



GUIDING THE WAY

CODE OF ETHICS AND BUSINESS CONDUCT



Staying Globally
Focused on Ethics and
Business Conduct

L-3 Communications is a prime contractor in Command, Control and Communications, Intelligence, Surveillance and Reconnaissance (C3ISR), Government Services, Aircraft Modernization and Maintenance (AM&M) and has a broad base of Specialized Products. L-3 is also a major provider of homeland defense products and services for a variety of emerging markets.

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DEAR COLLEAGUE

One of the most important factors in our company's long-term success is the way we conduct ourselves with our suppliers, customers, co-workers and competitors, as well as in the communities where we work.

This Code of Ethics and Business Conduct provides you with guidelines on our standards of business conduct and applies to everyone at L-3, regardless of position and level of responsibility, as well as to those who act on behalf of L-3. Since no handbook can cover every situation, this booklet also includes resources, such as HelpLines, that are available to you in case you have any questions.

Supervisors and managers have a special responsibility to model responsible behavior and to promote a work environment that encourages compliance with our Code. We must be careful in both words and actions to avoid placing, or seeming to place, pressure on subordinates that might cause them to violate our standards of conduct.

I urge you to become thoroughly familiar with the contents of this Code of Ethics and Business Conduct. In fact, your commitment will ensure that L-3 continues to maintain its reputation as a company of integrity, an outstanding workforce and a provider of superior products and services.

Sincerely,



Michael T. Strianese
Chairman, President and
Chief Executive Officer



INTRODUCTION TO OUR CODE OF BUSINESS CONDUCT

We are a global company operating in a highly complex and highly regulated business environment. Our employees live and work in countries all over the world. We need to recognize the global impact of our work. If you are an employee living and working outside of the United States, regardless of whether or not you are a United States citizen, you may be subject to laws and regulations different than an employee working within the boundaries of the United States. At the end of this Code, we have included Addendums, which provide you with laws and regulations that you may need to recognize and abide by, depending upon where you are located. Our Code, as well as the Addendums, cannot recognize all of the potential conflicts that could exist within the countries where we do business. In these instances, it is important that you promptly seek guidance with the Legal department to assist you in resolving any concerns you may have.

Purpose

Our future success depends upon developing mutual trust with our key stakeholders, including our customers, our shareholders, our fellow employees, our suppliers and the communities where we live and work. To build and maintain trust we must operate with integrity in everything we do.

What does operating with integrity mean? It means abiding by our Company standards whenever we do business on behalf of L-3. It means making decisions that will enhance our reputation for the long-term. And it means raising concerns and discussing issues on how we can continuously improve our commitment to integrity and responsible business practices.

Our Code of Conduct is designed to assist us in meeting our obligations. In this guide you will find a summary of some of our most important policies and procedures which govern the day-to-day conduct of our business. More detailed guidance is found in our Corporate Policies. Our Corporate Policies are available on our intranet site at <https://webs.l3com.com> by selecting

policies or by contacting your manager. You'll notice that our standards are organized by stakeholder group – those groups that have a vested interest in how we conduct our business. It's a reminder that our standards are neither arbitrary nor random, but are based on operating fairly and honestly and building trust, with everyone we may encounter when conducting business for L-3.

Limitations

Our Code is designed to serve as a broad outline of our company standards and legal obligations that we are required to abide by. We must also comply with all policies which apply to our location and work assignment.

However, our Code and company policies and procedures cannot address every business conduct issue we might face in the course of business. That's why we have also provided resources to assist you in your decision-making; including your manager; any higher level manager; functional departments such as Finance, Contracts, Human Resources, Audit, Security, and Legal; your location's Ethics Officer; the Corporate Ethics Officer, the HelpLine or Ethics Web at www.L3code.com. For more information on using these resources, please consult the "Raising Concerns" section of this Code.

Our business and regulatory environment can change rapidly, so we should also be aware of changes, addenda and updates to the Code that may occur from time to time. You can always find the most up-to-date version of our Code and corporate policies posted on our intranet site.

Applicability

Our Code of Conduct applies to everyone who does business on behalf of L-3 – employees, officers and members of our Board of Directors. It also may apply to agents, consultants, contract labor and others who act on L-3's behalf.

In certain rare situations, we may waive the application of this Code. Such waivers require the prior approval of the Corporate Ethics Officer. Waivers of the Code involving executive officers or Board members require the express approval of the Board (or any committee of the Board comprised solely of independent directors.) We will promptly disclose to our shareholders any such waivers granted to any of our executive officers or Board members.



Stakeholder Responsibilities

Our Customers: We develop product and service solutions that solve the challenging needs of our customers. We build long-term customer relationships through superior performance. We are responsive, straight-forward and committed in all dealings with our customers.

Our Colleagues: We treat people with dignity, fairness and courtesy. We create an inclusive environment that is focused on a common purpose and where diversity in people and perspective is valued. We cooperate across organizational boundaries, focusing on adding value and earning the trust of our teammates.

Our Shareholders: We are committed to providing an attractive long-term financial return for those who invest in our business. We use corporate assets responsibly and make decisions solely in the best long-term interests of the company. We provide timely and accurate information and disclosures as required to our current and prospective investors.

Suppliers and Business Partners: We achieve success through collaborative efforts with our business partners. We treat our suppliers honestly, fairly and with respect. We honor our contractual obligations. We share our standards of business conduct with our suppliers and expect that they will reflect those standards when conducting business on our behalf.

Our Communities: We are committed to being good corporate citizens and we obey the laws in the countries and communities where we operate. We practice environmental responsibility and promote positive and constructive involvement in the local community.

Employee Responsibilities

- If you have any questions about this Code, our policies or any of the laws and regulations which apply to your responsibilities, please seek guidance from your manager, any higher level manager, or functional departments such as Finance, Contracts, Human Resources, Audit, Security, Legal; your location's Ethics Officer; the Corporate Ethics Officer or the HelpLine.
- Understand the standards that apply to your job and take responsibility jointly with your manager to identify training needs.
- Take responsibility for your own conduct. No one has the authority to make anyone violate our Code, and any attempt to direct or otherwise influence any employee to commit a violation is itself a violation of our Code.
- Discuss your concerns about possible violations of this Code, company policy or any laws or regulations with your manager; any higher level manager; functional departments such as Finance, Contracts, Human Resources, Audit, Security, and Legal; your location's Ethics Officer; the Corporate Ethics Officer, the HelpLine or the Web. We can't fix problems unless we know about them, and we are committed to addressing business conduct concerns.

Manager Responsibilities

- Ensure your employees attend all mandatory and refresher training and continue to be well trained.
- Identify any areas of training gaps relative to business conduct and legal compliance.
- Provide consistent and balanced communication concerning the importance of complying with our standards of business conduct.
- Practice open communications to create an environment where employees are comfortable raising concerns.
- Know when to escalate business conduct concerns that employees may raise to you. If you are unsure, consult your manager, or the appropriate functional department.

WE ARE A GLOBAL COMPANY OPERATING IN A HIGHLY COMPLEX AND HIGHLY REGULATED BUSINESS ENVIRONMENT. WE NEED TO RECOGNIZE THE GLOBAL IMPACT OF OUR WORK.

RESPONSIBILITIES TO OUR CUSTOMERS

We develop product and service solutions that solve the challenging needs of our customers. We build long-term customer relationships through superior performance. We are responsive, straight-forward and committed in all dealings with customers.

Producing Quality Products

We are committed to delivering quality products and services that are consistent with each customer's requirements. Our goal is to be the recognized leader in our marketplace; recognized for innovation, quality, responsiveness and value. We meet both our own quality standards and our customers' requirements as set forth in contracts and agreements.

