

July 17, 2007

Ms. Sigal P. Mandelker  
Deputy Assistant Attorney General  
Criminal Division – Room 2113  
United States Department of Justice  
950 Pennsylvania Avenue, N.W.  
Washington, D.C. 20530

Ms. Elaine N. Lammert  
Deputy General Counsel  
Federal Bureau of Investigation  
935 Pennsylvania Avenue, N.W.  
Washington, D.C. 20530

Mr. Stewart A. Baker  
Assistant Secretary for Policy  
U.S. Department of Homeland Security  
Washington, D.C. 20528

Re: Pro Forma Transfer of Control of China Telecom (USA) Corporation

Dear Ms. Mandelker, Ms. Lammert and Mr. Baker:

This letter outlines the commitments made by China Telecom (USA) Corporation (“the Company”) to the U.S. Department of Justice (“DOJ”), including the Federal Bureau of Investigation (“FBI”), and to the U.S. Department of Homeland Security (“DHS”), in order to address national security, law enforcement, and public safety concerns raised with regard to the Company’s notice to the Federal Communications Commission (“FCC”) of the *pro forma* transfer of control of the Company, a holder of domestic and international authorizations under Section 214 of the Communications Act of 1934, as amended.

The Company provides wholesale voice service between the U.S. and China, other countries in Asia and other foreign points, and data service between the U.S. and China and other points outside the U.S., and within China. The Company is a wholly-owned subsidiary of China Telecommunications Corporation, a PRC corporation (“CTC”). CTC intends to sell its shares of the Company to China Telecom Corporation Limited (“CTL”), a PRC corporation controlled by CTC. Under the rules of the FCC, the transaction constitutes a *pro forma* transfer of control which must be notified to the FCC within 30 days of the actual transfer.

China Telecom (USA) Corporation

中國電信（美國）公司

Headquarters

607 Herndon Parkway, Suite 201

Herndon, VA 20170 USA

Tel: 703-787-0088 Fax: 703-787-0086

The Company agrees that, for all customer billing records, subscriber information, and any other related information used, processed, or maintained in the ordinary course of business relating to communications services offered to U.S. persons (“U.S. Records”), the Company will make such U.S. Records available in the United States in response to lawful U.S. process. For these purposes, U.S. Records shall include information subject to disclosure to a U.S. Federal or state governmental entity under the procedures specified in Sections 2703(c) and (d) and Section 2709 of Title 18 of the United States Code. The Company agrees to ensure that U.S. Records are not made subject to mandatory destruction under any foreign laws. The Company agrees to take all practicable measures to prevent unauthorized access to, or disclosure of the content of, communications or U.S. Records, in violation of any U.S. Federal, state, or local laws or of the commitments set forth in this letter. If the Company learns of any such disclosure, it will deliver a written notification containing all the known details concerning each such incident to the FBI, DOJ and DHS within five (5) business days.

The Company agrees that it will not, directly or indirectly, disclose or permit disclosure of or access to U.S. Records, domestic communications or to any information (including the content of communications) pertaining to a wiretap order, pen/trap order, subpoena or other lawful demand by a U.S. law enforcement agency for U.S. Records, to any person if the purpose of such disclosure or access is to respond to the legal process or request on behalf of a non-U.S. government without first satisfying all pertinent requirements of U.S. law and obtaining the express written consent of the FBI, DOJ and DHS or the authorization of a court of competent jurisdiction in the United States. The term “non-U.S. government” means any government, including an identified representative, agent, component or subdivision thereof, that is not a local, state or Federal government in the United States. Any such requests or legal process submitted by a non-U.S. government to the Company shall be referred to the FBI, DOJ and DHS as soon as possible, and in no event later than five (5) business days after such request or legal process is received by or known to the Company, unless the disclosure of the request or legal process would be in violation of U.S. law or an order of a court in the United States. If the FBI, DOJ and DHS have not acted within ten (10) business days after they have received the referral, the Company may respond to the request or legal process as it deems appropriate, and the Company thereafter shall promptly advise the FBI, DOJ and DHS in writing of its actions.

The Company also agrees that it will maintain one or more points of contact within the United States with the authority and responsibility for accepting and overseeing compliance with a wiretap order, pen/trap order, subpoena or other lawful demand by U.S. law enforcement authorities for the content of communications or U.S. Records. The Company will notify the FBI, DOJ and DHS in writing at the addresses listed above of the point(s) of contact within ten (10) days of this letter, and shall promptly notify the FBI, DOJ and DHS of any change in its designated point(s) of contact. Any new point of contact shall be a resident U.S. citizen, and the Company shall cooperate with any request by a U.S. government authority that a background check or security clearance process be completed for a designated point of contact.

The Company agrees that it will notify the FBI, DOJ and DHS if there are material changes in any of the facts as represented in this letter or if it undertakes any actions that require notice to or

application to the FCC. All notices to be provided to the FBI, DOJ, or DHS shall be directed to the named addressees of this letter.

The Company agrees that, in the event the commitments set forth in this letter are breached, in addition to any other remedy available at law or equity, the DOJ, FBI, or DHS may request that the FCC modify, condition, revoke, cancel, or render null and void any relevant license, permit, or other authorization granted by the FCC to the Company or any successor-in-interest to the Company or to any successor-in-interest to the Company. The Company requests written notice of any breach in order that the Company may have an opportunity to either explain or rectify any such breach.

Nothing in this letter is intended to excuse the Company or its subsidiaries from any obligation they may have to comply with U.S. legal requirements for the retention, preservation, or production of information, records or data, or from any applicable requirements of the Communications Assistance for Law Enforcement Act, 47 U.S.C. 1001, et seq., nor shall it constitute a waiver of: (a) any obligation imposed by any U.S. Federal, state or local laws on the Company's or its subsidiaries; (b) any enforcement authority available under any U.S. or state laws; (c) the sovereign immunity of the United States; or (d) any authority the U.S. government may possess (including without limitation authority pursuant to International Emergency Economic Powers Act) over the activities of the Company or its subsidiaries located within or outside the United States. Nothing in this letter is intended to or is to be interpreted to require the parties to violate any applicable U.S. law. Likewise, nothing in this letter limits the right of the United States Government to pursue criminal sanctions or charges against the Company or its subsidiaries, and nothing in this letter provides the Company or its subsidiaries with any relief from civil liability.

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The Company understands that, upon execution of this letter by an authorized representative or attorney for the Company, the DOJ, FBI, and DHS shall notify the FCC that the DOJ, FBI, and DHS have no objection to the FCC's grant of the above-referenced applications.

Sincerely,



By: \_\_\_\_\_

Printed Name: Yi-jun Tan

Title: President