

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☐ the final return/report;	
	☐ an amended return/report;	☐ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan <u>RETIREMENT PLAN FOR THE EMPLOYEES OF POWER PARAGON, INC.</u>	1b Three-digit plan number (PN) ►	<u>002</u>	
	1c Effective date of plan	<u>01/01/1995</u>	
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>POWER PARAGON, INC.</u> <u>600 THIRD AVENUE</u> <u>NEW YORK, NY 10016-1901</u>	2b Employer Identification Number (EIN) <u>33-0638510</u>	2c Sponsor's telephone number <u>212-697-1111</u>	2d Business code (see instructions) <u>335900</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>09/16/2011</u>	<u>PAT HEMPHILL</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") POWER PARAGON, INC. 600 THIRD AVENUE NEW YORK, NY 10016-1901	3b Administrator's EIN 33-0638510 3c Administrator's telephone number 212-697-1111
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	504
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	280
b Retired or separated participants receiving benefits.....	6b	94
c Other retired or separated participants entitled to future benefits.....	6c	123
d Subtotal. Add lines 6a , 6b , and 6c	6d	497
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	8
f Total. Add lines 6d and 6e	6f	505
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	2

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1G 3F 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>RETIREMENT PLAN FOR THE EMPLOYEES OF POWER PARAGON, INC.</u>	B Three-digit plan number (PN) ▶ <u>012</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>POWER PARAGON, INC.</u>	D Employer Identification Number (EIN) <u>13-3937436</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>74117587</u>
b Actuarial value	2b <u>79451743</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>1069</u> <u>66645748</u>
b For terminated vested participants	3b <u>442</u> <u>10611155</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>686424</u>
(2) Vested benefits	3c(2) <u>19832209</u>
(3) Total active	3c(3) <u>411</u> <u>20518633</u>
d Total	3d <u>1922</u> <u>97775536</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.62</u> %
6 Target normal cost	6 <u>2598665</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary	Date
<u>JEFFREY LITWIN, FSA, MAAA</u>	<u>11-03980</u>
Type or print name of actuary	Most recent enrollment number
<u>SIBSON CONSULTING</u>	<u>212-251-5000</u>
Firm name	Telephone number (including area code)
<u>333 W 34TH STREET</u> <u>NEW YORK, NY 10001-2402</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II	Beginning of year carryover and prefunding balances	
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)		
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)		
9 Amount remaining (Item 7 minus item 8).....	0	0
10 Interest on item 9 using prior year's actual return of _____%		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		
b Interest on (a) using prior year's effective rate of _____%		
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance.....		
12 Reduction in balances due to elections or deemed elections.....		
13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	0	0

Part III	Funding percentages	
14 Funding target attainment percentage.....	14	81.25 %
15 Adjusted funding target attainment percentage.....	15	%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:						
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
Totals ►			18(b)	0	18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☐ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☐ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27 3

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment		
b Waiver amortization installment		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33)	34	0
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement		Total balance
		0
36 Additional cash requirement (item 34 minus item 35).....	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

<div>SCHEDULE D</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010					
A Name of plan RETIREMENT PLAN FOR THE EMPLOYEES OF POWER PARAGON, INC.				B Three-digit plan number (PN) ▶ 002	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 POWER PARAGON, INC.				D Employer Identification Number (EIN) 33-0638510	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: L-3 COMM. CORPORATION MASTER TRUST					
b Name of sponsor of entity listed in (a): L-3 COMMUNICATIONS CORPORATION					
c EIN-PN 13-3937436-020		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 18663834	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan RETIREMENT PLAN FOR THE EMPLOYEES OF POWER PARAGON, INC.	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 POWER PARAGON, INC.	D Employer Identification Number (EIN) 33-0638510	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	2011188	2129656
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	12054207	18663834
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	14065395	20793490

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	60207	55665
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	60207	55665

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	14005188	20737825
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	5672822	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		5672822
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		1983774
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		7656596

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	681380	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		681380
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	242579	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		242579
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		923959

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		6732637
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PRICEWATERHOUSECOOPERS, LLP

(2) EIN: 13-4008324

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan RETIREMENT PLAN FOR THE EMPLOYEES OF POWER PARAGON, INC.		B Three-digit plan number (PN) ► 002
C Plan sponsor's name as shown on line 2a of Form 5500 POWER PARAGON, INC.		D Employer Identification Number (EIN) 33-0638510
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 13-7074646		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3 0
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☒ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☒ No		
Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2010 v.092308.1		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☒

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



Report of Independent Auditors

To the Participants and Administrator of the
Retirement Plan for Employees of Power Paragon, Inc.:

In our opinion, the accompanying Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009 and the related Statements of Changes in Net Assets Available for Benefits for the years then ended and the Statement of Accumulated Plan Benefits as of January 1, 2010 and the related Statement of Changes in Accumulated Plan Benefits for the year then ended, present fairly, in all material respects, information regarding the net assets available for benefits of the Retirement Plan for Employees of Power Paragon, Inc. (the "Plan") at December 31, 2010 and changes therein for the year then ended and its financial status as of January 1, 2010, and changes therein for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

New York, New York
September 15, 2011

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan The Marine and Power Systems Retirement Plan	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">B Three-digit plan number (PN) ▶</td> <td style="width:40%; text-align: center;">012</td> </tr> </table>	B Three-digit plan number (PN) ▶	012
B Three-digit plan number (PN) ▶	012		
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF L-3 COMMUNICATIONS CORPORATION	D Employer Identification Number (EIN) 13-3937436		
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B			
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500			

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value.....	2a		74117587
b Actuarial value.....	2b		79451743
3 Funding target/participant count breakdown			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	1069	66645748
b For terminated vested participants.....	3b	442	10611155
c For active participants:			
(1) Non-vested benefits.....	3c(1)		686424
(2) Vested benefits.....	3c(2)		19832209
(3) Total active.....	3c(3)	411	20518633
d Total.....	3d	1922	97775536
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate.....	5	6.62%	
6 Target normal cost.....	6	2598665	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	JEFFREY LITWIN Signature of actuary JEFFREY LITWIN, FSA, MAAA Type or print name of actuary SIBSON CONSULTING Firm name 333 W 34TH STREET NEW YORK NY 10001-2402 Address of the firm	<div style="text-align: center;"> <u>9/13/11</u> Date 11-03980 Most recent enrollment number 212-251-5000 Telephone number (including area code) </div>
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)		
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)		
9 Amount remaining (Item 7 minus item 8)	0	0
10 Interest on item 9 using prior year's actual return of _____%		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		
b Interest on (a) using prior year's effective rate of _____%		
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		
12 Reduction in balances due to elections or deemed elections		
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	81.25%
15 Adjusted funding target attainment percentage	15	%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c)
					0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☐ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27 3

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment		
b Waiver amortization installment		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33)	34	0
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement		Total balance
		0
36 Additional cash requirement (item 34 minus item 35)	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	
38 Interest-adjusted excess contributions for current year (see instructions)	38	
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Attachment to 2010 Schedule SB of Form 5500
2010 Schedule SB, Line 27 – Actuarial Information Based on Pre-PPA Funding Rules
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

As required, all pre-PPA actuarial information is supplied in the Schedule B, and requisite attachments. While the Schedule B is a 2007 form, all information is based on the 1/1/2010 Actuarial Valuation.

