

July 24, 2008  
UNITED STATES DEPARTMENT OF STATE  
BUREAU OF POLITICAL MILITARY AFFAIRS  
WASHINGTON, D.C. 20520

In the Matter of:

Lockheed Martin Corporation

A Maryland Corporation

Respondent

CONSENT AGREEMENT

WHEREAS, the Office of the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, U.S. Department of State ("Department") has notified the Lockheed Martin Corporation, ("Respondent") of its intent to institute an administrative proceeding pursuant to section 38 of the Arms Export Control Act, as amended ("AECA") (22 U.S.C. § 2778), and its implementing regulations, the International Traffic in Arms Regulations ("ITAR") (22 C.F.R. pts. 120-130);

WHEREAS, the Department acknowledges that the Respondent described these matters in voluntary disclosures submitted to the Department, and cooperated with the Department's investigation of this matter;

WHEREAS, the Respondent has reviewed the Proposed Charging Letter and this Consent Agreement, including the attached Annex of Compliance Measures ("Annex"), fully understands these documents, and enters into this Consent Agreement voluntarily and with full knowledge of its rights;

WHEREAS, the Respondent wishes to settle and dispose of all potential civil charges, penalties and sanctions arising from the Proposed Charging Letter, and the facts that the Respondent has disclosed in writing to the Department in its voluntary disclosures dated March 12, 2004 and April 9, 2004, and related letters dated September 16, 2004 and, October 20, 2004, and in a second voluntary disclosure dated March 5, 2008, by entering into this Consent Agreement;

WHEREAS, the Respondent agrees that if the Department finds that this Consent Agreement was negotiated based on the Respondent's knowingly providing materially false or misleading information to the Department, the Department may revoke this Consent Agreement and the related administrative order ("Order"), and bring additional charges against the Respondent. Additionally, the Respondent understands that a violation of this Consent Agreement is considered a violation of the Order; and

WHEREAS, the Department and the Respondent agree to be bound by this Consent Agreement, including the Annex, and the Order to be entered by the Assistant Secretary of State for Political-Military Affairs.

Now, WHEREFORE, the Department and the Respondent agree as follows:

Parties

(1) The Parties to this Consent Agreement are the Department and the Respondent, including all of the Respondent's operating divisions and subsidiaries and their assignees and successors.

Jurisdiction

(2) The Department has jurisdiction over the Respondent under the AECA and the ITAR in connection with the matters identified in the Proposed Charging Letter.

Penalty

(3) The Respondent agrees that it shall pay in fines and in remedial compliance measures an aggregate civil penalty of four million dollars (\$4,000,000) in complete settlement of alleged civil violations pursuant to section 38 of the AECA and the ITAR, as set forth in the Proposed Charging Letter. The Respondent agrees to waive its rights to raise the defense of Statute of Limitations with regard to the collection of the civil penalty imposed by this Consent Agreement, and that the Statute of Limitations shall be tolled until the last payment is made. The civil penalty shall be payable as follows:

- a) Three million dollars (\$3,000,000) shall be paid through two installments as follows:
  - 1) Two million dollars (\$2,000,000) within ten (10) days of the date of the Order, and one million dollars (\$1,000,000) on the first anniversary of the date of the Order, or if any such date is not a business day, on the next business day.
  - 2) The Department and the Respondent agree that no interest shall accrue or be due on the unpaid portion of the civil penalty if timely payments are made as set forth in paragraph (3)(a)(1) above.
  
- b) One million dollars (\$1,000,000) is hereby assessed as part of the four million dollar (\$4,000,000) penalty, but this amount will be suspended on the condition that the Respondent apply this amount to remedial compliance measures. The Respondent will apply this one million dollars (\$1,000,000) over a two (2) year period for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified herein and in the agreed Annex of Compliance Measures attached hereto. The Internal Special Compliance Official ("ISCO") referenced in paragraph (8) will conduct a review of Respondent's expenditures for such compliance measures, and provide a yearly accounting of the results of the review to DTCC. DTCC will determine from that review if the expenditures claimed by the Respondent to date were spent for Consent Agreement-authorized

remedial compliance costs. To the extent that DTCC determines that expenditures claimed or any portion thereof were utilized for Consent Agreement-authorized remedial compliance costs, that amount will be credited against the suspended penalty. The remaining portion of the suspended penalty shall be used for additional Consent Agreement-authorized remedial compliance costs.

c) The Respondent will provide to DTCC no later than one year from the date of the Order, and then annually thereafter, for verification and approval an itemized accounting referenced in 3(b) above of all Consent Agreement-authorized remedial compliance expenditures, to include those expenditures claimed against suspended penalties, showing specifics of how money was used to strengthen compliance within the terms of this Consent Agreement. The Respondent shall have two (2) years from the date of the Order to use any remaining portion of the suspended penalty on Consent Agreement-authorized remedial compliance costs. Any portion of the one million dollar (\$1,000,000) suspended penalty not spent on remedial compliance measures within two (2) years of the date of the Order will be paid immediately to the Department.

