

ALL DOCUMENTS IN SAFE

Case No. 258Date of filing: 3 DEC 85

** AWARD - Type of Award Agreed terms
- Date of Award 2 DEC 85
4 pages in English 4 pages in Farsi
+ exhibits

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

** CONCURRING OPINION of _____
- Date _____
_____ pages in English _____ pages in Farsi

** SEPARATE OPINION of _____
- Date _____
_____ pages in English _____ pages in Farsi

** DISSENTING OPINION of _____
- Date _____
_____ pages in English _____ pages in Farsi

** OTHER; Nature of document: _____

- Date _____
_____ pages in English _____ pages in Farsi

Cases Nos. 258 and 259

Chamber One

Award No. 205-258/259-1

Case No. 258

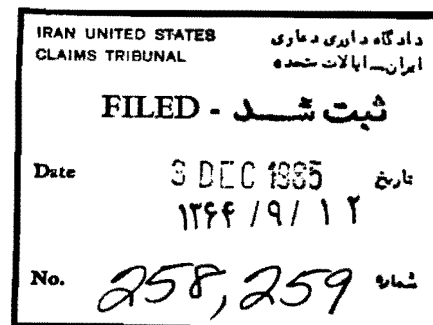
MORRISON-KNUDSEN INTERNATIONAL
COMPANY, INC.,

Claimant,

and

THE GOVERNMENT OF THE ISLAMIC
REPUBLIC OF IRAN and NATIONAL
IRANIAN OIL COMPANY (NIOC),

Respondents.



Case No. 259

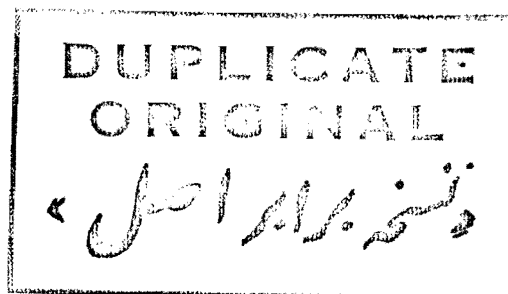
MORRISON-KNUDSEN INTERNATIONAL
COMPANY, INC.,

Claimant,

and

THE GOVERNMENT OF THE ISLAMIC
REPUBLIC OF IRAN and NATIONAL
IRANIAN OIL COMPANY (NIOC),

Respondents.



AWARD ON AGREED TERMS

On 14 November 1985 a Joint Request for an Arbitral Award on Agreed Terms was filed with the Tribunal, signed by representatives of, on the one hand, MORRISON-KNUDSEN INTERNATIONAL COMPANY, INC. (the Claimant in Cases Nos. 258 and 259), and on the other hand, THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN and THE NATIONAL IRANIAN OIL COMPANY (the Respondents in the Cases Nos. 258 and 259), requesting the Tribunal to record a Settlement Agreement dated 12 October 1985 as an Arbitral Award. The Parties to the Settlement Agreement are the same as the Parties in Cases Nos. 258 and 259 with the exception that the GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN is not stated as a Party. Copies of the Joint Request and Settlement Agreement are annexed hereto.

Paragraph 3 of Article 5 of the Settlement Agreement provides that "[a]ll title, rights, benefit and interests of MK in properties claimed in the Statements of Claims and/or MK's properties in possession of third persons in Iran shall be transferred to NIOC", and that "[M]K shall prepare and deposit with the Tribunal, together with this Settlement Agreement, a bill of sale for transfer of all its properties remained and left in Iran and/or properties in third persons' possession in Iran. The Tribunal shall deliver the abovementioned document to NIOC upon the issuance of the Award on Agreed Terms". Such document was deposited by the Claimants with the Tribunal's Registry on 14 November 1985.

The Settlement Agreement provides for certain reciprocal obligations. It is described in the Joint Request to be "in complete, full and final settlement of all disputes, differences, claims and counterclaims now existing or capable of arising, between them and against Iran, Iranian entities, instrumentalities and organizations in connection with Cases

Nos. 258 and 259 which are the subject matter of the Settlement Agreement."

On 20 November 1985 the Tribunal received a telex from the Claimants' representative in the Cases Nos. 258 and 259, modifying the concluding paragraph of the Joint Request so that payment of the Settlement amount would be made to MORRISON-KNUDSEN INTERNATIONAL COMPANY, INC. In a letter filed on 22 November 1985 by the Agent of THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN, it was stated that the Respondent in the Cases Nos. 258 and 259 agreed with the modification by the Claimants. Copies of the telex and the letter are annexed hereto.

