

UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL-MILITARY AFFAIRS
WASHINGTON, DC 20520

In the Matter of:)
)
GOODRICH CORPORATION)
L-3 COMMUNICATIONS CORPORATION)
)
Respondents)

)

ORDER

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State (“Department”), has notified Goodrich Corporation (“Goodrich”) and L-3 Communications Corporation (“L-3”)(together, the “Respondents”) of its intention to initiate an administrative proceeding against them pursuant to Section 38(e) of the Arms Export Control Act (the “Act”) (22 U.S.C. 2778 (e)) and its implementing regulations, the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130) (the “Regulations”);

WHEREAS, the draft charges are based on allegations that the Respondents violated Section 38 of the Act and Section 127 of the Regulations as set forth in a Draft Charging Letter, attached hereto and incorporated by reference herein, in connection with the omission of material facts in an export control document and exporting or causing the export of a defense article without authorization. L-3 is cited herein due to its acquisition of a certain Goodrich business and for purposes of its ongoing responsibility to implement export compliance measures with respect to its acquired entity;

WHEREAS, the Department and the Respondents have entered into a Consent Agreement (attached hereto and incorporated by reference herein) pursuant to Section 128.11 of the Regulations whereby the Department and the Respondents have agreed to settle this matter in accordance with the terms and conditions set forth therein;

IT IS THEREFORE ORDERED:

FIRST, that the Respondents shall pay in fines and in remedial compliance measures a civil penalty of \$7,000,000 (seven million dollars) comprised of the amounts and payable, as stipulated below, in complete settlement of the civil violations as set forth in the Department's Draft Charging Letter.

(A) A penalty of \$3,250,000 (three million two hundred fifty thousand dollars) is hereby assessed on the Respondents of which \$500,000 (five hundred thousand dollars) shall be paid by Goodrich and \$500,000 (five hundred thousand dollars) shall be paid by L-3 within ten (10) days of the signing of the Order. The balance shall be paid in three installments on the first, second and third anniversary of the date of the signing of the Order of which Goodrich shall pay in each installment the amount of \$250,000 (two hundred fifty thousand dollars) until a complete sum of \$750,000 (seven hundred fifty thousand dollars) is paid and L-3 shall pay in each installment the amount of \$500,000 (five hundred thousand dollars) until a complete sum of \$1,500,000 (one million five hundred thousand dollars) is paid. Such payments are to be made by cashier's or certified check payable to the Department of State.

(B) A penalty of \$3,750,000 (three million seven hundred fifty thousand dollars) is hereby assessed for remedial compliance measures of which Respondent Goodrich will apply \$1,750,000 (one million seven hundred fifty thousand dollars) and Respondent L-3 will apply \$2,000,000 (two million dollars). Respondents shall apply such amounts over the three (3) years of this Consent Agreement for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified in the Consent Agreement (including the Annex of Compliance Measures for each Respondent). The Respondents will individually provide to the Department on the anniversary of the date of the signing of the Order a written accounting for the expenditures associated with this penalty assessed

for remedial compliance measures, as specified in Consent Agreement (including the respective Annexes of Compliance Measures).

The Department recognizes that the Respondents agree that the effect of any statutory limitation to the collection of the civil penalty imposed by the Consent Agreement and this Order shall be tolled until the last payment is made and all terms of the Consent Agreement are satisfied.

SECOND, any failure by either Respondent to apply funds appropriately for the required purposes cited in paragraph (B) above for remedial compliance measures or to provide a satisfactory accounting shall result in that Respondent being required to pay immediately to the Department the amount specified in that paragraph, less credit for amounts the Department deems to have been properly applied and accounted for as expenditures in compliance with the Consent Agreement. Respondents are prohibited from applying or claiming any of the amounts expended as penalties, including those for remedial compliance measures, as reimbursable or recoverable costs in any contract with any agency of the U.S. Government (including any subcontract with respect to such a contract or as a Federal tax deduction). In the event a Respondent violates this prohibition, the Department will deem it a "failure to apply funds appropriately for the required purposes." As enumerated in paragraph (B) above, the accounting shall be accompanied by individual statements from each Respondent that the expenditures meet the requirements of paragraph (B) and also certify that these expenditures have not been billed to or recovered from the U.S. Government as reimbursable cost allocated to any U.S. Government contract for reimbursement.

THIRD, the Respondents shall comply with all other applicable provisions of the Consent Agreement (including the respective Annexes of Compliance Measures) and shall do so within the deadlines established therein.

FOURTH, that the Draft Charging Letter, the Consent Agreement, the Annexes of Compliance Measures and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.

A handwritten signature in black ink, appearing to read "John Hillen", with a long horizontal flourish extending to the right.

Dr. John Hillen
Assistant Secretary for
Political-Military Affairs
Department of State

Entered this 28th day of March 2006