

GUIDING THE WAY

Code of Ethics and Business Conduct

Our Values

At L-3, we operate with integrity, excellence, accountability and respect in everything we do. Our values provide the foundation for our commitment to the highest level of ethical conduct, a commitment we take very seriously.

INTEGRITY

We demonstrate integrity by operating honestly and fairly. We apply our values and principles to our daily business activities and make sure our actions always reflect the highest level of ethical conduct. We each take responsibility for knowing the laws and regulations governing L-3 and meeting the Company's ethical standards.

EXCELLENCE

Our Company insists on excellence. Our customers, fellow employees, communities, and shareholders expect and deserve superior performance in our products and services and in the way we conduct business every day. Maintaining a level of excellence that is appropriate to our position as a global leader depends on an individual commitment from each of us to act with integrity, accountability, and respect any time we represent the Company.

ACCOUNTABILITY

Accountability signals our ability to make and keep commitments. Our reputation depends on our ability to reliably and consistently deliver on our promises and to earn and keep the trust of our customers, shareholders, fellow employees, and the community at large.

RESPECT

Acting with respect is fundamental to our strength as an organization. We treat customers, suppliers, outside parties, and one another with dignity, fairness and courtesy. We support an inclusive culture where diversity in people and perspective is valued. We cooperate across organizational boundaries, focusing on adding value and earning the trust of our teammates.

Message from the Chairman and CEO

Dear Colleague:

Ethics is one of L-3's core values. It is the foundation upon which we built this company and governs how we conduct business. Our commitment to integrity, accountability, respect and excellence has made us one of the top aerospace and defense contractors in the world.

L-3 is dedicated to providing an ethical, safe, productive workplace, free from discrimination and harassment. To achieve this goal, we have a shared responsibility to conduct ourselves ethically in our interactions with co-workers, customers, suppliers and competitors, as well as in the communities where we live and work. L-3's supervisors and managers have a special obligation to model ethical behavior and promote an environment that complies with our standards.

This Code of Ethics and Business Conduct provides principles and guidelines that apply to everyone at L-3, regardless of position or level of responsibility, as well as those who act on our behalf. I urge you to read this document carefully and become thoroughly familiar with its contents. We also have other valuable resources to assist you, including ethics officers and an employee helpline for your use whenever you have questions or concerns.

L-3 is known for our dedicated people, outstanding performance and ethical business practices. Your continued commitment to value-based ethical behavior will ensure that we maintain our reputation as a company of integrity and a premier provider of services and solutions for our customers.

Sincerely,



Michael T. Strianese

Chairman and Chief Executive Officer





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Introduction to the Code of Ethics and Business Conduct

PURPOSE

L-3 delivers superior performance. We do this through our commitment to ethical business conduct, which ultimately is the foundation for our success as a company. We expect everyone who works for, or on behalf of, the Company to act with integrity, excellence, accountability, and respect at all times.

This Code of Ethics and Business Conduct (Code) describes our commitment to these values and is our guide to ethical decision making. Ethical decisions are essential to developing trust with our customers, shareholders, colleagues, suppliers, and the community at large.

Although this Code is designed to guide you, it cannot address every issue that you might face. When you are confronted with a dilemma or decision and are not sure how to act, consult the Ethics Organization.

USING THE CODE OF ETHICS AND BUSINESS CONDUCT

In this guide you will find a summary of some of our most important policies and procedures. More detailed guidance is found in our Corporate Policies, which are available on our intranet site or by contacting your manager.

L-3 operates in a highly regulated business environment both domestically and in countries around the world. The Company's international business activities may be subject to both United States Government and host country laws and regulations. There are Addenda to this Code that provide information on the laws and regulations of the various countries where we operate. Understand that the Code and its Addenda do not address all of the laws and regulations that may be applicable in the countries where L-3 does business. It is important that you seek guidance from L-3's Ethics Office or Legal Department whenever you are uncertain of how local laws may affect your work.

FOLLOWING THE CODE OF ETHICS AND BUSINESS CONDUCT

The Code applies to everyone who does business on behalf of L-3, including employees, officers and members of the Board of Directors. Our Company also expects that all third parties with whom we contract, including agents, suppliers, and contractors will act in accordance with the principles outlined in this Code when conducting business on L-3's behalf.

