

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Zhongxing Telecommunications Equipment
Corporation
ZTE Plaza, Keji Road South
Hi-Tech Industrial Park
Nanshan District, Shenzhen
China

ZTE Kangxun Telecommunications Ltd.
2/3 Floor, Suite A, Zte Communication Mansion
Keji (S) Road
Hi-New Shenzhen. 518057
China

Respondents

**SUPERSEDING ORDER RELATING TO
ZHONGXING TELECOMMUNICATIONS EQUIPMENT
CORPORATION AND ZTE KANGXUN TELECOMMUNICATIONS LTD.**

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), previously notified Zhongxing Telecommunications Equipment Corporation, of Shenzhen, China (“ZTE Corporation”) and ZTE Kangxun Telecommunications Ltd. of Hi-New Shenzhen, China (“ZTE Kangxun”) (collectively, “ZTE”), of its intention to initiate an administrative proceeding against ZTE pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2018). The violations described in this Order occurred in 2010-2017. The Regulations governing the violations at issue are found in the 2010-2017 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2018 Regulations set forth the procedures that apply to this matter.

Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to ZTE, which is attached hereto and incorporated herein, that alleges that ZTE committed 380 violations of the Regulations.

WHEREAS, on March 23, 2017, I signed an order (the “March 23, 2017 Order”) approving the terms of the Settlement Agreement entered into in early March 2017, between BIS and ZTE (the “March 2017 Settlement Agreement”), to resolve the charges set forth in the Proposed Charging Letter, each of which ZTE admitted;

WHEREAS, on March 6, 2018, ZTE notified BIS that it had made false statements in two letters it sent to BIS on November 30, 2016 and July 20, 2017, respectively, regarding the discipline of a total of 39 employees involved in the violations that led to proposed charges settled via the March 2017 Settlement Agreement and March 23, 2017 Order;

WHEREAS, violations relating to the November 30, 2016 letter were not known to BIS or included in the Proposed Charging Letter or otherwise resolved as part of the March 2017 Settlement Agreement;

WHEREAS, after providing notice to ZTE and an opportunity to respond pursuant to the Regulations, I issued an order on April 15, 2018 (the “April 15, 2018 Order”), activating the suspended denial of export privileges set forth in the March 2017

² 50 U.S.C. §§ 4601-4623 (Supp. III 2015). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2017 (82 Fed. Reg. 39,005 (Aug. 16, 2017)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2006 & Supp. IV 2010).

Settlement Agreement and the March 23, 2017 Order (*see* 83 Fed Reg. 17,644 (April 23, 2018));

WHEREAS, following issuance of the April 15, 2018 Order, BIS granted leave to ZTE to make a supplemental submission regarding the November 30, 2016 and July 20, 2017 letters, as well as the April 15, 2018 Order;

WHEREAS, BIS and ZTE have entered into a settlement agreement that would supersede the March 2017 Settlement Agreement (the “Superseding Settlement Agreement” or the “Agreement”), whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein;

WHEREAS, in reviewing the Superseding Settlement Agreement, I have taken into consideration the admissions of liability by ZTE concerning each of the allegations contained and violations alleged in the Proposed Charging Letter and the violations described in the April 15, 2018 Order;

WHEREAS, in reviewing the Superseding Settlement Agreement, I have also taken into consideration the guilty plea entered by ZTE Corporation in March 2017, pursuant to the plea agreement (the “March 2017 Plea Agreement”) entered into between ZTE Corporation and the U.S. Attorney’s Office for the Northern District of Texas and the United States Department of Justice, National Security Division (collectively, the “Department of Justice”), as well as the March 2017 Settlement Agreement entered into between ZTE Corporation and the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) related to this matter (the “OFAC Settlement Agreement”);

WHEREAS, the April 15, 2018 Order remains in full force and effect unless and until ZTE has fully and timely made the \$1,000,000,000 payment as set forth in

Paragraph First, and has complied with the escrow requirements as set forth therein relating to the \$400,000,000 suspended portion of the civil penalty, at which time BIS will terminate the denial of export privileges set forth in the April 15, 2018 Order, and remove ZTE from the Denied Persons List;

WHEREAS, ZTE understands and acknowledges that if it violates any of the probationary conditions set forth in the Superseding Settlement Agreement and this Order, BIS may activate the suspended denial order set forth below:

