

Privacy Act Statement. Every registration statement, short form registration statement, supplemental statement, exhibit, amendment, dissemination report, copy of political propaganda or other document or information filed with the Attorney General under this act is a public record open to public examination, inspection and copying during the posted business hours of the Registration Unit in Washington, D.C. One copy is automatically provided to the Secretary of State pursuant to Section 6(b) of the Act, and copies of such documents are routinely made available to other agencies, departments and Congress pursuant to Section 6(c) of the Act. Finally, the Attorney General transmits an annual report to the Congress on the Administration of the Act which lists the names of all agents and the nature, sources and content of the political propaganda disseminated or distributed by them. This report is available to the public.

Public Reporting Burden. Public reporting burden for this collection of information is estimated to average .49 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Criminal Division, U.S. Department of Justice, Washington, D.C. 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

*Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.*

| | |
|--|--|
| 1. Name and address of registrant Azerbaijan Study Foundation 110 East 59th Street, Suite 3202, New York, NY 10022 | 2. Registration No. 4964 |
| 3. Name of foreign principal Republic of Azerbaijan | 4. Principal address of foreign principal Office of the President Baku, Azerbaijan |

5. Indicate whether your foreign principal is one of the following type:

Foreign government

Foreign political party

Foreign or domestic organization: If either, check one of the following:

| | |
|--------------------------------------|--|
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Committee |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Voluntary group |
| <input type="checkbox"/> Association | <input type="checkbox"/> Other (specify) _____ |

Individual—State his nationality _____

6. If the foreign principal is a foreign government, state:

a) Branch or agency represented by the registrant.
Office of the President

b) Name and title of official with whom registrant deals.
President Geidar Aliev, and the Ambassador of the Republic of Azerbaijan to the Russian Federation in Moscow.

7. If the foreign principal is a foreign political party, state:

Not applicable

a) Principal address

b) Name and title of official with whom registrant deals.

c) Principal aim

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8. If the foreign principal is not a foreign government or a foreign political party,

a) State the nature of the business or activity of this foreign principal

Not applicable

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b) Is this foreign principal

Owned by a foreign government, foreign political party, or other foreign principal Yes No

Directed by a foreign government, foreign political party, or other foreign principal..... Yes No

Controlled by a foreign government, foreign political party, or other foreign principal Yes No

Financed by a foreign government, foreign political party, or other foreign principal..... Yes No

Subsidized in whole by a foreign government, foreign political party, or other foreign principal..... Yes No

Subsidized in part by a foreign government, foreign political party, or other foreign principal..... Yes No

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

Not applicable

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

Not applicable

| | | |
|-------------------------------|---|-----------------------------------|
| Date of Exhibit A 10/14/94 | Name and Title John E. Vargo Attorney for the Azerbai- jan Study Foundation | Signature <i>John E. Vargo</i> |
|-------------------------------|---|-----------------------------------|

INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in triplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

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Public Reporting Burden. Public reporting burden for this collection of information is estimated to average .33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Criminal Division, U.S. Department of Justice, Washington, D.C. 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

| Name of Registrant | Name of Foreign Principal |
|-----------------------------|---------------------------|
| Azerbaijan Study Foundation | Republic of Azerbaijan |

Check Appropriate Boxes:

- The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach three copies of the contract to this exhibit.
- There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach three copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
- The agreement or understanding between the registrant and the foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

While the contract is between the Republic of Azerbaijan and Arco Globus International Co., Inc., the latter will assign all of its rights and duties under the contract to the Azerbaijan Study Foundation.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

The nature and method of performance are set forth in the written agreement. They consist of the establishment of an office in Washington, DC from which activities on behalf of the Republic of Azerbaijan will be conducted.

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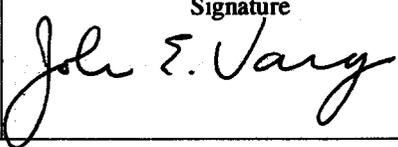
5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

The activities are set forth in the written agreement. They will include the establishment of contacts with the United States Government, and the submission to the Republic of Azerbaijan of written reports on the registrant's activities.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?¹
Yes No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

The political activities are set forth in the written agreement. The activities will consist of communications with officials of the United States Government, and the policies to be influenced will be those of the United States toward the Republic of Azerbaijan, including with regard to trade, energy, and political relations.

| | | |
|-------------------------------|---|--|
| Date of Exhibit B 10/14/94 | Name and Title John E. Vargo, Attorney for the Azerbaijan Study Foundation | Signature  |
|-------------------------------|---|--|

¹Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

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STATE OF NEW YORK)
 SS:
COUNTY OF NEW YORK)

CERTIFICATION

This is to certify that the attached translation is, to the best of my knowledge and belief, a true and accurate rendition into English of the Contract between the Republic of Azerbaijan and Aero-Globe written in Russian.

