 1981 against the National Iranian Copper Industries Company ("NICIC"), which the Claimant contends is an instrumentality of the Islamic Republic of Iran.¹ An Interlocutory Award has been issued in this case holding that the Claimant is a "national of the United States" within the meaning of the jurisdictional provisions of the Claims Settlement Declaration (Interlocutory Award No. ITL 37-111-FT of 6 April 1984).

The contract between the Parties, entered into on or about 1 July 1974 and subsequently amended ("the Contract"),

¹ In the caption of its Statement of Claim, the Claimant named as Respondent

"The Islamic Republic of Iran
National Iranian Copper Industries Co."

Later in the same document the Claimant identified the Respondent as the National Iranian Copper Industries Co. In order to avoid any ambiguity as to the identity of the Respondent, the Claimant during the Hearing before the Chamber withdrew any claim that might have appeared to have been filed against the Islamic Republic of Iran.

provided for the Claimant to establish and operate an American elementary school at Sar-Cheshmeh in Iran for the dependent children of American employees of the Respondent.² The Claimant asserts that in January 1979 it was forced to close the school and cease its performance under the Contract "due to the political unrest in Iran." The Claimant seeks \$626,170.63 as the amount of unpaid invoices for goods sold and services rendered under the Contract. In addition, it seeks "lost profits" of \$65,376, the amount it says it would have earned had it not been forced to leave Iran prior to the expiration date of the Contract. It also seeks interest and costs of the arbitration.

Under the terms of the contract both as originally signed and as subsequently amended, the Claimant was to provide the school with a teaching and administrative staff as well as appropriate educational materials and supplies. The Claimant was to maintain books and records of its work on the project and to make them available for the Respondent's inspection at any time. The Respondent was to provide a school building and playground with custodial and security services, and also housing for the staff. The Claimant was to receive fixed fees covering salary and benefit costs; in addition, it was to be reimbursed for the actual costs of supplies and materials, including shipment. It was to receive a 16 percent overhead fee on all these costs, plus a fixed administrative fee that was originally set at \$10,000 per year and later increased to \$12,000. In addition, the Claimant was to be reimbursed for its direct costs, including the costs of travel, per diem allowances and shipment of personal effects.

² At the time of the original contract, the Iranian party was known as Sar-Cheshmeh Copper Mining Company. In 1976, the name was changed to NICIC. Both are referred to herein as "NICIC" or "the Respondent".

The 1974 contract was to run through June 1975 and continue from year to year unless terminated by either party. It provided for termination on 90 days' written notice by either party and for an accounting to be made upon such termination. In addition, the 1974 contract provided in paragraph 11 of its General Terms and Conditions that "[n]either ISS nor SCM [NICIC] shall be held responsible for the nonfulfillment of the contract under the conditions of a State of Emergency, War, Similar Situations, or Acts of God." Except as noted below, these clauses were not affected by the subsequent amendments.

The 1974 contract initially provided for one teacher-principal and two teachers. This contract was amended six times in the following years to provide for an expanded teaching staff, increased material and supply costs, and other changes as the school grew. By the final Amendment No.6, signed 7 June 1978, the Contract provided for an instructional staff of 22 and a projected enrollment of 220 students. That Amendment also stated that the Contract would expire on 1 September 1979, and provided for negotiations between the Parties to develop a new format for the long-term needs of the Sar-Cheshmeh community.

The Claimant contends that it operated the school until early January 1979 pursuant to the Contract, but that it was not fully paid. It asserts that it was forced to cease performance due to the conditions prevailing in Iran in the fall of 1978 and in January 1979. In October 1978 there was growing uncertainty about the safety of the children and the staff, continuing during November. As a result, the planned winter holiday was begun one week early and all the children and staff left by the second week of December 1978.

The Claimant contends that although it intended to re-open the school in January, it decided on 6 January 1979 that there was no purpose for the school to open again, since the

students and their families would not return because of the conditions prevailing in Iran. As there was no further purpose to be served in Iran by ISS personnel, for whom conditions had become impossible, the Claimant contends that its further performance under the Contract had become both unnecessary and impossible and that it was compelled to withdraw from Iran. In this connection, the Claimant asserts that it withdrew with the Respondent's full knowledge, acquiescence and assistance.

