

432-498

ORIGINAL DOCUMENTS IN SAFECase No. 432Date of filing: 08/07/1998

** AWARD - Type of Award AAT
- Date of Award 8 July 1998
6 pages in English 6 pages in Farsi

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

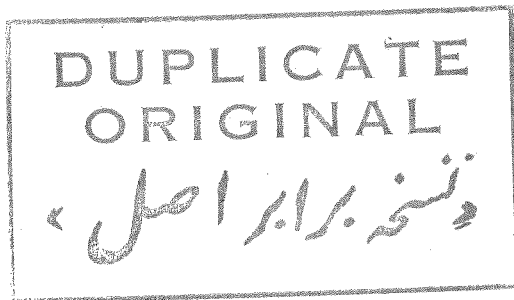
** CONCURRING OPINION of _____
- Date _____
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** SEPARATE OPINION of _____
- Date _____
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** DISSENTING OPINION of _____
- Date _____
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** OTHER; Nature of document: _____

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CASE NO. 432

CHAMBER ONE

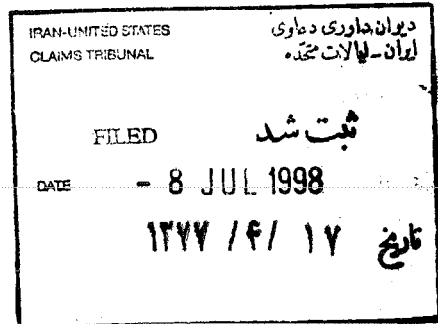
AWARD NO. 588 -432-1

BROWN & ROOT, INC.,
 BROWN & ROOT, S.A. and
 BROWN & ROOT INTERNATIONAL LTD.,
 Claimants,

and

THE ISLAMIC REPUBLIC OF IRAN,
 THE NAVY OF THE ISLAMIC
 REPUBLIC OF IRAN,

Respondents.

AWARD ON AGREED TERMS

1. On 18 January 1982, the Claimants in this Case, BROWN & ROOT, INC., (now known as BROWN & ROOT HOLDINGS, INC.), BROWN & ROOT, S.A., (now known as BROWN & ROOT INTERNATIONAL, INC.) and BROWN & ROOT INTERNATIONAL, LTD., submitted their Statement of Claim against the Respondents, the ISLAMIC REPUBLIC OF IRAN and THE NAVY OF THE ISLAMIC REPUBLIC OF IRAN (the "Iranian Navy"). The dispute concerned two cost plus contracts that two of the Claimants, Brown & Root International, Ltd. and Brown & Root, S.A., signed in 1977 with one of the Respondents, the Iranian Navy. The Contracts concerned the design, detailed engineering and construction of a naval base and shipyard at Chahbahar Harbor and the expansion and improvement of another naval base and related facilities at Bandar Abbas. The Respondents have filed a Statement of Defense and Counterclaims in the Case.

2. Pursuant to Article 34 of the Tribunal Rules, a Joint Request for Arbitral Award on Agreed Terms (the "Joint Request") was filed on 30 June 1998. Attached thereto is a settlement agreement (the "Settlement Agreement"), dated 4 June 1998. It is signed by the Agent of the Islamic Republic of Iran and a representative of the Iranian Navy, on the one hand, and a representative of the Claimants, on the other.

3. Article XI of the Settlement Agreement provides that:

The Parties agree that this Settlement Agreement shall be subject to ratification by the appropriate authorities of the Respondents. The submission to the Tribunal of this Settlement Agreement shall conclusively demonstrate ratification hereof by the appropriate authorities. Should for any reason whatsoever such authorities choose not to ratify this Settlement Agreement then this Agreement shall become null and void [...].

4. The Settlement Agreement also includes a provision, Article V, paragraph 1, according to which the agreement together with a joint request for an Arbitral Award on Agreed Terms should be submitted to the Tribunal, on or before 29 June 1998. Otherwise, the Settlement Agreement becomes automatically null and void. The Tribunal notes, however, that the Parties agreed in an exchange of letters that this deadline be extended to 30

June 1998. As the Settlement Agreement and the Joint Request have been signed by the Agent of the Islamic Republic of Iran and a representative of the Iranian Navy and have been filed on 30 June 1998, the Tribunal finds that the conditions set out in Article V, paragraph 1 (as amended by the exchange of letters), and Article XI, of the Settlement Agreement for the validity of this agreement have been satisfied.