Refer to the attachments to the Schedule B form for plan provisions, assumptions (funding target liability is determined with the assumptions used for maximum tax-deductible contribution purposes), and data.

**SCHEDULE B
(Form 5500)**

Department of the Treasury
Internal Revenue Service
Department of Labor
Employee Benefits Security
Administration

Pension Benefit Guaranty Corporation

Actuarial Information

This schedule is required to be filed under Section 104 of the Employee Retirement Income Security Act of 1974, referred to as ERISA, except when attached to Form 5500-EZ and, in all cases, under section 6059(a) of the Internal Revenue Code, referred to as the Code.

- **Attach to Form 5500 or 5500-EZ if applicable.**
► **See separate instructions.**

Official Use Only

OMB No. 1210-0110

2007

**This Form is Open to Public
Inspection (except when
attached to Form 5500-EZ).**

For calendar plan year 2007 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan THE MARINE AND POWER SYSTEMS RETIREMENT PLAN		B Three-digit plan number ... ► 012
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-EZ. L-3 COMMUNICATIONS CORPORATION		D Employer Identification Number 13-3937436
E Type of plan: (1) Multiemployer (2) ☒ Single-employer (3) Multiple-employer		F 100 or fewer participants in prior plan year

Part I Basic Information (To be completed by all plans)

1a Enter the actuarial valuation date: Month 01 Day 01 Year 2010

b Assets:

(1) Current value of assets	b(1)	74253896
(2) Actuarial value of assets for funding standard account	b(2)	86349557

c (1) Accrued liability for plans using immediate gain methods

(2) Information for plans using spread gain methods:	c(1)	91302009
(a) Unfunded liability for methods with bases	c(2)(a)	
(b) Accrued liability under entry age normal method	c(2)(b)	
(c) Normal cost under entry age normal method	c(2)(c)	

Statement by Enrolled Actuary (see instructions before signing):

To the best of my knowledge, the information supplied in this schedule and on the accompanying schedules, statements, and attachments, if any, is complete and accurate, and in my opinion each assumption, used in combination, represents my best estimate of anticipated experience under the plan. Furthermore, in the case of a plan other than a multiemployer plan, each assumption used (a) is reasonable (taking into account the experience of the plan and reasonable expectations) or (b) would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption were reasonable; in the case of a multiemployer plan, the assumptions used, in the aggregate, are reasonable (taking into account the experience of the plan and reasonable expectations).

**SIGN
HERE**

JEFFREY LITWIN

Signature of actuary

JEFFREY LITWIN, FSA, MAAA

Type or print name of actuary

SIBSON CONSULTING

Firm name

333 W 34TH STREET

NEW YORK

NY 10001-2402

Address of the firm

9/13/11

Date

G 11-03980

Most recent enrollment number

212-251-5000

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions. ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-EZ.

v10.1

Schedule B (Form 5500) 2007

0 8 0 7 3 5 0 1 0 0



1d Information on current liabilities of the plan:

(1) Amount excluded from current liability attributable to pre-participation service (see instructions) ..	d(1)	0
(2) "RPA '94" information:		
(a) Current liability	d(2)(a)	96505436
(b) Expected increase in current liability due to benefits accruing during the plan year	d(2)(b)	1442357
(c) Current liability computed at highest allowable interest rate (see instructions)	d(2)(c)	96505436
(d) Expected release from "RPA '94" current liability for the plan year	d(2)(d)	
(3) Expected plan disbursements for the plan year	d(3)	7596692

2 Operational information as of beginning of this plan year:

a Current value of the assets (see instructions)		2a	74053913	
b "RPA '94" current liability:	(1) No. of Persons	(2) Vested Benefits	(3) Total Benefits	
	(1) For retired participants and beneficiaries receiving payments	1069	65507205	65507205
	(2) For terminated vested participants	442	10574239	10574239
	(3) For active participants	411	19605710	20423992
	(4) Total	1922	95687154	96505436
	c If the percentage resulting from dividing line 2a by line 2b(4), column (3) is less than 70%, enter such percentage		2c	%

3 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Month-Day-Year	(b) Amount paid by employer	(c) Amount paid by employees	(a) Month-Day-Year	(b) Amount paid by employer	(c) Amount paid by employees
12/30/2010	10299902				
03/15/2011	4567000				
09/09/2011	1624000				
3 Totals ▶ (b)				16490902	(c) 0

4 Quarterly contributions and liquidity shortfall(s):

a Plans other than multiemployer plans, enter funded current liability percentage for preceding year (see instructions)	4a	80.5%
--	-----------	-------

b If line 4a is less than 100%, see instructions, and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

0 8 0 7 3 5 0 2 0 P



5 Actuarial cost method used as the basis for this plan year's funding standard account computation:**a** ☐ Attained age normal **b** ☐ Entry age normal **c** ☒ Accrued benefit (unit credit)**d** ☐ Aggregate **e** ☐ Frozen initial liability **f** ☐ Individual level premium**g** ☐ Individual aggregate**h** ☐ Other (specify) ▶**i** Has a change been made in funding method for this plan year? ☐ Yes ☒ No**j** If line i is "Yes," was the change made pursuant to Revenue Procedure 2000-40? ☐ Yes ☐ No**k** If line i is "Yes," and line j is "No" enter the date of the ruling letter (individual or

class) approving the change in funding method Month Day Year

6 Checklist of certain actuarial assumptions:**a** Interest rates for "RPA '94" current liability **6a** 6.76% ☐ N/A**b** Weighted average retirement age **6b** 62 ☐ N/A**c** Rates specified in insurance or annuity contracts ☒ N/A **6c** Pre-retirement Post-retirement ☒ N/A**d** Mortality table code for valuation purposes:(1) Males **d(1)** A A(2) Females **d(2)** A A**e** Valuation liability interest rate ☐ N/A **6e** 7.50% 7.50% ☐ N/A**f** Expense loading ☐ N/A **6f** 114.8% % ☒ N/A**g** Annual withdrawal rates:(1) Age 25 **g(1)** C 26.00% C 26.00%(2) Age 40 **g(2)** C 14.00% C 14.00%(3) Age 55 **g(3)** C 0.00% C 0.00%**h** Salary scale ☐ N/A **6h** 4.98% 4.98% ☐ N/A**i** Estimated investment return on actuarial value of assets for year ending on the valuation date **6i** 16.6%**j** Estimated investment return on current value of assets for year ending on the valuation date **6j** 21.6%**7** New amortization bases established in the current plan year:

