

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

In the Matter of:)

L-3 COMMUNICATIONS CORPORATION)

Respondent)

ORDER

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State (“Department”), has notified L-3 Communications Corporation (“L-3”)(the “Respondent”) of its intention to initiate an administrative proceeding against it pursuant to Section 38(e) of the Arms Export Control Act, as amended, (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 Respondent violated Parts 127 and 130 of the Regulations as set forth in a Draft Charging Letter, attached hereto and incorporated by reference herein, arising from the failure of its subsidiary, Titan Corporation (“Titan”), to report commissions in applications for exports of defense articles and Titan’s false statements in those applications that there were no reportable commissions. L-3 acquired Titan on July 29, 2005, and is cited herein as the successor.

WHEREAS, the Department and the Respondent 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 Respondent 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 \$1,500,000 (one million five hundred thousand 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 civil penalty of \$1,000,000 (one million dollars) is hereby assessed on Respondent. This amount shall be paid within 10 days after signing of the Order. Such payment is to be made by cashier's or certified check payable to the Department of State.

(B) A penalty of \$500,000 (five hundred thousand dollars) in remedial compliance measures is hereby assessed on Respondent. Respondent shall apply such amounts over the three (3) year period commencing on the date of this Order for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified in the Consent Agreement. The Respondent will individually provide to the Department on each of the first three anniversaries 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.

The Department recognizes that the Respondent agrees 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.

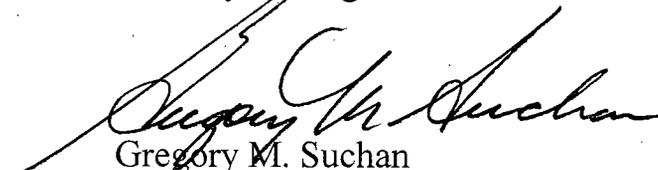
SECOND, any failure by the Respondent to apply funds appropriately for the required purposes cited in paragraph (B) above for remedial compliance measures or to provide a satisfactory accounting shall result in the Respondent being required to pay immediately to the Department the amount specified in 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. Respondent is 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 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 the 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 Respondent shall comply with all other applicable provisions of the Consent Agreement and shall do so within the deadlines established therein.

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

This Order becomes effective on the day it is signed.



Gregory M. Suchan
Acting Assistant Secretary for
Political-Military Affairs
Department of State

Entered this 18th day of October 2006