5. Article II, paragraph 1, of the Settlement Agreement provides:

In full, complete and final settlement of all disputes, differences and claims arising out of the rights, interests, relationships and occurrences related to the subject matters of the Statements of Claim and the Counterclaim in Case No. 432 between the Claimants, on one part, and the Respondents on the other part, and in consideration of the covenants, promises and other agreements contained herein, the sum of U.S. \$17 million dollars (U.S. \$17,000,000) (the "Settlement Amount"), or such lesser amount as is determined in accordance with Article IV, Paragraph 2 below, will be paid to the Claimants [...]

According to paragraph 2 of the same article, the settlement amount will be paid "[...] out of the security account (the 'Security Account') established under Paragraph 7 of the Declaration of the Government of the Democratic and Popular Republic of Algeria, dated January 19, 1981."

6. The Tribunal also notes that in Article IV, paragraph 1, of the Settlement Agreement, the Claimants have undertaken to deliver certain equipment and work product to Iran or, alternatively, to the Victory Van Warehouse in Virginia, if appropriate licenses and permits are obtained from the United States Government. Otherwise, such equipment and work product will be stored by the Claimants at no cost for the Respondents until such time as delivery can take place. Article IV, Paragraph 2, of the Settlement Agreement further provides:

On or before June 15, 1998, the Claimants shall notify the Respondents whether the Claimants are in the custody and control of the switch gear.

In the event that Claimants notify the Respondents that they are in the custody and control of the switch gear, Claimants shall make their best efforts to transfer the switch gear to the Victory Van Warehouse in accordance with the provisions of Paragraph 1, above. In the event that the Claimants notify the Respondents that they are not in the custody and control of the switch gear the Parties agree that the sum of U.S. \$16,718,214 shall be paid to the Claimants (U.S. \$17,000,000 less U.S. \$281,786) pursuant to Article II of this Agreement. Such notification by the Claimants to the Respondents shall be annexed to this Agreement as Exhibit A.

7. The Tribunal finds that the Claimants have notified the Respondents by means of a letter dated 15 June 1998 (attached to the Settlement Agreement) that they are not in the custody and control of the switch gear and that the settlement should therefore be reduced from U.S. \$17,000,000 to U.S. \$16,718,214.

8. Pursuant to Article III, paragraph 2 of the Settlement Agreement, "[...] all bank guarantees provided by the Respondents or any other Iranian entities in connection with the Claims [...]"¹ shall be released to the Respondents. The Registry of the Tribunal has acknowledged receipt of the bank guarantees mentioned in Article III, paragraph 2, subparagraphs a) to i) of the Settlement Agreement. In accordance with that paragraph, these bank guarantees are to be handed over to the Respondents upon the issuance of an Award on Agreed Terms.

9. Copies of the Joint Request, the Settlement Agreement and the exchange of letters are attached hereto as integral parts of this Award on Agreed Terms.

10. The Tribunal is further satisfied that it has jurisdiction over the Settlement Agreement between the Claimants and the Respondents within the terms of the Declaration of the Democratic and Popular Republic of Algeria concerning the Settlement of Claims by the Government of the United States of America and

¹ The term "Claims" is understood to comprise all cases and proceedings against the Respondents, including but not limited to the claims with the Iran-U.S. Claims Tribunal under Case No. 432, see Settlement Agreement, preface, page 1.

the Islamic Republic of Iran of 19 January 1981. See Islamic Republic of Iran and United States of America, Decision No. DEC 8-A1-FT, 12 (signed on 14 May 1982), reprinted in 1 Iran-U.S. C.T.R. 144, 152.

11. For the foregoing reasons,

THE TRIBUNAL DETERMINES AS FOLLOWS:

- (a) The Settlement Agreement filed with the Joint Request and an exchange of letters is hereby recorded as an Award on Agreed Terms, binding on the Parties in full and final settlement of the entire Case.
- (b) In accordance with the Settlement Agreement, the Respondents, THE ISLAMIC REPUBLIC OF IRAN, and THE NAVY OF THE ISLAMIC REPUBLIC OF IRAN are obligated to pay to the Claimants, BROWN & ROOT, INC., BROWN & ROOT, S.A. and BROWN & ROOT INTERNATIONAL LTD, the amount of Sixteen Million Seven Hundred and Eighteen Thousand Two Hundred and Fourteen United States Dollars (U.S. \$16,718,214) 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.
- (c) In accordance with Article III, paragraph 2, of the Settlement Agreement, the Registry of the Tribunal is ordered to release the bank guarantees mentioned in that paragraph to the Respondents.

