

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 The Schmertz Company, Inc. 285 Central Park West New York, NY 10024	2. Registration No. 4161
3. Name of foreign principal Embassy of Saudi Arabia	4. Principal address of foreign principal 606 New Hampshire Ave., N.W. Washington, D.C. 20036

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:
 - Partnership
 - Corporation
 - Association
 - Individual—State his nationality
 - Committee
 - Voluntary group
 - Other (specify) _____

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

- a) Branch or agency represented by the registrant. Embassy
- b) Name and title of official with whom registrant deals. Prince Bandar Bin Sultan

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

- a) Principal address
- b) Name and title of official with whom the registrant deals.
- c) Principal aim

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

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REGISTRATION UNIT

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.)

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.

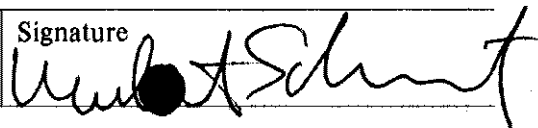
Date of Exhibit A

7/21/88

Name and Title

Herbert Schmertz, Pres.

Signature



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 duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant The Schmertz Company, Inc.	Name of Foreign Principal Embassy of Saudi Arabia
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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 two 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 two 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 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.

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

During the term of this AGREEMENT THE SCHMERTZ COMPANY shall, to the best of THE SCHMERTZ COMPANY's ability, impart to the EMBASSY OF SAUDI ARABIA knowledge, information, ideas, suggestions and advice, as requested by the EMBASSY OF SAUDI ARABIA.


During the term of this AGREEMENT THE SCHMERTZ COMPANY shall be available for consultation at such times and at such location or locations as the EMBASSY OF SAUDI ARABIA and THE SCHMERTZ COMPANY may from time to time agree on.

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

Public Affairs Counselling.

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 at this time

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.

Date of Exhibit B	Name and Title	Signature
7/21/88	Herbert Schmertz President	

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.

This is to summarize the arrangement under which THE SCHMERTZ COMPANY will serve the EMBASSY OF SAUDI ARABIA as public affairs counsel.

The financial arrangements will be as follows:

Charges for the services of THE SCHMERTZ COMPANY, will be made at standard hourly rates for participating officers and staff assistants as they are required to help carry out the programs and activities approved. On a monthly basis, the EMBASSY OF SAUDI ARABIA will pay THE SCHMERTZ COMPANY, a minimum of \$5,000, for services rendered under this agreement. Any staff time charges incurred in any month for the EMBASSY OF SAUDI ARABIA account will be applied against this minimum, and any staff time charges incurred above the minimum will be billed at the regular rates separately after the month in which they were incurred. Mr. Schmertz's hourly rate will be \$400. Staff assistants would be at lesser rates.

The EMBASSY OF SAUDI ARABIA will reimburse THE SCHMERTZ COMPANY for all reasonable out-of-pocket disbursements made in the performance of its duties under this arrangement.

Invoices for the monthly minimum, actual staff time and out-of-pocket expenses will be submitted monthly.

THE SCHMERTZ COMPANY will maintain accurate records of all staff time work and all out-of-pocket expenditures incurred in behalf of the EMBASSY OF SAUDI ARABIA and will be prepared to supply any supporting detail required by the EMBASSY OF SAUDI ARABIA's independent auditors. Authorization for projects and operating activities will be obtained in advance before commitments are made.

During the term of this AGREEMENT, THE SCHMERTZ COMPANY shall, to the best of THE SCHMERTZ COMPANY's ability, impart to the EMBASSY OF SAUDI ARABIA knowledge, information, ideas, suggestions and advice, as requested by the EMBASSY OF SAUDI ARABIA.

During the term of this AGREEMENT THE SCHMERTZ COMPANY shall be available for consultation at such times and at such location or locations as the EMBASSY OF SAUDI ARABIA and THE SCHMERTZ COMPANY may from time to time agree on.

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In its performance THE SCHMERTZ COMPANY may acquire confidential information of the EMBASSY OF SAUDI ARABIA. THE SCHMERTZ COMPANY shall not disclose to anyone not employed by the EMBASSY OF SAUDI ARABIA nor use except on behalf of the EMBASSY OF SAUDI ARABIA any such confidential information acquired except as authorized by the EMBASSY OF SAUDI ARABIA in writing and, regardless of the term of this AGREEMENT, THE SCHMERTZ COMPANY shall be bound by this obligation. Information regarding all aspects of the EMBASSY OF SAUDI ARABIA either directly or indirectly acquired by THE SCHMERTZ COMPANY shall be presumed to be confidential.

THE SCHMERTZ COMPANY agrees that all tangible, as well as intangible forms of the EMBASSY OF SAUDI ARABIA confidential and proprietary information which THE SCHMERTZ COMPANY acquires pursuant to this AGREEMENT (i) shall be safeguarded by THE SCHMERTZ COMPANY with the same degree of control and care as a reasonably prudent person would exercise with respect to his or her own similar property under similar circumstances and (ii) shall be returned by THE SCHMERTZ COMPANY to The EMBASSY OF SAUDI ARABIA immediately upon request.

This AGREEMENT contains the entire agreement between the parties hereto. No representations, warranties or inducements have been made, orally or in writing, by either party hereto except those which are expressly set forth herein.

This agreement is to extend from May 1, 1988 to April 30, 1989 with an automatic renewal thereafter unless either party gives 60 days' advance notice of its desire to terminate or modify the agreement.

The Schmertz Company

[Handwritten signature]

5/26/88

Date

Accepted by:

The Embassy of Saudi Arabia

[Handwritten signature]

23 MAY 1988

Date