Following the Code is mandatory, as it is essential to our Company's success and reputation. Those individuals who fail to follow the Code will be subject to disciplinary action, up to and including, termination. Disciplinary action may be taken not only against those who authorized or participated directly in the violation, but also against anyone who deliberately failed to report a violation.

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



HELPLINES

- **Calling from within the U.S.A:**
Dial: 1-877-L3-CODE-9
- **Calling from outside the U.S.A:**
Obtain the respective AT&T country access code number at: <http://www.usa.att.com/traveler/index.jsp> and then dial: 1-877-L3-CODE-9.
- **Website:** www.L-3code.com
- **E-mail:** Ethics@L-3com.com



YOUR RESPONSIBILITIES

As an employee...

- ▶ Seek guidance from your Manager and any other Company reporting resource whenever you have questions about this Code, the Company's policies or any of the laws and regulations which apply to your responsibilities.
- ▶ Discuss any concerns you might have about possible violations of the Code, the company's policies or any other laws and regulations with your Manager or another Company reporting resource listed under "Raising Concerns."
- ▶ 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. Any attempt to direct or otherwise influence any employee to commit a violation is itself a violation of our Code.

As a manager...

- ▶ Emphasize the importance of the Code to all employees and consistently encourage open communication.
- ▶ Play a proactive role in training employees on the Code and related topics, specifically by encouraging employee participation in training initiatives and identifying potential training opportunities.
- ▶ Understand when to escalate business concerns and when to seek support from additional resources.
- ▶ Communicate the Company's commitment to conducting business ethically and in compliance with all laws and regulations to all third parties whom you oversee and review and confirm that their actions and behaviors are consistent with L-3's values and with this Code.



PRODUCING QUALITY PRODUCTS

Delivering quality products and services that meet our customer's requirements is critical. We are a recognized leader in our industry: for innovation, quality, responsiveness and value. Long-term customer relationships are built through superior performance. L-3 strictly adheres to a robust set of quality standards and always strives to exceed our customer's expectations.

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.
- ▶ Use only materials and processes conforming to quality levels specified in each contract.
- ▶ Use substitute materials or processes only if they 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.



SPECIALIZED GOVERNMENT CONTRACTING REQUIREMENTS

As a government contractor, we should expect heightened scrutiny regarding compliance with the rules and regulations applicable to companies doing business with the government. Accordingly, we must ensure that our products and services are delivered and administered in a manner that fully complies with laws, regulations, and our contracts. The laws and regulations applicable to government contractors apply both when L-3 is acting as a prime contractor and as a subcontractor at any tier. Consultants and subcontractors that are hired by our Company to perform work related to a government contract or subcontract must also adhere to government contracting rules.

Submissions of Claims to the Government

The law provides for significant damages and penalties for any government contractor who “knowingly” submits false claims to the government. “Knowingly” means claims that are intentionally inaccurate, as well as those that are recklessly submitted without verification that the work was performed in compliance with the requirements or without assuring that the claim is accurate. The laws and regulations associated with doing business with the government are varied and complex. In all circumstances, we must ensure full compliance with applicable requirements and we must carefully review any claims for payments.

Maintaining Accurate Business and Financial Records

We must maintain accurate and complete business and financial records. Inaccurate or incomplete records lead to potential non-compliance with laws and regulations, as well as, a host of adverse business consequences. Additionally, our record-keeping procedures are essential to ensure that all costs are properly charged and reported. It is critical to L-3’s reputation that our financial data and business records are current, accurate, and complete.

- ▶ **FINANCIAL INTEGRITY.** Honest, accurate, and timely recording and reporting of our financial transactions is critical to our reputation. All transactions between our Company and outside individuals are entered in our books and records using local accounting standards and adjusted to be in accordance with U.S. Generally Accepted Accounting Principles. All of our records must reflect each transaction fully and accurately, on a timely basis. If you have any reason to believe that a record is inaccurate, false, or misleading, contact an appropriate company resource, such as your manager or the Ethics Office.
- ▶ **DOCUMENT MAINTENANCE.** Business records include formal records, such as financial information and government filings, and any other records created within the scope of L-3’s business. The U.S. government requires that we maintain and retain certain records. If you have a question about whether or not to maintain a record, contact the Legal Department.

