



ADDENDUM KOREA

Our Code, as well as this addendum is provided as guidance in conducting your L3 responsibilities. These documents are not intended to be all inclusive. You should seek guidance from the Legal Department as conflicts arise.

The L3 Code of Ethics and Business Conduct (“Code”) applies to everyone who does business on behalf of L3 employees, officers and members of our Board of Directors. It also may apply to agents, consultants, contract labor and others who act on L3’s behalf. Above all, every L3 employee must conduct himself or herself in an ethical manner.

Specifically, everyone who represents L3 will ensure that:

- ✓ Ethical behavior is the foundation by which we conduct our business
- ✓ We do not take advantage, or abuse our position for personal gain or otherwise knowingly violate the law
- ✓ Our actions do not create, directly or indirectly, a conflict of interest
- ✓ We seek guidance when necessary

Requirements

If you are a U.S. citizen working outside of the United States, you are required to abide by United States laws, as well as the laws and regulations of the country in which you are employed. All other individuals may or may not be subject to both U.S. and foreign laws, depending on the circumstances. In situations where you are uncertain about whether a particular law applies, consult with your Manager or the Legal Department immediately.

There are some laws particularly applicable to doing business in Korea. This addendum describes specific areas of Korean law and U.S. law that complement the existing requirements of the Code and is meant to be read in conjunction with the Code.

Mandatory Obligation to Disclose Certain Misconduct

The U.S. Federal Acquisition Regulation (FAR) requires, in connection with the award, performance, or closeout of government (U.S.) contract, the mandatory disclosure of credible evidence of U.S. federal criminal law violations involving fraud, conflict of interest, bribery, or gratuity violations, as well as claims under the U.S. 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 L3 employees must immediately report any issues that could potentially constitute a violation of criminal or civil law, or significant overpayment on a Government contract or subcontract, 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.

Gifts and Entertainment to Public Officials

The term “Public Official” means any of the following individuals:

- ✓ government officials (this would include officials of government ministries and agencies, such as the Ministry of Trade, Industry & Energy and the Korea Fair Trade Commission);
- ✓ heads, officers and employees of public institutions and public service-related organizations;
- ✓ heads, officers and employees of any schools (public or private, including kindergartens, elementary schools, secondary schools, and colleges and universities) and officers and employees of educational entities;
- ✓ representatives or employees of any registered media company in Korea; and
- ✓ individuals acting in an official capacity for a government, government agency, public institution, public service-related organization in accordance with the law (e.g., someone who has been given authority by a government or public entity to perform official duties).

Prohibition of Improper Request

You shall not, directly or through any third party, make a request to perform the following unlawful acts to Public Officials or private person performing Public Dutiesⁱ (“Improper Request”):

- a. L3Unlawfully processing work that requires the meeting of certain conditions in order to qualify for application (i.e., permit, authorization, license, patent, approval, etc.);
- b. Unlawfully mitigating the punishment or providing exemption for any penalties, fines, disciplinary action, punishment, administrative measures, etc.;
- c. Unlawfully intervening or exerting influence in the personnel management (e.g., employment, promotion, transfer, etc.) of public officials;
- d. Unlawfully selecting or eliminating candidates for a position in various committees (e.g., review committee, executive committee, revision committee, etc.) that exert influence on the decision-making processes of public institutions;
- e. Unlawfully selecting or eliminating certain individuals, groups or corporations with respect to various events managed and supervised by public institutions that provide awards, etc. or select organizations or individuals for recognition of excellence;

- f. Unlawfully leaking confidential information with respect to bids, auctions, development, patents, military, tax, etc.;
- g. Selecting or eliminating certain individuals, groups or corporations as counterparties to a contract in a way that violates the laws related to contracts;
- h. Unlawfully intervening or exerting influence in the selection of certain individuals, groups or corporations as the recipients of subsidy, grant, contribution, investment, etc.;
- i. Unlawfully promoting transactions involving the sale, exchange, use, etc. of goods and services produced, supplied or managed by public institutions at commercial terms that deviate from the market standards and that do not follow customary practices;
- j. Unlawfully processing the admission, performance assessment, etc. at all types of academic institutions;
- k. Unlawfully processing matters with regards to military-related investigations, military assignment, appointment, etc.;
- l. Unlawfully manipulating the results of various evaluation and adjudication matters carried out by public institutions or unlawfully promoting the evaluation or adjudication of certain parties;
- m. Unlawfully manipulating the results of surveillance, investigation, audit, etc., unlawfully exempting certain individuals, groups or corporations from being surveilled, investigated, audited, etc. or unlawfully overlooking the violation by such parties;
- n. Unlawfully processing matters relating to the investigation, trial, judgment, decision, revision, mediation or reconciliation of a legal proceeding;
- o. Unlawfully performing activities listed in Clauses (a) through (n) that exceed the public officials' rank and authority.

