

UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL-MILITARY AFFAIRS
WASHINGTON, D.C. 20520

In the Matter of:)

MOTOROLA, INCORPORATED)

Respondent)

CONSENT AGREEMENT

This Agreement is made by and between Motorola, Incorporated (and its successors) (hereafter, "Motorola") and the United States Department of State (the "Department"), pursuant to § 128.11 (b) of the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130) (the "Regulations").

WHEREAS, The Office of Defense Trade Controls (ODTC), Bureau of Political Military Affairs, United States Department of State, has notified Motorola of its intention to initiate an administrative proceeding against Motorola pursuant to Section 38 (e) of the Arms Export Control Act (the "Act") (22 U.S.C. § 2778 (e)) and § 128.3 of the Regulations, based on allegations that Motorola violated Section 38 of the Act (22 U.S.C. § 2778), and Part 127 of the Regulations, as set forth in the proposed Charging Letter attached hereto and incorporated by reference herein, by exporting unlawfully defense articles, specifically, technical data designated on the United States Munitions List (22 C.F.R. § 121.1) to Eurokot Launch Services GmbH (Eurokot), Khrunichev State Research and Production Space Center and DaimlerChrysler Aerospace (AG);

WHEREAS, Motorola has disclosed voluntarily information concerning the facts and circumstances of the alleged violations to ODTC, has cooperated with ODTC, and has taken appropriate corrective action with regard to Motorola personnel implicated in such alleged violations;

WHEREAS, Motorola has reviewed the proposed Charging Letter and fully understands it and this Agreement, and

enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, Motorola wishes to settle and dispose of all civil charges pursuant to Section 38 identified in the proposed Charging Letter by entering into this Consent Agreement; and

WHEREAS, the Department and Motorola agree to be bound by this Agreement and a related administrative order ("Order") (attached) to be entered by the Assistant Secretary for Political-Military Affairs;

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

Parties

(1) The Parties to this Agreement are the Department and Motorola. The term "Motorola" includes Motorola, Incorporated, its wholly owned subsidiaries, including in particular the Satellite Communications Group (SATCOM), its operating divisions, subsidiaries, assignees and successors.

Jurisdiction

(2) The Department has jurisdiction over Motorola under the Act and the Regulations in connection with the matters identified in the proposed Charging Letter.

Compliance

(3) Motorola agrees that its corporate law department, hereafter, will have responsibility for direct, comprehensive, continuous oversight and control with regard to all foreign space launch activities involving Motorola, including, in particular, the Eurokot launch program, and further agrees that a new export control manager will report directly to its law department. Motorola agrees that these steps are necessary to ensure comprehensive, continuous oversight and control by Motorola's Office of General Counsel and Board of Directors.

(4) Motorola will institute effective immediately a comprehensive computerized document control system that facilitates and ensures prior U.S. Government review pursuant to the terms and conditions of licenses and other approvals provided by the Department for all technical data and technical assistance associated with foreign space

launches. The system will be accessible by remote computer access to ODTIC and the Defense Threat Reduction Agency (DTRA) beginning at least 45 days in advance of the resumption by Motorola of any foreign space launch activities involving its satellites.

(5) Motorola attests that all the corrective measures described by Motorola's law department in letters¹ to ODTIC concerning this matter have been implemented at this time.

(6) Motorola agrees that no employee who has been reassigned as a result of the company's internal review and corrective action will be, hereafter, engaged in any manner with respect to Motorola's ITAR related activities.

(7) Motorola will provide a report no later than 180 days after the signing of the Order referred to in this Consent Agreement. This report will contain a thorough audit of Motorola's record of implementation of all compliance measures specified herein and, as appropriate, contain recommendations for correcting any weaknesses identified during the course of the audit, which Motorola will implement after consulting with the Department.

(8) In addition, Motorola will provide the Department on the first year anniversary of the Order a written accounting of the expenditures associated with the additional penalty specified below.

Penalty

(9) Motorola agrees that it shall pay the Department a civil penalty of \$600,000 (six hundred thousand dollars) in complete settlement of alleged civil violations pursuant to Section 38 of the Act and Part 127 of the Regulations as set forth in the Department's proposed Charging Letter. Motorola shall pay this penalty of \$600,000 to the Department within 10 days of the signing of the Order.