- ▶ **COMPLYING WITH LEGAL HOLDS.** There are certain times when you have to follow additional precautions with respect to maintaining records, such as in the event of government investigations or legal proceedings. When you learn of such ongoing or pending matters, you must retain relevant records. If you have any questions about your responsibility to maintain records, contact the Legal Department.
- ▶ **SUBMISSION OF ACCURATE EXPENSE REPORTING.** It is critical that all expense reports be completed accurately. This includes the following key points:
 - Charge accurately to the correct charge number.
 - Charge all material costs correctly.
 - Follow your division's procedures for expense reporting.
 - Make sure that all expenses are permissible by the terms of the contract.

Accurate Labor Charging

Honest and accurate labor charge reporting is mandatory. Every L-3 employee is responsible for understanding and ensuring the accuracy of all applicable labor reporting. This means, for example, that you must charge your time accurately to the contract or contracts on which you are working. If you have any questions regarding time charging processes or procedures, you must obtain clarification from your supervisor or the L-3 Ethics Office.

Avoiding Kickbacks

Soliciting or accepting anything of value to influence award of, or work under a U.S. government contract or subcontract is a violation of the anti-kickback laws. A "kickback" is providing something of value either to reward or obtain favorable treatment on a government contract. There are serious consequences associated with failing to disclose a potential kickback. Accordingly, if you have reason to believe that a bribe or kickback has been offered or accepted, you must immediately report this to L-3's Legal Department or the Ethics Office.

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 of the U.S. Government (including members of Congress and their staffs) 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.





Competing for Government Business

The *Procurement Integrity Act* provides a series of prohibitions designed to protect the integrity of the procurement process by ensuring that competitors for government contracts compete on a level playing field. The basic principles reflect that competitors, as well as government procurement officials, may not solicit, obtain, or disclose contractor bid and proposal or other proprietary or confidential information, such as source selection information, during the course of a competition. These proscriptions also restrict employment discussions with current or former U.S. Government personnel involved in competitions in which L-3 has an interest. If you receive any information that might be construed as presenting a conflict with these laws, or if you have any questions about these laws and regulations, you should contact the L-3 Legal Department or the Ethics Office.

Truth in Negotiations Act (TINA)

All cost and pricing data in support of 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 meets 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.

Restrictions Applicable to Employing Current and Former Government Personnel

There are a series of laws and regulations that limit the ability to discuss employment or consulting opportunities with individuals who are currently employees of the U.S. Government. Before any employee may discuss employment opportunities with a current government employee, L-3's policy on ***Employment of Current and Former Military Personnel and Federal Government Employees*** must be consulted. In general, the applicable laws and regulations prohibit any government contractor from gaining a competitive advantage or obtaining "inside" government information from government employees by engaging in employment discussions.

Similarly, there are strict prohibitions in the work that certain former government personnel may do for the Company. Because these rules are complicated, it is critical that you consult the applicable L-3 policies and obtain any necessary clarification from the L-3 Legal Department or Ethics Office before engaging in employment discussions with current government employees or assigning work to former government employees.

Access to Competitors' Information

It is equally inappropriate to obtain or attempt to obtain confidential and proprietary information of L-3's competitors. Under no circumstances may anyone introduce another company's confidential or proprietary information into L-3's business or systems.

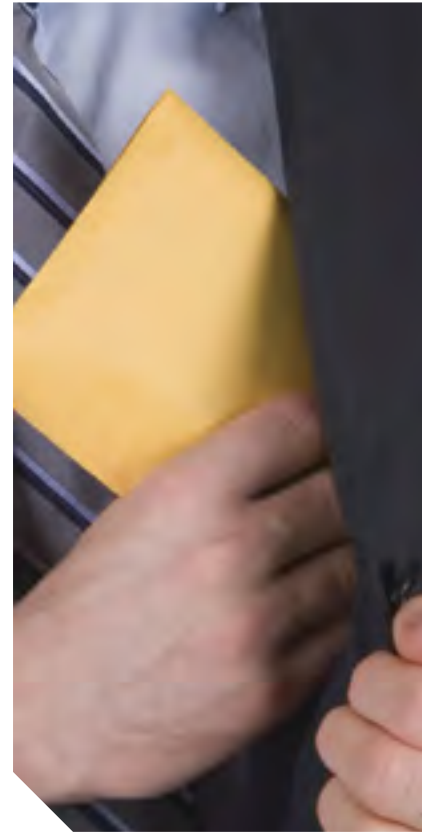
Use of Suspended/Debarred Contractors

L-3 may not conduct any government-related business with any individual or company that has been suspended or debarred. Accordingly, before contracts are issued or individuals employed, L-3's policy on **Hiring or Using Debarred or Suspended Individuals or Entities** should be consulted, and the General Services Administration's "List of Parties Excluded from Federal Procurement and Non-Procurement Programs" must be reviewed.