An Improper Request to a Public Official or a private person performing Public Duties shall be prohibited regardless of whether any money and/or valuables etc. have been provided in connection with such Improper Request.

Prohibition on Provision of Money and Valuables, Etc.

Notwithstanding the value, the provision of money and/or valuables that is recognized for its reciprocity in connection with the duties of a Public Official or Public Duties of a private person performing public duties shall be absolutely prohibited. Notwithstanding any relevance to duties or reciprocity, the provision of money and valuables to a Public Official or a private person performing Public Duties in excess of KRW 1 million per occasion or KRW 3 million per fiscal year of each public institution, etc. shall be prohibited. Even where the value does not exceed the monetary limits set forth above, the provision of money and/or valuables in connection with the duties of a Public Official shall be prohibited.

The money and valuables prohibited to be provided in connection with the duties of a Public Official or a private person performing Public Duties, shall not be provided to the spouse of a Public Official or a private person performing Public Duties.

Main Exceptions to the Prohibition on Provision of Money and Valuables, Etc.

The provision of money and valuables are allowed to some extent in the following cases:

(1) Provision of Money and Valuables for Social Purposes

Any meal not exceeding KRW 30,000, gift not exceeding KRW 50,000 (if the gift is an agricultural product, KRW 100,000) and congratulatory/condolence payments not exceeding KRW 50,000¹ may be provided to Public Official for the purpose of facilitating performance of recipient's duties, social courtesy, or condolatory/congratulatory events such as weddings of public officials and their lineal descendants, funerals of the spouses of Public Official and the lineal ascendants or descendants of Public Officials and their spouses. If meals and gifts are provided together, the aggregate value shall not exceed the highest of the applicable thresholds, and their respective values shall also satisfy the conditions mentioned above.

(2) Provision of Money and Valuables under Legitimate Source of Right

Money and valuables provided under a legitimate source of right, such as the repayment of debt arising out of private transactions, shall be permitted. The legitimate source of right shall be executed pursuant to procedures that are lawful pursuant to the applicable laws and regulations or internal standards of the relevant parties, and there shall be the receipt of consideration that corresponds to the substance and scope of the money and valuables provided. Any donation, interest-free loan for consumption, or provision of money and valuables for which the consideration is recognized as disproportionate shall be prohibited.

(3) Provision of Money and Valuables at Official Events

Transportation, accommodation or meals that are of a necessary level to hold the event may be provided on a uniform basis to participants of official events within the customary scope. Official event shall refer to an event that satisfies the following conditions: (i) the event is directly related to the Company's performance of duties, (ii) the participants of the event are related to the purpose and content of the event, (iii) the event does not limit the number of participants to a certain minority, unless the participants need to be inevitably limited to a certain group for purposes of the event, and (iv) the event is held after going through the company's internal approval process for the planning and operation of the event.

(4) Provision of Souvenirs and Promotional Goods

Souvenirs or promotional goods produced to be distributed to many and unspecified persons or rewards or prizes received through a competition or lottery may be provided to public officials. In this case, recipients of such souvenirs or promotional goods shall be selected randomly.

¹ In case of a congratulatory/condolence wreath in lieu of a cash gift, the value of such wreath should not exceed KRW 100,000. If a wreath is provided together with cash and/or a gift, the aggregate value the wreath and the cash and/or gift shall not exceed KRW 100,000.

Limitations on Outside Lecture Fees

- (1) In the event a Public Official is invited to hold a lecture for many persons in which his or her opinion or knowledge is delivered or that is held in the form of a meeting, the lecture fees shall be paid in accordance with the following standards:
 - a. Officers and employees of constitutional institutions, central administrative agencies, local governments, municipal and provincial offices and other public service related organizations: KRW 400,000 per hour or per manuscript
 - b. Officers and employees of other public institutions such as statutory agency or government-sponsored organizations and of public and private schools: KRW 100,000 per hour or per manuscript
- (2) If the lecture exceeds one hour, the lecture fees may not exceed 150% of the hourly cap. Any compensation, including lecture fees, manuscript fees, and performance fees, etc. shall be included. However, if a public official who gave a lecture has not received any travel expenses, such as transportation expenses, accommodation expenses and meal expenses, etc. from his or her affiliated institution, support for the actual expenses, in accordance with the relevant regulations for travel expenses of the relevant affiliated institution, may be permitted.