WHEREAS, I hereby approve of the terms of the Superseding Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, ZTE shall be assessed a civil penalty by BIS in the amount of \$1,761,000,000. ZTE has satisfied \$361,000,000 of this civil penalty amount through the payment that ZTE made on or about May 19, 2017, following issuance of the March 23, 2017 Order. ZTE shall pay \$1,000,000,000 of this civil penalty amount to the U.S. Department of Commerce within 60 days of the date of this Order. Payment shall be made in the manner specified in the attached instructions. The remaining \$400,000,000 of this civil penalty amount shall be placed, within 90 days of this Order, in an escrow account with a bank located and headquartered in the United States to be selected by ZTE and approved by BIS.

(i) The \$400,000,000 suspended portion shall remain in escrow and its payment suspended for a probationary period of ten years under the Agreement and this Order, and the escrow shall thereafter be terminated and payment of the \$400,000,000 thereafter waived, provided that during this ten-year probationary

period: ZTE has fully and timely made the \$1,000,000,000 payment as set forth above and has complied with the escrow requirements relating to the \$400,000,000 suspended portion of the civil penalty, has ensured that all records required to be maintained or retained under the Regulations are stored in or fully accessible from the United States, has fully and timely complied with the audit and reporting requirements set forth in the Agreement and this Order, and has otherwise complied with the provisions of the Agreement and this Order; has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder; and has otherwise complied with the terms of the March 2017 Plea Agreement and the criminal sentence imposed in the criminal proceeding; has complied with the OFAC Settlement Agreement; and complies with any subsequent revision to the March 2017 Plea Agreement or any additional plea agreements agreed to as part of this matter as well as any amendments to the OFAC Settlement Agreement. If ZTE fails to comply with any of these probationary conditions, the \$400,000,000 suspended portion of the BIS civil penalty may immediately become due and owing in full or in part, at BIS's discretion. If BIS activates all or any portion of this suspended penalty, the escrow agent shall immediately disburse to the Department of Commerce the amount activated upon receipt of a copy of the activation order.

(ii) Upon ZTE's full and timely payment, as set forth above, of \$1,000,000,000 and compliance with the escrow requirements relating to the \$400,000,000 suspended portion of the civil penalty, BIS will terminate the denial provisions set forth in the April 15, 2018 Order and remove ZTE from the Denied Persons List.

SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the due date specified herein, ZTE will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, within 30 days of the date of the Order, BIS will select and ZTE shall retain at its expense an independent special compliance coordinator ("SCC") to coordinate, monitor, assess, and report on compliance by ZTE and its subsidiaries and affiliates worldwide with the Act, the Regulations and the terms of the Agreement and this Order, including without limitation, but not limited to, ZTE's compliance program and all related policies, practices, procedures, and systems regarding all exports, reexports, or transfers (in-country) or other activities that are subject to the Act, the Regulations, and the prevention, detection, and reporting of violations of U.S. export controls. The SCC will report to the chief executive officer and Board of Directors of ZTE and to BIS, equally, and shall perform his or her duties in consultation with BIS.

(i) The SCC shall serve for the duration of the ten-year probationary period under the Agreement and this Order, unless the SCC resigns or is removed by BIS for failing to satisfactorily perform his or her duties and responsibilities. If ZTE has a demonstrable rationale for removal of the SCC, such information shall be presented to BIS, which shall determine the proposed removal in its sole discretion. BIS's determination shall be final. If the SCC resigns or is removed, a replacement shall

be retained within 30 days in the same manner as set forth above relating to the initial appointment of the SCC.

(ii) ZTE shall not hire, employ, or retain the SCC or any of his or her assistants or professional staff for a period of five (5) years from the date of termination of this Order. The SCC will not serve or function as an employee or agent of ZTE (or of BIS), or as legal counsel to ZTE. No attorney-client relationship shall be formed between ZTE and the SCC. No documents or information created, generated, or produced by the SCC will be considered privileged from disclosure to BIS or other U.S. federal government agencies, nor shall ZTE assert such a claim of privilege.

(iii) Within ten days of the SCC's appointment, ZTE shall provide to the directors, officers, and employees of ZTE and its subsidiaries and affiliates notice of the SCC's appointment, a description of the SCC's duties and responsibilities under the Agreement and this Order, and a directive to fully cooperate with the SCC. This notice shall remain posted on ZTE's internal website and be included in any ZTE employee compliance manuals or similar documents during the ten-year probationary period under the Agreement and this Order.