The Tribunal accepts the Settlement Agreement in accordance with Article 34 paragraph 1 of the Tribunal Rules.

Based on the foregoing,

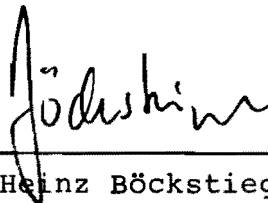
The Settlement Agreement is hereby recorded as an Award on Agreed Terms binding upon the Parties. Consequently, the Respondent NATIONAL IRANIAN OIL COMPANY is obligated to pay MORRISON-KNUDSEN INTERNATIONAL COMPANY, INC., the amount of Four Million Nine Hundred Thousand United States Dollars (US \$ 4,900,000.00) which 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 will be submitted to the President of the Tribunal for notification to the Escrow Agent.

Upon notification of the Award to the Escrow Agent, the Tribunal will deliver to the Agent of THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN the Bill of Sale executed by the representative of MORRISON-KNUDSEN INTERNATIONAL COMPANY, INC. and deposited with the Registry of the Tribunal on 14 November 1985.

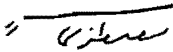
Dated, The Hague

2 December 1985



Karl-Heinz Böckstiegel
Chairman
Chamber One

In the name of God



Mohsen Mostafavi



Howard M. Holtzmann

IN THE NAME OF GOD

Before
Iran-U.S. Claims Tribunal
The Hague

Claims Nos. 258 & 259
Chamber 1

IRAN UNITED STATES CLAIMS TRIBUNAL	دادگاه داری و داری ایران - ایالات متحده
ثبت شد - FILED	
Date	14 NOV 1985 تاریخ
	۱۳۶۴/۸/۲۲
No.	259 شماره

JOINT REQUEST FOR ARBITRAL AWARD ON
AGREED TERMS

Pursuant to the Article 34 of the Tribunal Rules of Procedure, Morrison-Knudsen International Company, Inc. ("MKI") for itself and on behalf of its parents, affiliates and subsidiaries, whether or not named in the Statement of Claims Nos. 258 and 259 (hereinafter collectively called "MK") and National Iranian Oil Company and its affiliates and subsidiaries (hereinafter called "NIOC") jointly request that the Iran-U.S. Claims Tribunal ("the Tribunal") issue an Arbitral Award on Agreed Terms that will record and give effect to the Settlement Agreement reached by the Parties.

On *12 October*, 1985 MK and NIOC entered into a Settlement Agreement, a copy of which is attached hereto, providing that the MK will be paid the amount

of four million nine hundred thousand U.S. dollars (US\$4,900,000) (hereinafter the "Settlement Amount"), in complete, full and final settlement of all disputes, differences, claims and counterclaims now existing or capable of arising, between them and against Iran, Iranian entities, instrumentalities and organizations in connection with Cases Nos. 258 and 259 which are the subject matter of the Settlement Agreement.

The undersigned request the Tribunal to record the Settlement Agreement as an Arbitral Award on Agreed Terms, with payment to the MK to be made from the Security Account.

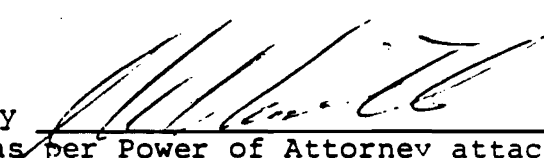
Respectfully submitted,

Agent of the Government of
the Islamic Republic of
Iran to the Iran-U.S.
Claims Tribunal

Morrison-Knudsen International Company, Inc. (MKI)

By  _____

Date 12 OCT / 1985

By  _____
(as per Power of Attorney attached)

Date 12 October, 1985

National Iranian Oil Co.