Bribery and Corruption

It is never permissible to offer anything of value for corrupt purposes, such as obtaining favorable treatment with a respective customer. L-3 complies with all anti-bribery and corruption laws around the world and prohibits anyone from offering, soliciting, or accepting any bribe, whether dealing with government officials, political parties, or representatives of commercial organizations. "Bribes" does not mean just money, but anything of value, including gifts, entertainment, or other favors solicited or received for an improper purpose. We expect this same integrity from all third parties, agents, and anyone else with whom we work on the Company's behalf.

- ▶ **THE FOREIGN CORRUPT PRACTICES ACT ("FCPA").** Whether you are an L-3 employee based in the United States or based abroad, the Foreign Corrupt Practices Act prohibits offering, soliciting, or providing anything of value to a foreign official, or accepting anything of value from a foreign official, for the purpose of improperly influencing decision-making. It also prohibits unlawful political contributions to obtain or retain business overseas. Finally, the Act prohibits the use of false records or accounts in the conduct of L-3's business. We must be careful when retaining third parties to represent the Company's interests outside the United States, as the Company can be held liable for the unlawful actions of such third parties. The Company's **Anti-Bribery and Compliance with the Foreign Corrupt Practices Act Policy** must strictly be adhered to. If you have any questions, you should contact L-3's Legal Department.



SCENARIO & GUIDANCE

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

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

No. 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.

Gifts and Entertainment

Our business transactions should always be free from even a perception that favorable treatment was sought, received, or offered through 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. If you ever have any questions concerning gifts or entertainment, consult the Ethics Office.

- ▶ **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 standards of conduct, you must contact the Ethics Office 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.



▶ **GIFT 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. Consult your location's policies, as well as applicable laws and regulations, prior to offering anything of value to such employees. If you have questions, consult the Ethics Office 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, which is described in this Code. Before offering or providing anything of value to foreign public officials, you must obtain 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.

▶ **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 any prohibitions or limitations applicable to 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.

SCENARIO & GUIDANCE

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.

► **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 through 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, consult with your manager or contact the Ethics Office.





Anti-Boycott Laws

As a U.S. based company, everyone at L-3, including foreign subsidiaries, must comply with U.S. laws pertaining to foreign boycotts. As part of the U.S. Anti-Boycott Act, it is unlawful to:

- ▶ Furnish information about our Company's (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.

In the event that you receive a request to participate in or support a foreign boycott, you should report it immediately to the Legal Department, as all requests for boycott information must be reported to the U.S. Government.

Government Investigations and Inquiries

Given the highly regulated status of our business operations and the nature of the work we do, it is possible that government officials and members of law enforcement will contact employees of the Company. It is imperative that employees deal with government officials and members of law enforcement cooperatively and honestly. To ensure that our Company's interests are protected, it is also important that we respond to investigations and inquiries in an organized and thorough manner. For this reason, notify the L-3 Legal Department and Security Department if you are contacted by a government official or member of law enforcement



CONFLICTS OF INTEREST

Our shareholders trust that we will always act in the best interests of the Company. A “conflict of interest” can arise when a personal interest conflicts or appears to conflict with the best interests of the Company. Personal interests include significant ownership in another company by you, your spouse, children, parents, or in-laws. Anyone who believes they may have a potential conflict of interest must complete the *Disclosure of Personal Conflict of Interest* form found in our **Personal Conflict of Interest** policy. The Ethics Office or your manager can help you resolve any potential issues once you have disclosed the potential conflict of interest.

