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ORIGINAL

CASE NO. 491

Date of filing: 17 DEC 86

• AWARD - Type of Award ON/Agreed Term

- Date of Award 17 DEC.

5 pages in English — pages in Farsi

** 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

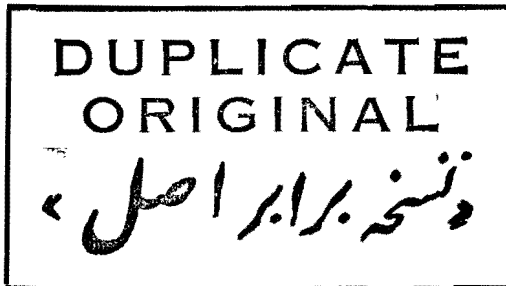
•• OTHER; Nature of document: _____

- Date _____

_____ pages in English _____ pages in Farsi

IRAN-UNITED STATES CLAIMS TRIBUNAL

دیوان دآوری دعاوی ایران - ایالات متحده



STERLING DRUG INC.
and STERLING PRODUCTS
INTERNATIONAL, INCORPORATED,
Claimants,

and

THE GOVERNMENT OF THE ISLAMIC
REPUBLIC OF IRAN,
SHERKAT SAHAMI KHAS KBC,
Respondents.

ASE NO. 491
CHAMBER THREE
AWARD NO. 280-491-3

IRAN UNITED STATES CLAIMS TRIBUNAL		دادگاه دآوری دعاوی ایران - ایالات متحده
ثبت شد - FILED		
Date	17 DEC 1986	تاریخ
	۱۳۶۵ / ۹ / ۲۶	
No.	491	شماره

AWARD ON AGREED TERMS

1. STERLING DRUG INC. ("SDI") and STERLING PRODUCTS INTERNATIONAL, INCORPORATED ("SPII") (collectively the "Claimants") submitted their Statement of Claim on 18 January 1982 against Respondents the GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN ("Iran") and SHERKAT SAHAMI KHAS KBC ("KBC") (collectively the "Respondents"). On 8 February 1983 Iran and KBC submitted their Statements of Defence.

2. On 28 November 1986, the Claimants and KBC submitted a Joint Request for an Arbitral Award on Agreed Terms (the "Joint Request"), signed by the Agent of the Government of the Islamic Republic of Iran and by the representatives of KBC, SDI and SPII. Attached thereto SDI, SPII and KBC also submitted a Settlement Agreement dated 29 September 1986, signed by the representatives of SDI, SPII and KBC. The Settlement Agreement was accompanied by a notarized Power of Attorney for SPII's representative.

3. In view of the representations made in the Joint Request, signed, inter alia, by the Agent of the Government of the Islamic Republic of Iran, the Tribunal deems the Joint Request to constitute a binding acceptance and ratification of the Settlement Agreement by the Government of the Islamic Republic of Iran.

4. The Settlement Agreement provides, inter alia, that the sum of three hundred three thousand U.S. Dollars (US\$303,000) (the "Settlement Amount") shall be paid to Claimants "in full, complete and final settlement of all outstanding disputes, differences, claims pertaining to and arising out of the transactions, events, and relationship related to the Statement of Claim, which are the subject matter of this Settlement Agreement, and in consideration of the covenants, premises, transfers, withdrawals and other agreements contained herein"

5. The Settlement Agreement further provides that upon fulfillment of its terms and conditions, the Claimants and the Respondents shall, among the other reciprocal obligations between them, dismiss, withdraw and terminate any judicial or administrative proceedings between them, including proceedings before this Tribunal, "in relation to disputes, differences, related to the Statement of Claim"

6. Pursuant to Article 6 of the Settlement Agreement, the Claimants undertake to submit to the Tribunal "all of their original promissory notes, which have been the subject matters of Case No. 491, except that Claimants declare that two of the said promissory notes, namely No.362437 payable December 1982 in the amount of 5,000,000 Rials and No.362438 payable December 1982 in the amount of 4,800,000 Rials were delivered to Bank Tejarat, 12 Eastcheap, London EC3 ... in November 1982". Further, the Claimants agree to submit to the Tribunal, in the place of the promissory notes No. 362437 and No. 362438, a "Bank Confirmation" of the continued possession or control of those two notes. Finally, the Claimants undertake to submit to the Tribunal a copy of their written request to Bank Tejarat to deliver the said two promissory notes to KBC in Tehran. The payment of the Settlement Amount is dependent upon the fulfillment of these obligations by the Claimants.

7. The Tribunal notes that on 20 November 1986 the Claimants lodged with the Tribunal the following documents:

- a. Promissory Notes Nos. 362431, 362432, 362433, 362434, 362435, 362436, 362439 and 362440.
- b. Bank Tejarat advices showing its possession or control of Promissory Notes Nos. 362437 and 362438 payable 15 December 1982 and not paid to the Claimants.

c. Request dated 27 October 1986 to Bank Tejarat to deliver Promissory Notes Nos. 362437 and 362438 to KBC, Tehran.