(iv) ZTE and its subsidiaries and affiliates shall cooperate with all requests of the SCC and shall take no action to interfere with or impede the SCC's ability to monitor ZTE's compliance with U.S. export control laws and the Agreement and this Order, or to carry out the SCC's other duties and responsibilities as set forth pursuant to the Agreement and this Order. The SCC shall notify BIS whenever the SCC encounters any difficulties in exercising his or her duties and responsibilities. ZTE shall not take any action to retaliate against the SCC for any such disclosures or for any other

reason. Subject to the foregoing, and subject to and without modifying the other provisions of the Agreement and this Order, if ZTE has a significant objection to any action or proposed action by the SCC as ineffective or as unduly burdensome, ZTE shall promptly raise and substantiate the objection with the SCC. If ZTE and the SCC are unable to promptly resolve the objection, the SCC shall notify BIS. BIS shall thereafter determine the issue following consultation with the SCC and ZTE. BIS's determination shall be final. ZTE acknowledges and understands the broad scope of its compliance obligations and the related oversight and other authority of the SCC under the terms of the Agreement and this Order, as well as that ZTE's compliance-related expenditures will increase from its current levels as a result of its obligations and commitments under the Agreement and this Order. ZTE understands and agrees that refusal to cooperate fully with the SCC may constitute a breach of the Agreement and this Order.

(v) It shall be a condition of the SCC's retention that the SCC is independent of ZTE and its subsidiaries and affiliates, that no attorney-client relationship shall be formed between the SCC and ZTE and its subsidiaries and affiliates, and that there shall be no limitations on any sharing of information between or among SCC and BIS and any other U.S. federal government agencies. With the understanding that nothing in the Agreement or this Order shall be interpreted to compel waiver of applicable attorney-client or work product protections, the SCC shall have full and complete access to all personnel, books, records, systems, documents, audits, reports, facilities and technical information related to compliance with the Act, the Regulations, the Agreement and this Order. ZTE understands and agrees that it will not assert attorney-client or attorney work product protections over the personnel, books, records,

systems, documents, audits, reports, facilities and technical information related to compliance with the Act, the Regulations, the Agreement and this Order that the SCC will seek to access.

(vi) The SCC shall, after consultation with ZTE and BIS and approval of BIS, have authority to employ at ZTE's expense as many assistants and other professional staff to provide support and services as are reasonable for the performance and fulfillment of the SCC's duties and responsibilities. The SCC shall have support from a minimum of six assistants or professional staff on a regular, ongoing basis. The SCC as well as the assistants and professional staff shall be paid for by ZTE. Failure by ZTE to timely pay the SCC and its assistants and professional staff may constitute a breach of the Agreement and this Order.

(vii) In fulfilling the duties and responsibilities set forth in the Agreement and this Order, the SCC may, at his or her sole discretion, present any compliance or compliance-program related issue directly to any or all among the ZTE's Board of Directors or its Chair, or any special audit or compliance committee of the ZTE Board, or ZTE's chief executive officer, chief financial officer, chief legal officer, or chief operating officer. The SCC shall report to BIS, and thus may, in his or her sole discretion or at the request of BIS, raise any such issue with BIS. Should the SCC, during the course of his or her engagement, discover credible evidence that potentially unlawful transactions were not reported under the Act, the Regulations, this Agreement, the Order, or other applicable law, the SCC shall promptly notify BIS and ZTE.

(viii) The SCC will report to BIS and ZTE's CEO and Board of Directors concerning ZTE's compliance, including as to compliance program

enhancements and resource levels, at least quarterly during the first year following the SCC's appointment, and thereafter at least semi-annually. ZTE shall provide to the SCC at least quarterly during that first year, and semi-annually thereafter, accounting reports, certified as complete and accurate by ZTE's chief financial officer, of ZTE's compliance expenditures. BIS may require more frequent or additional reports as BIS determines may be necessary or appropriate after consultation with the SCC. ZTE's CEO or its Board or an audit or compliance committee of the Board may also request more frequent or additional reports; the SCC shall determine in the SCC's discretion whether to provide such more frequent or additional reports to ZTE.

(ix) BIS may, on its own initiative or at the request of the SCC, issue such guidance as BIS determines is necessary or appropriate to help ensure strict compliance with the Act, the Regulations, and the terms and conditions of the Agreement and this Order.