The Claimant contends that the Respondent has not paid all of the costs and fees due under the Contract with respect to the years 1 July 1977 to 30 June 1978 and 1 July 1978 to 30 June 1979.

The Claimant asserts that for the year 1 July 1977 to 30 June 1978 an aggregate amount of \$303,515.30 is still outstanding. While payments for staff salaries, benefits and administrative fees (Schedules A and B of the Contract) were to be paid quarterly in advance, all other costs (Schedule C of the Contract) were billed directly to the Respondent. Because the quarterly advance payments were not always made in time, the Claimant sometimes included items ordinarily payable in advance in its monthly invoices under Schedule C. Included in the invoices are the 16 percent overhead costs and the annual fee of \$12,000 as provided in the Contract. The Claimant states that Mr. Pournader, a finance officer of the Respondent, had audited the figures for 1977/1978, confirmed that they were correct and informed the former headmaster of the school that they would be paid.

For the year 1 July 1978 to 30 June 1979 the Claimant seeks \$322,655.33. This amount consists of salary and benefit costs, fees, and other costs incurred in performing the Contract. Included in those unpaid amounts are what the Claimant asserts to be contractual costs incurred in winding up its operations, including travel expenses, per diem

allowances, shipping charges for personal effects and final salary payments to the staff of the school. The final staff costs consist of one month's pay and accrued holiday pay for the school's staff. The Claimant asserts that its contracts with the staff provided for either thirty days' notice of termination or payment of one month's salary. The Claimant contends that, since it was not possible, due to the conditions prevailing in Iran when it left the country, to give the notice provided by the staff contracts, it had to pay salary instead. The Claimant contends that the Respondent was required by the Contract to pay all these amounts. It asserts that it submitted the invoices for 1978/1979 in the same way it had done for the previous years, although no audit was performed for that year.

The Claimant states that during the years of contractual relations between the Parties, and again following a settlement conference between the Parties in October 1981, copies of all invoices and supporting documents were sent to NICIC. The Claimant again submitted copies of the invoices and supporting documents at the Hearing before the Chamber.

The claimed \$65,376 in "lost profits" is described as the amount the Claimant would have earned in "profit" had the Contract not been terminated prior to its scheduled expiration date. It is the portion of the \$12,000 administrative fee and the 16 percent overhead costs that the Claimant would have earned during the period from 6 January through June 1979.

The Claimant also seeks interest at a minimum rate of 12 percent, and costs of the arbitration in the amount of \$159,024.98.

The Respondent raises three objections with regard to the Tribunal's jurisdiction. First, the Respondent contends that ISS cannot be a "national of the United States" and

therefore cannot invoke the jurisdiction of the Tribunal because it has issued no capital stock and thus citizens of the United States do not hold 50 percent or more of its capital stock as provided in Article VII of the Claims Settlement Declaration. It also argues that paragraph 1(b) of Article VII of the Claims Settlement Declaration only relates to commercial organizations. This issue was decided in Interlocutory Award No. ITL 37-111-FT, described below.

Second, the Respondent argues that the Iranian courts, and not the Tribunal, have jurisdiction in this case. With no specific provisions in the Contract concerning the governing law and the settlement of disputes, ISS could have filed its claim, which existed before the conclusion of the Algiers Declarations, in the Iranian courts before leaving Iran. In the Respondent's view, this, together with the fact that the Contract was signed in Iran and that it had to be performed in Iran, confers jurisdiction over this dispute on the competent Iranian courts, thus excluding the claim from the Tribunal's jurisdiction. The Claimant disputes this interpretation of the "forum selection clause" of Article II, paragraph 1, of the Claims Settlement Declaration as an interpretation that would expand the exclusion from the Tribunal's jurisdiction to all cases where a claim might have possibly been brought in an Iranian court.

Third, the Respondent argues that the claim falls outside the Tribunal's jurisdiction because the damages and losses resulted from popular movements in the course of the Islamic Revolution in Iran and that the claim therefore is excluded from the Tribunal's jurisdiction in accordance with Article II, paragraph 1, of the Claims Settlement Declaration.

