

Merlin International, Inc.'s Compliance Program

Merlin is committed to conducting its business affairs with the highest degree of integrity and honesty, and in accordance with applicable Federal laws. To that end, Merlin has adopted a Corporate Compliance Program, which consists of three key components: (1) (a) the expanded Government Contracts Manual (as may be updated by Merlin from time to time, the "Government Contracts Manual"), and (b) this condensed Code of Business Ethics and Conduct (as may be updated by Merlin from time to time, the "Code"), to govern our conduct and the conduct of our subcontractors; (2) an internal control system to help ensure timely discovery and disclosure of any improper conduct, and to ensure that appropriate corrective measures are taken; and (3) periodic training to ensure that all employees understand the Government Contracts Manual, Code and internal control system. Among other things, the Government Contracts Manual (i) sets forth business practice standards and compliance policies that apply to Merlin employees as a result of Merlin's contracts with federal, state, and local governments, and (ii) includes Merlin's long-form Code of Business Ethics and Conduct.

While the Government Contracts Manual includes Merlin's practices and policies for the performance of its duties in dealings with federal, state, and local governments, all employees, regardless of their position, job duties, sales territory, etc., are responsible for understanding, enforcement of and compliance with the Government Contracts Manual. This Code includes a summary of Merlin's Corporate Compliance Program that all employees must comply with, and covers seven fundamental business responsibilities: (1) Offering or Giving Payments, Gifts, and "Things of Value"; (2) Requesting or Accepting Payments, Gifts, and "Things of Value"; (3) Conflicts of Interest; (4) Fair Competition; (5) Reliable Communications and Records; (6) Protection of Intellectual Property and Confidential Information; and (7) Selling with Integrity.

Although the Government Contracts Manual and this Code provide guidance on important requirements, Merlin insists that every employee commit to creating a healthy, safe, and ethical working environment for our employees, customers and business partners. Each employee is personally responsible to comply with the Government Contracts Manual and this Code, seek assistance from Merlin's legal department when questions or issues arise, participate in periodic training courses conducted by Merlin's legal department, and act professionally and responsibly in all work situations. Employees should show respect and courtesy to all other employees, all customers, and all business partners at all times.

The Government Contracts Manual and this Code supplement Merlin's Employee Handbook (the "Employee Handbook") and Merlin's other written policies and procedures and agreements with employees, and each employee is expected to comply with all applicable laws and each such policy that is most restrictive on such employee.

Merlin's legal department (including the General Counsel) is available to all employees who may have questions about their own actions or the actions of others regarding compliance with the Government Contracts Manual and this Code. Employees may either report improper conduct in person to the General Counsel, through the Ethics Hotline at (703) 752-5482, or in any manner described in the Government Contracts Manual and/or this Code. For your convenience, the Hotline is available twenty-four (24) hours a day.

Code of Business Ethics and Conduct

- 1. Offering or Giving Payments, Gifts, and "Things of Value". We will not offer or give any unauthorized payments, gifts, contributions, or any other "things of value" to Merlin's customers or business partners, either directly or indirectly.***

"Things of Value"

Money, fee, commission, contribution, credit, gratuity, gift, compensation or anything with a monetary value.

"Directly or Indirectly"

Offered or given by a Merlin employee directly to a customer or business partner, or through an intermediary.

Authorized Payments, Gifts, Contributions and Other Things of Value Offered or Given by Merlin

- Nominal business courtesies between Merlin and ***non-government*** customers or business partners. Certain business courtesies between Merlin and another non-governmental entity, such as an occasional lunch, dinner or refreshments, are permissible if they facilitate business discussions or are intended to foster goodwill, provided they are not lavish, extravagant, or frequent, and could not reasonably be construed as an attempt to secure improper treatment.
- Attendance and associated business courtesies at certain Merlin events preapproved by the legal department.
- Personal charitable or political contributions made with personal funds without company reimbursement and without a business purpose.

Unauthorized Payments, Gifts, Contributions and Other Things of Value Offered or Given by Merlin

- Anything of value offered or given to a ***government*** employee without the legal department’s preapproval.
- Extravagant, lavish or frequent business courtesies or personal gifts or things of value offered or given to ***non-government*** customers or business partners.
- Any business courtesy or personal gift or things of value offered or given for the purpose of obtaining improper treatment from the recipient.
- Political or charitable contributions given on behalf of Merlin.