(1) Type of Base (2) Initial Balance (3) Amortization Charge/Credit

1

-7650215

-1758943

8 Miscellaneous information:**a** If a waiver of a funding deficiency or an extension of an amortization period has been approved for this plan year, enter the

date of the ruling letter granting the approval Month Day Year

0 8 0 7 3 5 0 3 0 Q



8b If one or more alternative methods or rules (as listed in the instructions) were used for this plan year, enter the appropriate code in accordance with the instructions ▶		
c Is the plan required to provide a Schedule of Active Participant Data? (see instructions) If "Yes," attach schedule		☒ Yes ☐ No
9 Funding standard account statement for this plan year:		
Charges to funding standard account:		
a Prior year funding deficiency, if any	9a	0
b Employer's normal cost for plan year as of valuation date	9b	2162571
c Amortization charges as of valuation date:		
(1) All bases except funding waivers ▶ (\$ 19183345)	c(1)	5119329
(2) Funding waivers ▶ (\$ 0)	c(2)	0
d Interest as applicable on lines 9a, 9b, and 9c	9d	546143
e Additional interest charge due to late quarterly contributions, if applicable	9e	0
f Adjusted additional funding charge from Part II, line 12q, if applicable ☐ N/A	9f	0
g Total charges. Add lines 9a through 9f	9g	7828043
Credits to funding standard account:		
h Prior year credit balance, if any	9h	5460160
i Employer contributions. Total from column (b) of line 3	9i	16490902
j Amortization credits as of valuation date ▶ (\$ 8179910)		
k Interest as applicable to end of plan year on lines 9h, 9i, and 9j	9k	556229
l Full funding limitation (FFL) and credits		
(1) ERISA FFL (accrued liability FFL)	l(1)	26521157
(2) "RPA '94" override (90% current liability FFL)	l(2)	3332343
(3) FFL credit	l(3)	0
m (1) Waived funding deficiency	m(1)	0
(2) Other credits	m(2)	0
n Total credits. Add lines 9h through 9k, 9l(3), 9m(1), and 9m(2)	9n	24435298
o Credit balance: If line 9n is greater than line 9g, enter the difference	9o	16607255
p Funding deficiency: If line 9g is greater than line 9n, enter the difference	9p	
Reconciliation account:		
q Current year's accumulated reconciliation account:		
(1) Due to additional funding charges as of the beginning of the plan year	q(1)	590823
(2) Due to additional interest charges as of the beginning of the plan year	q(2)	0
(3) Due to waived funding deficiencies:		
(a) Reconciliation outstanding balance as of valuation date	q(3)(a)	0
(b) Reconciliation amount. Line 9c(2) balance minus line 9q(3)(a)	q(3)(b)	0
(4) Total as of valuation date ▶	q(4)	590823
10 Contribution necessary to avoid an accumulated funding deficiency. Enter the amount in line 9p or the amount required under the alternative funding standard account if applicable		
	10	0
11 Has a change been made in the actuarial assumptions for the current plan year? If "Yes," see instructions ☐ Yes ☒ No		

0 8 0 7 3 5 0 4 0 R



Part II Additional Information for Certain Plans Other Than Multiemployer PlansPlease see **Who Must File** in the Schedule B instructions to determine if you must complete Part II.**12** Additional required funding charge (see instructions):**a** Enter "Gateway %." Divide line 1b(2) by line 1d(2)(c) and multiply by 100.

If line 12a is at least 90%, go to line 12q and enter -0-.

If line 12a is less than 80%, go to line 12b.

If line 12a is at least 80% (but less than 90%), see instructions and, if applicable, go to line 12q

and enter -0-. Otherwise, go to line 12b **12a** 89.5 %**b** "RPA '94" current liability. Enter line 1d(2)(a) **12b****c** Adjusted value of assets (see instructions) **12c****d** Funded current liability percentage. Divide line 12c by 12b and multiply by 100 **12d** %**e** Unfunded current liability. Subtract line 12c from line 12b. **12e****f** Liability attributable to any unpredictable contingent event benefit **12f****g** Outstanding balance of unfunded old liability **12g****h** Unfunded new liability. Subtract the total of lines 12f and 12g from line 12e. Enter -0- if negative **12h****i** Unfunded new liability amount (..... % of line 12h) **12i****j** Unfunded old liability amount **12j****k** Deficit reduction contribution. Add lines 12i, 12j and 1d(2)(b). **12k****l** Net charges in funding standard account used to offset the deficit reduction contribution. Enter a negative number if less than zero **12l****m** Unpredictable contingent event amount:**(1)** Benefits paid during year attributable to unpredictable contingent event ... **m(1)****(2)** Unfunded current liability percentage. Subtract the percentage on line 12d from 100% **m(2)** %**(3)** Enter the product of lines 12m(1) and 12m(2) **m(3)****(4)** Ammortization of all unpredictable contingent event liabilities **m(4)****(5)** "RPA '94" additional amount (see instructions) **m(5)****(6)** Enter the greatest of lines 12m(3), 12m(4), or 12m(5) **m(6)****n** Preliminary additional funding charge: Enter the excess of line 12k over line 12l (if any), plus line 12m(6), adjusted to end of year with interest **12n****o** Contributions needed to increase current liability percentage to 100% (see instructions) **12o****p** Additional funding charge prior to adjustment: Enter the lesser of line 12n or 12o **12p****q** Adjusted additional funding charge. (..... 0% of line 12p) **12q** 0

0 8 0 7 3 5 0 5 0 S



Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 - Statement of Actuarial Assumptions/Methods
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

ACTUARIAL ASSUMPTIONS AND ACTUARIAL COST METHOD

Net investment return:	7.50%
Interest rate for determination of current liability and maximum deductible contribution:	
<i>Current Liability:</i>	6.76% (previously, 6.69%) Effective in 2008, as mandated by the Pension Protection Act of 2006 for eligible contractor plans, this is based on the third segment rate used to determine funding requirements for noncontractor plans.
<i>Maximum Deductible Contribution:</i>	As mandated by the Pension Protection Act of 2006, the interest rates used are the September 2009 segmented rates. The effective interest rate is 6.62%. (Prior year's rates were the October 2008 full spot yield curve.)
Mortality rates:	
<i>Healthy and Disabled (SPD):</i>	RP-2000 Combined Tables (sex distinct)
<i>Disabled (Power Paragon):</i>	RP-2000 Disabled Retiree Mortality Tables (sex distinct)
<i>Current Liability and Maximum:</i>	RP-2000 Separate Annuitant and Non-Annuitant Tables with Static Projection. This assumption is one of the choices allowed by proposed regulations. (Prior year current liability assumption was similar, but based on one less year of projection.)