Although L-3 encourages employees to engage in outside activities that do not conflict with L-3’s business, you must always avoid even the appearance of a conflict of interest. Examples of possible conflicts of interest include:

- ▶ **FINANCIAL INTERESTS.** Financial interests can become conflicts of interest if you have a significant financial interest in a current or potential supplier, customer, or competitor.
- ▶ **PERSONAL RELATIONSHIPS.** Personal relationships can create conflicts of interest if you have a close relationship with someone who works for a supplier, customer, or competitor. Personal relationships can also create conflicts when you manage, or are managed by, someone with whom you have a close relationship, including 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.
- ▶ **CORPORATE OPPORTUNITIES.** Taking personal advantage of business opportunities that you discover through the use of company property, information, or position are considered “corporate opportunities” and create conflicts of interest.
- ▶ **OUTSIDE EMPLOYMENT WITH A SUPPLIER OR CUSTOMER.** We may not be employed by or serve as a director of a supplier or customer, unless otherwise consented to by the Corporate Ethics Officer in consultation with the General Counsel or, in the case of a director or executive officer, the Board of Directors.
- ▶ **OUTSIDE EMPLOYMENT WITH COMPETITION.** We may not compete with the Company or consult with or be employed in any capacity by a competitor, unless otherwise consented to by the Corporate Ethics Officer in consultation with the General Counsel or, in the case of a director or executive officer, the Board of Directors.

COMPLYING WITH TRADE CONTROLS

Export and Import Compliance

Any L-3 product, service, or technology that is created in one country and then sent across that country's borders can be considered an export. Exports include more than just the transfer of a physical item from one place to another; exports can also include the transfer of information via email or a face-to-face conversation. Export laws and regulations often restrict our sale of technical data, hardware, and/or services. In addition to monitoring export activities, most countries also have regulations that govern the entry or import of products, services, and technologies to within their borders.

There are serious penalties for violation of these laws, including the loss of export privileges as well as civil and criminal penalties. If you have any questions about export or import compliance, refer to the Company's **Export/Import Controls and Compliance** policy, which outlines the requirements for adhering to export and import laws and regulations. You can also contact your division's Empowered Official, Export Compliance Coordinator, L-3's Legal Department or the International Licensing Group.

SCENARIO & GUIDANCE

SCENARIO

An L-3 company recently sold communications equipment to a foreign military customer in the Middle East. The equipment was exported to the foreign military end-user under a U.S. Department of State (DOS) export license. As the Program Manager/Engineer, you receive a telephone call from the foreign military customer requesting information on the design and internal workings of the communications equipment. Is it appropriate to provide the requested information, since the equipment was lawfully exported in the first place?

GUIDANCE

Proper due diligence needs to be applied before responding to this request. You should immediately seek assistance from your company's Empowered Official who will advise you on the scope of the pre-existing DOS license and whether or not additional DOS approval is required to facilitate the customer's request.



SCENARIO & GUIDANCE

SCENARIO

I am planning to attend an upcoming trade conference. I just learned that a former co-worker who now works for a competitor is also going to be attending the conference. I am nervous that I will end up in an uncomfortable conversation. If that happens, what should I do?

GUIDANCE

If your former co-worker begins a discussion about prices, customers, markets, or any other topic that you know should be off-limits, end the conversation immediately. If your former co-worker mentions or suggests any potentially anti-competitive behavior, you should make a note of it and contact your manager and the Legal Department as soon as possible.

FAIR COMPETITION AND INFORMATION GATHERING

Fair Competition

We believe our customers and society at large benefit from fair, free, and open markets. Therefore, we do not engage in any practice 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.



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

SCENARIO

I just received an email from a customer that I know was actually intended for a competitor who is also bidding on the customer's upcoming contract. The email contained information on the competitor's pricing strategy for the proposal. I know I am not supposed to obtain this type of information, so what should I do?

GUIDANCE

Do not open or distribute email if you have not already done so. Seek guidance from the L-3 Legal Department immediately. Because this information was not intended for you, accepting it and using it in your competitive strategy would put the company at risk, even though it was not information you attempted to obtain improperly. 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 promptly consulted the L-3 Legal Department and obtained express written permission.

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 government entity as "Source Selection Information." 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 "Competing for Government Business."

If you ever have reason to believe that the release or receipt of any information is unauthorized, or you are uncertain as to our right to use the information, do not copy, distribute, or use it until the situation has been reviewed and resolved by L-3's Legal Department.

SCENARIO & GUIDANCE

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 in perpetuity.

INSIDE INFORMATION

Protecting the confidentiality of material, non-public information is imperative to our reputation as a trusted business partner. Selling stocks or securities on the basis of inside ("material") information acquired through the course of employment at L-3 is prohibited. "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 structure or changes at the executive level
- ▶ Awards or cancellations of major contracts before public announcements
- ▶ Development of new products, services, or processes
- ▶ Financial information (such as corporate earnings, before public release)

It is never acceptable to share non-public material information with others, including family members, friends, suppliers, customers, or even co-workers, without a legitimate business reason and management approval. It is also important to remember that these restrictions apply not only to L-3 information, but also to non-public material information about our suppliers or customers that you may learn of through your work at L-3. For more information, see the Company's **Compliance with United States Securities Laws and Security Trading: Insider Trading Policy**. Insider trading violations are extremely serious and can have major consequences for the Company.