The Tribunal declares this Case terminated in its entirety and with prejudice.

This Award is hereby submitted to the President of the Tribunal for notification to the Escrow Agent.

Dated, The Hague

8 July 1998

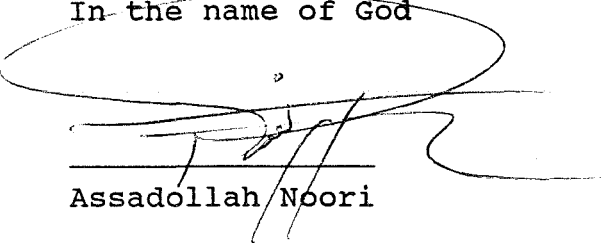


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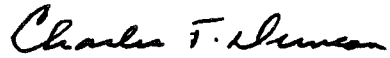
Chairman

Chamber One

In the name of God



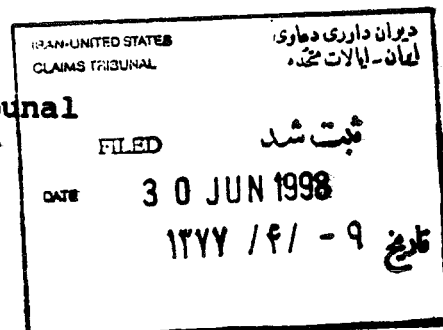
Assadollah Noori



Charles T. Duncan

IN THE NAME OF GOD

Iran-United States Claims Tribunal
The Hague, The Netherlands



Brown & Root Holdings, Inc.
Brown & Root International Ltd.,
and Brown & Root International, Inc.,

Case 432

Claimants,

Chamber One

-against-

Iranian Navy, and
The Islamic Republic of Iran,

Respondents.

JOINT REQUEST FOR ARBITRAL AWARD ON AGREED TERMS

Pursuant to Article 34 of the Tribunal Rules, Brown & Root Holdings, Inc. (formerly known as Brown and Root, Inc.), Brown & Root International Ltd., and Brown & Root International, Inc., (formerly known as Brown & Root, S.A.) ("Claimants"), on the one part, and the Iranian Navy and Islamic Republic of Iran ("Respondents"), on the other part, jointly request that the Tribunal issue an Arbitral Award on Agreed Terms that will record and give effect to the Settlement Agreement reached among them, a copy of which is attached hereto.

On 4th June 1998 the Parties have entered into such Settlement Agreement settling all claims and counterclaims now existing or capable of arising in connection with Case No. 432 and any other matters related thereto.

The undersigned hereby request the Tribunal to record the Settlement Agreement as an Arbitral Award on Agreed Terms, and direct the payment of seventeen million United States dollars to the Claimants as required by Article II(1) of the Agreement or

such lesser amount as is determined in accordance with Article IV (2) of the Agreement and terminate these Cases in their entirety and with prejudice.

Respectfully submitted,

Iranian Navy

By-----

Date--4 June 1998--

Agent of the Government of
the Islamic Republic of Iran

By-----

Date--30 June 1998--

Brown & Root Holdings, Inc.
(formerly known
as Brown and Root, Inc.),

By-----

Date--4 JUNE 1998--

Brown & Root International
Ltd.,

By-----

Date--4 JUNE 1998--

Brown & Root
International, Inc.,
(formerly known as Brown &
Root, S.A.)

By-----

Date--4 JUNE 1998--

SETTLEMENT AGREEMENT

This Agreement is made as of the 4th day of June, 1998 between and among The Iranian Navy and The Government of the Islamic Republic of Iran (collectively, the "Respondents"), on the one hand, and Brown & Root Holdings, Inc. (formerly known as Brown & Root, Inc.), Brown & Root International Ltd., and Brown & Root International, Inc. (formerly known as Brown & Root, S.A.) (collectively, the "Claimants"). For the purposes of this Agreement, each of the Respondents and each of the Claimants acts not only on its own behalf but also on behalf of its agencies, instrumentalities, affiliates, predecessors, successors, assigns, subsidiaries and/or parents ("Related Entities").