(4) Respondent is precluded from applying any portion of the four million dollar (\$4,000,000) penalty set forth in paragraph (#3) as costs in any contract with any agency of the U.S Government or any other contract. Respondent agrees that the four million dollar (\$4,000,000) penalty: (a) will be treated as expressly unallowable costs under the Federal Acquisition Regulations; (b) will not be recovered or sought to be recovered as allowable costs, either directly or indirectly under any federal prime contract, grant or subcontract; and (c) will not be taken as a federal tax deduction. In the event Respondent violates these prohibitions, the Department will deem it a "failure to apply funds appropriately for the required purpose."

(5) Any failure to apply funds appropriately for the required purpose, or to provide a satisfactory accounting shall result in a lifting of the suspension, in which case the Respondent shall be required to pay immediately to the Department the amount of the suspended portion of the penalty, less any amounts the Department deems to have been

properly applied and accounted for expenditures in compliance with this Consent Agreement.

### Debarment

(6) The Respondent has acknowledged the seriousness of the violations cited in the Proposed Charging Letter. The Respondent has cooperated with the Department's investigation, expressed regret for these activities and taken steps to improve its compliance programs. It has also undertaken to make amends by paying a cash penalty, and implementing the additional remedial compliance actions specified in this Consent Agreement. For these reasons, the Department has determined that an administrative debarment of Respondent based on the civil charges in the Proposed Charging Letter is not appropriate at this time. The Department reserves the right to impose additional sanctions, including debarment under the ITAR, against the Respondent or any subsidiary or other affiliate, if it does not fulfill the provisions of the Consent Agreement or is responsible for other compliance or law enforcement issues under the AECA, or under other statutes enumerated in section 120.27 of the ITAR.

### Legal Department Oversight

(7) The International Licensing & Compliance Office ("ILC") of Respondent's business unit, Lockheed Martin Missiles and Fire Control ("LMMFC") has, since 2004, reported directly to the Vice-President and General Counsel of LMMFC, and will continue to do so at least for the period covered by this Consent Agreement. Further, all export compliance functions within the Respondent's Electronic Systems Business Area ("ESBA"), of which LMMFC is a part, now report to the respective ESBA business unit General Counsel's office, and will continue to do so at least for the period covered by this Consent Agreement. Additionally, within 30 days of the date of the Order, Respondent's General Counsel's office will provide oversight and support for all matters throughout its divisions involving the AECA and the ITAR. This oversight will be structured to achieve consistent application of the AECA and the ITAR by Respondent. Additionally, the Respondent's General Counsel's office shall ensure that in each business unit appropriate legal support is made available as necessary to the principal personnel responsible for compliance with the AECA and

the ITAR, and appropriate legal oversight is performed in each business unit with respect to such matters.

Official Designated for Consent Agreement Compliance and Oversight

(8) The Respondent shall appoint a qualified senior individual from its General Counsel's office to serve as an ISCO. The term, authorities, and responsibilities of this official are described in the Annex.

Understandings:

(9) No agreement, understanding, representation or interpretation not contained in this Consent Agreement may be used to vary or otherwise affect the terms of this Consent Agreement or the Order, when entered, nor shall this Consent Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed in the Proposed Charging Letter. Specifically, the Respondent acknowledges and accepts that there is no understanding expressed or implied through this Consent Agreement with respect to a final decision by the Department concerning the approval of export licenses or other U.S. Government authorizations.

(10) The Respondent acknowledges the nature and seriousness of the offenses charged in the Proposed Charging Letter, including the potential risk of harm to the security and foreign policy interests of the United States. For purposes of this Consent Agreement, the Respondent neither admits nor denies the allegations in the Proposed Charging Letter (including without limitation those set forth in the "Background" section of that letter). If this Consent Agreement is not approved pursuant to an Order entered by the Assistant Secretary for Political-Military Affairs, the Department and the Respondent agree that they may not use this Consent Agreement in any administrative or judicial proceeding, and that the parties shall not be bound by the terms contained in this Consent Agreement.