8. The Tribunal determines that these documents satisfy the requirements of the Settlement Agreement.

9. The Tribunal finds that the provisions of the Settlement Agreement submitted by the Parties satisfy the conditions for the issuance of an Award on Agreed Terms in accordance with Article 34 of the Tribunal Rules and the standards applicable thereto.

10. Based on the foregoing,

THE TRIBUNAL AWARDS AS FOLLOWS:

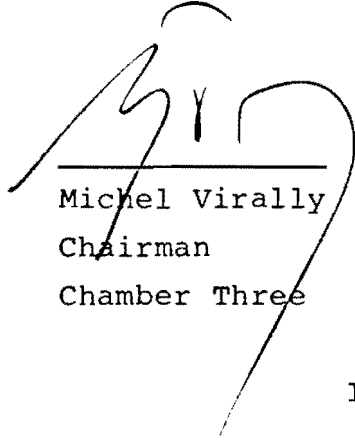
a) The Settlement Agreement is hereby recorded as an Award on Agreed Terms binding on STERLING DRUG INC., STERLING PRODUCTS INTERNATIONAL, INCORPORATED, THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN, SHERKAT SAHAMI KHAS KBC, each of which is bound to fulfill the conditions set forth in the Settlement Agreement.

b) SHERKAT SAHAMI KHAS KBC is obliged to pay to STERLING DRUG INC. and STERLING PRODUCTS INTERNATIONAL, INCORPORATED a total sum of Three Hundred Three Thousand United States Dollars (US\$303,000), 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) The Registry is hereby instructed to deliver the documents described under paragraph 7 of this Award to the Agent of the Government of the Islamic Republic of Iran.

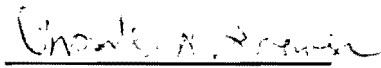
d) This Award on Agreed Terms is hereby submitted to the President for notification to the Escrow Agent.

Dated, The Hague,
17 December 1986



Michel Virally
Chairman
Chamber Three

In the name of God



Charles N. Brower



Parviz Ansari Moin



IN THE NAME OF GOD

Before
Iran-U.S. Claims Tribunal

IRAN UNITED STATES CLAIMS TRIBUNAL	دایره دادرسی ایران - ایالات متحده
ثبت شد - FILED	
Date	28 NOV 1986 ۱۳۶۵ / ۹ / ۷
No.	491

Claim No. 491
Chamber Three

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JOINT REQUEST FOR ARBITRATION AWARD ON AGREED
TERMS

Pursuant to Article 34 of the Tribunal Rules of Procedure, Sterling Drug Inc. (SDI), a corporation organized and existing under the laws of the State of Delaware and Sterling Products International, Incorporated (SPII), a corporation organized and existing under the laws of the State of Delaware for themselves and on behalf of their parents, affiliates and subsidiaries, whether or not named in the Statement of Claim No. 491 (hereinafter collectively called "Claimants"), and Sherkat Sahami Khas (KBC), a corporation organized and existing under the laws of Iran for themselves and on behalf of their parents, affiliates and subsidiaries (hereinafter called "Respondents"), 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 29 September 1986, the aforesaid Parties entered into a Settlement Agreement, a copy of which is attached hereto, providing that Claimants will be paid the amount of three hundred three thousand U.S. dollars (\$303,000) (hereinafter the "Settlement Amount"), in complete, full and final settlement of all disputes, differences, claims and counter-claims now existing or capable of arising, between them, the Islamic Republic of Iran, entities, instrumentalities

[Handwritten signature]

and organizations in connection with Case No. 491 or any events occurring prior to the date of this Settlement Agreement.

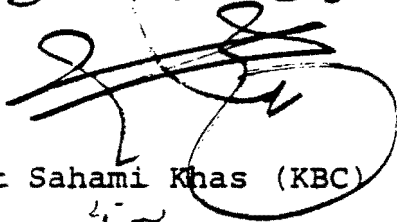
The undersigned request the Tribunal to record the Settlement Agreement as an Arbitral Award on Agreed Terms, with payment to be made to "Claimants" out of the Security Account.

Respectfully submitted,

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2-
Agent of the Government of
the Islamic Republic of Iran
to the Iran-U.S. Claims
Tribunal

Mohammad K. Eshragh

Date 26-Nov-86



Sherkat Sahami Khas (KBC)

By DADASHZADEH

Date 29 Sep. 86

Sterling Drug Inc.

