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A G R E E M E N T

AGREEMENT made and entered into this 31st day of May, 1929, by and between the FORD MOTOR COMPANY, a Delaware corporation, having its principal office at Dearborn in the State of Michigan, U.S.A., (hereinafter called the "Company"), the SUPREME COUNCIL OF NATIONAL ECONOMY (V.S.N.H.), of the Union of Soviet Socialist Republics, (hereinafter called "VSNH"), acting through its Vice-Chairman, VALERY I. MESHLAUK, its duly authorized representative, and the AMTORG TRADING CORPORATION, a New York corporation, having its principal office at 261 Fifth Avenue in the State of New York, U.S.A., (hereinafter called "Amtorg"),

W I T N E S S E T H:

WHEREAS, VSNH through a special state Trust or Corporation, (hereinafter called the "Trust"), to be organized for such purpose, is desirous of erecting in the U.S.S.R. an automobile plant or plants for the manufacture therein of passenger automobiles similar to the Ford Model "A" and of commercial trucks similar to the Ford Model "AA", with all improvements which may be embodied therein by the Company during the term of this agreement, and is desirous of obtaining the technical assistance and advice of the Company with respect to the construction of said plant or plants and the manufacturing processes connected with the production of such Ford cars and trucks;

WHEREAS, the Company is desirous of giving the necessary advice and rendering technical assistance to VSNH in the erection of such plant or plants and the production of said cars and trucks and is prepared and disposed to supply VSNH with complete units of such cars and trucks and/or parts thereof, during the term of this agreement as required in the development of production in such plant or plants;

WHEREAS, the purchases of Ford cars and trucks and/or parts and units thereof for the U.S.S.R. as herein contemplated are to be made by and through Amtorg;

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NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

1. The Company hereby grants to VSNH for the period of this agreement an exclusive license to manufacture, use and sell in the U.S.S.R., as now constituted, under all present patents and future patents and inventions owned or controlled by the Company or its subsidiaries covering all materials and component parts or units of the Company's model "A" cars and model "AA" trucks, as well as the equipment, tools and processes and methods of production thereof, together with the right of utilizing any and all inventions and discoveries embodied in patents obtained by the Company in the United States or elsewhere in connection therewith, and of using any and all unpatented inventions, discoveries, methods and processes of production employed by the Company in the production of said Ford cars and trucks.

Should the Company acquire a patent or right under a patent from third parties without the right of sub-licensing thereunder for U.S.S.R., it shall use its best endeavors to secure similar rights for VSNH.

All inventions and improvements made during the period of this agreement in Ford "A" and Ford "AA" models in the plant or plants of VSNH manufacturing said models, shall be placed at the disposal of the Company and the Company shall be granted licenses under any Letters Patent obtained for such inventions or improvements.

2. Immediately upon the execution of this agreement the Company agrees to commence designing for VSNH a detailed plant layout and working project for the construction and equipment of an assembly plant and body shop of sufficient size and capacity to assemble one hundred thousand automobiles per year of the type of Ford model "A" car and Ford model "AA" truck in two (2) daily shifts of seven hours each, and as soon as possible thereafter furnish VSNH with a completed plant lay-out and working project together with schedules and specifications of machinery and equipment required to be installed therein, operation sheets and detailed drawings of all sub-divisions of such assembly plant and body shop sufficient to insure the successful and economical assembly in the U. S. S. R. of said Ford models.

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3. As soon as required by VSNH the Company shall furnish to VSNH two or more complete sets of working drawings and designs of parts and assemblies and material analyses and specifications covering all parts and components of the latest Ford model "A" cars and Ford model "AA" trucks to be manufactured in the U.S.S.R., together with lists, detailed description and detailed drawings of all special equipment, apparatus, tools, jigs and fixtures used by the Company in the manufacture of said cars in the U.S.A., as well as complete information as to technical methods and processing specifications for the manufacture of said cars and trucks as herein contemplated to insure the successful and economical manufacture and assembly thereof in the U.S.S.R.

The Company shall also keep VSNH fully advised during the term of this agreement of all improvements in the design or methods of production of said cars and trucks and supply it promptly with complete sets of working drawings and all other information pertaining to such improvements concurrently with the introduction of such improvements in the U.S.A.