(x) ZTE understands and agrees that its employees and agents will not restrict or otherwise interfere with communications between the SCC and BIS, and that any such restriction or interference shall constitute a breach of the Agreement and this Order.

FOURTH, ZTE shall complete and submit nine audit reports of its compliance with U.S. export control laws, with respect to all exports, reexports, or transfers (in-country) that are subject to the Regulations, as further set forth in subparagraphs (i)-(iii) below.

(i) At the conclusion of the three-year term of the independent compliance monitor described in the March 2017 Plea Agreement and any related court orders, the SCC will be responsible for conducting the six remaining audits.

(ii) The audits required under the Agreement and this Order shall be in substantial compliance with the Export Management and Compliance Program sample audit module (currently available on the BIS web site at <https://www.bis.doc.gov/index.php/forms-documents/pdfs/1641-ecp/file>), and shall include an assessment of ZTE's compliance with the Regulations (including, but not limited to, the recordkeeping and retention requirements set forth in Part 762 of the Regulations) and other U.S. export control laws, as well as compliance with the Agreement and this Order. The results of the audits, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, 225 E. John Carpenter Freeway, Suite 820, Irving, TX 75062 ("BIS Dallas Field Office").

(iii) The first three audit reports under the Agreement and this Order shall be satisfied through the timely completion and contemporaneous transmission to the BIS Dallas Field Office of a copy of the reports required under the March 2017 Plea Agreement and any related court orders, if the reports are performed and completed in accordance with the terms of the March 2017 Plea Agreement and subparagraph (ii) above. The first of these three audits was completed and a copy of the report submitted to the BIS Dallas Field Office in January 2018. After submission of the two remaining reports of the audits required under the March 2017 Plea Agreement, the remaining six of the nine audits required by this Agreement shall cover successive 12-month periods

following the end of the three-year term of the independent compliance monitor under the March 2017 Plea Agreement, and the corresponding audit report shall be completed and submitted to the BIS Dallas Field Office no later than two months after the end of the 12-month period that is covered by the audit. These audit reports shall include a certification to BIS, executed under penalty of perjury, from the chief executive officer and chief legal officer of ZTE that to the best of their knowledge, after reasonable inquiry, ZTE and its subsidiaries and affiliates are in compliance with the terms of the Agreement and this Order, including, but not limited to, the compliance program obligations set forth in subparagraph (v) of Paragraph Sixth below. In addition, where said audit identifies actual or potential violations of the Regulations, ZTE shall promptly provide copies of all related export control documents and other pertinent documentation to the BIS Dallas Field Office. Any disclosure by ZTE to the SCC concerning export control violations shall not relieve ZTE of its obligation to disclose truthfully such matters to BIS pursuant to this Agreement or this Order.

FIFTH, ZTE shall ensure that all records required to be kept or retained under the Regulations are stored in or fully accessible from the United States.

SIXTH, ZTE shall:

(i) allow the U.S. Government to verify ZTE's adherence to its export control compliance program and the Regulations, including agreeing to end-use verifications for shipments of items subject to the Regulations in the People's Republic of China ("PRC") and third countries. End-use verifications that occur in the PRC relating to transactions after March 2, 2017 are not subject to the understanding between the U.S. Department of Commerce and the PRC Ministry of Commerce.

(ii) provide extensive training on applicable export control requirements to (a) its leadership, management, and employees, and (b) the leadership, management and employees of its subsidiaries, affiliates, and other entities worldwide over which it has ownership or control.

(iii) inform its leadership, management, employees, contractors, suppliers, and others who deal in items subject to the Regulations that transfers of such items to Iran, North Korea, Syria, Sudan, and Cuba, including without limitation U.S.-origin items or non-U.S.-origin items containing more than the applicable de minimis content by value as set forth in the EAR, are generally prohibited unless authorized by the EAR or the regulations administered by OFAC, or by the U.S. Government through the issuance of a license.

(iv) provide copies directly to BIS of the materials to be used for such training, dates for such training, and information about the locations where such training occurred to BIS on a quarterly basis until January 1, 2021.