By James Van, J.
Date 29 September 1986

Sterling Products International, Incorporated

By James Van, J.
Date 29 September 1986

IN THE NAME OF GOD

Iran-U.S. Claims Tribunal

IRAN UNITED STATES CLAIMS TRIBUNAL	کتابخانه دادگاه ایالات متحده
ثبت شد - FILED	
Date	28 NOV 1986 1365/9/7
No.	491

SETTLEMENT AGREEMENT

This Settlement Agreement made this 29th day of September, 1986 by and between the Sterling Drug Inc. ("SDI"), a corporation organized and existing under the laws of the State of Delaware and Sterling Products International, Incorporated ("SPII"), a corporation organized and existing under the laws of the State of Delaware for themselves and on behalf of their parents, affiliates and subsidiaries, whether or not named in the Statement of Claim No.491 (hereinafter collectively called "Claimants"), on one part, and Sherkat Sahami Khas KBC ("KBC"), a corporation organized and existing under the laws of Iran for themselves and on behalf of their parents, affiliates and subsidiaries (hereinafter collectively called "Respondents") on the other part.

WHEREAS, Claimants have raised certain claims in connection with certain contracts, agreements or other relationships they had with Respondents, as set out in the Statement of Claim filed with the Iran-U.S. Claims Tribunal ("the Tribunal"), under Case No.491 (hereinafter called "the Statement of Claim").

WHEREAS, Respondents in responding to the Statement of Claim, have filed their Statements of Defence and

WHEREAS, Claimants and Respondents have agreed to settle all the claims, disputes, differences outstanding between them and against the Islamic Republic of Iran ("Iran"), Iranian entities

[Handwritten signature]

organizations, institutions and in general all claims contained in the Statement of Claim and subsequent submissions and the Statement of Defence filed with the Tribunal in the manner as contemplated herein.

Now, therefore, Claimants & Respondents agree as follows:

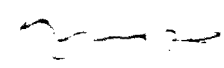
Article 1

The scope and subject matter of this Settlement Agreement is:

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 Claim against Respondents, their agents, parents, affiliates and subsidiary companies and/or against Iran, Iranian entities, organizations, institutions and instrumentalities, including all Respondents in Case No.491.

Article 2

Claimants and Respondents agree to submit to the Tribunal this Settlement, on or before November 29, 1986, to be recorded as an Arbitral Award on Agreed Terms. If this Settlement Agreement is not submitted by such date, or within such additional time as the Parties may agree in writing or by telex, this Agreement shall automatically terminate and no longer be effective; 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 3

In full, complete and final settlement of all outstanding disputes, differences, claims pertaining to and arising out of the transactions, events, and relationship related to the Statement of Claim, 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 three hundred three thousand U.S. dollars (US\$303,000) (hereinafter called "the Settlement Amount") shall be paid to Claimants.

Claimants and Respondents agree that the Settlement Amount shall be paid to Claimants 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. KBC will pay to Bank Markazi Iran the rial equivalent of the Settlement Amount and will obtain Bank Markazi Iran's approval for the payment thereof to be made to Claimants out of the Security Account. Submission of this Settlement Agreement to the Tribunal means that such approval has been obtained.

Article 4

(1) Upon the payment to Claimants of the Settlement Amount, Claimants shall cause, without delay and with prejudice, all proceedings brought by Claimants against Respondents, its



subsidiaries, affiliates, assigns, transferees, successors, agents and their parent companies and/or against Iran, Iranian entities, organizations, instrumentalities, institutions, and/or against all persons named as Respondent in the Statement of Claim; in all courts, forums or any authorities 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, authorities or administrative bodies, 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 related to the Statement of Claim or any events occurring prior to the date of this Settlement Agreement.

(2) Upon the payment to Claimants of the Settlement Amount, Respondents shall cause, without delay and with prejudice, all proceedings against Claimants, its subsidiaries, affiliates, assigns, transferees, successors, agents and its parent companies (should there be any) in all courts, forums, or any authorities 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 forums, authorities or administrative bodies 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, related to the Statement of Claim or any events occurring prior to the date of this Settlement Agreement.



Article 5

Upon the payment of the Settlement Amount to Claimants, Claimants shall indemnify and hold harmless Respondents, its parents, 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 Claimants, 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 Statement of Claim, in connection with and under the same cause or causes of action contained in the Statement of Claim and/or matters which are within the scope and subject matter of this Settlement Agreement.