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 - Statement of Actuarial Assumptions/Methods
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Salary Scale:		
SPD Technologies:	5.00%	
Power Paragon:		
Hourly:	4.50%	
Salaried:		
	Age	Annual Increase
	20	7.5%
	25	7.0%
	30	6.5%
	35	6.0%
	40	5.5%
	45	5.0%
	50	4.5%
	55	4.0%
	60	3.5%

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 - Statement of Actuarial Assumptions/Methods
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Withdrawal rates:

SPD Technologies:

Sarason T-6 Table

Age	Rate
20	7.95%
25	7.75
30	7.44
35	6.90
40	6.18
45	5.30
50	3.87
55	1.67
60	0.23

Power Paragon:

Age	First 5 Years Of Service	After First 5 Years Of Service
20	30%	15%
25	26	13
30	22	11
35	18	9
40	14	7
45	12	6
50	10	5
55	0	0

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 - Statement of Actuarial Assumptions/Methods
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Disability rates:

SPD Technologies:

Age	Rate
20	0.03%
25	0.03
30	0.03
35	0.03
40	0.05
45	0.09
50	0.20
55	0.43
60	0.87

Power Paragon: None

Retirement rates:

SPD Technologies:

For SPD-UAW and Switchgear-UAW with seniority, 100% at age 62. For all other groups, the following table is used:

Age	Rate
55	13%
56 – 59	8
60 – 61	18
62 – 64	35
65 – 69	65
70	100

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 - Statement of Actuarial Assumptions/Methods
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012
Power Paragon:

Age	Rate
55 - 59	2%
60 - 61	5
62 - 64	10
65	100

Average retirement age for Schedule B:	60 (SPD Technologies) 63 (Power Paragon)
Retirement age for terminated vesteds:	65
Percent married:	70% for males, 55% for females For inactive participants for whom a spouse's date of birth was not provided, and for active participants, it was assumed that husbands were 3 years older than their wives .
Social Security Benefits:	Increase in national average wage base of 4.0% per annum.
Administrative expenses:	\$800,000 (SPD Technologies) \$356,000 (Power Paragon)
Actuarial value of assets:	The actuarial value of assets is determined by subtracting item 2 from item 1: 1) Market value of assets 2) Percentage of the previous four years' gain/(loss) due to market value investment return greater/(less) than expected that have not been previously recognized in the actuarial value of assets

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 - Statement of Actuarial Assumptions/Methods
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

The gain/(loss) due to investment return is recognized over four years. The actuarial value of assets is further limited to not less than 80% or greater than 120% of market value.

For the maximum deductible contribution, the rules under the Pension Protection Act apply, based on the plan sponsor's election of an allowable asset averaging method. The actuarial value of assets is an average of the market value of assets as of the valuation date and the adjusted market value of assets as of the preceding two years. The adjusted assets reflect expected earnings (subject to a statutory cap) and actual cash flow. The resulting value is limited to between 90% and 110% of the market value of assets. The methodology was changed from market value of assets in 2008.

Actuarial cost method:

Projected Unit Credit

This cost method develops the annual cost or expense of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal or service cost; and that due to service earned prior to the current year, known as the actuarial accrued or past service liability. Each of these components is calculated individually for each active employee.

The normal cost is the present value of the portion of projected benefits that is attributable to service accrued in the current year. The unfunded actuarial liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated. The unfunded actuarial liability is paid off in accordance with a specified amortization procedure.

Under the projected unit credit cost method, if actual plan experience is close to the assumptions, the normal cost will increase each year for each employee as he or she approaches retirement age. The total contribution is made up of the sum of the individual normal costs and the amortization payment on the unfunded actuarial liability.

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

SUMMARY OF PLAN PROVISIONS

This subsection summarizes the major provisions of the Marine and Power Systems Retirement Plan applicable to employees of SPD Technologies, as included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Status:

Plan is closed to all new hires.

Normal retirement:

Age requirement:

65

Service requirement:

5 years of participation service; None if participation commenced prior to January 1, 1988.

Amount:

A certain percentage of earnings up to a breakpoint each year plus a different percentage of earnings in excess of the breakpoint. The percentages and the associated breakpoints are listed in the following chart. A flat rate minimum benefit for each year of service is also listed in the following Chart of Plan Provisions. For Henschel non-highly compensated employees hired before June 2, 1989, the benefit is based on 1.4% of final five-year average earnings less 1.4% of the primary Social Security benefit times years of service. For service after age 45, both percentages become 1.8%.

Compensation:

For any Plan Year, but only during the time he or she was a participant, the total taxable earnings, including overtime, bonuses and severance pay and suggestion or scientific awards reported to a participant in Box 1 on Form W-2, but excluding any reimbursements or expenses or losses, employer contributions under any employee stock purchase plan or deferred compensation plan. The amount of any elective deferrals the participant has authorized the employer to make in accordance with IRC Sections 125 and 401(k) shall be included.

Compensation is limited per IRC section 401(a)(17), as amended for EGTRRA to \$245,000.

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Early retirement:

Age requirement: 55

Service requirement:

10 years of vesting service; for Henschel hourly employees and Henschel non-highly compensated employees hired prior to June 2, 1989, 5 years of vesting service.

Amount:

Normal retirement accrued benefit reduced by the early retirement factors as listed in the following Chart of Plan Provisions.

Temporary early retirement supplement:

Amount:

A participant who retires after his Early Retirement Date with at least 30 years of service and satisfies certain age and date of retirement requirements, is entitled to the monthly amount listed in the following Chart of Plan Provisions. This temporary supplement is payable until the earlier of age 62 or death.

Deferred retirement:

Additional accruals to actual retirement date.