TO ENSURE WE MEET OUR QUALITY COMMITMENTS TO OUR CUSTOMERS, WE:

- Make achievement of high quality and excellence our personal goals.
- Strive to do each job right the first time.
- Prepare all required reports accurately and completely.
- Comply with contract requirements, including design requirements, inspections and tests specified.
- Use only materials and processes conforming to quality levels specified in each contract.
- Use only substitute materials or processes that have been approved in writing in advance by the customer's authorized representative.
- Do not knowingly misrepresent, in any way, the condition or status of services or products offered for inspection, testing, or delivery.

Scenario: *We are contractually required to complete a quality control procedure that will delay our ability to meet our deadline. The procedure is not really necessary from a safety or performance standpoint. May we skip the procedure?*

Guidance: *No, you must continue to perform all contractually-required procedures. Any deviation from the contract would require the prior written approval by an authorized representative of our customer.*

Scenario: *In recent tests, we have conflicting results in the performance data – one test was positive and another negative. Can we proceed on the basis of the positive data?*

Guidance: *It is essential that we provide reliable information and data about our products. You should conduct further tests to investigate why you got negative results. Should you have questions, talk with your manager.*

Accurate Labor Charging

We are committed to honest and accurate reporting when charging costs to our customers. Accurately reporting labor charges is essential (and mandatory) because it is the source for charging direct costs and distributing overhead costs to a contract. We are each responsible for understanding and complying with the labor reporting procedures at our locations.

Scenario: *My work benefits both a fixed price contract and a cost plus contract. I have previously charged half my time to each contract. We are now over budget on the fixed price contract. Can I charge more of my time to the cost plus contract? Both contracts are for the same customer.*



Guidance: *Accurately reporting labor charges at L-3 is essential. Therefore, you must charge your time accurately and only to the contract on which you are actually working. You are responsible for understanding and complying with the labor reporting procedures at your location. If you have any questions, see your Supervisor, HR or Ethics Officer for the procedures that you are required to follow.*

Honest Communications and Marketing Activities

We believe that lasting customer relationships are built on integrity and trust. We seek to gain advantage over our competitors through superior research, manufacturing and marketing. We must never seek to win business through improper or questionable business practices.

Truthful and accurate communication about products and services is essential to meeting our responsibilities to our customers. We must be honest in marketing, in preparing bids and proposals based on current, accurate, and complete cost and pricing data, and in truthfully negotiating contracts.

Scenario: *Can I use another division's client contact information list to generate leads for my own division?*

Guidance: *Our reputation is built on integrity and trust. Therefore, it is prudent to check with the Contract Office or the Legal department before using another division's contract information.*

Information Gathering

The marketplace requires gathering a wide range of information in a systematic (and legal) manner. This information provides an understanding of the industry as well as customer requirements for existing or potential products and services. However, we will not gather our competitors' or our customers' information by inappropriate means.

We are committed to avoiding even the appearance of improper information gathering and therefore may not obtain, accept or receive:

- Any information from any customer, competitor or other source to which L-3 is not clearly and legitimately entitled.

- Information such as proposal prices, competitor pricing or technical data, proposal evaluations, internal government estimates, or any information marked by the U.S. Government or other governmental entity as "Source Selection Information." In particular, you must be careful to avoid any information from any source labeled "source-selection sensitive," "proprietary" or "confidential."
- Confidential or proprietary information in any form possessed by new hires from their prior employers.
- A company's proprietary or confidential information made available by consultants or others who previously had a business relationship with that company.

There are also strict rules against gaining access to information relating to U.S. Government procurements which are discussed under the section "Procurement Integrity."

If you ever have reason to believe that the release or receipt of any information is unauthorized, or you are uncertain as to our legal right to use the information, do not copy, distribute, or use it until the situation has been reviewed and resolved by your location's Legal department.

Scenario: *What are legitimate methods of gathering competitive information?*

Guidance: *It is appropriate and legal to gather information fairly. Legitimate sources of competitive information can include: newspapers, press accounts, information posted on the Internet or made available at trade shows and other public information; talking with customers is also permissible — but not to obtain **confidential** or proprietary information.*

Scenario: *While attending a conference, I overheard one of our competitors describe a new systems process they will use for an upcoming project. Since they will bid against us on the project, should I give this information to anyone?*

Guidance: *No. It is the policy of L-3 that its Board Members, officers, employees, consultants and other representatives will gather only information to which the Company is legally entitled. If you have any questions about whether it is appropriate to share what appears to be sensitive information, do not share that information without first consulting your location's Legal department*

Providing Gifts and Entertainment

Our business transactions should always be free from even a perception that favorable treatment was sought, received or offered by gifts, favors, hospitality, entertainment or similar gratuities. Our definition of business courtesies, gifts and hospitality is broad and includes tickets, fees or passes to sporting or cultural events, lodging, meals, door prizes and other items of value.

While there are certain circumstances under which it is permissible to furnish or accept such items, we are expected to follow a course of action that complies with the following guidelines. If you ever have any questions concerning gifts or entertainment, please consult your local Ethics Officer.

Gifts and Entertainment with Non-Government Persons:

We may provide meals, refreshments, or entertainment of reasonable value to non-government persons in support of business activities, provided:

- The business courtesy is not offered as a “quid pro quo,” (offered for something in return for the courtesy.)
- The courtesy does not violate any law, regulation, or the standards of conduct of the recipient’s organization. It is **our** responsibility to inquire about prohibitions or limitations of the recipient’s organization before offering any business courtesy; and
- The courtesy is consistent with marketplace practices, infrequent in nature, and is not lavish or extravagant. It cannot cause embarrassment or reflect negatively on our reputation if it were to become known.

Gifts and Entertainment with U.S. Government Representatives

The U.S. Government is our largest customer, and we must respect the special laws surrounding contracting with the U.S. Government. With few exceptions, U.S. Government agencies have strict prohibitions against their employees accepting any business courtesies.

Therefore, except as otherwise permitted by law or regulation, we are prohibited from offering or providing any business courtesy, including meals, entertainment, travel or lodging expenses for any U.S.

Government employee or representative. Modest refreshments – such as soft drinks, tea, coffee and fruit offered on an occasional basis in **conjunction** with **business activities** – are acceptable. If you deal with representatives of a particular federal agency, you are responsible for complying with that agency’s standards of conduct. Where there is a question as to a particular agency’s requirements under its standards of conduct, you must contact your location’s Ethics Officer in advance for guidance.

Similarly, those who deal with U.S. state or local government officials are responsible for knowing and adhering to the rules that may apply to such state or local government employees. Generally, such officials are often under prohibitions similar to those of U.S. Federal Government employees.

Gifts and Entertainment with Foreign Government Employees and Officials

Employees of national and local governments are subject to a wide variety of different laws and regulations. We must consult our location’s policies as well as applicable laws and regulations prior to offering anything to such employees. If you have questions, consult your supervisor, your local Ethics Officer, or the Legal department.



In instances where customs in certain countries require the exchange of gifts, the company will, to the extent permitted, provide the gift. Any gifts, other than those of nominal value, received from representatives of these countries will become Company property.

Whether you are an L-3 employee based in the United States or based abroad, you must understand and abide by the Foreign Corrupt Practices Act (Act), which prohibits giving anything of value to a foreign official for the purpose of improperly influencing an official decision. It also prohibits unlawful political contributions to obtain or retain business overseas. Finally, this Act prohibits the use of false records or accounts in the conduct of foreign business. Before offering anything of value to foreign public officials, including payments to facilitate routine government action, get advance approval from the Legal department.