References

- Bribery and Gratuities, 18 U.S.C. § 201
- FAR Part 3.2

2. Requesting or Accepting Payments, Gifts, and “Things of Value”. We will not request or accept any unauthorized payments, gifts, contributions, or any other “things of value” from Merlin’s customers or business partners, either directly or indirectly.

“Things of Value”

Money, fee, commission, contribution, credit, gratuity, gift, compensation or anything with a monetary value.

“Directly or Indirectly”

Requested or accepted by a Merlin employee directly from a customer or business partner, or through an intermediary.

Authorized Payments, Gifts, Contributions and Other Things of Value Requested or Accepted by Merlin

- Marketing and Development Funds received from vendors for marketing and development purposes may be accepted provided they are actually used for marketing purposes and such marketing purposes can be reasonably determined to benefit the donor of the funds.
- Nominal business courtesies between Merlin and ***non-government*** customers or business partners. Certain business courtesies between Merlin and another non-governmental entity, such as an occasional lunch, dinner or refreshments, are permissible if they facilitate business discussions or are intended to foster goodwill, provided they are not lavish, extravagant, or frequent, and could not reasonably be construed as an attempt to secure improper treatment from you or Merlin.
- Attendance and associated business courtesies at business and trade events.

Unauthorized Payments, Gifts, Contributions and Other Things of Value Requested or Accepted by Merlin

- Anything of value requested or accepted by Merlin from a **government** employee without the legal department's preapproval.
- Extravagant, lavish or frequent business courtesies or personal gifts or things of value requested or accepted from **non-government** customers or business partner.
- Any business courtesies or personal gift or things of value requested or received from a customer or business partner for the purpose of receiving improper treatment from Merlin.

References

- Anti-Kickback Act, 41 U.S.C. §51-58
- FAR 3.502

3. Conflicts of Interest. *We will avoid or mitigate even the appearance of personal or organizational conflicts of interest for Merlin or its customers or business partners.*

Potential or Actual Conflicts of Interest

- Personal Conflicts of Interest. A personal conflict of interest arises when a Merlin employee has a personal, familial, or financial relationship with a Merlin customer or business partner.
- Organizational Conflicts of Interest (OCI). There are three types of organizational conflicts of interest:
 - Biased Ground Rules. An OCI may arise if Merlin, as part of its performance of a government contract, has set the ground rules for another government contract by, for example, writing or directly contributing to the solicitation, statement of work, government pricing analysis, or the specifications. Contractors are permitted to respond to formal requests for information by the government, such as in response to Requests for Information or market surveys, and to informal requests for information or recommendations as long as the contractor is not writing or directly contributing to a solicitation, statement of work, government pricing analysis, or specifications.
 - Impaired Objectivity. An OCI may arise if Merlin's judgment, objectivity, partiality, or independence in performing work on behalf of the government may be impaired or limited by Merlin's financial or competitive interests. This type of OCI may occur when Merlin, for example, is in a position to evaluate its performance or the performance of its competitors, so that Merlin is unable to render impartial advice.
 - Unequal Access to Information. An OCI may arise if Merlin has access to non-public information obtained through the performance of one government contract, service award, or related transaction, for use in procuring or obtaining another government contract, service award, or related transaction. This information includes, but is not limited to Source Selection Information, Contractor Bid or Proposal Information or other proprietary and confidential information belonging to either the government or a competitor or prospective competitor. Access to this type of information may provide Merlin an unfair competitive advantage in the procurement. It is important to note that incumbent contractors who compete for follow-on work are generally permitted to do so, even though they may have more information helpful in preparing a proposal than their competitors because of its role as an incumbent.
- Employment Conflicts of Interest. A potential employment conflict of interest arises when Merlin employs or discusses employment with a current government employee.

Avoidance and Mitigation Strategy

Merlin's legal department is available at all times to answer questions and help mitigate actual or potential conflicts of interest. Merlin's employees are expected to report any potential conflict of interest situations or concerns to the legal department as soon as you are aware of any facts or occurrences that may give rise to a conflict of interest, or the mere appearance of a conflict of interest. The earlier Merlin's legal department can get involved, the better chance Merlin has to avoid or mitigate the potential or actual conflict of interest and the disruption to Merlin's business that can arise from it.