By  _____

Date 12 October, 1985

IN THE NAME OF GOD

SETTLEMENT AGREEMENT

IRAN UNITED STATES CLAIMS TRIBUNAL		ثبت شد
FILED - ثبت شد	Date 14 NOV 1985 1364/11/22	تاریخ
No. 259		شماره

This Settlement Agreement made this *12* day of *October* 1985, by and between the National Iranian Oil Company ("NIOC") (organized and existing under the laws of Iran, which for the purpose of this Settlement Agreement it represents itself, its affiliates and subsidiaries, on the one part, and Morrison-Knudsen International Company, Inc. (a corporation organized and existing under the laws of Nevada) which for the purpose of this Settlement Agreement it represents itself and its subsidiaries, parents and affiliates, whether or not named in the Statement of Claims and other documents filed by the Claimant in Cases Nos. 258 and 259, on the other part (hereinafter called ("MK")).

WHEREAS, MK has raised certain claims in connection with contracts No.75 (Rey-Sary Pipeline Project) and No.73 (abbreviated ARSCOP II) and for titles or interests in certain alleged properties in Iran as contemplated in the Statement of Claims filed with the Iran-U.S. Claims Tribunal ("the Tribunal") under Nos. 258 and 259 (hereinafter collectively called "the Statement of Claims") against NIOC and the Islamic Republic of Iran ("Iran") and/or Iranian entities, organizations, instrumentalities and institutions,

WHEREAS, NIOC, in responding to the Statement of Claims, has filed its Statement of Defence and Counterclaims, and

WHEREAS, MK and NIOC have agreed to settle all their claims and counterclaims, disputes, differences outstanding between them and against Iran, Iranian entities, organizations, instrumentalities, organs, institutions, and banks and in general all claims contained in the Statement of Claims and subsequent submissions and their Statement of Defence and Counterclaims, filed with the Tribunal in the manner as contemplated herein.

Now, therefore, MK and NIOC agree as follow:

Article 1

The scope and subject matter of this Settlement Agreement is:

- 1.1. To settle and dismiss, forever, all disputes, differences, claims, counterclaims, and matters directly or indirectly, raised or capable of arising out of the relationships, transactions, contracts and events related to and subject matters of the Statement of Claims, against NIOC its agents, parents, affiliates and subsidiary companies and/or against Iran, Iranian entities, organizations, institutions and instrumentalities.

1.2. To transfer, irrevocably and without any incumbrance, to NIOC, and to consider as transferred from the time they arose, all MK's rights, benefits, interests and titles to all and any property claimed under the Statement of Claims and to all and any MK's property in possession of third persons in Iran. MK shall provide a notarized bill of sale transferring all such rights, benefits, interests and titles to those properties to NIOC. Such transfers shall be on an "as is, where is" basis.

Article 2

MK and NIOC agree to submit, as soon as practicable, this Settlement Agreement to be recorded as an Arbitral Award on Agreed Terms. If for any reason the Tribunal fails to make an Award on Agreed Terms as provided in this Settlement Agreement within 30 days from its submission to the Tribunal, the Settlement Agreement may be declared null and void by the Parties and the Parties shall be placed in the same positions as they were before the date of this Agreement.

Article 3

In full, complete and final settlement of all outstanding disputes, differences, claims and counterclaims,

asserted or unasserted, pertaining to and arising out of the transactions, events, and relationships related to the Statement of Claims, which are the subject matter of this Settlement Agreement, and in consideration of the covenants, premises, transfers, withdrawals and other agreements contained herein, the sum of four million nine hundred thousand U.S. dollars (US\$4,900,000.00) shall be paid to MK ("the Settlement Amount").

MK and NIOC agree that the Settlement Amount shall be paid 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 January 19, 1981.

Article 4

- (1) Upon the issuance of the Award on Agreed Terms, MK shall cause, without delay and with prejudice, all proceedings against NIOC, its subsidiaries, affiliates, assigns, transferees, successors, agents and parent companies and/or against Iran, Iranian entities, organizations, instrumentalities, institutions, and/or against all persons named as Respondent in the Statements of Claim in all courts, fora or any authority or administrative bodies to be dismissed, withdrawn and terminated and shall be barred from instituting and/or continuing with any proceedings

before the Iran-U.S. Claims Tribunal or any other forum or authority or administrative body, whatsoever, including but not limited to any court in the United States of America or the Islamic Republic of Iran in relation to disputes, differences, claims or counterclaims related to the Statement of Claims or any past dealings which are the scope and subject matters of this Settlement Agreement.