It is understood that VSNH shall have the right with the prior consent of the Company, to make such modifications and alterations in the original design of the chassis of said Ford models in the cars to be produced and sold in the U.S.S.R, so as to make them applicable to the service and road conditions prevailing therein. Changes in body designs may be made nevertheless without the prior consent of the Company, but the Company shall be at all times informed thereof and shall further have the right to utilize in its own plants any improvements made in the Ford model "A" and Ford model "AA" by VSNH.

4. The Company agrees, at the request of VSNH, during the term of this agreement, to supply and assign for services in the U.S.S.R. experienced and competent technical personnel to advise and assist VSNH in the preparation of plans for the construction and equipment and in the erection of manufacturing, assembly and body plants and the installation therein of the equipment required

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therefor and for the instruction of the technical personnel of VSNH in all the processes of production connected with the manufacture of said Ford models "A" and "AA", so as to give the technical personnel in the U.S.S.R. full opportunity to utilize patents, inventions, discoveries and technical information of the Company.

The type of personnel to be supplied by the Company shall be agreed upon from time to time.

5. The Company agrees to permit access to its plants, to not more than fifty (50) in number during each year, to the engineers, foremen and other employes of VSNH for the purpose of learning the methods and practice of manufacture and assembly in the Company's plants and for such purpose participating actively in the production of said Ford cars and trucks therein. The salaries and expenses of such men shall be borne and paid for by VSNH.

The personnel assigned by VSNH to the Company's plants shall be governed by the same rules and regulations applicable to the employees of the Company, it being understood that the admission of such personnel shall be limited to the usual working hours. All reasonable facilities for the study of the methods and practice of the Company shall be granted to the men designated by VSNH for such period of time as may be necessary to make such men competent in the manufacture of Ford cars and trucks.

6. It is intended and agreed that VSNH shall reimburse and pay the Company for:-

(a) Actual costs (consisting of labor, material and overhead) incurred by the Company in preparing and furnishing drawings, designs, models and plans at the request of VSNH.

(b) Actual salaries as paid by the Company in the U.S.A., together with travelling expenses of such personnel as may be sent by the Company to the U.S.S.R. at the request of VSNH.

(c) Actual cost of service (consisting of labor and overhead) to be rendered by the Company's engineers designated specially for consultation as to projects of VSNH or any portion thereof.

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7. In consideration of the rights granted to VSNH hereunder and the services to be rendered by the Company to VSNH during the term of this agreement as hereinabove provided, VSNH agrees to purchase from the Company through Amtorg, or Amtorg shall purchase directly from the Company, within a period of four (4) years from the date of execution of this agreement, automobile parts and aggregates equivalent in cost to seventy-two thousand (72,000) K.D. Ford cars and trucks, exclusive of tires, and the Company agrees to sell such parts and aggregates as Amtorg shall, from time to time, order on the following terms and conditions:

(a) During the 1st year the equivalent in cost of six thousand (6,000) K.D. cars.

During the 2nd year the equivalent in cost of eighteen thousand (18,000) K.D. cars.

During the 3rd year the equivalent in cost of twenty-four thousand (24,000) K.D. cars.

During the 4th year the equivalent in cost of twenty-four thousand (24,000) K.D. cars.

(b) The purchases may be distributed between complete cars or trucks, K.D. cars or trucks, parts, materials and components as VSNH or Amtorg may elect in accordance with the requirements in the process of manufacture and use of Ford type automobiles in the U.S.S.R., the sum total of such purchases to be not less than the amount to be purchased in any given year as hereinabove provided for. In the event the amount of purchases made in any given year is in excess of that stipulated in sub-division (a) hereof, the amount of purchases required therein to be purchased during subsequent years shall be reduced accordingly.

It is further understood that any manufactured or semi-manufactured parts for Ford cars or trucks, either for repair or assembly purposes purchased outside of the U.S.S.R. by VSNH during the life of this agreement shall be purchased exclusively from the Company.

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(c) Prices for ^{complete and} K.D. cars and trucks shall at all times be the lowest net export prices FOB. Factory charged by the Company to its best and largest dealers, plus the actual cost of packing and transportation to an Atlantic port, less the cost of assembly thereof, for K.D. cars.