References

- Organizational Conflicts of Interests, FAR Subpart 9.5
- Restrictions on Former Government Officials, 18 U.S.C. § 207
- 5 C.F.R. Part 2641

4. Fair Competition. *We will compete fairly.*

Unfair Competition

A formal or informal agreement or arrangement with competitors to fix prices, limit sales or divide potential markets amongst each other, or otherwise improperly limit competition.

Ensuring Fair Competition

- We will not disclose prices, strategies, or other competitively-sensitive information to our competitors.
- The difference between anti-competitive and pro-competitive business relationships can be complex, so any business relationship with a competitor or potential competitor should be discussed with the legal department prior to any discussions or negotiations with the competitor or potential competitor.

References

- Sherman Antitrust Act, 15 U.S.C. §§ 1-7
- Clayton Act, 15 U.S.C. §§ 12-27
- FAR Subpart 3.3

5. Reliable Communications and Records. *We will be truthful in communications and submissions to the government, and in maintaining our business records.*

Maintaining Accurate Financial and Accounting Records

We will follow accepted accounting principles and other applicable securities laws by ensuring the following:

- Always maintaining accurate books and records that fully, fairly and accurately reflect Merlin's financial information and reporting of direct or indirect transactions;
- Assisting in preparing financial statements, financial information and other disclosures included in periodic reports in a manner that fairly presents in all material respects the financial condition, results of operations and cash flows of Merlin;
- Refusing to tolerate the creation or insertion of false/misleading information in any Merlin financial or other business record, or the use of any accounts, funds or accounting device that may be utilized to distort records or true operating results and financial statements; and
- Cooperating fully with auditors and the independent auditors in their work and not impeding their efforts in any way or concealing information from them.

Current, Accurate, and Complete Representations and Submissions to the Government

We will ensure that all representations and submissions to the government are current, accurate, and complete. Current, accurate, and complete are three measures to ensure our communications and business records are not misleading. "Current" means that the communication or record is based on the most recent information available. "Accurate" means factually accurate. "Complete" means that we are not omitting important information that is required for an understanding of the communication or business record.

Accurate Representations of Business Size Status and Eligibility

Qualification for government awards under small business programs depends on many factors, and can vary from contract to contract. Representations of small business size status and eligibility requires an analysis of these factors and the contracting opportunity. To ensure that Merlin is not directly or indirectly making any misrepresentations of eligibility for these programs, Merlin employees will not represent, warrant or certify verbally or in writing as to the status or eligibility of Merlin or its business partners as a small business, a HUBZone small business, a small business owned and controlled by socially and economically disadvantaged individuals, a veteran or disabled veteran-owned small business, or a small business owned and controlled by women. If any employee believes that Merlin would qualify for any such classification, it will obtain express approval of Merlin's legal department prior to making any such certification.

References

- False Statements Act, 18 U.S.C. § 1001.
- False Claims Act, 31 U.S.C § 3729
- Truthful Cost or Pricing Data, 10 U.S.C § 2306a
- FAR Subpart 15.4

6. ***Protection of Intellectual Property and Confidential Information. We will respect and protect the confidential information and intellectual property rights of Merlin, and its customers, business partners, and competitors.***

Government Procurement Integrity

To protect the integrity of its purchases, the government prohibits a contractor from requesting, receiving, or possessing a competitor's bid and proposal information or the government's source selection information prior to the award of a contract.

- "Contractor Bid or Proposal Information" means another contractor's cost or pricing data, indirect costs or direct labor rates, information marked "proprietary information" or information marked "contractor bid or proposal information" which has not been made public by that contractor.
- "Source Selection Information" means any of the following non-public information prepared for use by a Federal agency for the purpose of evaluating a bid or proposal to enter into a Federal agency procurement contract:
 - Bid prices submitted in response to an agency invitation for bids, or lists of those bid prices before bid opening.
 - Proposed costs or prices submitted in response to an agency solicitation, or lists of those proposed costs or prices.
 - Source selection plans.
 - Technical evaluation plans.
 - Technical evaluations of proposals.
 - Cost or price evaluations of proposals.
 - Competitive range determinations that identify proposals that have a reasonable chance of being selected for award of a contract.
 - Rankings of bids, proposals, or competitors.