Disability:

Eligibility:

Ten years of Vesting Service and must qualify for Social Security disability. For SPD and Switchgear UAW-hourly participants with seniority, the eligibility requirement is five years of Vesting Service.

Amount:

Either an immediate benefit equal to the unreduced accrual benefit, or a benefit deferred to normal retirement date including additional accruals from date of disability to Normal Retirement based on the earnings rate in effect immediately prior to the occurrence of the disability. (See the following Chart of Plan Provisions.)

Vesting:

Age requirement:

None

Service requirement:

5 years

Vesting percentage:

Regular pension accrued payable at age 65. The vested benefit is also payable as early as age 55 for participants meeting service requirements, based on early retirement reduction factors as listed in the following Chart of Plan Provisions.

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Additional Retirement Benefit

Eligibility:

SPD and Switchgear UAW-hourly participants with seniority who retire from active status on or after February 1, 1993.

Amount:

Two dollars per month per year of Vesting Service on the first anniversary of retirement. An additional six dollars per month per year of Vesting Service on the second anniversary of retirement and an additional four dollars per month per year of Vesting Service on the third anniversary of retirement.

Special Medicare Part B Reimbursement Benefit:

Eligibility:

Retired participant who is either over age 65, or disabled and enrolled in the voluntary Medicare Part B coverage under Social Security.

Amount:

Monthly amount as listed in the following Chart of Plan Provisions.

Pre-retirement death benefits:

Age requirement:

None

Service requirement:

5 years of participation service

Amount:

For married participants only. For death prior to earliest retirement age, the benefit payable to the spouse under the Joint and Survivor option as if the participant terminated prior to death, survived to earliest retirement age, retired, and died.

In the event of death after the earliest retirement age, the benefit payable to the spouse under the Joint Survivor option as if the participant retired immediately prior to death.

Benefit percentages are listed in the following Chart of Plan Provisions.

Special Spouse's Death Benefit:

For those eligible groups indicated in the following Chart of Plan Provisions, a return of any contributions with interest made under the prior plan, in addition to the regular benefit they receive.

Joint and Survivor:

If married, pension benefits are paid in the form of a joint and survivor annuity unless this form is waived by employee and spouse. If not waived, the benefit amount otherwise payable is reduced to reflect the joint and survivor coverage. If waived by employee and spouse, or if not married, benefits are payable for the life of the employee without reduction or in any other available optional form elected by the employee in an actuarially equivalent amount.

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Lump sum form of benefit:

Benefits with a present value less than \$5,000 are automatically cashed out. An optional lump sum payment is available to participants not covered by collective bargaining if the present value of benefit is less than or equal to \$20,000.

Participation:	Certain employees of Henschel, PacOrd, SPD and Switchgear are participating in the Plan. The Plan is closed to all new hires. Effective June 30, 2007, benefit accruals under the Plan are frozen for UAW represented employees of SPD Electrical System, Inc. and SPD Switchgear, Inc.
Benefit credit:	From date of participation.
Vesting credit:	All years of employment are credited.
IRC Section 415:	All benefits are limited by IRC §415(b). As of January 1, 2010, the annual limit is \$195,000.

Optional Forms of Benefit:

Life Annuity with guaranteed payments:
10 or 15 years for benefit group B
10 years for benefit groups E and F
5, 10, or 15 years for all other benefit groups

Life Annuity option for all benefit groups

Joint and Survivor Annuity:

100%, 75%, 60%, or 50% surviving spouse option for benefit groups E and F
100%, 75%, 50%, or 25% surviving spouse option for all other benefit groups

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Optional Forms Adjustments:

For benefits payable under optional forms of payment, the following factors shall be used for determining actuarial equivalence. The factors shall be multiplied by the benefits payable on a life-only annuity basis, and the resulting benefit amount represents the actuarial equivalent benefit payable on the specified form of payment.

Adjustments to Base Factor For Each Year Participant's Age:				
<u>Form of Payment</u>	<u>Factor</u>	<u>Is Less Than 65</u>	<u>Is More Than 65</u>	<u>Is Less Than Beneficiary's Age</u> <u>Is More than Beneficiary's Age</u>
Certain and Continuous Annuity with certain period of:				
5 years	.980	+.002	-.002	None
10 years	.930	+.005	-.005	None
15 years	.860	+.009	-.009	None
Joint and Survivor Annuity, with the following percentage continued to the beneficiary:				
25%	.950	+.002	-.002	+.002
50%	.905	+.003	-.003	+.004
75%	.865	+.004	-.004	+.006
100%	.830	+.005	-.005	+.007

If required, factors for certain period or contingent benefit percentages other than those shown above may be determined by interpolating between the factors shown. In no case may any factor exceed .999.

Option Factors For Non-Union Hourly Employees at Henschel Corporation:

1. Interest at 7%
2. For Participants – The 1971 Group Annuity Mortality Table for Males
3. For Beneficiaries – The 1971 Group Annuity Mortality Table for Females

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Chart of Plan Provisions

Description	SPD – UAW and Switchgear – UAW with Seniority	Henschel Non-highly Compensated Salaried Employees Hired Before June 2, 1989	Henschel Hourly	SPD, PacOrd, Switchgear and Remaining Henschel Salaried Employees	SPD – UAW and Switchgear – UAW without seniority
Plan Document Supplement	A & D	F	E	B	C
Plan Benefit Accruals	Frozen, effective June 30, 2007	Ongoing	Ongoing	Ongoing	Frozen, effective June 30, 2007
Accrued Benefit					
• Earnings Percentage	2%	Not applicable	1%, 1.5%	2%	1%, 2%
• Annual Breakpoint	No breakpoint	Not applicable	Social Security Wage Base	No breakpoint	½ 2004 Social Security Wage Base
Annual Minimum Rate	\$216 times service; \$300 times years of service for employees with 10 or more years of service	\$114 times service, not greater than 85% of final average earnings less 60% of Social Security benefit	\$114 times service, not greater than 85% of final average earnings less 60% of Social Security benefit	Not applicable	Not applicable
Early Retirement Reduction Factors	No reduction after age 62; reduction factors ranging from 6.7% at age 61 to 42.1% at age 55; no reduction with 30 years of service	3% per year for each year prior to age 65; reduction is from age 62 if employee retires with at least 30 years of service	3% per year for each year prior to age 65; no reduction if employee retires on or after age 62 with at least 30 years of service	3% per year for each year prior to age 65	6% per year for each year prior to age 65