WHEREAS, the Claimants have filed certain claims with the Iran-U.S. Claims Tribunal in the Hague (the "Tribunal") under Case No. 432, and initiated certain other proceedings including but not limited to the proceedings in the United States courts (if any) and in the German courts (all these cases and proceedings are collectively referred to as "the Claims") against the Respondents;

WHEREAS, Respondents have asserted certain counterclaims against the Claimants, or certain of them, in such Case No. 432 (the "Counterclaims");

WHEREAS, Claimants acknowledge that certain unfinished test stands having an original incurred cost of \$631,167 (the "test stands") and certain switch gear having an original cost of \$281,786 (the "switch gear," and, collectively with the test stands, the "Equipment") owned by the Respondents was not sold by the Claimants and instead has remained under the custody and control of the Claimants;

WHEREAS, Claimants acknowledge that copies of certain designs, drawings, specifications, notes, and other work (the "Work Product") developed in the performance of the Chahbahar and Bandar Abbas contracts (the "Contracts") that are the subject of the Claims and Counterclaims have remained under the custody and control of the Claimants;

WHEREAS, the Parties to this Agreement (the "Parties") have agreed to settle all of the Claims, Counterclaims, disputes and differences outstanding or capable of arising between them and in general all the Claims and Counterclaims as defined above;

NOW, THEREFORE, in consideration of mutual commitments and under the terms and conditions set forth herein, the Parties agree as follows:

[NYLIT] 30970.1

1

IRAN-UNITED STATES CLAIMS TRIBUNAL	دیوان دادرسی دماوی ایران - ایالات متحده
FILED	ثبت شد
DATE	30 JUN 1998
	۱۳۷۷ / ۴ / - ۹ طریخ

Article I

1. The scope and the subject matter of this Agreement are to settle, dismiss, withdraw, quitclaim and terminate, definitively, forever and with prejudice all disputes, differences, claims and matters directly or indirectly raised or capable of arising out of the relationships, contracts, transactions, occurrences, rights and interests and proceedings arising from and related to the Claims and Counterclaims.

2. With respect to the scope and subject matter of this Agreement, the Respondents fully reserve their rights with respect to cases before the Iran-U.S. Claims Tribunal against the United States Government. The Parties do not intend that any language in this Agreement shall affect in any manner whatsoever the rights of any party in any other case before the Tribunal. The Claimants acknowledge that, as provided in the Contracts, title to, and all the interests in, all property (the "Property") that the Claimants procured or manufactured for the Respondents under the Contracts existing in the United States on 19 January 1981 continued to be vested in the Respondents through that date.

Article II

1. In full, complete and final settlement of all disputes, differences and claims arising out of the rights, interests, relationships and occurrences related to the subject matters of the Statements of Claim and the Counterclaim in Case No. 432 between the Claimants, on one part, and the Respondents on the other part, and in consideration of the covenants, promises and other agreements contained herein, the sum of U.S. \$17 million dollars (U.S. \$17,000,000) (the "Settlement Amount"), or such lesser amount as is determined in accordance with Article IV, Paragraph 2 below, will be paid to the Claimants in the manner set out in the paragraph below.

2. The parties agree to submit this Settlement Agreement, and such other documents as may be necessary or appropriate, to the Tribunal with the joint request that the Tribunal record this Settlement Agreement as an Award on Agreed Terms pursuant to Article 34 of the Rules of Procedure of the Tribunal and order the Settlement Amount to be paid to Claimants out of the security account (the "Security Account") established under Paragraph 7 of the Declaration of the Government of the Democratic and Popular Republic of Algeria, dated January 19, 1981.

Article III

1. Upon the issuance of an Award on Agreed Terms, the Claimants shall cause without delay and with prejudice, all proceedings against the Respondents and their Related Entities

in all courts, fora or before any authorities or administrative bodies to be dismissed, withdrawn and/or terminated, and shall be barred from instituting and /or continuing with any proceedings before the Tribunal or any other forum, authority, or administrative body, whatsoever including but not limited to any United States, German or Iranian court in connection with disputes, differences, claims and matters related to the Claims and Counterclaims, and/or matters which are within the scope and the subject matter of this Agreement as defined in Article I above.