(11) The Department agrees that, upon signing of the Order, this Consent Agreement resolves with respect to the Respondent the civil penalties or administrative sanctions with respect to violations of section 38 of the AECA or the ITAR arising from facts that the Respondent has disclosed

in writing to the Department in its voluntary disclosures dated March 12, 2004 and April 9, 2004, and in its related letters dated September 16, 2004 and October 20, 2004, and in a second voluntary disclosure dated March 5, 2008, or that have been identified in the Proposed Charging Letter.

#### Waiver

(12) The Respondent waives, upon the signing of the Order, all rights to seek any further steps in this matter, including an administrative hearing pursuant to Part 128 of the ITAR. The Respondent also waives any such rights with respect to any additional penalty (with the exception of any suspension or debarment action) assessed by the Director/Office of Defense Trade Controls Compliance (DTCC) in connection with an alleged material violation of this Consent Agreement (limited to one million dollars (\$1,000,000)) except as follows: In the event that the Director, DTCC determines that the Respondent has materially violated this Consent Agreement and imposes such additional penalty, and the Respondent disputes such determination, the Respondent may appeal such determination to the Assistant Secretary for Political-Military Affairs, and the decision of the Assistant Secretary for Political-Military Affairs shall be the final determination in the matter, which may not be appealed. The Respondent also waives the right to contest the validity of this Consent Agreement or the Order, including in any action that may be brought for the enforcement of any civil fine, penalty or forfeiture in connection with this Consent Agreement or Order.

#### Certification

(13) Two years after the date of the Order, the Respondent shall submit to the Director, DTCC a written certification that all aspects of this Consent Agreement including the Annex have been implemented, that the effectiveness of Respondent's export compliance program has been assessed, and that Respondent attests that this export compliance program is adequate to provide reasonable assurance as to the program's ability to identify, prevent, detect, correct and report violations of the AECA and the ITAR. If the Respondent does not submit the certification at this time, all aspects and requirements of the Consent Agreement including the Annex will remain in effect, regardless of

termination dates otherwise noted herein, until such time as the certification is submitted.

Status of the Annex

(14) The Annex shall constitute an integral part of this Consent Agreement. References to this Consent Agreement shall be deemed to refer also the Annex.

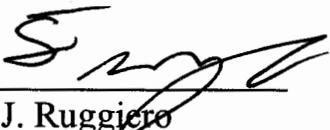
Documents to be made public

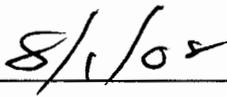
(15) The Respondent understands that the Department will make this Consent Agreement, including the Annex, the Proposed Charging Letter and the Order, when entered, available to the public.

When Order Becomes Effective

(16) This Consent Agreement shall become binding only when the Assistant Secretary for Political-Military Affairs approves it by entering the Order, which will have the same force and effect as a decision and Order issued after a full administrative hearing on the record.

U.S. Department of State

  
\_\_\_\_\_  
Frank J. Ruggiero  
Acting Assistant Secretary for  
Political-Military Affairs

  
\_\_\_\_\_  
Date

Lockheed Martin Corporation

  
\_\_\_\_\_  
Jay A. Brozost Assoc.  
Vice President and General Counsel  
Washington Operations

\_\_\_\_\_  
Date

## Annex of Compliance Measures

The Lockheed Martin Corporation, (“Respondent”) reflecting its commitment and obligation to conduct its business in full compliance with the Arms Export Control Act (“AECA”) and the International Traffic in Arms Regulations (“ITAR”), and in order to ensure, in particular, that there are no unauthorized exports of ITAR controlled defense articles or technical data and provision of defense services, agrees to implement the following remedial measures and such additional measures as may be mutually agreed upon by Respondent and the Director, Office of Defense Trade Controls Compliance (DTCC), and agrees further that these measures will remain in effect for a minimum of two (2) years as part of the Consent Agreement entered into with the Department of State (“Department”). Further, Respondent agrees that the measures set forth herein will be applied by any future business units acquired or established by Respondent where such units are assigned to the Electronic Systems business areas of Respondent and are involved in the design, manufacturer, sale or export of ITAR controlled defense articles, technical data and defense services within 6 months of that acquisition or establishment. Further, if Respondent sells its Lockheed Martin Missiles and Fire Control (“LMMFC”) business unit, Respondent agrees to notify DDTC at least thirty (30) days prior to the effective date of such sale, and further to notify the purchaser in writing, and to require the purchaser to acknowledge in writing, prior to the sale that the purchaser will be bound by the terms and conditions of the Consent Agreement. Respondent acknowledges and accepts its obligation to maintain effective export control oversight, infrastructure, policies and procedures for its AECA/ITAR-regulated activities.

