



communications

Corporate Policy No. 001

Title: *Ethics and Business Conduct*

Revision No.: 1

Effective Date: August 29, 2006

This Policy contains the following sections:

- 1.0 Policy
- 2.0 Code of Ethics and Business Conduct
- 3.0 Ethics and Business Conduct Steering Committee
- 4.0 Ethics and Business Conduct Inquiries and Reporting of Violations
- 5.0 Ethics Education and Compliance Training Programs
- 6.0 Responsibilities
- 7.0 Exceptions

Applicability: See “Applicability Statement” at the front of the Corporate Policy Manual

1.0 Policy

It is L-3 Communications’ standard of conduct and express policy that all dealings with our customers, suppliers, competitors and co-workers will be conducted with the highest level of ethical behavior and in complete compliance with the spirit and the letter of the applicable laws and regulations.

Improper activities, or even the appearance of impropriety, could result in serious consequences to the company and the employees involved in such activities. An employee's adherence to this policy is a significant indicator of the individual's judgment and competence, and will be taken into consideration when evaluating future assignments and promotions. Insensitivity to, or disregard for, the principles set forth in this policy will be grounds for appropriate disciplinary action, including dismissal. No employee shall, on behalf of L-3 Communications engage in any conduct that violates any law or is otherwise inconsistent with the highest levels of honesty and integrity.

It is also L-3 Communications’ policy to foster a free and open atmosphere that allows and encourages employees to make inquiries, or to report possible business ethics violations or violations of law, regulations, policies or procedures without fear of retribution or retaliation for making such reports or inquiries.

2.0 Code of Ethics and Business Conduct

- 2.1 The L-3 Communications [Code of Ethics and Business Conduct](#) sets forth the principles by which L-3 Communications maintains its commitment to ethical business practices. Unless otherwise specified this Code applies to and will be distributed to all employees, officers and members of the Board of Directors, as well as to others who act on behalf of L-3 Communications.

- 2.2 The Corporation also maintains other policies and procedures that provide specific guidance relative to business conduct.

3.0 Ethics and Business Conduct Steering Committee

- 3.1 The Audit Committee of the L-3 Communications Corporation Board of Directors oversees the Corporation's Ethics and Business Conduct program.
- 3.2 Each division will establish a steering committee to manage and oversee its ethics and business conduct program in accordance with this policy and direction from the corporate Ethics Officer. The division committee, to be chaired by the division president, is to meet at least quarterly, and is to include, at a minimum, the senior Human Resources, Internal Audit, Security and Finance executives, and the division Ethics Officer.

4.0 Ethics and Business Conduct Inquiries and Reporting of Violations

- 4.1 Employees are required to report all violations and are encouraged to report possible violations of the Code of Ethics and Business Conduct and of the laws and regulations governing L-3 Communications' business. Employees are encouraged to direct inquiries and to report violations or possible violations of law, regulations, policies or procedures, directly to their respective managers or supervisors, or to the division or corporate Ethics Officer through one of the toll-free Ethics HelpLines.
- 4.2 Managers and supervisors are to notify the division Ethics Officer of any violation or possible violation brought to their attention.
- 4.3 Any allegation involving a person who is a division director or higher, or any allegation regarding financial reporting errors and/or irregularities involving financial information, is to be brought immediately to the attention of the Corporate Ethics Officer.
- 4.4 No employee will suffer retribution or retaliation because of a report he or she makes. Employees will be held accountable for their actions in violation of the Code even if they are the ones who report the violation.
- 4.5 Reports will be handled with the highest degree of confidentiality possible, except, for example, where disclosure is required by law, regulation, or legal process or is necessary to allow an outside governmental agency to investigate the complaint.
- 4.6 Inquiries or reports of violation or possible violations may be made by contacting the toll-Corporate HelpLine at 800 324-6653, or by writing to:

Ethics Officer

L-3 Communications
600 3rd Avenue
New York, NY 10016

The Corporate Ethics Officer can also be reached at 212 805-5234 or by email at ethics@l-3com.com.

Division HelpLine numbers are posted locally and may also be obtained from the corporate office.