2. Upon submission of this Agreement to the Tribunal, the Claimants shall vacate and terminate all attachments, garnishments, liens and/or any other incumbrance against the Respondents and their Related Entities, and their property, whether in the United States, Germany or elsewhere, and shall deposit with the Registry of the Tribunal the original of all bank guarantees provided by the Respondents or any other Iranian entities in connection with the Claims ("Guarantees"), including but not limited to the following:

- a) bank guarantee issued by DG-Bank Deutsche Genossenschaftsbank on February 27, 1987 for DM 2,730,000.-- ("Bürgschaft Nr. 1"),
- b) bank guarantee issued by DG-Bank Deutsche Genossenschaftsbank on February 27, 1987 for US \$ 15,353,360.-- ("Bürgschaft Nr. 2"),
- c) bank guarantee issued by Westdeutsche Landesbank Girozentrale on February 27, 1987 for US \$ 5,020,069.-- ("Bürgschaft Nr. 3"),
- d) bank guarantee issued by Westdeutsche Landesbank Girozentrale on February 27, 1987 for DM 924,000.-- ("Bürgschaft Nr. 4"),
- e) bank guarantee issued by Westfalen Bank Aktiengesellschaft on February 26, 1987 for US \$ 3,699,987.-- ("Bürgschaft Nr. 5"),
- f) bank guarantee issued by Westfalen Bank Aktiengesellschaft on February 26, 1987 for DM 546,000.-- ("Bürgschaft Nr. 6"),
- g) bank guarantee issued by Westdeutsche Landesbank Girozentrale on February 26, 1987 for US \$ 19,147,955.-- ("Bürgschaft Nr. 7"),
- h) bank guarantee issued by Westfalen Bank Aktiengesellschaft on February 26, 1987 for US \$ 6,260,784.-- ("Bürgschaft Nr. 8") and
- I) bank guarantee issued by Westdeutsche Landesbank Girozentrale on February 27, 1987 for US \$ 4,614,443.-- ("Bürgschaft Nr. 9").

Upon the issuance of an Award on Agreed Terms giving effect to the provisions of this Settlement Agreement, the Registry of the Tribunal shall release the Guarantees to the Respondents, and all such attachments, garnishments, liens and Guarantees, including those specified above, shall be considered as null and void and without any effect.

3. Upon the issuance of an Award on Agreed Terms, the Respondents shall cause, without delay and with prejudice, all proceedings against the Claimants and their Related Entities, in all courts, fora or before any authorities or administrative bodies to be dismissed, withdrawn and/or terminated, and shall be barred from instituting and/or continuing with any proceedings before the Tribunal or any other forum, authority or administrative body, whatsoever, including but not limited to any United States, German or Iranian court in connection with disputes, differences, claims and matters related to the Claims and/or Counterclaims and/or matters which are within the scope and the subject matter of this Agreement as defined in Article I above.

Article IV

1. Claimants shall use their best efforts to obtain by October 29, 1998 such licenses and permits from the United States Government as are necessary to permit the transfer of the Equipment and Work Product from Claimants' custody to Iran or, if that is not possible, to the Victory Vans Warehouse in Arlington, Virginia, and shall transfer the Equipment and Work Product to the Victory Vans Warehouse, in the event that such licenses and permits are obtained.¹ The Claimants undertake to inform the Respondents of the progress of their efforts in this regard. In the event that Claimants fail to obtain such licences and permits, Claimants shall provide to the Respondents written notification that the United States Government failed to provide such licenses and permits, notwithstanding Claimants' best efforts. The Claimants agree to keep all Iranian properties covered by this Article in trust under its control and custody at no cost to the Respondents until such time when the Equipment and Work Product may be transferred to the Respondents.