As to the merits of the claim the Respondent asserts that the Contract with ISS was unfair in that it was one-sided, forced upon the Respondent due to the unequal relationship existing between Iran and the United States before the

Islamic Revolution, and that it "was even at variance with law". It points in particular to the provisions according to which all Iranian taxes levied against ISS or its personnel had to be paid by the Respondent, stating that such provisions are not in conformity with Articles 1, paragraph 4, and 80, paragraph C, of the Iranian Direct Taxation Act. Thus, the Respondent contends that it was entitled to recover under Articles 265 and 267 of the Iranian Civil Code the amount of taxes it paid in this connection. The Claimant denies that the Contract was unfair or illegal and points out that it had been negotiated at arm's length and that it contained the same fair provisions as other contracts of the same type that it had concluded in other countries.

The Respondent argues that the 1974 contract and the subsequent amendments were not signed in the manner prescribed by NICIC's Articles of Association, and therefore they cannot create any legal obligation for NICIC.

The Respondent also contends that ISS has not fully performed its obligations under the Contract. Most significantly it states, ISS breached the Contract when leaving Iran of its own free will and without the Respondent's permission before the expiration of the contract term. According to the Respondent, ISS left Iran following a decision it had taken months before its actual departure rather than due to the uncertainty of the political situation as alleged by ISS. The Claimant responds that it did consider closing the school in October 1978, but only because of deficiencies at that time in the physical condition of the school building provided by NICIC.

The Respondent further argues that the Claimant breached the Contract and that Iranian law - which it says governs the Contract because it was signed and was to be performed in Iran - does not entitle a breaching party to compensation

for travel expenses, per diem allowances, shipping charges for personal effects and termination costs. In addition, the Respondent contends the Parties had agreed in the final Amendment No. 6 to the Contract, dated 7 June 1978, that the Contract would terminate as of 1 September 1979 without mentioning in this Amendment the payment of termination costs. Therefore no termination costs could be claimed. In this connection, the Respondent states that the Claimant has also not observed paragraph 9 of the General Terms and Conditions of the Contract requiring that a party seeking to terminate the contract give the other party 90 days' written notice of its intention.

The Claimant does not dispute that Amendment No. 6 provided that the Contract would come to an end as of 1 September 1979. It asserts, however, that the Contract provided for an accounting upon its termination and for the payment of additional sums to ISS if that accounting showed that any such sums were due. Termination costs were not excluded, as the Respondent asserts, by paragraph 11 of the General Terms and Conditions of the Contract, which provides that neither party "shall be held responsible for the nonfulfillment of the contract under the conditions of a State of Emergency, War, Similar Situations, or Acts of God", because payment of such costs was contemplated in the Contract.

Concerning the alleged auditing and approval of the Claimant's invoices for 1977/1978 by a financial officer of NICIC, the Respondent contends that this officer had not approved the invoiced amounts and that his superficial review of the documents could not remove the doubts the Respondent still had with regard to the accuracy of all the invoices. The Respondent further points to various disproportionate increases in the budgets, which it says were not justified; the Claimant explains such increases as being due to the rising number of children attending the school. The Respondent maintains that no judgment can be

based on the invoices until NICIC has had an opportunity to inspect the books and records of ISS concerning the school in Sar-Cheshmeh as provided in paragraph 5 of the General Terms and Conditions of the Contract.

With regard to the claim for lost profits after the closing of the school, the Respondent asserts that this claim has not been proven by the Claimant. In addition, the Respondent contends that paragraph 11 of the General Terms and Conditions of the Contract, relating to non-fulfillment of the Contract due to war and similar conditions, excludes a claim for lost profits.

Finally the Respondent argues that it is not responsible for the payment of debts that in fact result from obligations undertaken by the former Shah's Government and that are not attributable to the present Iranian Government.

The Hearing before the Chamber was held in this case on 2 and 3 December 1982.

II. Reasons for Award

1. Jurisdiction

a) The Claimant's United States nationality

The Respondent's first objection to the Tribunal's jurisdiction was that the Claimant is not a "national of the United States" because it issues no capital stock, and thus citizens of the United States do not hold 50 percent or more of its capital stock as required by Article VII of the Claims Settlement Declaration. The Respondent further argued that paragraph 1(b) of Article VII of the Claims Settlement Declaration only relates to commercial organizations, thereby excluding non-profit organizations from bringing claims before the Tribunal.