The 6th day of October 19 94

Valer M. Schukin

Valerii M. Schukin, Manager

Sworn to and subscribed before me

This the ___ day of _____ 19__

Notary Public
Registered in the County of _____



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CONTRACT

Between the Republic of Azerbaijan, represented by the Ambassador Extraordinary and Plenipotentiary, an authorized representative of the Republic of Azerbaijan in the Russian Federation, authorized by the Government of the Republic of Azerbaijan, hereafter called the "Principal", and Arco-Globus International, Inc., represented by the Chairman of the Board, Mr. Abe Citron, 110 East 59 Street, Suite 3202, New York, N.Y., USA, hereafter called the "Contractor", have signed the following contractual agreement.

1. SUBJECT OF THE AGREEMENT

The Principal authorizes the Contractor to assist him in representing his interests in the United States of America: in the Government, the Departments, the Congress, the Senate and other state bodies and private organizations, as well as all other spheres of the American society.

The Principal shall pay the Contractor 2,500,000 (two million five hundred thousand) American dollars annually for the services conducted.

2. RESPONSIBILITIES OF THE CONTRACTOR

To implement and fulfill this Agreement the Contractor pledges to provide the following services on behalf of the Principal:

2.1. Rental of a 4,000-square foot office on behalf and at the expense of the Principal and equipping it with proper office furniture and necessary equipment (namely: a telephone, a fax, a telex, a computer system, Xerox equipment, etc.).

2.2. Hire of a staff qualified enough to secure the fulfillment of all the obligations listed in Item 3.

2.3. Completion of all the work listed above in Items 2.1 and 2.2. within sixty days after the receipt of the funds and, in this way, guaranteeing that the office shall be functioning properly by this time.

2.4. Management of the office independently and under his own responsibility until getting other instructions from the Principal. To this end, it is necessary to have at least one office manager who would be there at any time and guarantee that all the obligations specified in Item 2 and appointments given in Item 3 are fulfilled properly.

2.5. Using this office, its staff and management exclusively to represent the Principal's interests and fulfill the obligations specified in Item 2 and

appointments in Item 3 of the present Agreement, as well as provide corresponding documentation thereabout.

2.6. Providing a guarantee that the following limits shall not be exceeded:

- office rent - US\$ 250,000 per year;
- public relations expenses - US\$ 300,000 per year;
- office furniture, equipment, annual business expenses (including stationery, travel, printing, transportation, insurance, taxes, bookkeeping, etc.) -
- US\$ 450,000 per year;
- salaries (including pensions, health insurance allocations, unemployment and taxes) - US\$ 1,500,000 per year.

The Contractor shall accept these responsibilities on behalf of the Principal and with the help of the office and its staff which are listed in Item 2.

2.7. Assistance and promotion (advertising, informing, public relations) of the Republic of Azerbaijan and its people in all governmental bodies of the USA and in the eyes of the American people.

2.8. Assistance in signing agreements with US governmental bodies (i.e. the Government, the Departments, the Congress, the Senate, etc.) and private organizations for the purposes of facilitating and developing political, cultural, social ties between the Republic of Azerbaijan and the United States of America, paying special attention to the following issues: financing, taxation, international banking, legislation, natural resources, energy and supplies of oil, gas and their derivative products, as well as the following aspects:

- agriculture, infrastructure, transport;
- political and diplomatic relations, defense;
- health, environment, education;
- culture, tourism, public relations;
- spheres of interest of the USA; US industry.

2.9. Achievement, organization and co-ordination of the ties listed in Item 2.2., as well as humanitarian help to the Republic of Azerbaijan.

2.10. Assistance in attracting investors and obtaining investments and other types of credit for the Republic of Azerbaijan in general and for special projects.

2.11. Presentation of a detailed written report by the 1st of every month on the work done and work being planned for the next month.

2.12. Presentation of a written and comprehensive report before October 1st, 1994, on all long- and short-term plans of the Contractor on behalf of the Principal.

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2.13. Guarantees of unrestricted access of the Principal's representatives to the office during its working hours.

2.14. Conscientious bookkeeping and submitting balance sheets (including bills, cash statements, accounts receivable and payable, taxes, books).