2. On or before June 15, 1998, the Claimants shall notify the Respondents whether the Claimants are in the custody and control of the switch gear. In the event that Claimants notify the Respondents that they are in the custody and control of the switch gear, Claimants shall make their best efforts to transfer the switch gear to the Victory Van Warehouse in accordance with the provisions of Paragraph 1,

1. Respondents wish to note that in order to mitigate losses and preserve the status quo ante litem until Case B61 and other relevant cases are decided by the Tribunal, Iran has no choice but to consent to storing the Equipment at issue in the Victory Van Warehouse.

above. In the event that the Claimants notify the Respondents that they are not in the custody and control of the switch gear the Parties agree that the sum of U.S. \$16,718,214 shall be paid to the Claimants (U.S. \$17,000,000 less U.S. \$281,786) pursuant to Article II of this Agreement. Such notification by the Claimants to the Respondents shall be annexed to this Agreement as Exhibit A.

3. On or before September 15, 1998, the Claimants shall provide to the Respondents an itemized listing indicating in chronological order all of the Property that the Claimants purchased for the Respondents and did not ship to the Respondents, the original cost of each item, the date each item was sold and the amount received. This listing will be inclusive of all such Property reflected in the record of Case No. 432. The Claimants shall make their best efforts to provide this listing to the Respondents prior to September 15, 1998.

Article V

1. The Parties agree to submit this Agreement to the Tribunal on or before June 29, 1998. If this Agreement is not submitted and filed by such date then it shall automatically become null and void, and the parties, without prejudicing their respective rights, will be placed in the same position as they were prior to the date of this Agreement.

2. The Parties hereby request that the Tribunal expedite the issuance of the Award on Agreed Terms and the issuance by the President of the Tribunal of the notification to the Escrow Agent to pay the amount specified in this Agreement.

Article VI

1. The Claimants hereby release, quitclaim and discharge the Respondents and their Related Entities from any and all Claims, rights, causes of action, interests, liabilities and obligations that they have ever had, now have, and/or in the future may have in connection with disputes, differences, claims and matters and proceedings related to the Claims and/or Counterclaims, and/or matters which are within the scope and the subject matter of this Agreement as defined in Article I above.

2. The Respondents hereby release, quitclaim and discharge the Claimants and their Related Entities from any and all Counterclaims, rights, causes of action, interests, liabilities and obligations that they have ever had, now have, and/or in the future may have in connection with disputes, differences, claims, matters and proceedings related to the Claims and/or Counterclaims, and/or matters which are within

the scope and the subject matter of this Agreement as defined in Article I above.

3. Upon issuance of an Award Upon Agreed Terms, Claimants shall indemnify and hold harmless the Respondents and their Related Entities against any claim, counterclaim, action or proceeding which any or all of the Claimants, their Related Entities, their officers and employees may now or in the future raise, assert, initiate or take against the Respondents or its Related Entities in connection with disputes, differences, claims, matters and proceedings related to the Claims and/or Counterclaims, and/or matters which are within the scope and the subject matter of this Agreement as defined in Article I above..

4. Upon issuance of an Award Upon Agreed Terms, Respondents shall indemnify and hold harmless the Claimants and their Related Entities against any claim, counterclaim, action or proceeding which any or all of the Respondents and their Related Entities may now or in the future raise, assert, initiate or take against the Claimants or its Related Entities in connection with disputes, differences, claims, matters and proceedings related to the Claims and/or Counterclaims, and/or matters which are within the scope and the subject matter of this Agreement as defined in Article I above.

Article VII

Upon the issuance of the Award on Agreed Terms, the Claimants and the Respondents shall waive any and all claims for costs (including attorneys' fees) arising out of or related to the arbitration, prosecution or defence of the claims asserted before the Tribunal, United States courts or elsewhere with respect to matters involved in the Statements of Claim or Counterclaim in Case No. 432.

Article VIII

Upon the issuance of the Award on Agreed Terms, the obligations, declarations, releases, waivers, withdrawals, dismissals, transfers of rights, interest, 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 by the Parties in implementing the provisions of this Agreement.

Article IX

1. This Agreement is for the sole purpose of settling the disputes identified herein. Nothing in this Agreement shall be relied upon or construed as relevant to or to affect in any way any arguments Respondents have raised, or may

raise, concerning the jurisdiction or the merits of other cases whether before the Tribunal or any other forum.