That issue has already been addressed and resolved by the Tribunal. By Order of 18 March 1983 the Chamber "relinquished jurisdiction to the Full Tribunal in this case for the purpose of deciding whether ISS's claim is a claim by a national of the United States within the meaning of Article VII of the Claims Settlement Declaration." The Parties and the Governments of the Islamic Republic of Iran and of the United States of America were invited to submit their views on this question and they did so. A Hearing was held before the Full Tribunal on 9 December 1983, and the Full Tribunal rendered Interlocutory Award No. ITL 37-111-FT on the question on 6 April 1984. In its Interlocutory Award the Full Tribunal concluded "that ISS is a 'national of the United States' within the meaning of Article VII(1)(b) of the Claims Settlement Declaration" and it referred this case back to Chamber One for further proceedings in accordance with the Interlocutory Award.

b) Jurisdiction of Iranian courts

With regard to the Respondent's argument that the Iranian courts are exclusively competent to hear this claim, the Tribunal notes that neither the 1974 contract nor its subsequent amendments contain a forum selection clause or even a governing law clause. In the absence of a specific contract provision conferring jurisdiction on the competent Iranian courts as provided in the Claims Settlement Declaration the Tribunal finds that its jurisdiction over this claim is not excluded.

c) Paragraph 11 of the General Declaration

The Respondent argues that the claim is excluded from the Tribunal's jurisdiction pursuant to Article II, paragraph 1, of the Claims Settlement Declaration and paragraph 11 of the General Declaration because the damages and losses for which compensation is claimed allegedly resulted from popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran. In view of its finding with regard to the termination of the Contract (see below at II.2.c)), the Tribunal does not need to reach the issues raised by this objection to its jurisdiction.

2. Merits

a) Validity of the Contract

The Respondent challenges the validity of the Contract, alleging that it was unfair, one-sided, forced upon it and "even at variance with law." The Respondent further argues that the Contract cannot create any legal obligation also because it was not executed by the two authorized representatives of NICIC whose signatures are required by its Articles of Association.

While it appears that not all the amendments are signed by the required representatives, the Tribunal notes that the last two amendments (No. 5 and No. 6) are both signed by Mr. Mahdi S. Zarghami, NICIC's managing director at the time, and Dr. Ali Rashidi, then another member of its board of directors, thus fulfilling the requirements of NICIC's Articles of Association. The company therefore was clearly bound at least as to these amendments. Thus, any deficiency in the binding character of the Contract due to a lack of authorized signatures was remedied by the agreement on Amendments No. 5 and No. 6, which ratified the contract that they amended. This conclusion is confirmed by the fact

that the Respondent did not challenge the validity of the Contract until the proceedings before the Tribunal. Nor does the Tribunal find evidence that the Contract was unfair.

b) Termination of the Contract

Having established that the Contract was binding on the Parties, the Tribunal now has to evaluate the legal situation between the Parties at the time performance ceased. The Tribunal cannot share the Respondent's view that the Claimant breached the Contract when it closed the school at Sar-Cheshmeh in January 1979. As the Tribunal has previously held in Interlocutory Award No. ITL 24-49-2 of 27 July 1983 in Gould Marketing, Inc. and The Ministry of National Defence of Iran at 11, and confirmed in Award No. 180-64-1 of 27 June 1985 in Sylvania Technical Systems, Inc. and The Government of the Islamic Republic of Iran at 15, "[b]y December 1978, strikes, riots and other civil strife in the course of the Islamic Revolution had created classic force majeure conditions at least in Iran's major cities. By 'force majeure' we mean social and economic forces beyond the power of the state to control through the exercise of due diligence". Civil unrest, strikes, industrial actions and riots amounted to a state of general upheaval at that time also in the industrial mining area around Sar-Cheshmeh.