(v) provide and have fully implemented within six months of the date of this Order, a comprehensive and updated export control compliance program that transcends through all corporate levels of ZTE, its subsidiaries, affiliates, and other entities worldwide over which it has ownership or control, including a statement of corporate policy of export control compliance from the chief executive officers of ZTE Corporation and ZTE Kangxun to ensure compliance with the EAR. It will be distributed no less than annually to all relevant employees of ZTE Corporation and ZTE Kangxun and their subsidiaries and affiliates.

(vi) replace the entire Boards of Directors of ZTE Corporation and ZTE Kangxun within 30 days of the date of the Order.

(vii) terminate all current members of the senior leadership of ZTE Corporation and ZTE Kangxun at or above the senior vice president level as well as any executive or officer who participated in, oversaw, or was otherwise responsible for the conduct described in the Proposed Charging Letter or the April 15, 2018 Order, within 30 days of the date of this Order, and prohibit the re-hire of those employees by ZTE and any of its subsidiaries or affiliates. ZTE will promptly report to BIS on its implementation of this subparagraph. BIS, at its sole discretion, may grant exemptions to this subparagraph.

(viii) within 30 days of replacing the Boards of Directors of ZTE Corporation and ZTE Kangxun as set forth above, ZTE shall create special audit/compliance committees of the Boards of ZTE Corporation and ZTE Kangxun composed of three or more independent members of the new Boards of Directors. The committees shall maintain written descriptions of their roles, their membership, and their responsibilities, a copy of which shall be included in the annual audits set forth in Paragraph Fourth, above. The Chair of the Board of Directors can be an audit/compliance committee member, but cannot chair the audit/compliance committee. At least one member of the audit/compliance committee shall have recent and relevant compliance experience.

(ix) within 90 days of the date of this Order, identify in detail to BIS all Chinese Government ownership and control of ZTE, including as to public and private shares of the company.

(x) within 180 days of the issuance of this Order, ZTE will publish on its web site the classification under the Regulations, including applicable Export Control Classification Numbers as necessary to determine EAR licensing requirements, of all items, including parts and components, subject to the Regulations that ZTE or its subsidiaries and affiliates sell, supply, produce, manufacture, assemble, export, reexport, or transfer (in-country). The company should also include *de minimis* calculations relating to items that include controlled U.S.-origin content. This information shall be published in Chinese and English. This information shall also be shared in written or electronic form with customers of ZTE and its subsidiaries.

(xi) within four years of the date of this Order, ZTE will hold at its expense two public symposia in China regarding compliance with the Regulations, with a focus on best compliance practices for Chinese companies and their subsidiaries and affiliates.

SEVENTH, the full and timely payment of the civil penalty in accordance with the payment schedule set forth above, and full and timely compliance with each of the other probationary conditions set forth in Paragraph First, are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to ZTE. If ZTE violates any of the probationary conditions, BIS may revoke any licenses in which ZTE has an interest at the time BIS determines that such a violation has occurred.

EIGHTH, for a period of ten (10) years from the date of this Order, ZTE Corporation, with a last known address of ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, China, and ZTE Kangxun, with a last known

address of 2/3 Floor, Suite A, Zte Communication Mansion Keji (S) Road, Hi-New Shenzhen, 518057 China, and when acting for or on their behalf, their successors, assigns, directors, officers, employees, representatives, or agents (hereinafter each a "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, license exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or engaging in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or from any other activity subject to the Regulations.

NINTH, no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of a Denied Person any item subject to the Regulations;

- B. Take any action that facilitates the acquisition or attempted acquisition by a Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby a Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from a Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from a Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by a Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by a Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

TENTH, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to a Denied Person by affiliation, ownership, control, or position of responsibility in the

conduct of trade or related services may also be made subject to the provisions of this Order.

ELEVENTH, as authorized by Section 766.18(c) of the Regulations, the ten-year denial period set forth above shall be suspended during a probationary period of ten years under this Order, and shall thereafter be waived, provided that ZTE has made full and timely payment as set forth above, and has fully and timely complied with each of the other probationary conditions set forth above. If ZTE does not make full and timely payment as set forth above, or does not fully and timely comply with each of the other probationary conditions set forth above, during the ten-year probationary period under this Order, the suspension may be modified or revoked by BIS and a denial order including a ten-year denial period activated against ZTE from the date that it is determined that ZTE has failed to comply.