Article X

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

Article XI

The Parties agree that this Settlement Agreement shall be subject to ratification by the appropriate authorities of the Respondents. The submission to the Tribunal of this Settlement Agreement shall conclusively demonstrate ratification hereof by the appropriate authorities. Should for any reason whatsoever such authorities choose not to ratify this Settlement Agreement then this Agreement shall become null and void and in that event no party to this Settlement Agreement may rely upon, cite or publish its terms or any statements made in the course of settlement discussions

Article XII

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

Article XIII

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

Article XIV

This Agreement contains all the understandings and agreements of the parties with respect to the subject matter hereof. It may not be amended or modified except by a writing executed by the parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives this 4th day of June, 1998.

Brown & Root Holdings, Inc.

By: Peter W. Arisouk

Name: PETER W. ARISOUK

Title: VICE PRESIDENT & GENERAL COUNSEL

Address:

The Iranian Navy

By: [Signature]

Name: M. Jazayeri

Title: Deputy Director for Legal Affairs

Address: Ministry of Defence and Log
of the Islamic Republic of

Brown & Root, International, Ltd.

The Government of the
Islamic Republic of
Iran

By: Peter W. Arbour

Name: PETER W. ARBOUR
Title: VICE PRESIDENT + GENERAL COUNSEL
Address:

By: M-H Zahedin Labbaf

Name: M-H Zahedin Labbaf
Title: Agent
Address:

Brown & Root International, Inc.

By: Peter W. Arbour

Name: PETER W. ARBOUR
Title: VICE PRESIDENT + GENERAL COUNSEL
Address:

BAKER & MCKENZIE

ATTORNEYS AT LAW

**EUROPE
MIDDLE EAST**

ALMATY MADRID
AMSTERDAM MILAN
BARCELONA MOSCOW
BERLIN MUNICH
BRUSSELS PARIS
BUDAPEST PRAGUE
CAIRO RIYADH
FRANKFURT ROME
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CABLE ABOGADO · TELEX 62572
FACSIMILE (212) 759-9133

June 15, 1998

**Via Facsimile 011-31-70-329-6567
and DHL Courier**

M.H. Zahedin-Labbaf
Agent of the Islamic Republic of Iran
to the Iran-U.S. Claims Tribunal
Bureau of International Legal Services
De Werf 15
The Hague, The Netherlands

Re: Brown & Root, et. al. v. Iranian Navy (Case No. 432, Chamber I)

Dear Mr. Zahedin:

Pursuant to Article IV, paragraph 2 of the Settlement Agreement dated June 4, 1998 in the above claim (the "Agreement"), Claimants hereby notify Respondents that Claimants are not in the custody and control of the switch gear, as that term is defined in the Agreement, and that the Settlement Amount thus should be reduced from U.S. \$17,000,000 to U.S. \$16,718,214 (U.S. \$17,000,000 less U.S. \$281,786) pursuant to Article II and Article IV, paragraph 2 of the Agreement.

In light of this Notification, the sum of U.S. \$16,718,214 shall be paid to the Claimants pursuant to the Agreement.

This Notification shall be annexed to the Settlement Agreement as Exhibit A.

Eight originals of the Notification will be sent to you at the above address by overnight courier. As we have agreed, this Notification will be made in the English language only.

Sincerely,


Grant Hanessian

cc: Peter W. Arbour
Sean Murphy



No. 34082
Date..... 29 JUN 1998

AGENT OF THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN
TO THE IRAN-U.S. CLAIMS TRIBUNAL
The Hague

IN THE NAME OF GOD

FACSIMILE TRANSMITTAL SHEET

Telefax to: Mr. Peter W. Arbour
Vice President and General Counsel
Brown & Root Holdings, Inc.
Houston TX 77001-0003
U.S.A.

Fax No: 713.676.4514

Total pages (including this sheet):1

If all pages are not received, please contact us immediately.

MESSAGE:

Re: Brown & Root, et al v. Iranian Navy, et al.
Case No. 432

Dear Mr. Arbour,

This is to advise you that despite the best efforts made I have not been able to talk to the appropriate authorities in Tehran this afternoon regarding their final decision on the ratification of the Settlement Agreement. Thus, the Respondents propose to extend the time-limit stipulated in Article 5(1) of the Settlement Agreement by 1 July 1998. I would appreciate it if the Claimants could agree with this short extension. The Settlement Agreement will immediately be filed with the Tribunal if ratification is received before this new time-limit comes to an end.

Yours sincerely,

M. H. Zahedin-Labbaf
Agent of the Islamic
Republic of Iran



Brown & Root Holdings, Inc.

