

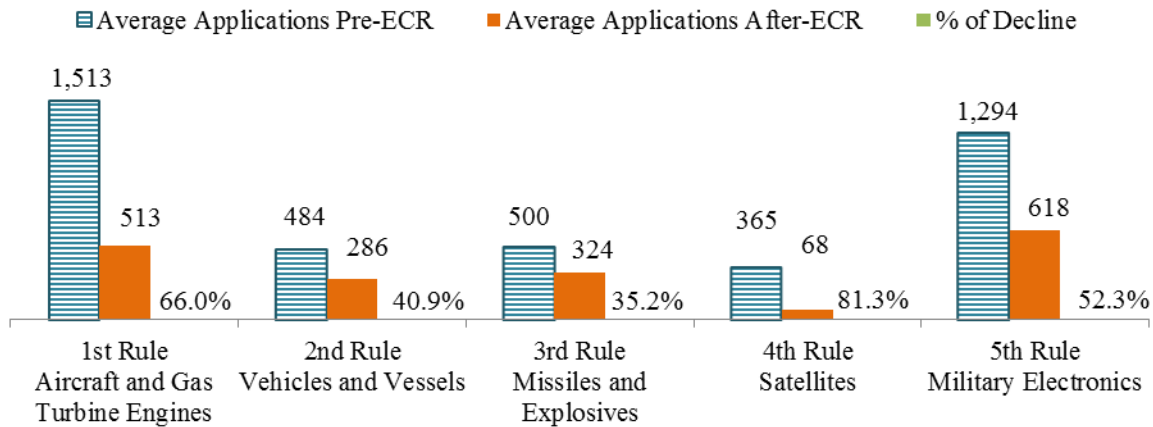
Statistics of Licensing under Export Control Reform

October 15, 2013 to December 31, 2016

The license applications for items in the 15 categories of the United States Munitions List (USML) showed an overall average decline of 56.5 % from 4,156 to 1,809 per month through December 31, 2016. The average monthly drop of 2,347 in license applications is the result of certain items that do not warrant control on the USML transitioning to the Commerce Control List (CCL) under President Obama’s Export Control Reform (ECR) initiative. The biggest drop in license applications was those impacted by the Fourth ECR Transition Rule for satellites with a 81.3% decline. The Directorate of Defense Trade Controls (DDTC) of the U.S. Department of State estimates a 45% decline in license applications will be shown when all USML categories have been reviewed.

Monthly DDTC License Trends by ECR Transition Rules

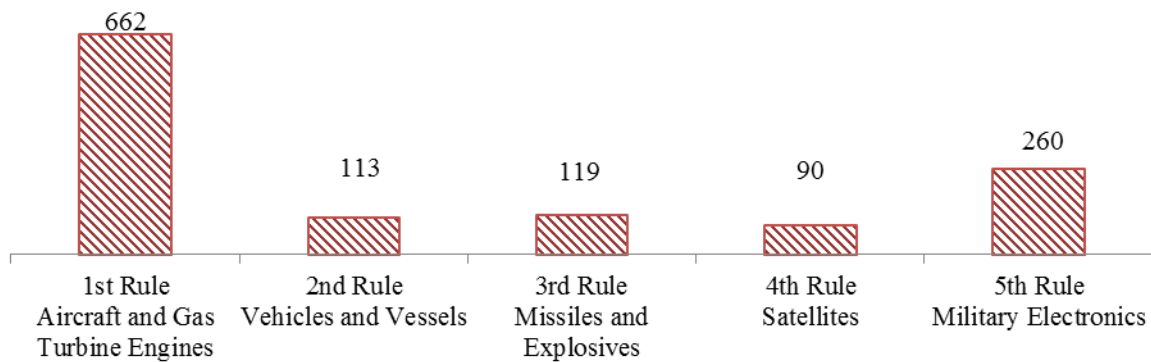
October 15, 2013 to December 31, 2016



Source: Directorate of Defense Trade Controls of the U.S. Department of State, January 2017

BIS Average Monthly Applications by ECR Transition Rules

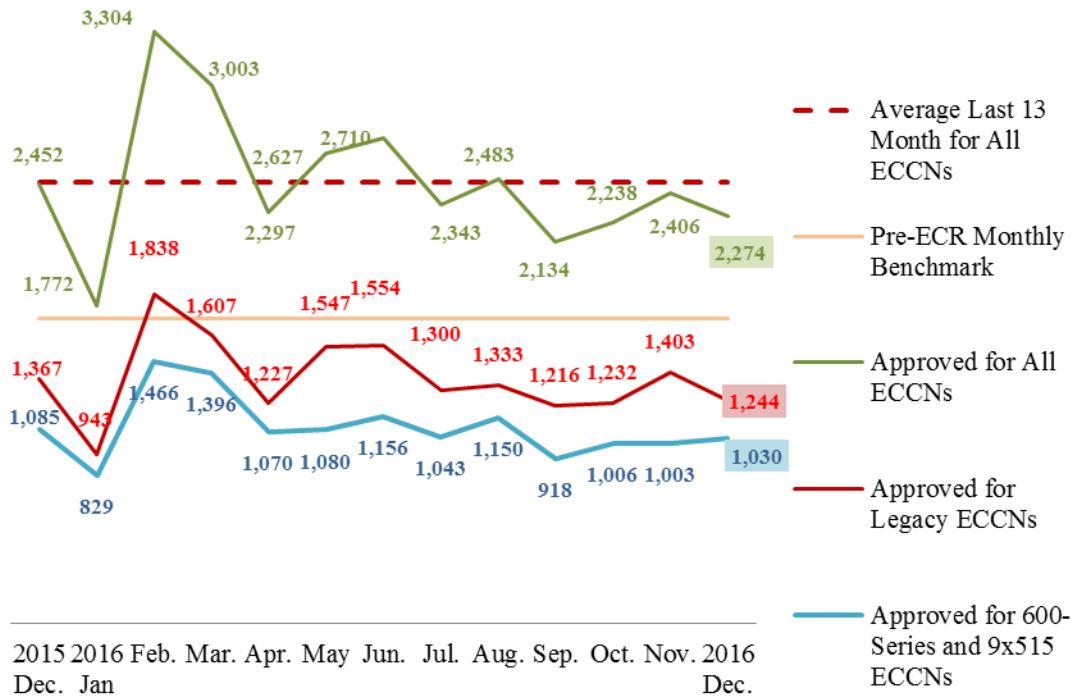
October 15, 2013 to December 31, 2016



Source: Commerce U.S. Exports Exporter Support System, January 2017

In the last 13 months from December 2015 to December 2016, the average monthly BIS approvals for 600-Series and 9x515 ECCNs were 1,095 while the average monthly BIS approvals for legacy ECCNs was 1,370. The average monthly BIS approvals for all ECCNs indicates an increase of 45.0% from the average monthly approvals of 1,700 during the fiscal year of 2012 to 2013, prior to the first transition rule became effective under Export Control Reform.

Trends in BIS Approved License Applications December 2015 to December 2016



Source: Commerce U.S. Exports Exporter Support System, January 2017

Of the total 35,762 BIS approved licenses for 600-series and 9x515 items from October 15, 2013 to December 31, 2016, 24,032 (67.2% of the total approved licenses) were issued for exports to the top 15 destinations by license count. The top destinations were Japan with 4,440 approved licenses (12.4% of the total); the United Kingdom with 3,531 (9.9%); and South Korea with 2,020 (5.6%).

**Top Fifteen Destinations of BIS Approved Licenses for 600-Series and 9x515 Items by License Count
October 15, 2013 to December 31, 2016**