You must also be careful when considering retaining agents to represent our interests outside the United States. L-3 has strict approval requirements for such consultants.

Scenario: *A U.S. Federal Contracting Officer and I will be traveling to the airport at the same time following a meeting. May I offer the Contracting Officer a ride and save her a taxi ride?*

Guidance: *No. Providing transportation to a U.S. Government executive branch employee is generally prohibited unless the individual pays the market value of the transportation.*

Scenario: *I would like to offer a private customer a calendar embossed with our logo at year-end. Is this permissible?*

Guidance: *Assuming that there is no violation of the customer's rules or standards of conduct, this would be acceptable.*

Scenario: *We are in the midst of a contract procurement. I know that the U.S. Government Contracting Officer is a wine connoisseur, and I would like to send her a small gift basket of fine wines. Is this proper?*

Guidance: *It would be a violation of L-3's prohibitions on gratuities to government employees as well as a violation of government regulations for the Contracting Officer to accept the offer.*

Scenario: *A contracting officer from the Defense Ministry and I are both big football (soccer) fans. I have tickets to a World Cup match that I can't use. He would like to go but*

the tickets are "sold out." May I sell him my ticket? I would charge the full face value of the ticket.

Guidance: *Federal, state and local government departments and agencies and similar foreign instrumentalities have rules concerning their employees' acceptance of business courtesies from firms and persons with whom they do business or regulate. In all cases, L-3 employees are prohibited from offering or giving a business courtesy to a government employee where it is not permissible under applicable law or regulation. Consult your local Ethics Officer for additional guidance.*

Avoiding Kickbacks

We believe in safeguarding the integrity of the procurement process for all of our customers. Therefore, **nothing** of value is to be given or accepted as a basis for awarding or obtaining contracts or subcontracts or for favorable treatment under contracts or subcontracts. If you have reason to believe that a bribe or kickback has been given or accepted, you must immediately report this to our Legal department or your local Ethics Office.

A kickback or bribe is any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind that is provided, directly or indirectly, and that has, as one of its purposes, the improper obtaining or rewarding of favorable treatment in a business transaction. As even the appearance of a kickback can be damaging, do not offer or accept anything of value during the procurement process.

Other Special Requirements for U.S. Government Customers

Security and Confidential Information

L-3 and its divisions that contract with the U.S. Government or its prime contractors in the development and production of products essential to national security are obligated to implement and maintain a system of security controls.

TO ENSURE WE MEET REQUIREMENTS FOR SECURITY AND PROTECTING CONFIDENTIAL INFORMATION, WE MUST:

- Comply with all applicable government and customer security requirements.
- Report to management and security personnel security violations or situations that could compromise or otherwise affect the security of our personnel, facilities, information and/or contracts.
- Follow established procedures for safeguarding government-classified information in our possession.
- Follow established procedures for protecting sensitive customer and business information including, but not limited to, telephone directories, program information, personnel and financial information, business plans and other related information. Such information is not to be released outside of the company (including to family and friends) without approval.
- If you have any questions about security matters, contact your supervisor, security representative or the Ethics Officer at your location.

Scenario: *May I make copies of confidential computer files to my flash drive so that I can work at home on weekends? I would not save any files to my home computer, just to my flash drive.*

Guidance: *No. It is important that we comply with all applicable security requirements. Contact your Supervisor, Security representative, or the Ethics Officer – and get express written approval – before removing confidential information from an L-3 secured environment.*

Procurement Integrity and Post Employment Restrictions

The U.S. Government has a number of laws designed to protect the integrity of the procurement process, including “Procurement Integrity” laws and regulations.



Procurement Integrity requires the following:

- We may not solicit or obtain another contractor’s bid or proposal information or U.S. Government source-selection information from any source, before the award of a competitive contract to which the information relates unless specifically authorized by law and in writing.
- U.S. Government procurement officials must report any contacts by a bidder regarding future or potential employment, and may be required to disqualify themselves from the procurement.
- U.S. Government agency officials who held certain procurement-related positions or responsibilities may not accept compensation as an employee, officer, director or consultant within a period of one year after the former official was involved in the procurement or program.
- There are also other post-employment restrictions on various U.S. Government personnel depending upon their rank, grade or official duties. Because of the complexities in this area, you should not engage in any employment discussions with U.S. Government personnel without prior approval from L-3’s Human Resources and Legal departments.
- Offers by anyone to provide unauthorized contractor bid and proposal information or source-selection information to L-3 must be refused and immediately reported to L-3’s Legal department.

Because the Procurement Integrity provisions are complex, any questions should be presented to your supervisor, manager, or the L-3 Legal department to obtain appropriate advice and guidance.

Scenario: *A consultant sent me the wrong file by mistake. The file includes information about a competitor’s bid for the same U.S. Government project. What should I do?*

Guidance: *L-3 will neither seek nor accept any information that could constitute a part of, or relate to the contents of, another company’s proposal at any stage of any competition. If you are in receipt of any file or document that you suspect contains sensitive information, do not make any copies of it, do not share it with anyone orally or as an email, and do not use the information until you have*

WE BUILD LONG TERM CUSTOMER RELATIONSHIPS THROUGH SUPERIOR PERFORMANCE.

promptly consulted the Legal department and obtained express written permission.

Truth in Negotiations Act (TINA)

All cost and pricing data in our proposals must be accurate, complete and current as of the date of final agreement on price. Whether you are the contract negotiator, the cost estimator or the person responsible for furnishing data to the cost estimator, you must ensure that the data meet the "Federal Acquisition Regulation" (FAR) requirements.

If you have a question as to whether information is cost or pricing data that must be disclosed to the U.S. Government, you should seek advice from the finance or contracts organization or from L-3's Legal department. Any doubts should be resolved in favor of disclosure.

False Statements

We may not knowingly and willfully falsify or conceal a material fact, make any materially false, fictitious or fraudulent statements or representations or use any false writings in connection with any matter within the jurisdiction of the executive, legislative or judicial branch of the U.S. Government. A "material" fact is defined as any fact that is capable of influencing the decision of a decision-making body to which it is addressed.

Scenario: *I discovered that some inaccurate information was provided to a U.S. Government customer. The error does not look to be significant. What should I do?*

Guidance: *Concealing information from a U.S. Government customer could result in serious consequences for our Company. Seek assistance from the Legal department to evaluate whether or not the error would be considered material.*

False Claims

The False Claims Act prohibits any individual or company from knowingly submitting or causing the submission of false claims to the U.S. Government.

A "claim" is broadly defined by this law and includes, but is not limited to any request, demand or submission whether under contract or otherwise, for money or property, which is made to a contractor, grantee or other recipient if the U.S. Government provides any portion of the money or property requested, or if the U.S. Government will reimburse such recipient for any portion of the money or property requested.

A "claim" also includes any request, demand or submission that has the effect of decreasing an

obligation of the company to the U.S. Government.

"Knowingly" is broadly defined in this Act, and it includes when a person acts in deliberate ignorance or in reckless disregard of the truth or falsity of the information.

We may not

- submit or cause the submission of false claims to the U.S. Government or to a U.S. Government higher-tier contractor
- cause false statement to be made to the U.S. Government
- make or deliver a false receipt for U.S. Government property
- knowingly buy property from an officer of the U.S. Government who is not authorized to sell such property

Mandatory Obligation to Disclose Certain Misconduct

The Federal Acquisition Regulation (FAR) requires the mandatory disclosure of credible evidence of federal criminal law violations involving fraud, conflict of interest, bribery, or gratuity violations, as well as claims under the Civil False Claims Act, and significant overpayments. This mandatory disclosure obligation continues up through three (3) years after contract close-out.