- Reports and evaluations of source selection panels, boards, or advisory councils.
- Other information marked as "source selection information".

We will not request, accept, or possess a competitor's bid and proposal information or the government's source selection information prior to the award of a contract.

Merlin's Confidential Information

Merlin's confidential, proprietary, and trade secret information is a valuable business asset that Merlin has developed at great expense. Access to this information by competitors would cause Merlin significant competitive and business harm. We should consider any information that is marked confidential, proprietary, or trade secret (or a similar marking), and unmarked information that is of the nature that businesses typically protect (such as sensitive financial information and trade secrets), to be protected. We will treat Merlin's confidential, proprietary, and trade secret information as confidential, and protect it from improper disclosure.

Confidential Information of Other Businesses

Federal and state laws prohibit Merlin from obtaining another business's non-public confidential, proprietary, or trade secret information through improper means. We will not seek or accept non-public confidential, proprietary, or trade secret information of other businesses through improper means. We will use other businesses' non-public confidential, proprietary, or trade secret information only with the permission of the owner.

Intellectual Property Rights

Federal and state laws prohibit anyone from using intellectual property without the permission of the owner. Intellectual property is broad and can encompass many creations, including inventions, software, literary and artistic works, designs, and symbols, names and images used in business. We should consider any items that are marked as the property of another business or person, or unmarked items created outside of Merlin that businesses or persons typically claim ownership over (such as software, designs, symbols, and images), to require permission for our use. We will use intellectual property only with the permission of the owner.

References

- Procurement Integrity Act, 41 U.S.C. § 423.
- FAR 3.104-2.

7. Selling with Integrity. We will market and sell Merlin's products and services with integrity.

Integrity

Integrity in marketing and sales means to act with honesty, compete fairly, and to ensure that Merlin's customers are getting fair and reasonable prices and business terms. Because of the nature and oversight of marketing and sales, particularly in the government market, we must be especially vigilant in acting with integrity and complying with this Code. A practice that is viewed as routine in the commercial marketplace can be viewed by the government as unethical if it violates any of part of this Code.

Merlin's Internal Control System

Merlin is fully committed to promoting compliance with the law. Therefore, Merlin has implemented an internal control system which facilitates timely discovery of improper conduct in connection with government contracts.

If an employee has concerns that the Code has been violated, the employee must timely disclose the violation to Merlin's legal department. Employees may either report improper conduct in person to the legal department or through the Hotline (703) 752-5482. An employee may also report his or her concerns directly to the government. Employees reporting a

concern or violation of this Code are protected from unlawful retaliation from Merlin and its employees in accordance with applicable whistleblower statutes.

Training and Advice on the Code

Merlin's legal department will oversee implementation of the Code and the Government Contracts Manual, conduct employee training programs and conduct periodic reviews of Merlin's practices and policies. The legal department is available to all employees who may have questions about their own actions or the actions of others regarding Code and Government Contracts Manual compliance.

Consequences of Violations or Failure to Report Violations of the Code

Merlin may take disciplinary action for improper conduct that occurs within the scope of its business and it may be necessary or appropriate for Merlin to disclose possible violations to the proper authorities. However, factors such as the timeliness of reporting, the degree of seriousness of any violation, and the circumstances surrounding the violation will certainly be considered before any such action is taken.

Disciplinary action can range from further education to termination of employment, depending on the factors listed above. Failure to report a violation is, in and of itself, a violation and may too result in disciplinary action.

In addition to disciplinary action, violations of the Code and/or the Government Contracts Manual could result in civil liability under the False Claims Act or criminal prosecution under numerous Federal criminal statutes, of Merlin and any employees involved in the violations. The False Claims Act provides for damages of up to three times the amount of damage to the government and penalties that could easily reach millions of dollars. The criminal statutes provide for felony sentencing of incarceration up to and under certain circumstances exceeding five years in Federal prison and fines and penalties that could also easily reach millions of dollars.

Needless to say, compliance with this Code, the Government Contracts Manual and the Employee Handbook are very important parts of your obligations as a Merlin employee.

We thank our employees for helping Merlin maintain its culture of compliance with these laws, and welcome any questions and feedback you may have regarding this Code, the Government Contracts Manual, our Internal Control System, or Training.