TWELFTH, ZTE shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter, the March 2017 Settlement Agreement, or this Agreement, or the Order. ZTE agrees that if it or any of its direct or indirect affiliates or subsidiaries issue a press release in connection with the Agreement or this Order, ZTE shall first consult BIS and the Department of Justice to determine whether (a) the text of the release is true and accurate, and (b) BIS and the Department of Justice have no objection to the release. Statements made by ZTE at any press conference or other public speaking event shall be consistent with the approved press release.

THIRTEENTH, during the ten-year probationary period under the Agreement and this Order, ZTE shall continue to cooperate fully with BIS, the Department of Justice,

and OFAC, including with regard to the production of documents and making witnesses available, in any and all matters concerning any act within the scope of or related to the conduct described in the Proposed Charging Letter, the April 15, 2018 Order, or related to other potential violations of U.S. export control laws occurring during the ten-year probationary period, subject to applicable law and regulations. At the request of BIS, ZTE shall also cooperate fully with other domestic or foreign law enforcement authorities and agencies in any investigation of ZTE, its subsidiaries or affiliates, or any of its present and former officers, directors, employees, agents, and consultants, or any other party in any and all matters concerning any act within the scope of or related to the conduct described in the Proposed Charging Letter or relating to potential violations of U.S. export control laws that occur during the ten-year probationary period. ZTE agrees that its cooperation shall include, but is not limited to, the following:

a. ZTE shall truthfully disclose, upon request, all factual information not protected by a valid claim of attorney-client privilege, attorney work product doctrine protection, or PRC state secrets privilege with respect to its activities, those of its subsidiaries and affiliates, and those of its present and former directors, officers, employees, agents, and consultants concerning all matters relating to the conduct described in the Proposed Charging Letter or relating to other potential violations of U.S. export control laws about which ZTE has any knowledge or about which BIS may inquire, including by third parties or other persons related or unrelated to ZTE. This obligation of truthful disclosure includes the obligation of ZTE to provide to BIS, upon request, any such non-privileged or non-protected document, record, or other tangible evidence, including producing translations of non-English documents. Further, if, in

response to a request for documents from BIS, ZTE makes a claim of attorney-client privilege, work product doctrine protection, or PRC state secrets privilege, ZTE will provide in writing: (a) the number of documents pertaining to each claim(s); (b) a description of each document; (c) and, in the event of a claim for PRC state secrets privilege, confirmation that ZTE has promptly sought the PRC's authorization to release the relevant document(s). ZTE acknowledges and agrees that the types or categories of documents or information produced to BIS, to the Department of Justice or to OFAC, during the course of the investigation of this matter or otherwise relating to the allegations contained in the Proposed Charging Letter, including, but not limited to, contracts, purchase orders, invoices, letters of credit, credit advices, internal reports and memoranda, and emails and other correspondence related to the foregoing or similar documents or information, were determined by ZTE, based on the advice of local counsel, not to contain PRC state secrets, and were produced after the PRC Government did not object to the production.

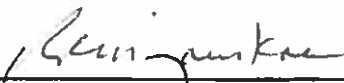
b. ZTE shall make available for interview, deposition, or other sworn testimony, as requested or required by BIS and at ZTE's expense, present or former officers, directors, employees, agents, and consultants concerning the conduct described in the Proposed Charging Letter or related to any potential violations of U.S. export control laws occurring during the ten-year probationary period. This obligation includes, but is not limited to, providing sworn testimony in federal civil or administrative proceedings in addition to interviews with BIS or other U.S. law enforcement authorities, including testimony or information relating to the authenticity or admissibility of any documents or other evidence. Cooperation under this paragraph shall include, at the

request of BIS, identification of witnesses who, to ZTE's knowledge, may have material information concerning the conduct described in the Proposed Charging Letter or related to any potential violations of U.S. export control laws occurring during the ten-year probationary period.

c. ZTE shall notify BIS of credible evidence of any violations of U.S. export control laws occurring during the ten-year probationary period committed by ZTE or any of its subsidiaries or affiliates worldwide. ZTE further agrees that it will provide the requisite notification to BIS of potential violations of U.S. export control laws promptly upon learning of the underlying credible evidence. ZTE waives all defenses based on issues germane to statute of limitations, venue, and any and all constitutional and non-jurisdictional defenses with respect to any civil or administrative prosecution of ZTE for violations of a U.S. export control law that was not time-barred as of March 2, 2017.

FOURTEENTH, the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



Richard R. Majauskas
Acting Assistant Secretary of Commerce
for Export Enforcement

Issued this 8th day of June, 2018.