2.15. Immediate presentation of all documents (balance sheets, cash books, accounts receivable and payable, staff information, contracts, other documents, etc.) account reports which are paid to contractors and presentation of all information to persons or organizations specified by the Principal.

2.16. Preparation of balance sheets and other documents for the past year which are required in accordance with the legislation and the US financial regulations by March 31 of each current year.

2.17. Opening and use of an account for the Principal at Washington's Prima Bank that will be used for financial operations in accordance with this Agreement.

3. OBLIGATIONS AND PLEDGES OF THE PRINCIPAL

3.1. To name one or more persons, organizations or governmental structures that will be authorized to instruct and monitor the Contractor and to whom he is going to send his reports and with whom he is going to consult as to his actions.

3.2. To provide the Contractor with a list of political, economic, financial, cultural and social targets which the Republic of Azerbaijan intends to reach and in reaching of which the Contractor pledges his assistance in accordance with this Agreement.

3.3. To provide the Contractor with information and all necessary data on the Republic of Azerbaijan, on short- and long-term plans that this country has, on her political and economic development, that would allow the Contractor to conduct his work with the public on behalf of the Principal,

3.4. All payments from the Principal must be made to the Contractor's following account:

CITIBANK

CITIBANK, N.A. BR#252

1528 SHEEPSHEAD BAY ROAD

BROOKLYN, N.Y. 11235

ABA 021000089

ACCT# 26354632

ARCO GLOBUS INTERNATIONAL COMPANY INC.

4. WHEN THE AGREEMENT ACQUIRES FORCE AND ITS DURATION

The present Agreement shall acquire force from the moment of the opening of financing by the Government of the Republic of Azerbaijan.

The Agreement shall be valid for one year and be automatically extended every year, if there is no written notification from one of the parties of the cancellation of the Contract two months before the term expires.

5. TERMINATING THE AGREEMENT

The present Agreement can be terminated by either party, if the other party notifies it with a registered letter three months before the end of a quarter, but not earlier than January 31, 1996.

In the event of a full or partial non-fulfillment of the obligations and tasks by the Contractor, in spite of a warning, the Principal has the right to terminate the Agreement, notwithstanding the need for a notification.

The receipt of the notification of cancellation determines the termination of the Agreement and inclusion of the notification period.

6. ARTICLE ON ARBITRATION

All disputes resulting in connection with the present Agreement or its legality shall be resolved in accordance with the customs and rules of the German Arbitration (DIS), which excludes conventional court proceedings. Rulings of this Arbitration shall be final. The Arbitration Court can also rule on the legality of this Agreement on arbitration.

The Arbitration Court shall be that in Stockholm, Sweden.

The legislation of the Federative Republic of Germany shall be applicable.

Arbitration proceedings shall be conducted in English.

7. WRITTEN FORM AND ADDITIONS

All amendments and/or additions to the present Contract shall have legal force, only if they are done in writing. This is also true regarding the rejection of the clause on the written form itself.

The present Agreement has no additions, attachments or preliminary agreements. All previous agreements lose their legal force from the moment of the

signing of the present Agreement by the parties.

8. ARTICLE ON NON-FULFILLMENT

If any of the provisions of the present Agreement can't be fulfilled fully or partially, or are illegal, or can lose legality or become such that can't be carried out at a later stage, this shall not affect the legality of the remaining provisions of the Agreement. This can also refer to a case when some provisions of the Agreement turn out to be incomplete. Those provisions that can't be fulfilled, or are illegal, in order to fill in the incompleteness that may appear, a suitable rule must be found which will be as close to what corresponds with the wishes of the contracting parties as is legally possible, or what they would wish in the spirit and for the purposes of the present Agreement, if they had discussed the provision before signing the Agreement. This is also applicable in the event of the illegality of a provision based on some duration of the fulfillment or time (time limit or deadline): the extension of the fulfillment or time (time limit or deadline) must then be specified in such a way, so as to be as close as possible to what corresponds with the desires of the parties and is permissible by the law.

9. LEGAL ADDRESSES

Contractor: Arco-Globus Inc., 110 East 59 Str., Suite 3202, New York, N.Y., USA

Principal: Republic of Azerbaijan, as represented by the Embassy of the Republic of Azerbaijan in Moscow, Russia, 103009, Moscow, K-9, 16 Stanislavsky Street.

Four copies of the present Agreement have been typed in Russian and signed by the parties, each getting two copies.

Moscow

.....
(Principal)

.....
(Contractor)