

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.

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

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(Principal)

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(Contractor)