Article 6

Claimants hereby undertake that together with the submission of this Settlement Agreement to the Tribunal, they shall submit or will have submitted to the Tribunal all of their original promissory notes, which have been the subject matters of case No. 491, except that Claimants declare that two of the said promissory notes, namely No. 362437 payable December 1982 in the amount of 5,000,000 Rials and No. 362438 payable December 1982 in the amount of 4,800,000 Rials were delivered to Bank Tejarat, 12 Eastcheap, London E.C.3 (now 22 Lawrence Lane London E.C.2), in November 1982. Claimants also declare that those two notes remain in the possession or the control of Bank Tejarat, that Claimants will provide the Bank Confirmation of such



continued possession or control, and that Claimants have received no payment under said notes. Claimants indicate that they will submit to the Tribunal the said Bank Confirmation in the place of the two original promissory notes. Claimants agree to make immediate written request to Bank Tejarat to deliver the said two promissory notes to KBC in Theran. The said written request will be submitted by Claimants to the Tribunal. Upon the issuance of the Award on Agreed Terms, the said document, shall then be delivered by the Tribunal to the Agent of the Islamic Republic of Iran. The payment of the Settlement Amount shall be dependent upon the fulfillment of the said obligations by the Claimants.

Article 7

Upon the issuance of the Award on Agreed Terms, Claimants and Respondents 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 asserted before the Iran-U.S. Claims Tribunal, United States courts or elsewhere with respect to matters involved in the Statements of Claim, and or matters which are the scope and subject matters of this Settlement Agreement.

Article 8

This Settlement Agreement is for the sole purpose of settling the dispute at issue in the Case No. 491. Nothing in this Settlement Agreement shall be relied upon or construed as relevant to or to affect in any way any argument Respondents or the Islamic Republic of Iran, its agencies, instrumentalities, entities have raised, or may raise, concerning the jurisdiction or the merits of other cases whether before the Tribunal or any other forum.

Article 9

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.

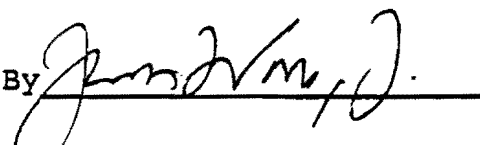
Article 10

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

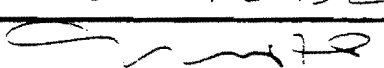
Article 11

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.

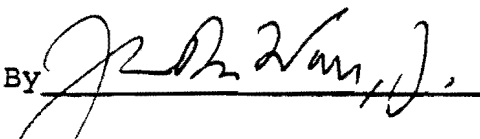
Sterling Drug Inc.

By 
Date 29 Sept 1986

Sherkat Shahami Khas KBC

By DADASHZADEH

Date 29 Sept 86

Sterling Products International, Incorporated

By 
Date 29 Sept 1986

POWER OF ATTORNEY

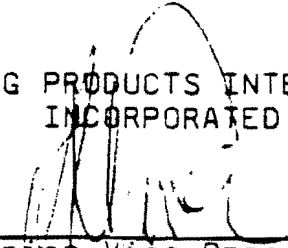
KNOW ALL MEN BY THESE PRESENTS that STERLING PRODUCTS INTERNATIONAL, INCORPORATED, a corporation organized and existing under the laws of the State of Delaware, United States of America, and having its principal place of business at 90 Park Avenue, New York, New York 10016, U.S.A., does hereby make, constitute and appoint JUDSON WOOD, JR., attorney-at-law, a resident of New York, its true and lawful attorney in fact, for it and in its name, place, and stead to do the following:

1) To negotiate, agree, and conclude the settlement of any or all of Sterling Products International, Incorporated's claims against the Government of the Islamic Republic of Iran and/or Sherkat Sahami Khas KBC, which claims are set out as Claim No. 491, Chamber Three, The Iran-United States Claims Tribunal.

2) To prepare, execute, and deliver whatever declarations, documents, and agreements may be necessary for the settlement of the claims.

IN WITNESS WHEREOF, STERLING PRODUCTS INTERNATIONAL, INCORPORATED has caused this power of attorney to be signed in its name and on its behalf by its Senior Vice President, and its corporate seal to be hereunto affixed on this 18th day of September, 1986.

STERLING PRODUCTS INTERNATIONAL,
INCORPORATED

By  _____
Senior Vice President

UNITED STATES OF AMERICA)
STATE OF NEW YORK :ss.
COUNTY OF NEW YORK)

I, FREDERICK K. SEMKEN, Attorney and Notary Public for the City of New York, State of New York, United States of America, duly commissioned and qualified, hereby certify from an examination of the corporate records of Sterling Products International, Incorporated of 90 Park Avenue, New York, New York 10016, U.S.A., that said corporation is a corporation organized and existing under the laws of the State of Delaware, U.S.A., and that on the 18th day of September, 1986, before me personally appeared Mr. A. P. Power, to me known, who being by me duly sworn, did depose and say that he is Senior Vice President of said Sterling Products International, Incorporated, the corporation described in and which executed the foregoing Power of Attorney; that he knows the seal of said corporation; and that the seal affixed to said Power of Attorney was such corporate seal.

Frederick K. Semken

FREDERICK K. SEMKEN
Attorney & Counsellor at Law
Notary Public, State of New York
No. 31-8918290
Qualified in New York County
Commission Expires

October 31, 1988