In order to comply with these obligations, all L-3 employees must immediately report any issues that could potentially constitute a violation of criminal or civil law, or significant overpayment on a Government contract, to your responsible Ethics Officer or the Corporate Ethics Officer. You may also report these matters through the Ethics Helpline. Reporting of these matters is mandatory, although you may use the Ethics Helpline if you prefer to remain anonymous.

Use of Suspended/Debarred Contractors

Care should be taken to ensure that individuals and/or companies listed on the General Services Administration's List of Parties Excluded from Federal Procurement and Nonprocurement Programs are not hired as employees, consultants or used as subcontractors on U.S. Government contracts, unless appropriate approval has been obtained.

Byrd Amendment

This law prohibits the use of contract payments to pay any person for influencing or attempting to influence officials of the executive or legislative branches (including members of Congress and their staffs) of the U.S. Government in connection with the award or modification of U.S. Government contracts. Any questions about the propriety of payments should be raised with L-3's Legal department.

RESPONSIBILITIES TO OUR COLLEAGUES

We treat people with dignity, fairness and courtesy. We create an inclusive environment that is focused on a common purpose and where diversity in people and perspective is valued. We cooperate across organizational boundaries, focusing on adding value and earning the trust of our teammates.

Our Work Environment

We seek to provide a work environment where everyone can perform effectively and achieve their full potential. Each of us is responsible for creating a climate of trust and respect, and for promoting a productive workplace environment.

We treat people with dignity, fairness and courtesy in all of our interactions in the workplace. We achieve success through collaborative efforts committed to achieving common, defined objectives. We share information, cooperate across organizational boundaries; focus on adding value and earning the trust of our teammates. Our people are empowered to make decisions and initiate change at all levels.

Fair Treatment and Non-Discrimination

We create an inclusive environment that is focused on a common purpose and where diversity in people and perspective is valued. Every individual in our company brings a unique background and perspective, and a unique set of abilities. These differences are assets and resources that will determine our success in an industry which requires creativity and innovation.

We strive to provide a productive workplace free from all types of unlawful discrimination. Unlawful discrimination in recruiting, hiring, salary actions, promotion, career development or termination will not be permitted. Any such discrimination against a customer or supplier is also strictly prohibited.

Scenario: *I overheard a manager report that he didn't hire a woman for a position because she was pregnant and the pregnancy would cause a disruption in our work flow. Was the manager correct?*

Guidance: *No. You should raise your concerns immediately to your location's Human Resources department or by using any of the means discussed under "Raising Concerns."*

Scenario: *Will I be allowed to leave work in the middle of the day to perform my religious beliefs/prayers?*

Guidance: *We are committed to making reasonable accommodations for employee religious beliefs. Discuss the situation with your manager or Human Resources.*

Harassment

We strive to create a climate of trust and respect. Harassment of any type, whether directed at a co-worker, supplier, customer or anyone doing business with L-3, will not be tolerated. Harassment is defined as any conduct which inappropriately or unreasonably interferes with work performance, diminishes the dignity of any person or which creates an intimidating, hostile or otherwise offensive work environment.

Scenario: *A customer verbally bullies our staff. Should we address the situation?*

Guidance: *Yes. Bullying can be broadly defined as offensive, intimidating, malicious or insulting behavior that occurs repeatedly (e.g., more than a one-time incident). L-3 employees are responsible to create and maintain an atmosphere of mutual respect. If employees are subject to or witness a violation of respect in the workplace, they are responsible to immediately report such violations to their Manager, to the divisions HR department, to their location Ethics Officer or by using any of the means for reporting violations and possible violations as described under "Raising Concerns."*

Sexual Harassment

Verbal, visual or physical conduct of a sexual nature is inappropriate in the work place and may be unlawful sexual harassment. Examples include:

- Sexual advances, requests for sexual favors, foul language, off-color jokes, remarks about a person's body or sexual activities;
- Displaying sexually suggestive pictures or objects, or sexually suggestive communications in any form; or
- Unwelcome and inappropriate touching.

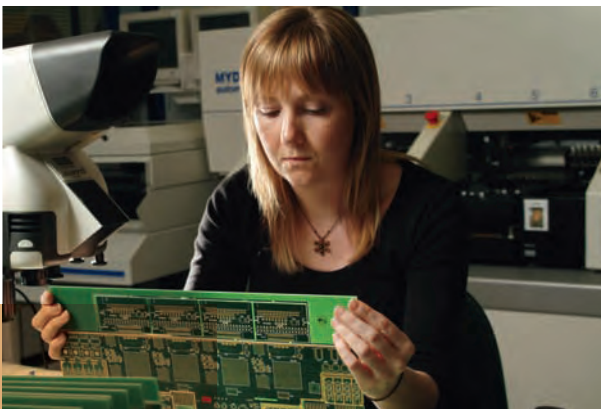
WE CREATE AN INCLUSIVE ENVIRONMENT THAT IS FOCUSED ON A COMMON PURPOSE AND WHERE DIVERSITY IN PEOPLE AND PERSPECTIVE IS VALUED.

Scenario: *A male colleague often makes sexually-oriented comments about a woman in our office. She goes along with it, but it makes me uncomfortable. What should I do?*

Guidance: *You should report it. L-3 employees are responsible to create and maintain an atmosphere of mutual respect. If employees are subject or witness to a violation of respect in the workplace, they are responsible to immediately report such violations to their Manager, to the divisions HR department, to their location Ethics Officer, or by using any of the means for reporting violations and possible violations as described under "Raising Concerns."*

Scenario: *In my culture any public depiction of nudity is offensive. An ex-patriot colleague has photos of fine art, including nude images, in his office. What should I do?*

Guidance: *Situations where there may be cross-cultural misunderstandings require good judgment and sensitive handling. Your colleague is likely unaware of the offense he is causing. You should approach your colleague directly and diplomatically express your concerns. However, if you are uncomfortable with approaching your colleague with your concerns, you should consult your Manager or local Ethics Officer for additional guidance.*



Safeguarding Health and Safety

L-3 is committed to employee health and safety at all of our facilities. It is each of our responsibility to follow the rules and procedures established at our facilities to ensure a healthy and safe working environment. These include:

- Always comply with all relevant health and safety laws.
- Avoid unsafe activities and conditions, including blocking fire exits and unsafe handling of chemicals.
- Report any incident of non-compliance or any unsafe condition immediately to the facility's Environmental, Health and Safety Coordinator, Corporate Environmental Health and Safety Office or contact your local Ethics Officer.

Drug and Alcohol Abuse

L-3 is committed to a safe and healthy workplace for everyone. Use of illegal drugs or alcohol abuse can create serious safety risks in our workplace environment. The possession, sale or use of illegal drugs or being under the influence of such drugs on Company time, property or at Company-sponsored events is prohibited.

We prohibit the consumption of alcohol on company property, on company time, in connection with company business or in a manner that would influence the performance of tasks and responsibilities. However, in some instances, employees may consume alcoholic beverages at company-sponsored events when authorized by management and when appropriate monitoring is in place. The Company at its discretion may take into account common practices in countries where moderate consumption of alcohol to accompany a meal is common practice. In any case, all employees are held accountable for ensuring that their performance and judgment are unimpaired by alcohol during working hours.

Personal Relationships

Each of us is responsible for creating a climate of trust and respect, and for promoting a productive work environment.