### Lockheed Martin Corporation

(1) Under the Consent Agreement including this Annex, Respondent shall ensure that adequate resources are dedicated to AECA and ITAR compliance throughout its ITAR-regulated divisions and business units. Respondent will establish policies and procedures applicable to all Respondent employees with responsibility for AECA and ITAR compliance to address lines of authority, staffing, performance evaluations, career paths, promotions and compensation.

(2) Within 120 days of the date of the Order, Respondent, in coordination with the Internal Special Compliance Official (ISCO), as described below, will conduct an internal review of AECA and ITAR compliance resources throughout four of its ITAR-regulated business units within its Electronic Systems business segment, including Simulation, Training and Support; Missiles and Fire Control; Maritime Systems and Sensors; and Systems Integration; but excluding Sandia Corporation, which manages the Government Owned, Contractor Operated (GOCO) Sandia National Laboratory (such four included business units of the Electronic Systems business segment are hereinafter referred to as "ES"), and establish the necessary actions to ensure that sufficient resources are dedicated to compliance, including but not limited to the use of additional resources.

(3) Respondent will provide to the Director, DTCC within six months from the date of the Order, and then semi-annually thereafter, status reports, by ES ITAR-regulated business units on ITAR compliance program enhancements and resources and their effect on ensuring ITAR compliance. Respondent shall provide AECA and ITAR compliance oversight and ensure that best practices learned are implemented throughout all of the ES ITAR-regulated business units, and where appropriate all of Respondent's business units.

#### Appointment of an Internal Special Compliance Official

(4) Respondent, with the concurrence of the Director, DTCC, shall appoint a qualified individual from Respondent's General Counsel's office to serve as an ISCO for a minimum term of two (2) years. The Respondent shall nominate a person to serve as ISCO within sixty (60) days from the date of the Order, and the nomination shall be subject to the written approval of the Director, DTCC. Within fifteen (15) days from the date of the approval of the nomination by the Director, DTCC, the Respondent shall appoint the person to the position of ISCO.

(5) The ISCO shall have three (3) principal areas of responsibility regarding the future conduct of Respondent:

(a) Policy & Plans: the ISCO must monitor ES's ITAR compliance program and policy with specific attention related to the following areas:

1. Policies and procedures for incorporating AECA and ITAR compliance into ES's management business plans at the senior executive level;
2. Policies and procedures for preventing, detecting and reporting AECA and ITAR violations by ES business units.
3. Policies and procedures for meeting and maintaining adequate AECA and ITAR compliance staffing levels in all ES business units that involve ITAR related activities;
4. Policies and procedures for ensuring that all ES exports of classified technical data and classified defense articles are in full compliance with section 125.3 of the ITAR;
5. Policies and procedures to ensure that all LMMFC personnel engaged in activities subject to the AECA and ITAR are familiar with the AECA, the ITAR, and their own responsibilities under the Consent Agreement, including this Annex;
6. Policies and procedures to ensure that all LMMFC personnel handling exports governed by Department authorizations are aware of the requirement to obtain a Non-Transfer and Use Certificate (DSP-83) for the export of classified technical data in accordance with section 123.10(a) of the ITAR; and
7. Policies and procedures to ensure that all applicable LMMFC personnel are aware of the requirement to provide notice in writing to the Department under section 126.8(a)(2) of the ITAR at least thirty (30) days prior to any proposals or presentations concerning the sale of Significant Military Equipment ("SME") to foreign persons, as well as the other requirements contained in section 126.8.

(b) Specific Duties: the ISCO must oversee the following specific areas:

1. ES's implementation of the compliance measures called for in the Consent Agreement, including this Annex, and ensuring that ES's performance of its responsibilities under the Consent

Agreement, including this Annex, are performed in a timely and satisfactory manner; and

2. All AECA/ITAR-regulated activities of ES's business units for the period covered by the Consent Agreement; and

(c) Reporting: the ISCO is responsible for tracking, evaluating and reporting on the paragraph (3) review of AECA and ITAR compliance program enhancements and resources at ES ITAR-regulated business units.