Gifts and Entertainment to Non-Government Persons

Providing economic benefits to a person who is entrusted with conducting business on behalf of another person is a crime if the benefits are related to an improper request made in connection with the duties of the person in question. It is not necessary that the improper request be made expressly, nor does it require any action taken as a result of accepting the improper request. One can perpetrate such crime by receiving benefits in line with improper request.

An “improper request” in this commercial bribery context is a request that is contrary not only to statutes, but also to common sense and the principles of good faith and trust.

Further, bribery to an employee of a financial institution is punishable under the Act Concerning Aggravated Punishment of Specific Economic Crimes, where an “improper request” is not an element.

Regardless of whether the recipient is a government official or employee of a private company, please note that if multiple employees from L3 provide a gift to a single person and the value of such gift is reimbursed by L3, the authorities will aggregate the value of all the gifts provided in determining whether bribery has been committed or not. When the authorities determine that a particular gift or entertainment is a bribe, they will review a period of two or three years surrounding such activity and aggregate the value of all gifts and entertainment provided to arrive at the total value of the bribe.

Gifts and Entertainment to Foreign Government Employees and Officials

Under the Foreign Bribery Prevention Act (the “FBPA”), any Korean national, including a legal entity, who intentionally engages in the bribery of a non-Korean public official to obtain improper advantages, will be subject to criminal punishment. Moreover, any non-Korean nationals engaged in the bribery of a non-Korean public official within Korea also are subject to punishment under the FBPA.

Where the representative of a company, or an agent or employee of, or any other person employed, by a company engages promised, gave, or expressed his/her intent to give a bribe to a foreign Public Official in relation to any international business transaction with intent to obtain any improper benefits for such transaction, such individual may be subject to imprisonment for up to five years or a criminal fine of up to KRW 20 million. If the profit obtained through the offense exceeds a total of KRW 10 million, the individual can be subject to imprisonment for up to five years or a criminal fine of up to twice the amount of the profit. Whenever an individual becomes subject to imprisonment, a criminal fine will be imposed as well.

Furthermore, not only such offender may be punished, but also the company may be punished by a fine of up to KRW 1 billion under the joint penal provision. In such case, if the profits obtained through the offense exceed a total of KRW 500 million, the company may be subject to a fine of up to twice the amount of the total profit, provided that this shall not apply where such company has not been negligent in giving due attention and supervision concerning the relevant duties to prevent such offense. The imposition of penalties on the actual offender is not a prerequisite to the imposition of a fine on the company. Any bribe provided in the course of committing an offense and owned by the offender (including a company to be punished) or knowingly acquired by any person other than the offender shall be confiscated.

Fair Competition

We will *not*

-) Interfere with independent decisions of a distributor regarding its resale price.
-) Stop or reduce our supply or rebate to a distributor who has become a discounter.
-) Refuse to supply or reduce supplies to an existing customer unless there are reasonable commercial reasons for doing so --e.g., concerns about the customer's creditworthiness, breaches of contract by the customer, or established untrustworthiness.
-) Impose exclusivity or other forms of similar restrictions upon a supplier, licensee, or distributor except after review by the Legal Department.
-) Ask or suggest a distributor not to deal in the products of our competitor.

-) Take steps that may discriminate against customers in any product market, including unfair discriminatory pricing or discriminatory discounting, which are the most common examples.
 -) Place territorial or customer limitations on distributors or licensees without consulting the Legal Department.
 -) Force distributors to purchase goods or services against their will.
 -) Demand a distributor for the provision of an economic benefit.
 -) Cause disadvantages to the distributor in the course of implementing the transactions.
 -) Set unfair terms and conditions in the distribution agreement.
 -) Refuse or evade a reasonable request of a distributor to verify details of an order, such as product and quantity.
 -) Do retaliatory acts such as suspending any transaction, reducing any quantity, or giving any other disadvantage to a distributor.
 -) Designate an unreasonable sales target and force it on distributors.
 -) Make false or exaggerated representations or advertisements concerning our or our competitor's goods or services.
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