Due to these circumstances the possibility of having to close the school had already been envisaged in November 1978. By the second week of December, due to the described conditions, all the children and the staff of the school had left Iran, one week before the start of the normal winter holiday. Since these conditions continued, the children and their families did not return to Iran after the holiday, and the Claimant decided in early January 1979 that there was therefore no purpose for the school to re-open again. It was apparent that the children, who presumably were being

enrolled elsewhere for the balance of the school year, would not be returning before the Contract was scheduled to expire on 1 September 1979. The force majeure situation thus amounted to a frustration of the Contract. In view of the foregoing the Tribunal finds that the Contract was frustrated in early January 1979. Because there is little proof as to the specific date when the Contract came to an end, and for purposes of convenience, the Tribunal determines that such date was 1 January 1979.

c) Legal consequences of the termination of the Contract

The first legal consequence of the frustration of the Contract is that as of 1 January 1979 the Claimant as well as NICIC were excused from further performance under the Contract. Both Parties were discharged from their duty to perform contractual obligations not yet due. The Contract itself, in paragraph 11 of the original General Terms and Conditions, which was not changed by the subsequent amendments, incorporates this principle by stating that "[n]either ISS nor SCM [NICIC] shall be held responsible for the nonfulfillment of the contract under the conditions of a State of Emergency, War, Similar Situations, or Acts of God." Article 229 of the Iranian Civil Code also provides that a contract party is discharged in case of force majeure when it stipulates that "[i]f a man who has entered into an undertaking is prevented from fulfilling it by some elements not within his control, he shall not be convicted to compensate for losses." (English translation by Musa Sabi, 1973)

The governing rule as to the rights and liabilities of the Parties in these circumstances is that "the loss must lie where it falls". As the Tribunal has pointed out in connection with this rule, "[t]he apportionment of the loss is subject generally to the Tribunal's equitable discretion, using the contract as a framework and reference point."

Award No. 37-172-1 of 15 April 1983 in Queens Office Tower Associates and Iran National Airlines Corp. at 14.

In apportioning the loss in this case the Tribunal finds that, applying the principles set out above, the Claimant should be reimbursed for the costs and fees that it incurred prior to 1 January 1979, but should not be reimbursed for any costs or fees incurred after that date, nor should it be compensated for any "lost profits".

d) The amounts awarded

First, the Claimant is entitled to the amounts reflected as outstanding in the invoices dated through January 1979, but covering the period through December 1978. This follows from the determination that the Claimant must be reimbursed for the costs and fees incurred as of 1 January 1979. Based on the evidence before it the Tribunal is satisfied that the Claimant provided the services and materials for which it billed the Respondent in the invoices for the period July 1977 through December 1978. The Tribunal is also satisfied that the Claimant incurred costs and earned fees in the amounts billed in these invoices. The only figures questioned by the Respondent concern increases in costs for materials. The Tribunal accepts that these increases were due to an expansion of the school and an increase in the number of children attending it. Absent any other challenge to the items or figures shown in the Claimant's invoices and absent any contemporaneous objections by the Respondent to the amounts billed, the presumption created by the Claimant's evidence that it was entitled to the amounts reflected in the invoices for that period has not been rebutted by the Respondent. The Claimant is therefore entitled to an amount of \$507,156.41 for services and materials through December 1978, consisting of \$303,515.30 for the period 1 July 1977 through 30 June 1978 and

\$203,641.11 for the period 1 July 1978 through 31 December 1978.³

Second, the Claimant is entitled to reimbursement of costs and fees that it billed after January 1979, but had incurred before 1 January 1979. The invoice covering January 1979 includes an amount of \$70,378.33 attributable to pay of the instructional staff of the school. This amount consists of the one month's termination pay and accrued holiday pay.⁴ The Claimant stated that the instructional staff was entitled to thirty days' notice of termination or one month's pay, and that it opted for payment because it was unable to give thirty days' notice. This amount is solely attributable to the termination and, in accordance with the principles outlined above, is a cost that must be borne by the Claimant.

The accrued holiday pay is a different matter, however. As can be seen from the invoices for the school year 1977/1978, the Claimant's employees were paid their salary and allowances for the summer holiday period in a lump sum at the end of the school year. This amount accrued to the

³ At the Hearing before the Chamber, the Respondent contended for the first time that the Claimant when departing from Iran had not left behind all supplies and materials for which it had billed the Respondent, and had not submitted an inventory of items left in the school. The Respondent argued that any amount awarded the Claimant should be reduced to take these circumstances into account. In view of the fact that this contention was not made in the prior pleadings and the total lack of evidence on this point, the Tribunal finds that the amount due to the Claimant should not be reduced on this account.