(d) The prices of assembly units and parts shall be based on the factory cost thereof and Amtorg shall pay therefor during the time of this agreement, cost plus fifteen (15%) percent. Within sixty (60) days from the date of execution of this agreement the Company shall furnish Amtorg with a detailed list of the factory cost of assembly units and parts and such list shall be the basis of prices for the first six months; thereafter, a new list shall be furnished semi-annually.

(e) Amtorg shall give schedule of its estimated requirements to the Company for the first quarter two months prior thereto and shall continue to do so for each quarter thereafter during the time of this agreement. Whenever possible orders shall be placed in approximately equal monthly quantities, it being understood, nevertheless, that the quarterly schedule supplied by Amtorg shall not be deemed an order for the quantities named, but shall be subject to change in accordance with the requirements of production in the U.S.S.R., provided, however, that the purchase for any given year shall not be less than indicated in subdivision (a) hereof.

(f) Payment for merchandise delivered by the Company on dock shall be made in cash against presentation of the Company's invoices and dock receipts of the port whereto the delivery is to be made.

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(g) The Company shall not be responsible for delays in delivery of merchandise due to strikes, accidents, fires or any other causes beyond its control.

(h) The Company will give its usual warranties as to workmanship and material with all merchandise shipped to Amtorg.

8. The cars and trucks of the Company imported complete or in units shall be sold under their original trade-mark "FORD". The cars and trucks to be manufactured in the U.S.S.R. shall bear a plate indicating that they have been made after the Ford models.

9. It is the intention of VSNH that a special state corporation or trust be organized in the U.S.S.R. for the purpose of manufacturing Ford "A" and Ford "AA" models and upon the organization of such corporation or trust all the benefits to VSNH arising out of the terms of this agreement shall accrue in favor of such state corporation or trust, and such corporation or trust shall assume and fulfill all the obligations of VSNH hereunder.

10. VSNH agrees not to export to countries outside of U.S.S.R. as now constituted, Ford model "A" and Ford model "AA" cars, trucks or parts manufactured by it.

11. This agreement shall be valid for a period of nine (9) years and shall go into effect immediately upon the execution hereof.

12. Upon the termination of this agreement any licenses granted to VSNH hereunder shall become non-exclusive and VSNH or its assigns shall have the right to the use of all patents, inventions, information and discoveries acquired by it by virtue of this agreement, without any additional compensation or royalties.

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13. Each of the parties hereto will do their utmost to carry out the terms and provisions of this agreement in the spirit thereof, so that successful and economical manufacture and assembly of Ford Model "A" and "AA" cars and trucks in the U.S.S.R. may be assured as soon as possible.

IN WITNESS WHEREOF, the FORD MOTOR COMPANY has caused these presents to be signed by its duly authorized officer and its corporate seal to be hereunto affixed, the SUPREME COUNCIL OF NATIONAL ECONOMY OF U.S.S.R., has caused these presents to be executed by Valery I. Moehlauk, its Vice-Chairman and duly authorized representative, and AMTORG TRADING CORPORATION has caused these presents to be signed by its duly authorized officer and its corporate seal to be hereunto affixed.

FORD MOTOR COMPANY

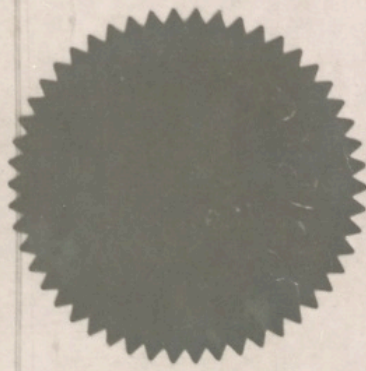
By Peter C. Martin
Vice Pres
Henry Ford

SUPREME COUNCIL OF NATIONAL ECONOMY OF U.S.S.R.,

By Valery I. Moehlauk
Vice-Chairman

AMTORG TRADING CORPORATION

By Saul G. Brown
President



In the presence of

Joseph Michael
Carl E. Sauer
W. H. Hely
M. Kockelman
M. Kibel
E. Sauer