Post Office Box 3
Houston, TX 77001-0003

July 29, 1998

Via Facsimile and Courier Service

M. H. Zahedi-Labba
Agent of the Islamic Republic of Iran
to the Iran-U. S. Claims Tribunal
Bureau of International Legal Services
De Werf 15
The Hague, The Netherlands

Re: Brown & Root, et al. v. Iranian Navy
(Case No. 432, Chamber 1)

Dear Mr. Zahedi:

Claimants hereby agree to extend the date for submission to the Tribunal of the Settlement Agreement dated June 4, 1998 (the "Agreement") from June 29, 1998, as stated in Article V of the Agreement, to June 30, 1998.

Sincerely,

Peter W. Arbour
Peter W. Arbour

PWA/kb

cc: Sean Murphy

PWA03298.DOC

BAKER & MCKENZIE

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June 15, 1998

**Via Facsimile 011-31-70-329-6567
and DHL Courier**

M.H. Zahedin-Labbaf
Agent of the Islamic Republic of Iran
to the Iran-U.S. Claims Tribunal
Bureau of International Legal Services
De Werf 15
The Hague, The Netherlands

Re: Brown & Root, et. al. v. Iranian Navy (Case No. 432, Chamber 1)

Dear Mr. Zahedin:

Pursuant to Article IV, paragraph 2 of the Settlement Agreement dated June 4, 1998 in the above claim (the "Agreement"), Claimants hereby notify Respondents that Claimants are not in the custody and control of the switch gear, as that term is defined in the Agreement, and that the Settlement Amount thus should be reduced from U.S. \$17,000,000 to U.S. \$16,718,214 (U.S. \$17,000,000 less U.S. \$281,786) pursuant to Article II and Article IV, paragraph 2 of the Agreement.

In light of this Notification, the sum of U.S. \$16,718,214 shall be paid to the Claimants pursuant to the Agreement.

This Notification shall be annexed to the Settlement Agreement as Exhibit A.

Eight originals of the Notification will be sent to you at the above address by overnight courier. As we have agreed, this Notification will be made in the English language only.

Sincerely,



Grant Hanessian

cc: Peter W. Arbour
Sean Murphy



No. 34082

Date 29 JUN 1998

AGENT OF THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN
TO THE IRAN-U.S. CLAIMS TRIBUNAL
The Hague

IN THE NAME OF GOD

FACSIMILE TRANSMITTAL SHEET

Telefax to: Mr. Peter W. Arbour
Vice President and General Counsel
Brown & Root Holdings, Inc.
Houston TX 77001-0003
U.S.A.

Fax No: 713.676.4514

Total pages (including this sheet): 1

If all pages are not received, please contact us immediately.

MESSAGE:

Re: Brown & Root, et al v. Iranian Navy, et al.
Case No. 432

Dear Mr. Arbour,

This is to advise you that despite the best efforts made I have not been able to talk to the appropriate authorities in Tehran this afternoon regarding their final decision on the ratification of the Settlement Agreement. Thus, the Respondents propose to extend the time-limit stipulated in Article 5(1) of the Settlement Agreement by 1 July 1998. I would appreciate it if the Claimants could agree with this short extension. The Settlement Agreement will immediately be filed with the Tribunal if ratification is received before this new time-limit comes to an end.

Yours sincerely,

M. H. Zahedin-Labbaf
Agent of the Islamic
Republic of Iran



Brown & Root Holdings, Inc.

Post Office Box 3
Houston, TX 77001-0003

July 29, 1998

Via Facsimile and Courier Service

M. H. Zahedin-Labba
Agent of the Islamic Republic of Iran
to the Iran-U. S. Claims Tribunal
Bureau of International Legal Services
De Werf 15
The Hague, The Netherlands

Re: Brown & Root, et al. v. Iranian Navy
(Case No. 432, Chamber 1)

Dear Mr. Zahedin:

Claimants hereby agree to extend the date for submission to the Tribunal of the Settlement Agreement dated June 4, 1998 (the "Agreement") from June 29, 1998, as stated in Article V of the Agreement, to June 30, 1998.

Sincerely,

Peter W. Arbour
Peter W. Arbour

PWA/k

cc: Sean Murphy

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