⁴ This amount includes pay for the principal of the school. The evidence does not show whether this was termination pay or salary, since the principal was also paid for February 1979. In either case the amount was incurred after 1 January 1979, and therefore may not be recovered.

account of the staff pro rata during the year, so that as of the end of December 1978, the staff had earned part of their holiday pay. That part of the holiday pay had accrued before the termination on 1 January 1979 and must therefore be paid by the Respondent.

The Claimant has not indicated how much of the \$70,378.33 listed in the invoice covering January 1979 is attributable to termination pay or salary and how much is attributable to accrued holiday pay. A comparison of the amounts of salary and allowances paid to employees for January 1979 with the amounts paid those same employees for the preceding four months of the school year shows that approximately 35 percent of the \$70,378.33 (or \$24,632) listed in the invoice covering January 1979 is attributable to termination pay or salary. The remainder, \$45,746.33, is attributable to accrued holiday pay, in which amount the Claimant must be reimbursed by the Respondent.

A last part of the costs, which was billed in invoices after January 1979 but incurred before 1 January 1979, relates to instructional materials. For the period after January 1979 the Claimant credited the Respondent in a higher amount than it billed for such materials. This net credit - a total of \$569.75 - is in effect the value of materials paid for by the Respondent before the termination but not delivered. As an exercise of its equitable discretion, the Tribunal finds that the Claimant's recovery should be reduced by this amount.

The remaining fees, costs and expenses (including transportation back to the United States of the staff and their personal effects) listed in the post-January 1979 invoices were not incurred before 1 January 1979 and are, according to the principles outlined above, not to be reimbursed. Nor can the Claimant be awarded the \$65,376 that it seeks as "lost profits".

e) Interest and costs

In the circumstances of this case the Claimant is entitled to interest on the amount awarded at the rate of 10 percent per year from 1 January 1979.

The Claimant is awarded costs of arbitration in the amount of \$20,000.

III. Award

For the foregoing reasons,

THE TRIBUNAL DETERMINES AS FOLLOWS:

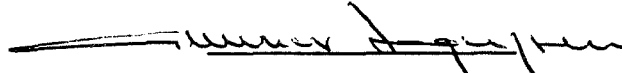
The Respondent NATIONAL IRANIAN COPPER INDUSTRIES COMPANY is obligated to pay the Claimant INTERNATIONAL SCHOOLS SERVICES, INC. the sum of Five Hundred Fifty Two Thousand Three Hundred and Thirty Three United States Dollars (U.S. \$552,333) plus simple interest at the rate of 10 percent per year (365-day basis) from 1 January 1979 up to and including the date on which the Escrow Agent instructs the Depository Bank to effect payment out of the Security Account; plus costs of arbitration in the amount of \$20,000.

This obligation shall be satisfied by payment out of the Security Account established pursuant to paragraph 7 of the Declaration of the Government of the Democratic and Popular Republic of Algeria dated 19 January 1981.

This Award is hereby submitted to the President of the

Tribunal for notification to the Escrow Agent.

Dated, The Hague,
10 October 1985



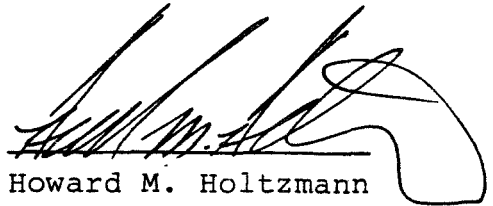
Gunnar Lagergren
Chairman
Chamber One

In the name of God



Koorosh-Hossein Ameli

Concurring as to (1) the denial of lost profits, and (2) the denial of compensation for the final month's salary paid to the school staff and the costs of transporting them and their personal effects back to the United States. Dissenting from the rest of the Award. See Separate Opinion.



Howard M. Holtzmann

Joining fully in the Award, except (1) joining solely in order to form a majority as to the award of only 10% interest and the award of only \$20,000 in costs; and (2) dissenting as to the denial of compensation for the final month's salary paid to the school staff and the costs of transporting them and their personal effects back to the United states. See Separate Opinion