- (2) Upon the issuance of the Award on Agreed Terms, NIOC shall cause, without delay and with prejudice, all proceedings against MK, its subsidiaries, affiliates, assigns, transferees, successors, agents and its parent companies (should there be any) in all courts, fora, or any authority or administrative bodies to be dismissed, withdrawn and terminated, and shall be barred from instituting and/or continuing with any proceedings before the Iran-U.S. Claims Tribunal or any other forum or authority or administrative body, whatsoever, including but not limited to any court in the United States of America or the Islamic Republic of Iran in relation to disputes, differences, or counterclaims related to the Statement of Claims or any past dealings which are the scope and subject matters of this Settlement Agreement.

Article 5

- (1) MK shall indemnify and hold harmless NIOC, its subsidiaries, affiliates, assigns, transferees,

successors, agents and its parent companies (the "Indemnified Respondents") and Iran, Iranian entities, organizations, instrumentalities and institutions against any claim which MK its subsidiaries, affiliates, assigns, transferees, successors, agents, its parent companies, and its parent's subsidiaries, affiliates, assigns, transferees, successors and agents or third persons may raise or take against the Indemnified Respondents, Iran, Iranian entities, organizations, instrumentalities, and/or against all persons named as Respondent in the Statements of Claims, in connection with and under the same cause or causes of action contained in the Statements of Claims and undertakings, waivers, transfers and declarations of MK which are the scope and subject matter of the Settlement Agreement.

- (2) MK declares that neither itself nor any of its subsidiaries, affiliates, and parent companies have any claim of less than two hundred and fifty thousands U.S. dollars (US\$250,000) in relation to, connected with or arising out of contracts, dealings, relationships, transactions and events had or occurred prior to the date of this Settlement Agreement against NIOC, its directors, officers, employees, agents, subsidiaries, affiliates and parent companies and/or against Iran, Iranian

entities, organizations, instrumentalities, institutions and/or against all persons named as Respondent in the Statements of Claims; and agrees that should there be any it will be considered as dismissed, withdrawn, terminated and settled upon issuance of the Award on Agreed Terms.

- (3) Upon the issuance of the Award on Agreed Terms, all title, rights, benefit and interests of MK in properties claimed in the Statements of Claims and/or MK's properties in possession of third persons in Iran shall be transferred to NIOC. Such transfers shall be on an "as is, where is" basis. MK shall prepare and deposit with the Tribunal, together with this Settlement Agreement, a bill of sale for transfer of all its properties remained and left in Iran and/or properties in third persons' possession in Iran. The Tribunal shall deliver the above-mentioned document to NIOC upon the issuance of the Award on Agreed Terms.

Article 6

- (1) NIOC shall indemnify and hold harmless MK, its subsidiaries, affiliates, assigns, transferees, successors, agents, and MK's parent companies, (the "Indemnified Claimants") against any claims which NIOC, its subsidiaries, affiliates, assigns, transferees, successors, agents and the Government of the Islamic Republic of Iran and its instrumentalities may raise or take against the indemnified Claimants in connection with and

under the same cause or causes of action contained in the Statements of Claims and Undertakings, waivers and declarations of NIOC which are the scope and subject matters of the Settlement Agreement.

- (2) In this Settlement Agreement Mk's dues for Iranian tax and Social Security Organization's premiums which have been brought as counterclaim, are taken into consideration. Therefore, NIOC agrees that all counterclaims for Iranian tax and SSO premiums will be paid or otherwise satisfied by NIOC.
MK shall be deemed to be released from the above mentioned Iranian tax and SSO liabilities, upon the issuance of the Award on Agreed Terms.
- (3) Upon the issuance of the Award on Agreed Terms, all bank guarantees and/or letters of credit deposited with NIOC by MK under contracts ARSCOP II and Rey-Sary Pipeline Project shall be considered null and void and released.

Article 7

Upon the issuance of the Award on Agreed Terms, the obligations, declarations, releases, waivers, withdrawals, dismissals, transfers of rights, interests, benefits, and titles in properties contained and referred to in this Settlement Agreement shall become self-executing. After the issuance of the Award on Agreed

Terms by the Tribunal no further documents need to be executed in implementing the provisions of this Agreement.

Article 8

Upon the issuance of the Award on Agreed Terms, MK and NIOC shall waive any and all claims for costs (including attorney's fees) arising out of or related to the arbitration, prosecution or defence of the claims or counterclaims asserted before the Iran-U.S. Claims Tribunal, United States courts or elsewhere with respect to matters involved in the Statements of Claims, or other claims which are the scope and subject matters of this Settlement Agreement.