There is an inherent conflict of interest in managing someone with whom you have a romantic relationship. Even if you believe you are acting properly, your relationship may be perceived by others as improperly influencing your judgment. This can damage morale and disrupt workplace productivity. Therefore, you may not supervise, directly or indirectly, anyone with whom you are romantically involved. Additionally, we will not tolerate personal relationships that interfere with work performance or which may constitute harassment.

Employees should seek guidance and advice from their supervisor, Human Resources or from your local Ethics Officer whenever an issue arises with regard to personal relationships.

Protecting Privacy

We are committed to protecting the privacy of all of our employees. Only employees who are authorized and who have a work-related reason may access Company personnel and medical records. Personnel and medical records should contain only employment-related information.

Scenario: *Does my manager or the Company have access to my e-mail, some of which may be personal in nature?*

Guidance: *While L-3 does not wish to intrude unnecessarily on your privacy, there are a number of valid business reasons which may require the company to access employee e-mails during the course of business. Our company reserves the right to monitor e-mail and other information systems as may be necessary. However, managers must have a valid reason to access an employee's e-mail account and must obtain prior approval from the Legal department and Human Resources.*



WE CREATE AN INCLUSIVE ENVIRONMENT THAT IS FOCUSED ON A COMMON PURPOSE AND WHERE DIVERSITY IN PEOPLE AND PERSPECTIVE IS VALUED.

RESPONSIBILITIES TO OUR SHAREHOLDERS

We are committed to providing an attractive long-term financial return for those who invest in our business. We use corporate assets responsibly and make decisions based solely on the best long-term interests of the company. We provide timely and accurate information and disclosures as required to our current and prospective investors.

Avoiding Conflicts of Interest

We have a responsibility to our shareholders to always act in the best interests of L-3. A “conflict of interest” can arise any time our personal interests (e.g., family or financial) could conflict, or appear to conflict with the best interests of L-3. We respect fully the rights of colleagues to engage in outside activities that are private in nature and in no way conflict with the workplace or L-3’s interest.

An actual or perceived conflict could make others question our integrity. That’s why it is so important to avoid even the appearance of a conflict of interest. While we cannot list every possible conflict of interest, the following are some common examples:

- **Financial Interests in Other Businesses.** If we are involved with or about to become involved with a decision relating to a supplier or customer; or if we are involved in a competition with another organization we must immediately disclose to our division President any significant direct financial interest in that current or potential supplier, customer or competitor.
- **Certain Relationships.** We may find ourselves in a situation where our spouse, children, parents, in-laws, or someone else with whom we have a close relationship is, or works for, a supplier, customer or competitor. Such situations are not necessarily prohibited, but if you are involved in some way with the particular firm as part of our responsibilities, you should disclose the situation to your division President.

- **Corporate Opportunities.** We may not take personal advantage of business opportunities that are discovered through the use of company property, information, or position.
- **Outside Employment with a Supplier or Customer.** We may not be employed by or serve as a director of a supplier or customer.
- **Outside Employment with a Competitor.** We may not compete with the Company or consult with or be employed in any capacity by a competitor.
- **Loans and Guarantees.** We may not extend or maintain credit, arrange for the extension of credit, or renew an extension of credit in the form of a personal loan to or for any director or executive officer.

The most important word to remember when it comes to conflicts of interest and outside business activities is **disclosure**. If you are ever in a situation in which someone might question your loyalty to L-3, you should disclose the situation. Contact your manager who will help you determine if a formal disclosure is required.

Scenario: *A good friend of mine works for the company which provides L-3’s telephone services and we usually exchange significant gifts during the giving season. A colleague suggested that I disclose the friendship to management. Since I am not involved in the purchasing decisions for this supplier, I don’t see any potential conflict. What should I do?*

Guidance: *In general, having a friend who works for a supplier would not necessitate disclosure of the relationship. Good judgment, however, is called for, and should a situation arise where you might become involved in supplier-related decisions, it is best to disclose the friendship to management and seek guidance.*

Protecting Company Assets and Property

Our company's resources, assets and property belong to our shareholders and we must be responsible with their property. Company resources include, but are not limited to:

- Offices and facilities
- Information systems (see below for more detailed guidelines on Computers, e-mails and Internet)
- Trade secrets and proprietary information
- Office supplies
- Telephones
- Equipment
- Product designs
- Confidential information
- Funds

Generally, we must refrain from personal use of our assets and resources. We recognize however, that occasional and insignificant personal use of assets may



be acceptable as long as there is no undue cost to the company and there is no interference with productivity in the workplace. It is **never** acceptable to use company resources to support a personal business, the business of any other firm, nor for an illegal act or purpose which would cause embarrassment to our company.

Managers are responsible for the assets assigned to their organizations and they are authorized to impose more restrictive personal use conditions. Managers are expected to exercise good judgment when imposing such conditions so as to avoid problems in the workplace.

Scenario: *I would like to copy some of the software I use on the job to my home computer so that I can work at home. May I do so as long as I only use the software for company business?*

Guidance: *Some of L-3's assets may be subject to specific corporate policies covering the access and use thereof. The company's use of vendor-supplied computer software is governed by license agreements and those agreements are valuable company assets. It is imperative that you know and comply with the requirements of such licenses.*

Scenario: *I would like to make a copy of my personal tax forms without having to leave the office to do so. May I use the company copier?*

Guidance: *This would qualify as occasional and insignificant use. However, if these were tax forms pertaining to a personal business, it would not be acceptable to use the company copier. Additionally, large volumes of copies, such as 200 flyers for a community sports club, would not be acceptable.*

WE USE CORPORATE ASSETS RESPONSIBLY AND MAKE DECISIONS BASED SOLELY ON THE BEST LONG-TERM INTERESTS OF THE COMPANY.

Use of Information System Assets

Information systems are critical to our business success. Examples of information systems include your desktop or laptop computer, telephones, file servers and network (including the Internet), e-mail messages and documents.

Everyone who uses our information systems assets is responsible for ensuring that these resources operate as they should. This means all employees must use these systems responsibly and primarily for legitimate business purposes. Only occasional and insignificant personal use is permitted if it does not pose an undue cost or interfere with workplace productivity.

Our policy prohibits the use of our information systems for the purpose of:

- Engaging in communications that might be considered illegal, offensive, defamatory, harassing, obscene, vulgar, or otherwise disruptive to normal business activity.
- Visiting inappropriate Internet sites.
- Improperly disseminating copyrighted or licensed materials or confidential and proprietary information.
- Installing hardware or software without advance authorization from appropriate Technology Operations (TO) personnel.
- Conducting for-profit, non-L-3 business.

Communications that you have at work (including e-mail, voicemail network, Internet, etc.) are not necessarily private, and confidentiality cannot be assured. Our company reserves the right (where legal to do so) to monitor or make records of all such communications to verify that company policies are being followed or for other legitimate business reasons.

Scenario: *May I use my lunch hour to surf the Internet?*

Guidance: *Occasional personal use of L-3's assets is permitted, as long as the activity takes place during non-work time, is of reasonable duration and frequency, and does not compromise security or the integrity of the Corporation's proprietary information or rights. Under no circumstances is it permissible to use L-3's assets for any illegal purpose or purpose which would cause embarrassment to L-3 or otherwise be adverse to its interests.*

Safeguarding Confidential Information

At L-3, we own, create or have access to a significant amount of "sensitive information" (e.g., confidential or proprietary information) in the course of conducting our business. We must protect the confidentiality of all sensitive information whether obtained from or relating to L-3 and/or suppliers, customers or other third parties. You should not disclose (even to family) or use any sensitive information for any purpose other than on a "need-to-know" basis within L-3. This obligation lasts during your entire employment and at all times thereafter.