(10) An additional penalty of \$150,000 (one hundred and fifty thousand dollars) is hereby assessed, but its payment shall be suspended on the condition that Motorola applies this amount within three years from the date of this agreement to offset the costs associated with the compliance measures stipulated in paragraphs (3) through (8) above. Furthermore, costs of such measures previously undertaken pursuant to Motorola's voluntary disclosure of the facts

¹ Dated July 26, 1999, September 3, 1999, September 20, 1999, and January 6, 2000.

underlying this Agreement may also be credited as an offset to this penalty. If Motorola fails to expend the full sum of \$150,000 in the time period specified, Motorola shall be required to pay any unexpended portion of the \$150,000 to the Department. Motorola will provide to the Department each year on the anniversary of the Order a written accounting of the expenditures associated with this additional penalty, and failure to use these funds appropriately for this purpose or to provide a satisfactory accounting shall result in a lifting of the suspension, in which case Motorola shall be required to pay this amount to the Department.

Miscellaneous

(11) Motorola understands that the Department will make the proposed Charging Letter, this Consent Agreement, and the relevant Order, when entered, available to the public.

(12) For the purpose of assessing compliance with the provisions of the Act and Regulations, Motorola agrees to arrange and facilitate, with little or no advance notice, on-site audits of its ITAR-regulated activities involving foreign space launch programs, wherever situated, by the Department during a three-year period commencing on the signing of the Order.

(13) The Department and Motorola agree that this Consent Agreement is for settlement purposes only. Motorola neither admits nor denies the allegations in the proposed Charging Letter. If this Consent Agreement is not approved, and the Order is not entered by the Assistant Secretary for Political Military-Affairs, the Department and Motorola agree that they may not use this Consent Agreement in any administrative or judicial proceeding and that neither party shall be bound by the settlement terms contained in this Consent Agreement in any subsequent administrative or judicial proceeding.

(14) 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 herein.

(15) Motorola acknowledges and accepts the following conditions of this Consent Agreement: (a) Notwithstanding this settlement and Motorola's payment of administrative penalties specified herein, the United States is free to pursue criminal investigations and/or prosecutions based on the same conduct that gave rise to those penalties; (b) The Department may at its sole discretion refer this matter and any information or evidence it has regarding this matter to any person or entity having criminal jurisdiction; and (c) Motorola waives any claim that this settlement, or Motorola's payment of the civil penalties specified herein, bars or precludes any criminal enforcement on the ground of double jeopardy or otherwise.

(16) The Department agrees that, upon entry into force of the Order, this Agreement resolves any civil penalties with respect to possible violations of Section 38 of the Act or § 127 of the Regulations set forth in the proposed Charging Letter insofar as such possible violations have been disclosed by Motorola in writing to the Department between July 26, 1999 and the signing of the Order.²

(17) The Department has determined that debarment is not appropriate at this time, but reserves the right to consider imposing additional sanctions, including debarment, in the event that Motorola fails to fulfill the provisions of this Consent Agreement, or is responsible for other compliance or law enforcement concerns under the Act, Regulations, or other statutes specified in 22 C.F.R. § 120.27.

(18) Motorola agrees that, upon entry into force of the Order, it waives all rights to further procedural steps in the matter, including an administrative hearing pursuant to § 128 of the Regulations (except with respect to any alleged violation of this Agreement). Motorola also waives all rights to seek administrative or judicial review or to otherwise contest the validity of the 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 the Agreement or Order.

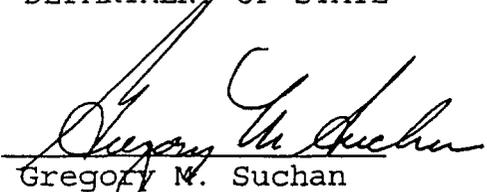
²Op cit.

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

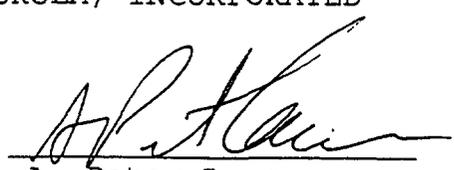
U.S. DEPARTMENT OF STATE

MOTOROLA, INCORPORATED

By:


Gregory M. Suchan
Acting Assistant Secretary for
Political Military Affairs
Department of State

By:


A. Peter Lawson
Executive Vice President,
General Counsel and
Secretary to the Board
Motorola, Inc.

May 3, 2001
(Date)

April 25, 2001
(Date)