

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

_____))
In the Matter of:))
EDO CORPORATION))
New York))
Respondent))
_____)

ORDER

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State (the "Department"), has notified Respondent EDO Corporation "(EDO)" (the "Respondent") of its intention to initiate an administrative proceeding against it pursuant to the Arms Export Control Act (the "Act") (22 U.S.C. 2778 (e)) and its implementing regulations, the International Traffic in Arms Regulations (22 CFR Parts 120-130) (the "Regulations"), based on an allegations of violations of Section 38 of the Act (22 U.S.C. 2778) and Section 127 of the Regulations, as set forth as set forth in a draft Charging Letter, attached hereto and incorporated by reference herein;

WHEREAS, pursuant to Section 128.11 of the Regulations, the Department and the Respondent have agreed to settle this matter in accordance with the terms and conditions as set forth in a Consent Agreement (including an Annex of Compliance Measures), attached hereto and incorporated by reference herein;

IT IS THEREFORE ORDERED,

FIRST, that the Respondent shall pay in fines and in remedial compliance measures a civil penalty in the amount of \$2,500,000 (two million five hundred thousand dollars), comprised of the amounts and payable as stipulated below, in complete settlement of the alleged civil violations as set forth in the Department's draft Charging Letter:

(A) A penalty of \$1,750,000 (one million seven hundred fifty thousand dollars) is hereby assessed of which \$583,334 (five hundred eighty-three thousand three hundred thirty-four

dollars) shall be paid within ten (10) days of the signing of the Order and the balance in two annual installments due on the anniversary date of the signing of the Order, in the amount of \$583,333 each, such payments to be made by cashier's or certified check; and

(B) A penalty of \$750,000 (seven hundred fifty thousand dollars) is hereby assessed, but \$575,000 (five hundred seventy-five thousand dollars) shall be suspended on condition that Respondent will apply funds in this amount over a three (3) year period for the purpose of defraying a portion of the costs associated with the remedial compliance specified in the Consent Agreement (including the Annex of Compliance Measures), including costs associated with the Special Compliance Official and the implementation of that official's recommendations, and a credit of \$175,000 (one hundred seventy-five thousand dollars) shall be counted toward the \$750,000 in recognition of the amount already invested in strengthened compliance measures that have been identified by the Respondent to the Department.

The Respondent will provide annually to the Department on the anniversary of the date of the Order written accounting of the expenditures associated with the suspended penalty provided in paragraph (B). Any failure by the Respondent to apply funds appropriately for the required purposes or to provide a satisfactory accounting shall result in a lifting of the suspension, in which case Respondent shall be required to pay immediately to the Department the amount of the suspended portion of the penalty, less credits for amounts the Department deems to be properly applied and accounted for expenditures in compliance with the Consent Agreement. The Respondent agrees that the effect of any statutory limitation to the collection of the civil penalty imposed by this agreement shall be tolled until the last payment is made.

SECOND, that the Respondent shall comply with the compliance measures and other provisions of the Consent Agreement, and shall do so within the deadlines established therein.

THIRD, that the draft Charging Letter, the Consent Agreement and Annex of Compliance Measures, and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.



Lincoln P. Bloomfield, Jr.
Assistant Secretary for
Political-Military Affairs
Department of State

Entered this 24th day of NOVEMBER, 2003