(6) The ISCO may also be requested to perform additional export oversight, monitoring and coordination of activities as agreed to by the Respondent and the Director, DTCC.

(7) In fulfilling the responsibilities set forth in the Consent Agreement, including this Annex, the ISCO may, at his/her sole discretion, present any export compliance related issue directly to any or all of the head of ES (Executive Vice President), the Senior Vice President and General Counsel of Respondent, Vice President of Ethics & Business Conduct of Respondent, or any other appropriate officer, or if necessary the Director, DTCC.

(8) The ISCO will brief the Vice President and General Counsel of ES and the Senior Vice President and General Counsel of Respondent at least annually concerning any findings and recommendations by the ISCO, ES's response and implementation of the same, and the status of AECA and ITAR compliance generally within ES.

(9) The Respondent's CEO or his/her designee (*e.g.*, General Counsel or Chief Ethics & Compliance Officer) shall notify the Vice President and General Counsel of ES, and the senior managers of each of the ES business units of the following terms and conditions regarding the powers and duties, authority, and responsibilities of the ISCO:

(a) Respondent shall empower the ISCO with a written delegation of authority and statement of work, approved by the Director, DTCC, to permit the ISCO to monitor, oversee and promote Respondent's AECA and ITAR compliance, and compliance with the terms of the Consent Agreement including this Annex in a

manner consistent with the purpose of the Consent Agreement including this Annex and their specific terms and conditions, and all activities subject to the ITAR and the AECA, and shall do so in consultation with DTCC.

(b) The ISCO shall serve for a minimum of a two (2) year period from the date of his/her appointment. If for any reason the appointed ISCO is unable to serve the full period of his/her appointment, or is unable to carry out the responsibilities described herein on a temporary basis greater than thirty (30) days, or if the Director, DTCC decides that the ISCO shall be removed for not performing his/her duties satisfactorily, Respondent's Senior Vice President and General Counsel shall recommend a successor acceptable to the Director, DTCC, the latter's agreement to the replacement to be confirmed and provided in writing. Such recommendation shall be made at least thirty (30) days in advance of a new appointment. If a successor ISCO is not appointed within forty-five (45) days of the termination or removal of the appointed ISCO, the terms and conditions of the Consent Agreement including this Annex will be extended for the period of time equal to the period of time Respondent was without an approved appointed ISCO. In no event will Respondent be without an ISCO for a period of longer than one hundred twenty (120) days without an extension being granted by the Director, DTCC. If the ISCO for any reason is unable to carry out the responsibilities described herein on a temporary basis, not to exceed thirty (30) days, then Respondent's Vice President – Ethics & Business Conduct shall assume the power and authority of the ISCO in the interim. The conferring of rights and powers described in paragraph (a) above shall make provision for this event.

(c) The ISCO shall have full and complete access to relevant Respondent personnel, books, records, documents, audits, reports, facilities and technical information relating to compliance with the Consent Agreement, including this Annex, the AECA and ITAR, and pertinent munitions authorizations and licenses, and guidance relating to the export of defense articles and defense services.

(d) Respondent shall cooperate with any reasonable request of the ISCO, including any request for assistance to obtain any necessary security clearances, and shall take no action to interfere with or impede the ISCO's ability to monitor Respondent's compliance with the Consent Agreement, including this Annex, or the AECA and the ITAR, or to carry out his/her other responsibilities set forth in the Consent Agreement, including this Annex. The ISCO shall notify DTCC whenever he/she encounters any difficulties in exercising the duties and responsibilities assigned under the Consent Agreement, including this Annex.

(e) The ISCO shall, with the approval of the Director, DTCC and the concurrence of Respondent, have the authority to employ in a support capacity at the expense of Respondent, such assistants and other professional staff as are reasonably necessary for the ISCO to carry out the ISCO duties and responsibilities.

(f) DTCC shall either, on its own initiative or at the request of the ISCO, issue such guidance as may be necessary or appropriate to help ensure strict compliance by Respondent with the AECA and ITAR.