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Temporary Supplement					
• Required Retirement Age	Retire between ages 56 and 62 with at least 30 years of service	Not applicable	Not applicable	SPD and Switchgear salaried only with age plus service equal to 65 or more on 1/1/85 for SPD or 1/1/88 for Switchgear who retire between ages 56 and 62	Not applicable
• Annual Amount	\$3,600	Not applicable	Not applicable	\$3,600 times service at 1/1/85 divided by the greater of 30 or service at age 56	Not applicable
Special Medicare Part B Reimbursement Annual Amount	\$546.00	Not applicable	Not applicable	Not applicable	Not applicable
Disability	Immediate	Deferred	Immediate	Deferred	Immediate
Special Spouse's Death Benefit	Yes	No	No	Yes for employees of SPD Technologies only	No
Pre-retirement Spouse's Death Benefit Percentage	70%	60%	60%	60%	50%

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
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Most Recent Plan Amendment:

Effective June 30, 2007, benefit accruals under the Plan are frozen for UAW represented employees of SPD Electrical System, Inc. and SPD Switchgear, Inc. In addition, the plan provides a 75% joint and survivor annuity as an optional benefit effective January 1, 2008 (Amendment No. 1, signed November 12, 2007).

Effective January 1, 2007, the plan has been amended to take fractional months of service into account for vesting purposes (Amendment No. 2, signed November 27, 2007).

Effective January 1, 2004, the plan has been amended regarding the definition of actuarial equivalence for purposes of calculating certain optional benefit forms applicable to Section 415 (Amendment No. 3, signed November 7, 2008).

Effective January 1, 2008 and January 1, 2009, technical changes were made that did not affect the valuation (Amendment No. 4, signed December 23, 2008).

Effective January 1, 2010 – Merger of the SPD Technologies Retirement Plan and the Retirement Plan for Employees of Power Paragon, into the Marine and Power Systems Retirement Plan.

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

This subsection summarizes the major provisions of the Marine and Power Systems Retirement Plan applicable to employees of Power Paragon, Inc., and as included in the valuation. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions.

Plan Status: The plan is closed to employees hired on or after January 1, 2007. Employees hired prior to January 1, 2007 will receive ongoing accruals.

Normal Retirement:

Age requirement: 65

Service requirement: 1 year of vesting service.

Compensation:

Defined as total annual compensation actually paid by employer, including elective contributions or deferrals made by the employer on behalf of the employee that are not includible in gross income. Compensation is capped at \$245,000 (adjusted for cost of living, as provided by Code Section 401(a)(17)). Average Monthly Compensation is attained by dividing total compensation during the highest five consecutive calendar years out of the last ten consecutive calendar years by 60.

Amount:

0.65% multiplied by Credited Service (not to exceed 35 years) times the lesser of the participant's Average Monthly Compensation and Monthly Covered Compensation, plus 1.30% multiplied by Credited Service (not to exceed 35 years) times the participant's Average Monthly Compensation in excess of Monthly Covered Compensation.

Minimum amount:

For Grandfathered Participants a minimum benefit equal to (a) – (b), as defined below. For purposes of computing the Grandfather Minimum Benefit, Credited Service includes service under the current plan as well as Teledyne and MagneTek Plans.

(a) 1.00% multiplied by Credited Service (not to exceed 30 years) times the lesser of the participant's Average Monthly Compensation and Monthly Covered Compensation, plus

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

1.65% multiplied by Credited Service (not to exceed 30 years) and the participant's Average Monthly Compensation in excess of Monthly Covered Compensation.

(b) MagneTek Plan accrued benefit plus any transition credits at Severance from Service Date converted to a life annuity with 120 months certain benefit.

Grandfathered Participants are employees covered by the Teledyne Plan on October 30, 1992, who were age 45 with 5 years of vesting service and age plus service at least equal to 60 on October 30, 1992, who became participants in the MagneTek Plan on October 31, 1992, and who commenced participation in the plan on January 1, 1995.

Early Retirement:

Age requirement:

55

Service requirement:

10 years of Vesting Service

Amount:

Accrued normal retirement benefit reduced by actuarial equivalent factors for early commencement.

Early commencement reduction:

Based on actuarial equivalence using 1984 Unisex Pension Mortality Table with an interest rate of 7-1/2%.

Deferred Retirement:

Additional accruals to actual retirement date.

Disability:

Service requirement:

5 years of Vesting Service

Benefit:

Accrued Benefit calculated using level Compensation from disability until age 65 or benefit commencement date and Credited Service from employment commencement date to age 65 or benefit commencement date. If benefits commence before age 65, an actuarial equivalent reduction will be applied for early commencement.

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Termination Benefit:	
<i>Age requirement:</i>	None
<i>Service requirement:</i>	5 years of Vesting Service
<i>Amount:</i>	Accrued benefit payable at age 65, reduced by actuarial equivalent factors at benefit commencement if benefit commencement is prior to age 65 (requires 10 years of service for early commencement).
<i>Vesting percentage:</i>	100% after 5 years of Vesting Service.
Pre-retirement Death Benefits:	
<i>Age:</i>	None
<i>Service:</i>	5 years of Vesting Service
<i>Amount:</i>	50% of the benefit the employee would have received had he retired the day before he died and elected the 50% joint and survivor option, payable at the earliest retirement date of the employee.
Normal form of benefit:	
Life annuity with 120 months certain for unmarried participants. For married participants, a joint and 50% survivor annuity, which is actuarially equivalent to a life annuity.	
Optional forms of benefit:	
Life Annuity	
Life Annuity with 120 months certain	
Joint and 50% survivor annuity	
Joint and 66-2/3% survivor annuity	
Joint and 75% survivor annuity	
Optional forms adjustments:	
Benefits paid under an optional form of payment shall equal the Actuarial Equivalent of the normal form of benefit, determined on the basis a 7.5% interest rate and the 1984 Unisex Pension Mortality Table.	

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Lump sum benefit: Benefits with a present value of less than \$5,000 are automatically cashed out. If present value of benefit is over \$5,000 but less than or equal to \$20,000, the participant can elect the lump sum payment.

Participation:	
<i>Age requirement:</i>	None
<i>Service requirement:</i>	1 year of Vesting Service
	Participation begins on the January 1 or July 1 following one year of Vesting Service.

Credited Service: Service from the later of date of hire or November 23, 1994.
Credited Service is given from October 30, 1992 if the employee was a participant in the Teledyne Plan as of October 30, 1992 and at least 45 years of age. Additionally, employee must have at least 5 years of Vesting Service with age and service greater than or equal to 60, and then became a participant in the MagneTek Plan on October 31, 1992 prior to becoming a participant in this Plan on January, 1995.

Vesting Service: Service from later of date of hire or November 23, 1994.