5.0 Ethics Education and Compliance Training Programs

- 5.1 All employees will be briefed annually on the content of the L-3 Communications Code of Ethics and Business Conduct.
- 5.2 All new employees will be briefed on the content of the L-3 Communications Code of Ethics and Business Conduct within 30 days of their date of employment.
- 5.3 Employees will be trained on topics relating to their responsibilities. Managers and employees share the responsibility to identify training needs.

6.0 Responsibilities

- 6.1 Employees - It is the responsibility of every employee to adhere to the Corporation's principles of integrity and ethical behavior and to adhere to its policies and procedures. Employees are responsible for knowing and understanding those policies relating to them and to their job responsibilities. Corporate Policies are available on the L-3 Communications web site at <http://web.l-3com.com> by clicking on "Corporate Policies" or from the employee's manager.

Furthermore, each employee has the obligation to acknowledge each year that he or she has read, understands and agrees to abide by the guidelines in the L-3 Communications Code of Ethics and Business Conduct. Questions may be referred to functional organizations such as contracts, human resources, legal, finance, security, to the division Ethics Officer, or to the Corporate Ethics Officer.

The performance evaluation of each employee is to include an assessment of that person's compliance with this policy.

- 6.2 Management - It is the obligation of every member of management to ensure that each person under his or her supervision receives appropriate ethics and compliance training and to foster an atmosphere that encourages ethical behavior. Performance evaluations of managers and supervisors will include an assessment of that person's compliance with this policy and in maintaining an environment that encourages ethical behavior.
- 6.3 Division Ethics Officer - The division Ethics Officer is responsible to support the division president in maintaining an effective Ethics and Business Conduct Program. Among the responsibilities are:
 - 6.3.1 Maintain a communication program regarding the Ethics and Business Conduct Program through location publications, management communications, posters and other media.
 - 6.3.2 Provide responses to inquiries made through the local HelpLine or to the Ethics Office and ensure prompt investigation and resolution of reports of possible violations of the Code of Ethics

and Business Conduct or of the laws and regulations governing the Corporation's business.

- 6.3.3 Ensure that all employees receive training on the Code of Ethics and Business Conduct and that new employees are trained on the Code within 30 days of their employment.
- 6.3.4 Serve as a member of the division Ethics and Business Conduct Steering Committee and provide periodic reports at least quarterly to that committee on the Ethics and Business Conduct program at the division.
- 6.4 Presidents
 - 6.4.1 Division presidents are responsible to implement this policy in their operating units and to maintain an on-going education program as required to familiarize employees with the laws and regulations governing L-3 business transactions.
 - 6.4.2 At least annually division and group presidents will review with his or her staff and other persons he or she may select compliance with this policy. Each person will be asked to attest to complete compliance with this policy. The division president will submit a statement to the Chief Executive Officer of the Corporation prior to February 15 of each year attesting to compliance with this policy.
 - 6.4.3 Division presidents are responsible to maintain an audit program at the operating unit level to assess compliance with this policy and with the laws and regulations governing the work in that unit.
- 6.5 Corporate
 - 6.5.1 The Corporate Ethics Officer is responsible for the overall design, development, and management of the L-3 Communications' Ethics and Business Conduct program. The Corporate Ethics Officer will provide program status reports to the Audit Committee of the Board of Directors.
 - 6.5.2 Corporate will periodically audit the Ethics and Business Conduct program to ensure that it represents, communicates, and reinforces the Corporation's commitment to operating in accordance with all applicable laws, regulations, L-3 Communications' policies and procedures, and the L-3 Communications Code of Ethics and Business Conduct.

7.0 Exceptions

Any exception to this policy requires the prior written approval of the L-3 Communications Ethics Officer.



Michael T. Strianese
Interim Chief Executive Officer
and Chief Financial Officer

Record of Change

<u>REVISION NUMBER</u>	<u>ISSUE DATE</u>	<u>DESCRIPTION OF CHANGE</u>
0	October 1, 1998	New procedure.
1	August 29, 2006	Added specific requirements for division steering committees; added reporting requirements for allegation involving a person who is a division director or higher; removed reference to Corporate Ethics Officer being the contact for the corporate HelpLine; added direct phone and email for Corporate Ethics Officer; added requirement for annual ethics training; clarified employee and management responsibilities; specified timing for annual attestation; added exceptions section.