(10) The ISCO shall provide reports to the Senior Vice President and General Counsel of Respondent, the Vice President Ethics & Business Conduct, and the Director, DTCC, the first to be submitted six (6) months after the date of the Order and then every six (6) months thereafter for the duration of the Consent Agreement, concerning Respondent's compliance with the Consent Agreement, including this Annex, the AECA and ITAR, as well as with such other pertinent U.S. Government munitions authorizations and licenses, and resource allocation, guidance and the like then in force pertaining to Respondent's ITAR regulated activities. These reports shall include findings, conclusions and any recommendations necessary to ensure strict compliance with the AECA and ITAR, describe any and all instances of AECA or ITAR non-compliance, and advise on progress in implementing previous recommendations advanced by the ISCO. These reports may, in a separate annex, also include any relevant comments or input by Respondent. Any such reports shall not affect Respondent's use of the voluntary disclosure procedure set forth in section 127.12 of the ITAR, and any benefits gained therefrom.

### Strengthened Procedures

(11) The Respondent shall, within thirty (30) days of the date of the Order, require that each of its business units modify, as necessary, its set of procedures to ensure compliance with the Department's notification and authorization requirements regarding proposals or presentations concerning the sale of SME to foreign persons, and the adequacy of these measures will be addressed in the paragraph (10) report.

(12) The Respondent shall ensure that adequate resources are dedicated to ITAR compliance throughout the ES's ITAR-regulated business units. The Respondent shall establish policies and procedures applicable to all of its personnel with responsibility for AECA and ITAR compliance to address lines of authority, staffing, performance evaluations, career paths, promotions and compensation.

(13) For the purpose of assessing compliance with the provisions of the AECA, the ITAR and future export licenses and other authorizations, the Respondent shall arrange and facilitate, with minimum advance notice by the Department, on-site audits of ES's business units, wherever situated, by the Department during the two-year term of the Consent Agreement, commencing on the date of the Order.

### Strengthened Compliance Training Within LMMFC

(14) Within 120 days of the date of the Order, the ES business unit, LMMFC, shall have provided additional training by an outside, independent trainer such that: (a) all LMMFC personnel handling exports governed by Department authorizations are aware of the requirement to obtain a Non-Transfer and Use Certificate (DSP-83) for the export of classified technical data in accordance with section 123.10(a) of the ITAR; (b) all LMMFC personnel responsible for or involved in any way with exporting classified technical data are aware of the requirements under section 125.3 of the ITAR; (c) all LMMFC personnel engaged in activities subject to the AECA and ITAR are familiar with the AECA, the ITAR, and their own responsibilities thereunder, including the requirement to obtain authorization from the Department prior to the export of technical data; and (d) that all applicable LMMFC personnel are aware of the requirement to provide

notice in writing to the Department under section 126.8(a)(2) of the ITAR at least thirty (30) days prior to any proposals or presentations concerning the sale of SME to foreign persons, as well as the other requirements contained in section 126.8 of the ITAR. Respondent shall also ensure that there are records indicating the names of personnel, trainers, and level and area of training received.

(15) Respondent, in coordination with the ISCO, shall within six months of the date of the Order, and then on each of the first and second anniversaries of the date of the Order, arrange for an independent assessment of its export compliance training within LMMFC, which will assess the quality and scope of the curriculum, as well as conduct a test of the awareness of LMMFC business unit personnel of the requirements of the AECA and the ITAR noted in paragraph (14).

#### Audits

(16) Respondent shall have an audit conducted within twenty-four (24) months from the date of the Order by an outside consultant with expertise in AECA/ITAR matters, and approved by the Director, DTCC. The audit shall provide a thorough assessment of the ES business units' corrective actions taken to address each of the issues that were addressed in Voluntary Disclosures submitted to DTCC since 2003, as well as the effectiveness of any such actions. This audit will also focus specifically on LMMFC's functional processes involved in the export of classified and unclassified technical data and defense articles to verify that the processes are effective to ensure that a) export licenses and other authorizations are obtained prior to the export of unclassified and classified technical data; b) that non-transfer and use certificates are obtained in accordance with section 123.10(a) of the ITAR prior to the export of classified technical data and SME; and c) proposals or presentations concerning the sale of SME are not made to foreign persons without notification or approval, as appropriate. Within twelve (12) months after the date of the Order, a draft audit plan will be submitted to the Director, DTCC for review and comment. Within twenty-four (24) months of the date of the Order, the audit will be completed and a written report containing recommendations for improvements with respect to the Consent Agreement including this Annex, and compliance with the AECA and the ITAR more generally. The report will be submitted by Respondent to the Director, DTCC

along with Respondent's plan on how it will address those recommendations.