Section 415 Limit: \$195,000

Section 401(a)(17) Limit: \$245,000

Most Recent Plan Amendments: January 1, 2007 – to freeze the plan as of January 1, 2007 so that employees hired on or after that date should not be eligible to participate in the plan.
September 1, 2007 – Amendment # 1 - the definition of compensation excludes all severance payments whether paid in a lump sum or a salary continuation and payments for unused vacation or sick leave payments and vested stock based awards.
January 1, 2008 – Amendment # 2 - 75% of survivor annuity was added to optional form of payment.
January 1, 2008 – Amendment # 3 – pertains to plan provisions that do not impact the valuation.

**Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 6 – Summary of Plan Provisions
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012**

Effective January 1, 2010 – Merger of the SPD Technologies Retirement Plan and the Retirement Plan for Employees of Power Paragon, Inc. into the Marine and Power Systems Retirement Plan.

SPD Benefit Groups A and D

Power Paragon

Headcount

7

124

280

411

62.41

★ SIBSON CONSULTING
A DIVISION OF SEGAL

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 8c - Schedule of Active Participant Data
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

Age	Years of Service									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
Under 25	--	2	--	--	--	--	--	--	--	--
25 to 29	--	2	--	--	--	--	--	--	--	--
30 to 34	--	1	2	2	--	--	--	--	--	--
35 to 39	--	1	4	7	1	--	--	--	--	--
40 to 44	--	3	4	14	11	1	--	--	--	--
45 to 49	--	4	9	20	23	6	--	--	--	--
50 to 54	--	8	11	21	36	9	--	1	--	--
55 to 59	--	2	12	27	20	5	1	1	2	--
60 to 64	--	--	8	4	17	3	1	--	--	2
65 to 69	--	--	2	2	9	--	--	--	--	--
70 & up	--	--	1	1	1	--	--	--	--	--
Total	--	23	53	98	118	24	2	2	2	2

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 9c - Schedule of Funding Standard Account Charge Bases
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

FUNDING STANDARD ACCOUNT AMORTIZATION CHARGE BASES

Type of Base	Date Established	Original Base	Outstanding Balance	Years Remaining	Amortization Amount
The former SPD Technologies Retirement Plan					
Actuarial experience loss	01/01/2009	\$17,274,063	\$14,300,079	4	\$3,971,664
Change in assumptions	01/01/2009	30,371	28,224	9	4,116
Plan amendment	01/01/2009	22,084	<u>21,870</u>	29	<u>1,739</u>
Subtotal			14,350,173		3,977,519
The former Retirement Plan for Employees of Power Paragon					
Initial liability	01/01/1995	607,170	458,502	15	48,319
Plan amendment	01/01/2000	52,133	45,211	20	4,125
Plan amendment	01/01/2002	134,825	121,528	22	10,648
Plan amendment	01/01/2004	22,615	21,046	24	1,783
Change in assumptions	01/01/2005	907,626	534,981	5	123,003
Plan amendment	01/01/2005	25,708	24,264	25	2,025
Plan amendment	01/01/2006	37,401	35,783	26	2,946
Change in assumptions	01/01/2007	404,407	312,057	7	54,806
Plan amendment	01/01/2007	25,580	24,780	27	2,015
Actuarial experience loss	01/01/2009	3,859,434	3,194,975	4	887,364
Plan amendment	01/01/2009	60,632	<u>60,045</u>	29	<u>4,776</u>
Subtotal			4,833,172		1,141,810
The Marine and Power Systems Retirement Plan					
None					
Total:			\$19,183,345		\$5,119,329

Attachment to 2010 Schedule B of Form 5500
Schedule B, Line 9j - Schedule of Funding Standard Account Credit Bases
The Marine and Power Systems Retirement Plan
EIN 13-3937436 / PN 012

FUNDING STANDARD ACCOUNT AMORTIZATION CREDIT BASES

Type of Base	Date Established	Original Base	Outstanding Balance	Years Remaining	Amortization Amount
The former SPD Technologies Retirement Plan					
None					
The former Retirement Plan for Employees of Power Paragon					
Change in assumptions	01/01/2002	\$210,158	\$55,279	2	\$28,639
Actuarial experience gain	01/01/2006	142,836	32,841	1	32,841
Actuarial experience gain	01/01/2007	82,871	36,777	2	19,054
Actuarial experience gain	01/01/2008	216,601	139,222	3	49,801
Change in assumptions	01/01/2009	285,776	265,576	9	38,729
Subtotal			529,695		169,064
The Marine and Power Systems Retirement Plan					
Actuarial experience gain	01/01/2010	7,650,215	7,650,215	5	1,758,943
Total:			\$8,179,910		\$1,928,007

Attachment to 2010 Schedule R of Form 5500
Schedule R, Line 18 - Funded Percentage of Plans Contributing to the Liabilities of Plan Participants
Retirement Plan for Employees of Power Paragon
EIN 33-0638510 / PN 002

1. Plan Name	The Marine and Power Systems Retirement Plan	Retirement Plan for Employees of Power Paragon
2. Employer Identification Number (EIN)	13-3937436	33-0638510
3. Plan Number (PN)	012	002
4. Funding target attainment percentage (FTAP) for 2009	84.22%	86.49%

Effective January 1, 2010, the SPD Technologies Retirement Plan (EIN: 13-3937436 PN: 012) was renamed the Marine and Power Systems Retirement Plan (EIN: 13-3937436 PN: 012) and the Retirement Plan for Employees of Power Paragon (EIN: 33-0638510 PN: 002) was merged into the Marine and Power Systems Retirement Plan. No plan provisions or benefits were changed for each of the former plans as a result of this merger. The FTAPs shown are prior to the merger.

RETIREMENT PLAN FOR EMPLOYEES
OF POWER PARAGON, INC.

Financial Statements as of
and for the Years Ended
December 31, 2010 and 2009

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
INDEX TO FINANCIAL STATEMENTS

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Note: Supplemental schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) have been omitted as the conditions under which they are required are not present.