Article 9

It is agreed that this Settlement Agreement is made in the spirit of out of court private settlement of disputes, that shall be null and void if not approved by the Tribunal and that it shall not affect any position of the Parties in any matter other than the Cases Nos. 258 and 259 (the Statements of Claims). MK and NIOC further agree that they shall not use, or cause any other person to use this Settlement Agreement in the prosecution or defense of any other case(s) before the Iran-U.S. Claims Tribunal or any other forum, except that the Parties may use this Settlement Agreement for the sole purpose of implementing its terms.

Article 10

Unless otherwise agreed upon between the Parties hereto, this Settlement Agreement shall become completely null and void if not approved by the NIOC's authorities and not filed with the Tribunal by NIOC by November 15, 1985 and, in that event, no Party to this Settlement Agreement may rely upon, cite or publish its terms.

Article 11

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

Article 12

The representatives of the Parties hereto hereby expressly declare that they are duly empowered to sign this Agreement.

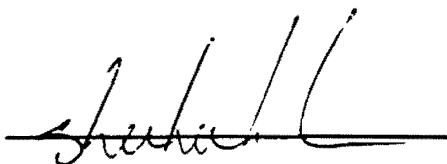
Article 13

This Agreement (in four originals) has been written and signed in both languages of Farsi and English and each text shall have the same equal validity.

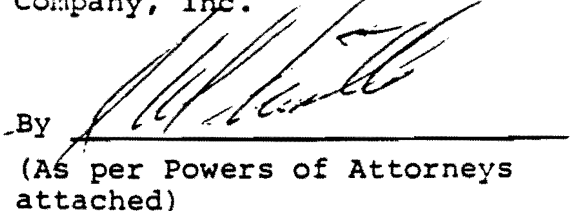
National Iranian Oil Co.

Morrison-Knudsen International
Company, Inc.

By



By



(As per Powers of Attorneys
attached)

Date

12 October, 1985

Date

12 October, 1985

MORRISON-KNUDSEN INTERNATIONAL COMPANY, INC.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Morrison-Knudsen International Company, Inc., a corporation organized and existing under the laws of the State of Idaho, U.S.A., and having an office and place of business in Boise, Idaho, hereby makes, constitutes and appoints K. W. SMITH, as its true and lawful agent and attorney for and in its name, place and stead, for the purpose of settling and compromising on behalf of the Company any and all controversies and disputes that the Company may have with any of the Respondents named in that certain proceeding filed by Morrison-Knudsen International Company, Inc. with the Iran-U.S. Claims Tribunal as Nos. 258 and 259 on that Tribunal's docket, including claims asserted against the Islamic Republic of Iran and the National Iranian Oil Company. Authority under this appointment shall include, but not be limited to, the following authority: to sign on behalf of the Company a settlement agreement, to give receipts, waivers, acquittances and bills of sale, to withdraw or dismiss claims; to direct others in taking any such action; and to take such other or further action as he may deem necessary or appropriate in connection with the subject matter hereof; hereby granting and giving unto said agent and attorney full authority and power to do and perform any and all other acts necessary or incident to the performance and execution of the powers herein expressly granted, with power to do and perform all acts authorized hereby, as fully to all intents and purposes as the Grantor might or could do if personally present.

IN WITNESS WHEREOF, the said corporation has caused these presents to be sealed and signed by its Vice President and Secretary in the City of Boise, State of Idaho, United States of America this 24th day of October, 1985.

MORRISON-KNUDSEN INTERNATIONAL
COMPANY, INC.

By 

R. K. Woodhead
Vice President


By 

Samuel H. Crossland
Secretary

STATE OF IDAHO)
) ss.
COUNTY OF ADA)

On this 24th day of October, 1985, before me, a Notary Public in and for said state, personally appeared R. K. Woodhead and Samuel H. Crossland, known to me to be the Vice President and Secretary of the corporation that executed the foregoing instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.