Because of the extremely sensitive nature of our business, if you must disclose information outside of our Company (for business or legal reasons), contact your local contracts organization or Legal department. They will assist you in discussing and implementing proper protective measures before disclosure or use of the information. If you are uncertain or unsure about what information is sensitive, you should contact local contracts or the Legal department.

When L-3 executes confidentiality agreements with a third party regarding sensitive information to be received by L-3, you must honor the terms of such an agreement.

WE EACH HAVE AN OBLIGATION TO PROTECT THE SECURITY AND CONFIDENTIALITY OF OUR INFORMATION SYSTEMS. WE MUST:

- Protect information used to access company information systems, including user IDs, passwords, and building-access key cards.
- Protect the confidentiality and security of our information systems
- Protect information systems from damage, including physical damage and virus-caused damage.

Scenario: *I often discuss work issues with my spouse. Some of the information may technically be considered confidential, but I don't view as particularly sensitive, e.g., the names of colleagues or my manager. Is this really a problem?*

Guidance: *L-3 owns and creates a significant amount of "sensitive information" (e.g., confidential, proprietary or personally identifiable information) in the course of doing business. You are expected to protect the confidentiality of all sensitive information, whether obtained from or relating to L-3 and/or its suppliers, customers or other third parties. You should not disclose (even to family) or use any sensitive information for any purpose other than on a "need-to-know" basis within L-3.*

Maintaining Accurate Books and Records

We make decisions based on information recorded at every level of the company. Inaccurate records lead to poor decisions and negative business consequences. Additionally, our record-keeping procedures are essential to ensure that all costs are properly charged. We pride ourselves on the transparency of our financial and non-financial reporting. It is critical to the reputation of L-3, and to all of us, that the financial and non-financial data that we report be accurate, complete and valid in all material respects.

Company business documents, including internal or external correspondence, memoranda or communication of any type, must be prepared as completely, honestly and accurately as possible. Transactions between the company and outside individuals and organizations must be promptly and accurately entered in our books and records in your local accounting standards and translated in accordance with U.S. Generally Accepted Accounting Practices and Principles. No undisclosed fund may be established for any purpose.

If you have reason to believe that a violation of law has been committed or that a criminal or regulatory investigation or legal proceeding may be commenced, you must retain any records (including computer records) that are or could be relevant to an investigation of the matter. Questions with regard to destruction or retention of documents in this context should be directed to L-3's Legal department.

We take integrity in financial reporting very seriously. Concerns about financial reporting should be raised with managers, Finance department, Internal Audit, General Counsel, your local Ethics Office, Audit Committee of the Board or the HelpLine. If you have concerns about accounting or auditing matters, you may submit those concerns anonymously or confidentially.

Scenario: *I work outside the U.S. but on a U.S. Government related project. I am planning an office event where wine and beer will be served. I was told that I would have to split out the alcohol costs separately when I report the expenses. Is this correct?*

Guidance: *Yes. Because we do business with governmental entities, we must make provisions for certain costs that*



WE PROVIDE TIMELY AND ACCURATE INFORMATION AND DISCLOSURES AS REQUIRED TO OUR CURRENT AND PROSPECTIVE INVESTORS.

cannot be charged to the government. These costs require special accounting treatment. Other examples include tickets to sporting events, theatre tickets, golf tournaments, and flowers, birthday cakes and gift certificates for employees. Please note that government accounting rules are complex and require careful attention.

Special Requirements for U.S. Government Contracts

PARTICULAR CARE MUST BE TAKEN TO ENSURE THAT STATEMENTS AND CLAIMS MADE IN RELATION TO A U.S. GOVERNMENT CONTRACT OR SUBCONTRACT ARE NOT ONLY ACCURATE BUT CONFORM TO CONTRACTUAL AND LEGAL REQUIREMENTS. REMEMBER:

- All time worked directly or indirectly in support of any U.S. Government prime contract or subcontract must be charged accurately and to the correct charge number.
- Similarly all material costs for those contracts must be charged correctly.
- If you submit expense accounts and other forms requesting reimbursement you must follow your division procedures.
- Expense reports should only contain charges that you actually incur in the conduct of L-3's business.
- Expenses should be accurately described so that unallowable expenses may be excluded from billings to the U.S. Government. For example, we may not bill alcoholic beverage charges to the U.S. Government.

The Contracts and/or Finance department will provide guidance if you have any questions.

Avoiding Insider Trading

We believe in encouraging fair and open markets for the buying and selling of securities. We may not buy or sell stocks or securities on the basis of inside ("material") information which we learn in the course of our jobs at L-3. "Material" information is any non-public information that a reasonable investor would consider important in making investment decisions. Examples include, but are not limited to:

- Acquisitions or divestitures discussions
- Changes in management structures or executive-level changes
- Awards or cancellations of major contracts before public announcements
- Development of new products, services or processes
- Financial information e.g., corporate earnings, before public release

We also may not share non-public material information with others, e.g., family members, friends, suppliers, customers or even colleagues, without a legitimate business reason and management approval. Remember too, these restrictions apply to both L-3 information as well as nonpublic material information about our suppliers or customers which we may also learn through our employment.

Scenario: *I am in possession of material inside information about a supplier. Is it okay if I suggest to a family member that they buy the stock as long as I don't tell them the reason why?*

Guidance: *No. This would be considered insider trading.*

Scenario: *I work in Finance and it is not unusual for colleagues to ask in passing, "How are we doing this quarter?" It seems a bit rude to reply, "That's on a need-to-know basis." What should I do?*

Guidance: *You should not disclose (even to family) or use any sensitive information for any purpose other than on a "need to know" basis within L-3. Similarly, you should not attempt to obtain or learn sensitive information that you do not "need to know" to perform your own employment duties. This obligation lasts during the entire term of your employment or relationship with L-3 and at all times thereafter.*

RESPONSIBILITIES TO OUR SUPPLIERS

We achieve success through collaborative efforts with our business partners. We treat our suppliers honestly, fairly and with respect. We honor all of our contractual obligations. We share our standards of business conduct with our suppliers and expect that they will reflect those standards when conducting business on our behalf

Treating Suppliers Fairly

We treat our suppliers and business partners with fairness, courtesy and respect. We comply with the terms and conditions of our agreements with suppliers and we honor our commitments. We are careful to protect the confidential and proprietary information entrusted to us by our suppliers and partners. We should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair practice.

Scenario: *Is it okay to give a supplier price information from a competitor in order to get him to lower his price, as long I do not reveal the name of the competitor?*

Guidance: *No, this practice violates the spirit of L-3's ethics code and may violate local law as well. It is certainly not good business practice.*

Selecting Suppliers

We promote competitive procurement to the maximum extent practicable. Whenever procuring materials, supplies, equipment, consulting and other services, it is our policy to solicit a sufficient number of responsible and qualified subcontractors to obtain competitive prices and the necessary levels of quality and support. Our selection of subcontractors, suppliers, and vendors will be made on the basis of objective criteria such as, but not limited to, quality, technical excellence, price, delivery, adherence to schedules, service and maintenance of adequate sources of supply.

Soliciting and Receiving Gifts and Entertainment

Our business transactions should always be free from even a perception that favorable treatment was sought, received or offered by gifts, favors, hospitality, entertainment or similar gratuities. While there are certain circumstances under which it is permissible to accept such items, we are expected to follow a course of action that complies with the following guidelines:

- **Soliciting Gratuities:** We may not solicit, directly or indirectly, for our benefit or for the benefit of another person, any gift, favor or other gratuity from a person or organization with which the company does business or that seeks to do business with L-3. Soliciting a gift, favor or other gratuity is strictly prohibited regardless of the nature or value of the item or service.
- **Giving and Receiving Gratuities:** We may not accept business courtesies that constitute, or could be reasonably perceived as constituting, unfair business inducements or that could violate law, regulation or policies of L-3 or its customers or could cause embarrassment or reflect negatively on L-3's reputation.