RESPECT IN THE WORKPLACE

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 perspectives is valued. We cooperate across organizational boundaries, focusing on adding value and earning the trust of our teammates. We achieve success through collaborative efforts and a commitment to achieving common, defined objectives.

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.

AVOIDING HARASSMENT

The Company will not tolerate harassment of any type, including physical, emotional, or sexual harassment. This prohibition extends beyond co-workers and includes suppliers, customers, and anyone else who does business with the Company. Harassment can diminish the dignity of a person, create an offensive or otherwise hostile work environment, and interfere with work performance. Some examples of harassment include, but are not limited to:

- ▶ Bullying
- ▶ Sexual remarks, threats, gestures, or requests for sexual favors
- ▶ Questions or conversation about sexual activities
- ▶ Unwelcome or inappropriate touching
- ▶ Displaying sexually suggestive pictures or objects
- ▶ Verbal or physical threats of any type
- ▶ Offensive remarks including, race, national origin, or sexual orientation

If you experience or witness any type of harassment, report it immediately. If you have additional questions about harassment, review the Company's **Policy Against Harassment** or contact your Human Resources Department.

AVOIDING DISCRIMINATION

We are an equal opportunity employer. We are committed to treating all employees and applicants for employment with respect and dignity and to maintaining a workplace that is free from unlawful discrimination. We recruit, hire, develop, promote, discipline, and provide other conditions of employment without regard to race, color, religion, national origin, gender, age, disability, marital or partnership status, veteran status, sexual orientation, gender identity, and any other category protected by law.

SCENARIO & GUIDANCE

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 division's HR Department, to the Ethics Officer, or by using any of the means for reporting violations and possible violations as described under "Raising Concerns."

SCENARIO & GUIDANCE

SCENARIO

One of my coworkers is angry about his last review, and he keeps threatening to trash our manager's office. It makes me uncomfortable, but I do not want to really get involved. What should I do?

GUIDANCE

You should report the threat to your manager or the Security Department. Reports of threats or violence will be carefully investigated. There will be no retaliation or other adverse consequences if you report an issue in good faith.

DIVERSITY AND INCLUSION

We appreciate that every individual in our company brings a unique background and perspective, as well as a unique set of abilities. Leveraging our diversity creates innovative solutions and enhances our delivery of world class customer service.

MAINTAINING A SAFE AND HEALTHY WORKPLACE

L-3 is committed to conducting operations and activities in a manner that provides and maintains safe and healthful working conditions, protects the environment and conserves natural resources. In meeting this commitment, it is L-3's policy that no employee shall engage in any conduct that violates any environmental, health, or safety law, or is otherwise inconsistent with the highest levels of corporate responsibility to the health and safety needs of our employees and the environmental needs of our communities.

It is always important to pay close attention to safety risks such as:

- ▶ Not blocking fire exits, fire extinguishers, or electrical panels with furniture or equipment
- ▶ Not disregarding safety or environmental rules established in procedures or training
- ▶ Wearing personal protective equipment
- ▶ Promptly reporting workplace related injuries, regulatory violations, or unsafe conditions

If you notice any unsafe conditions, report them to your manager immediately.



Workplace Violence

As part of our commitment to safety, our workplace must be free from physical violence. Workplace violence takes many forms, such as:

- ▶ Threats of violence toward any person or company facility
- ▶ Stalking
- ▶ Suicide threats
- ▶ Domestic violence affecting the workplace
- ▶ Weapons or threats related to weapons
- ▶ Sabotage of property
- ▶ Any behavior that raises concerns about violence or risk to others

L-3 prohibits weapons in the workplace. The Company takes threats very seriously. If you witness or become aware of any possible violent threats, contact your local Security Officer immediately.

Prohibited Substance 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. 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 also prohibit the consumption of alcohol on company property or 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.



HELPLINES

- **Calling from within the U.S.A:**
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- **Calling from outside the U.S.A:**
Obtain the respective AT&T country access code number at: <http://www.usa.att.com/traveler/index.jsp> and then dial: 1-877-L3-CODE-9.
- **Website:** www.L-3code.com
- **E-mail:** Ethics@L-3com.com

SCENARIO & GUIDANCE

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 L-3 General Counsel.