Notary Public

Certified Copy of Resolution

"RESOLVED, that K. W. SMITH, Associate General Counsel of Morrison-Knudsen International Company, Inc., be and he is hereby authorized to settle and compromise on behalf of the Company any and all controversies and disputes that the Company may have with any of the Respondents named in those certain proceedings filed by Morrison-Knudsen International Company, Inc. with the Iran-U.S. Claims Tribunal as Nos. 258 and 259 on that Tribunal's docket, including claims asserted against the Islamic Republic of Iran, and the National Iranian Oil Company; that in connection therewith he is authorized and empowered to sign on behalf of the Company a settlement agreement, to give receipts, waivers and acquittances, to sign bills of sale and assignments, to withdraw or dismiss claims; to direct others in taking any such action; and to take such other or further action as he may deem necessary or appropriate in connection with the subject matter hereof; hereby ratifying and approving all such action heretofore or hereafter taken by him in that connection; and

"RESOLVED FURTHER, that the proper officers of the Company be and they are hereby authorized and directed to grant to K. W. Smith a Power of Attorney authorizing him as aforesaid.

2/001

STATE OF IDAHO, }
COUNTY OF ADA, }

I, Samuel H. Crossland, do hereby certify that I am the Secretary of Morrison-Knudsen International Company, Inc. a corporation organized and existing under and by virtue of the laws of the State of Nevada. I do further certify that the foregoing is a true, full and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said corporation duly called and held at its office in the City of Boise State of Idaho, on October 24, 1985, at 10:00 o'clock A. M., at which meeting a quorum of the Directors of said corporation was present and acting.

I do further certify that said resolution has been spread on the minutes of the meeting of the Board of Directors of said corporation, has not been altered, amended, or repealed, and is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of said corporation this 24th day of October, 1985.

Samuel H. Crossland
Secretary of Morrison-Knudsen International Company, Inc.

Subscribed and sworn to before me, this 24th day of October, 1985.

Paul J. Brasser
Notary Public, residing at Boise, Idaho.

TELEX

22.12
34506 iust nl
34505 iust nl 191318 msg 003/153

85-223

november 19, 1985

20 NOV 1985
RECEIVED 1764 / 11 / 19

to: co-registrar
iran/u.s. claims tribunal
parkweg 13, the hague, the netherlands

from: k. w. smith
morrison-knudsen international company, inc.

subj: claims numbered 258 and 259, chamber one
joint request for arbitral award on agreement terms

aa
in the concluding paragraph of the referenced document is the request
that payment under the arbitral award be made to 'mk'.

bb
the use of the letters 'mk' is hereby clarified to mean morrison-
knudsen international company, inc., as regards payment under the
award.

regards,

k. w. smith

sh

emkayan bse f

34506 iust nl....reply to) ub3731909

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IRAN UNITED STATES
CLAIMS TRIBUNAL

دادگاه داری و داری
ایران - ایالات متحده

ثبت شد - FILED

Date 22 NOV 1985
۱۳۶۴/۹/۱

No. 259

Embassy of the Islamic Republic of Iran
Agent Bureau
The Hague

119

No. 13570
Date. 22.11.85
(1.9.64)
Encl.



IN THE NAME OF GOD

Chairman,
Chamber One,
Iran-U.S. Claims Tribunal,
Parkweg-13,
The Hague.

رئیس
شعبه یک
دیوان داری و داری ایران - ایالات متحده
پارک وِخ ۱۳
لااه

Re: Cases Nos. 258 & 259.

موضوع: پرونده های شماره ۲۵۸ و ۲۵۹

Sir,

آقای محترم،

In response to the letter of 20 November 1985 (28.8.64), of that Chamber, the Respondent hereby agrees with the following modification to be made in the Joint Request of the Settlement Agreement, filed on November 14, 1985 (23.8.64), in the abovementioned cases:

عطف به نامه مورخ ۲۹/۸/۱۳۶۴ (۲۰ نوامبر ۱۹۸۵) آن شعبه، بدینوسیله خواننده با تغییر زیر در موافقتنامه حل و فصل ثبت شده در پرونده های فوق الذکر بتاريخ ۱۴ نوامبر ۱۹۸۵ (۲۳/۸/۱۳۶۴) موافقت می نماید.

The word "MK" in the last para of the second page of the Joint Request, being replaced by the word "MKI".

در سطر آخر صفحه ۲ درخواست مشترک کلمه "ام کی" حذف به جای آن کلمه "ام کی آی" اضافه گردد.

Yours sincerely,

با احترام

Mohammad K. Eshragh
Agent of the Government of the
Islamic Republic of Iran to the
Iran-U.S. Claims Tribunal.

محمد کریم اشراق
نماینده دولت جمهوری اسلامی ایران در
دیوان داری و داری ایران - ایالات متحده