If you have any question about gifts and entertainment, please consult with your manager or contact your local Ethics Office.

Scenario: *At a recent trade show, I dropped my business card in a supplier's raffle and won an I-pod. May I keep it? I do not actually work with this supplier as part of my L-3 responsibilities.*

Guidance: *Assuming that the raffle was open to all attendees at the trade show, this would be permissible. It is also permissible for an L-3 employee to accept nominal courtesies from a supplier. It is the personal responsibility of each employee in consultation with his or her manager to ensure that accepting such business courtesies is modest and proper and could not reasonably be construed as an attempt by the offering party to secure favorable treatment.*

WE HONOR ALL OF OUR CONTRACTUAL OBLIGATIONS. WE SHARE OUR STANDARDS OF BUSINESS CONDUCT WITH OUR SUPPLIERS AND EXPECT THAT THEY WILL REFLECT THOSE STANDARDS WHEN CONDUCTING BUSINESS ON OUR BEHALF.

Scenario: *A supplier has invited me to visit its facility and has offered to pay for the travel expenses. Our budget is tight and this would really help our department. Should I allow the supplier to pay?*

Guidance: *No. Employees are not permitted to accept expense-paid travel or accommodations (i.e., transportation, lodging, or subsistence) from present or potential suppliers or other business relations. Authorized expenses for business travel must be accounted for and reimbursed in accordance with established corporate and business unit policies and procedures.*

Scenario: *A supplier has invited my spouse and me to a dinner followed by a popular musical. May I accept?*

Guidance: *We may generally accept modest gifts or entertainment, however, what is considered "modest" may differ by division or location. Prior to accepting any gifts or entertainment from a supplier, or potential supplier, you should consult with your local Ethics Officer. Your local Ethics Officer will be able to assist you in determining what constitutes acceptable gifts and entertainment. Cash or equivalent may never be accepted.*



RESPONSIBILITIES TO OUR COMMUNITIES

We are committed to being good corporate citizens and we obey the laws in the countries and communities where we operate. We practice environmental responsibility and promote positive and constructive involvement in the local community.

Complying with Laws and Regulations

We wish to be a good corporate citizen wherever we operate by complying with applicable laws and regulations. Our business is highly regulated, and it is the responsibility of each of us to ensure that we know and comply with the laws and regulations that apply to our job responsibilities. If you need more information about legal requirements for your position, please contact your manager or the Legal department.

Remember that our international business activities are subject to U.S. Government laws and regulations as well as the laws and regulations of the countries in which we seek to do business. It is our policy to comply fully with these laws whenever they are applicable, at home or abroad.

In situations where there may be a conflict between local laws and our standards of conduct, you should consult with your manager and the Legal department. Some countries have laws that apply “extra-territorially” meaning the laws may apply to conduct that takes place outside that country. In extremely rare situations, this means there may be conflicts between following the laws of one country versus another. This is a complex area and you must consult with the Legal department immediately.

Respecting the Environment

We are committed to conducting operations and activities in a manner that protects the environment and conserves natural resources. We continually strive for improvement of our environmental management systems and to the prevention of pollution

It is our policy to comply with laws and regulations relating to protection of the environment. All offices and facilities must implement and follow processes designed to comply with all applicable environmental laws.

TO FULFILL OUR ENVIRONMENTAL COMMITMENTS:

- Do not create unacceptable risks to the environment.
- Pursue opportunities to prevent pollution by minimizing the quantity and degree of hazard from chemicals used in or wastes resulting from operations.
- Incorporate environmental considerations into business decisions.



WE PRACTICE ENVIRONMENTAL RESPONSIBILITY AND PROMOTE POSITIVE AND CONSTRUCTIVE INVOLVEMENT IN THE LOCAL COMMUNITY.

Scenario: *I've noticed that members of my division are not following recycling guidelines, at least as I understand them. Does our Company have specific policies or standards that we are meant to follow?*

Guidance: *Your line manager can help guide you to the appropriate Company resources and whether your co-workers are following Company guidelines. Additionally, Health, Safety and Environment managers can provide further guidance to you on recycling and related environmental issues.*

Fair Competition

We believe our customers and society at large benefit from fair, free and open markets. Therefore, we do not engage in any practices that could be viewed as fixing prices, unfairly restraining trade, or keeping competitors out of the marketplace.

We will **not**:

- Communicate with competitors to discuss prices, allocate markets, boycott customers or suppliers, or limit production of services for anticompetitive purposes;
- Make false statements about our competitors; or
- Receive or use our competitor's proprietary information, including pricing information, improperly.

Fair competition is not just an issue of our own company standards. Most of the countries in which L-3 conducts business have laws designed to promote free and open competition and to prohibit activities designed to restrain trade. For more information on fair competition, contact the Legal department.

International Trade Regulations

As part of being a responsible corporate citizen, we must comply with a number of laws concerning international trade.

Import/Export Compliance

The import/export of technical data, hardware and/or services must comply with all applicable U.S. Government laws and regulations to protect U.S. national security and foreign policy. L-3's policies describe the steps necessary for you to comply with U.S. Government export control requirements. Failure to comply may result in the loss of export privileges and civil and/or criminal penalties against L-3 or you.

If you have any questions about export/import compliance, contact your division's Empowered Official, Export Compliance Coordinator, L-3's Legal department or Washington Operations, International Licensing Group.

Anti-Boycott

As a U.S. based company, all officers, directors, employees, representatives and consultants (including those of foreign subsidiaries) must comply with U.S. laws pertaining to foreign boycotts.

As part of the Anti-Boycott Act, we may not:

- Furnish information about our or any person's past present or prospective relationship with boycotted countries or blacklisted companies.
- Pay, honor or confirm letters of credit containing boycott provisions.

Requests for boycott information must be reported to the U.S. Government. All such requests should be directed immediately to the Legal department.

Avoiding Bribery and Improper Payments

To promote good government and the fair and impartial administration of laws, we may not promise, offer or make payment in money or anything of value to any government official or political party with the intent to obtain or maintain business, or to improperly affect government decisions. This prohibition also applies to third parties, agents or any other entity acting on behalf of L-3.

Generally, we do not pay “facilitating payments.” Facilitating payments are small payments made to mid or low-level government officials or political parties to expedite or secure performance of a routine government action. Examples of routine government actions include:

- Obtaining permits, licenses to qualify a person to do business.
- Processing governmental papers, e.g., visas and work orders.
- Providing police protection, mail pick-up and delivery.
- Providing phone service, power and water supply.

In certain rare circumstances, we may be compelled to make facilitating payments. Such **exceptions require the prior written approval of the General Counsel or his/her designee.**

We are required to maintain accurate and complete financial books, records and accounts, as well as a system of due diligence and internal controls to ensure accuracy and completeness.

Scenario: *We want to hire the brother of a senior ranking official with the country’s Defense Ministry. He is well-qualified for the position, and his relationship with the Ministry is certainly a bonus. Can we hire him?*

Guidance: *This could be viewed as a bribe in order to obtain favorable treatment from the Minister. Consult with the General Counsel for proper guidance on the matter*

Scenario: *I am setting up a new office in an emerging economy and the local authorities requested a small gratuity before they will install our phone lines. May I make this payment?*

Guidance: *We make every effort to avoid paying facilitating payments. If you feel you have exhausted every avenue to avoid making such payments, contact the General Counsel to discuss the situation further.*

Community Involvement

We are encouraged to participate in community organizations and activities. However, we must be alert to conflicts of interest if we hold public office or serve on commissions or advisory groups.