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.

PROTECTING EMPLOYEE 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.

PROTECTING COMPANY ASSETS AND PROPERTY

Protecting all assets of the company at all times is an important responsibility. Company assets can include:

- ▶ Physical Assets (e.g., phones, equipment, and facilities)
- ▶ Financial Assets (e.g., funds)
- ▶ Information Assets (e.g., product designs, technical data, computer software, and proprietary information)

If you are working with the Company's data, designs, or proprietary information, you must be sure not to make any accidental or unauthorized disclosure of this information. This means adhering to any nondisclosure agreements, paying attention and preserving Company proprietary markings, and not transmitting information by email unless the email is appropriately encrypted or otherwise protected.

When using a corporate asset, always consider whether your action is in the best interest of the Company. As a general rule, corporate assets should be used for business purposes only. There might be situations where occasional personal use of corporate assets is appropriate, such as to make a call to order lunch or to use the internet to review a train schedule. This type of use is appropriate as long as it is neither excessive nor disruptive to the workplace.

SCENARIO & GUIDANCE

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.



Intellectual Property

As with our responsibilities for protecting the physical and financial assets of the Company, it is equally important to protect the Company's intellectual property. Intellectual property includes confidential information and trade secrets as well as copyrights, patents, and trademarks. Each of us is responsible to protect L-3's intellectual property in accordance with intellectual property laws and regulations. Additionally, you may not misuse anyone else's intellectual property. The laws and regulations in this arena are complicated; accordingly, you must contact the Legal Department whenever questions arise. There is also a **Copyright Compliance** policy that you should review if you have specific copyright questions.

Use of Information Systems

Our information systems are critical to our day-to-day business activities and we must use them responsibly. This means always putting the Company's interests first to ensure that these systems operate as they should. In order to protect the Company's information systems:

- ▶ Always use strong passwords, user ID's and building-access keycards to prevent security breaches
- ▶ Never leave mobile phones or laptops unattended or in non-secure locations
- ▶ Always secure computers and workstations

There are certain activities that can threaten the integrity of the Company's information systems and are never acceptable during working hours or on personal time. These include:

- ▶ Engaging in improper communications over the Company's information systems
- ▶ Visiting inappropriate Internet sites from the Company's information systems
- ▶ Distributing confidential information from the Company's information systems without authorization
- ▶ Installing unapproved hardware or software onto the Company's information systems
- ▶ Conducting outside business not related to your work at L-3 over the Company's information systems

It is also important to be mindful that communications that take place over the Company's information systems are not necessarily private and the Company cannot guarantee confidentiality. L-3 reserves the right (where legal to do so) to monitor or make records of all such communications to verify compliance with policies or for other legitimate business reasons.

Finally, if you work at a government facility or have authorized access to a government information system, you must understand and strictly follow all procedures and requirements for using the government's system.

RELATIONSHIPS WITH SUPPLIERS

We achieve success through collaborative efforts with our business partners. 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 our 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, abuses of privileged information, misrepresentation of material facts, or any other unfair 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, and the existence of an ethical standard of behavior.





CAREFUL COMMUNICATION

Honest Communications and Marketing Activities

We believe that lasting customer relationships are built on integrity and trust. We seek to gain fair advantage over our competitors through superior research, service, 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.

Communications with the Media

L-3 has appointed designated individuals in the Communications Department to respond to all media inquiries. Unless you have been designated as an L-3 spokesperson, you may not respond to media inquiries. If you are contacted by the media, contact the Corporate Communications Department immediately.

Social Media

“Social Media” is loosely defined as any media publicizing, selecting, or exchanging user-generated content to the public. This includes social networking sites, blogs, multimedia sites, and other information sharing vehicles. Responsible use of social media is essential to safeguarding our company’s confidential information. Although the use of social media may be authorized in some instances, using social media responsibly means adhering to the following principles:

- ▶ Never disclose L-3 confidential or proprietary information
- ▶ Never disclose customer’s or supplier’s confidential or proprietary information
- ▶ Never represent yourself as speaking on behalf of L-3, unless authorized to do so

If you have any questions about the appropriate use of social media, contact your manager or the Ethics Office.