Communications with Media

We wish to provide open, accurate, and consistent communication to the public. To maintain the consistency and accuracy of this information, corporate spokespersons are designated to respond to all inquiries. Only these spokespersons are authorized to release information to the public at the appropriate time. Unless you have been designated as a spokesperson, you should not respond to inquiries from the press. All inquiries from the media should be forwarded immediately to Public Relations or other designated spokespersons.

Political Contributions and Activities

We believe in the importance of personal participation in the political process and encourage all of our employees to support the political parties and candidates of their choice. We must understand, however, that our involvement and participation in the political process must be on an individual basis, on our own time and at our own expense. Many countries prohibit corporations from donating corporate funds, goods, or services (including employees’ work time), directly or indirectly, to political candidates.

Because laws in this area are complex, contribution of L-3's funds or the use of L-3's assets or facilities for the benefit of political parties or candidates anywhere in the world is prohibited unless approved in advance by L-3's General Counsel.

Scenario: *An important customer has suggested that I make a 'token' donation to a candidate for governor of the province where L-3 has operations that I supervise. If I decline it may affront the customer and have a business impact. Should I make the donation personally? What should I do?*

Guidance: *The best course is to inform management of the conversation and seek guidance. Consult with your manager about the best course of action and you should make your manager aware of any retaliatory behavior on the part of the customer.*



RAISING CONCERNS

We seek to foster a working environment that encourages all of us – from the newest employee to the CEO – to discuss concerns about possible violations of our standards of business conduct. Sometimes individuals can be uncomfortable coming forward with business conduct concerns, but we want to make sure you never feel that way at L-3. Please let us know about possible problems right away so that we can promptly resolve any concern, before more serious consequences develop.

How to Raise a Business Conduct Concern

We offer a number of resources you can consult when you need to raise a question or concern. Depending on the nature of the concern, it may be appropriate to approach the individual responsible directly with your concerns, providing them an opportunity to clarify (or stop) his or her conduct. In the event that you are not comfortable handling the situation, or if you believe the misconduct involves a legal or a contracts issue, you should promptly consult one of the following resources:

- **Your Manager:** Your manager understands your areas of responsibility and is often in the best position to assist you if you have questions or concerns. However, we recognize there may be times when you are uncomfortable discussing a matter with your manager. In such situations, you should consult one of the other resources listed below.
- **Your Local Ethics Officer:** Your local ethics officer can answer questions or address concerns on issues involving our standards of conduct. You may raise your issue in confidence and your local ethics officer will make every effort to keep your identity confidential while conducting a thorough and fair investigation.
- **Corporate Ethics Officer:** There may be situations when you would prefer to discuss your questions or concerns with someone outside your division or location. You may contact the Corporate Ethics Office

to discuss your concerns and confidentiality will be maintained to the fullest extent legally possible.

- **HelpLine:** L-3 maintains a HelpLine that is answered by an outside firm hired by us to provide a means to raise your concerns on a confidential basis. Where legally permissible, you may also contact the HelpLine anonymously. In the U.S.A. you may access the HelpLine by dialing 1-877-L3-CODE-9. Locations outside of the U.S.A. must obtain their respective AT&T country access number located at <http://www.usa.att.com/traveler/index.jsp> prior to dialing 1-877-L3-CODE-9.
- **Web Site:** L-3 maintains a Web site that is available to our employees in many different languages. You may access this Web site at www.L3code.com.
- **Other Functional Departments:** There are a number of functional departments that can assist you with questions or concerns in their areas of expertise. These include:
 - **Human Resources**
 - **Contracts**
 - **Legal**
 - **Finance**
 - **Audit**
 - **Security**
- **Audit Committee of the Board of Directors:** If you have concerns about violations of our standards in the areas of accounting, internal controls or auditing, you may raise your concern to the Audit Committee of our Board of Directors. Please send your concerns to:

L-3 Corporate Headquarters
Attention: Audit Committee
600 Third Avenue
New York, NY 10016

CREATING A NON-RETALIATORY CULTURE

What Happens After a Concern Is Raised

We take all reported concerns seriously. We will investigate all potential misconduct to determine if any law, regulation, policy or procedure has been violated. We will make every effort to keep your identity confidential while conducting a thorough and fair investigation. We will also work to ensure that data relating to the investigation will be kept secure. To assist in maintaining confidentiality, it is important that you refrain from discussing your concern with colleagues.

If you have raised a concern with your manager or another resource, you can expect that they will follow up with you within a reasonable timeframe to provide an update on the issue. While they will not be able to disclose specific details, depending on the nature of the case, the manager will likely provide a high-level summary of the action taken in the case. If you have chosen to remain anonymous, you will be given a case number that will allow you to follow-up at your discretion for a status update.

Retaliation

Anyone at L-3 who comes forward with concerns plays an important role in maintaining a healthy, respectful, and productive workplace, as well as in protecting our stakeholders. These colleagues help our company to address problems early – before more serious consequences develop. It is important for each of us to create a working environment where everyone may raise business conduct concerns without fear of retaliation.

Retaliation against employees who raise concerns or questions about misconduct in 'good faith' will not be tolerated. Good faith means that you have made a genuine attempt to provide honest and accurate information, even if you are later proven to have been mistaken. We reserve the right to discipline anyone who **knowingly** makes a false accusation or has acted improperly. However, if an employee voluntarily reports that he or she was involved in a violation; such self-reporting may be considered when determining the appropriate disciplinary action to be taken.

We will not terminate, demote or otherwise discriminate against an employee for having raised concerns. As well, it is important for colleagues not to alienate someone who has raised concerns – such employees should continue to be treated with respect. Any change in treatment toward a colleague who has raised a concern (e.g., no longer sharing information, etc.) can be construed as a form of retaliation.

We have established a process to deal with retaliation issues. Anyone who may have experienced retaliation after raising a concern should bring the issue to the attention of a supervisor, or the local ethics officer, or the Corporate Ethics Officer. Additionally, the HelpLine may be used to discuss a retaliation issue.



WE ARE COMMITTED TO BEING GOOD CORPORATE CITIZENS AND WE OBEY THE LAWS IN THE COUNTRIES AND COMMUNITIES WHERE WE OPERATE. WE PRACTICE ENVIRONMENTAL RESPONSIBILITY AND PROMOTE POSITIVE AND CONSTRUCTIVE INVOLVEMENT IN THE LOCAL COMMUNITY.



Code of Conduct Acknowledgement

CODE OF ETHICS AND BUSINESS CONDUCT

I have read L-3's Code of Ethics and Business Conduct and, if applicable, Addendum (the Code). I understand and agree to abide by the Code. I realize that any violations of the Code may lead to disciplinary action.

Name (please print)

Employee Identification Number

Signature

Date

L-3 Division or Outside Organization

Issue Date - January 2009



ETHICS TOLL FREE HELPLINE | 877-L3-CODE-9 | ETHICS REPORTING WWW.L3CODE.COM

(Locations outside the USA, must use respective AT&T toll free country access number. To identify this number access <http://www.usa.att.com/traveler/index.jsp> prior to calling 1-877-L3CODE-9)

CORPORATE ETHICS OFFICE | 212-805-5656 | [ETHICS@ L-3COM.COM](mailto:ETHICS@L-3COM.COM)

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