GOOD CORPORATE CITIZENSHIP

L-3 takes its commitment to good corporate citizenship extremely seriously. This is manifested by the Company's positive and constructive involvement in charitable organizations and community activities. L-3 complies with all applicable laws and regulations, respects human rights, provides fair working conditions, and prohibits the use of any forced, compulsory, or child labor.

Political Participation and Activities

L-3 supports personal participation in the political process and encourages all 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 the 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.

Lobbying

Lobbying activities are subject to specific rules that cover a wide range of activities. “Lobbying” involves communications with legislators, regulators, or their staff in an effort to influence legislative or certain other administrative actions. For this reason, it is important that all contacts with officials regarding public policy are coordinated through the Government Relations Office and the L-3 Legal Department, as all lobbying activities must be disclosed and carefully regulated.

Respecting our Environment and Conducting Sustainable Business Practices

L-3 is committed to conducting operations and activities in a manner that protects the environment and conserves natural resources. L-3’s policy is that no employee shall engage in conduct that violates environmental laws or regulations. We are also committed to the continual improvement of our environmental management systems as well as the prevention of pollution. More information on the Company’s **Environmental, Health and Safety** policy can be found on L-3’s intranet website.

RAISING CONCERNS

If you ever have questions about the Code or concerns of a possible violation, it is imperative that you raise them. You should never feel uncomfortable coming forward with business conduct concerns, and the sooner you raise your concerns, the sooner the Company can help you resolve them.

Mandatory Reporting Obligations

We are required by the Federal Acquisition Regulation (FAR) to disclose credible evidence of criminal law violations involving fraud, conflicts of interest, bribery, or gratuities, in addition to others when working on government contracts. 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 a significant overpayment on a government contract or subcontract, to the Ethics Office. You may also report these matters through the various Ethics Helplines, if you prefer to remain anonymous. Reporting these issues is mandatory.

How to Raise Concerns

Depending on the nature of the concern, it might be appropriate to start by discussing the issue with the person involved. If that would not be productive, employees should always feel free to contact their manager or the applicable subject matter expert, such as Human Resources, Contracts, Legal, Finance, Audit, or Security. If you are not comfortable doing that, the Company has devoted significant resources to maintaining a best-in-class Ethics Organization that you may contact at any time.

Company Reporting Resources

Contacting the L-3 Helpline

- ▶ Calling from within the U.S.A: 1-877-L3-CODE-9 (1-877-532-6339)
- ▶ Calling from outside the U.S.A: obtain the respective AT&T country access code number at <http://www.usa.att.com/traveler/index.jsp>
- ▶ Website: L-3 maintains a website that is available to our employees in many different languages. You may access the website at www.L3code.com
- ▶ Email: Ethics@L-3com.com

You can also contact the Audit Committee of the Board of Directors, particularly regarding concerns about violations of our standards in the areas of accounting, internal controls, or auditing.

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

After Raising a Concern

We take all reported concerns seriously. We will evaluate all matters brought to the Ethics Office. At your request, we will make every effort to keep your identity confidential while conducting a thorough and fair review. To assist in maintaining confidentiality, you should refrain from discussing the matter with co-workers or anyone else. If you have chosen to remain anonymous, you will be given an identification number that will allow you to follow-up at your discretion for a status update.

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 time. While they may not be able to disclose specific details, they will likely be able to provide a high-level summary.

OUR NON-RETALIATORY CULTURE

Everyone at L-3 who comes forward with concerns plays an important role in maintaining a healthy, respectful, and productive workplace and protects our customers, shareholders, colleagues, suppliers, and the community at large. Raising concerns helps us address problems early—before potentially more serious consequences develop. Retaliation in any form against an individual who in good faith reports a violation of the Code or of the law, even if the report is mistaken, or assists in the investigation of a reported violation, is a serious violation of this Code and of law. Every L-3 employee has an obligation to create an environment free of retaliation. It is, therefore, L-3's policy to strictly prohibit any form of retaliation against anyone who raises a concern.



HELPLINES

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- **Calling from outside the U.S.A:**
Obtain the respective AT&T country access code number at: <http://www.usa.att.com/traveler/index.jsp> and then dial: 1-877-L3-CODE-9.
- **Website:** www.L-3code.com
- **E-mail:** Ethics@L-3com.com



Code of Conduct Acknowledgment

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 2012



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)

600 THIRD AVENUE | NEW YORK, NY 10016