Report of Independent Auditors

To the Participants and Administrator of the
Retirement Plan for Employees of Power Paragon, Inc.:

In our opinion, the accompanying Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009 and the related Statements of Changes in Net Assets Available for Benefits for the years then ended and the Statement of Accumulated Plan Benefits as of January 1, 2010 and the related Statement of Changes in Accumulated Plan Benefits for the year then ended, present fairly, in all material respects, information regarding the net assets available for benefits of the Retirement Plan for Employees of Power Paragon, Inc. (the "Plan") at December 31, 2010 and changes therein for the year then ended and its financial status as of January 1, 2010, and changes therein for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York
September 15, 2011

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2010 AND 2009
(Dollars in thousands)

	<u>2010</u>	<u>2009</u>
Assets:		
Investment in Master Trust, at fair value	\$ 18,664	\$ 12,054
Employer contribution receivable	<u>2,130</u>	<u>2,011</u>
Total assets	<u>20,794</u>	<u>14,065</u>
Liabilities:		
Accrued expenses	<u>56</u>	<u>60</u>
Net assets available for benefits	<u>\$20,738</u>	<u>\$14,005</u>

The accompanying notes are an integral part of these financial statements.

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Dollars in thousands)

	<u>2010</u>	<u>2009</u>
Additions:		
Net investment gain from Master Trust	\$ 1,984	\$ 2,322
Employer contributions	<u>5,673</u>	<u>2,011</u>
Total additions	<u>7,657</u>	<u>4,333</u>
Deductions:		
Benefit payments	681	675
Plan expenses	<u>243</u>	<u>290</u>
Total deductions	<u>924</u>	<u>965</u>
Net increase	6,733	3,368
Net assets available for benefits, Beginning of year	<u>14,005</u>	<u>10,637</u>
Net assets available for benefits, End of year	<u>\$20,738</u>	<u>\$14,005</u>

The accompanying notes are an integral part of these financial statements.

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
STATEMENTS OF ACCUMULATED PLAN BENEFITS AND
CHANGES IN ACCUMULATED PLAN BENEFITS
AS OF AND FOR THE YEAR ENDED JANUARY 1, 2010
(Dollars in thousands)

Statement of Accumulated Plan Benefits:	January 1, 2010
Actuarial present value of accumulated plan benefits	
Vested benefits:	
Participants currently receiving benefits	\$ 6,046
Other participants	9,251
Total vested benefits	15,297
Non-vested benefits	113
Total actuarial present value of accumulated plan benefits	<u>\$ 15,410</u>
Statement of Changes in Accumulated Plan Benefits:	Year Ended January 1, 2010
Actuarial present value of accumulated	
Plan benefits as of January 1, 2009	\$14,055
Increase (decrease) during the year attributable to:	
Benefits accumulated and actuarial experience	976
Increase for interest due to decrease in discount period.....	1,054
Benefits paid.....	<u>(675)</u>
Net increase.....	1,355
Actuarial present value of accumulated	
plan benefits as of January 1, 2010	<u>\$15,410</u>

The accompanying notes are an integral part of these financial statements.

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)

1. Plan Description

The following brief description of the Retirement Plan for Employees of Power Paragon, Inc. (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

The Plan is a non-contributory defined benefit plan, which covers substantially all employees of Power Paragon, Inc., a subsidiary of L-3 Communications Corporation (the "Company"), a wholly owned subsidiary of L-3 Communications Holdings, Inc. Employees were eligible to participate in the Plan beginning on January 1st or July 1st following one year of service.

The Plan is frozen with respect to new participants hired on or after January 1, 2008. As such, any employees hired on or after January 1, 2008 are not eligible to participate in the Plan. The Plan is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting.

Investment in Master Trust

Investment assets of the Plan are maintained in the L-3 Communications Corporation Master Trust (the "Master Trust") administered by The Bank of New York Mellon, as Trustee. The Plan participates in the Master Trust along with other defined benefit plans sponsored by the Company (collectively, the "L-3 Participating Plans"). The only investment of the Plan is its interest in the net assets of the Master Trust. The fair value of the Plan's interest in the Master Trust is determined based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income (loss) less actual distributions and actual administrative expenses. Assets held in the Master Trust primarily consist of corporate equity securities, commingled trust funds and mutual funds, corporate bonds and Government and mortgage-backed securities. See Note 6 for a description of the valuation methodologies of the assets of the Master Trust.

The Master Trust records investment transactions on the trade-date, dividend income on the ex-dividend date, interest income as earned and determines realized gains and losses on sales of securities based on the average cost method.

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

Net Investment Gain (Loss) from Master Trust

The net investment gain (loss) from the Master Trust includes interest and dividend income and net appreciation or depreciation in the fair value of investments, which includes gains or losses realized upon disposition of investments and net unrealized appreciation or depreciation of investments. The net investment gain or loss is allocated to the L-3 Participating Plans based upon the relationship of each plan's respective monthly balances in the investment pool to the total investments of the Master Trust, as determined on a monthly basis.

Benefit Payments

Benefit payments are recorded when paid.

Plan Expenses

The administrative expenses of the Plan are paid for by the Plan. Administrative expenses are allocated to the Plan at the direction of the Company based upon the Plan's respective portion of the expense. Investment management fees of the Master Trust are allocated to the L-3 Participating Plans based upon the relationship of each plan's respective monthly balances in the investment pool to the total investments of the Master Trust, as determined on a monthly basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations, and changes therein, disclosures of contingent assets, liabilities and benefit obligations, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results will differ from those estimates.

Risks and Uncertainties

Plan contributions and the actuarial present value of accumulated plan benefits are determined based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in the estimates and assumptions in the near term would be material to the financial statements.

The investments held in the Master Trust are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the investments and related allocation reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

Subsequent Events

The Plan continued to evaluate events after the Statement of Net Assets Available for Benefits date through September 15, 2011, the date the financial statements were available to be issued.

3. Contributions

Generally, the Company's funding policy is to contribute amounts in accordance with the Internal Revenue Code ("IRC") and the minimum funding requirements under ERISA. Contributions required from the Company in 2010 and 2009 to the Plan under the minimum funding requirements of ERISA were \$0 and \$1,348, respectively. Contributions are calculated using the Projected Unit Credit Actuarial Cost Method. Under this method, the total actuarial liability for participants is the actuarial present value as of the valuation date of all benefits attributed by the pension benefit formula to employee service rendered prior to that date, which assumes the normal cost will increase each year for each employee as he or she approaches retirement age. The yield (interest, dividends, and net realized and unrealized gains and losses) on investments of the Plan serves to adjust future contributions that will be required to provide for the defined level of benefits.

4. Plan Benefits

Participants are entitled to receive monthly pension benefits beginning at the normal retirement age of 65 equal to the sum of 0.65% of their Average Monthly Compensation plus an additional 1.30% of their Average Monthly Compensation in excess of their covered compensation multiplied by the number of years of service up to 35 years. Average Monthly Compensation is calculated by dividing total compensation (as defined) during the highest five consecutive calendar years out of the last ten consecutive calendar years by 60. Benefits vest 100% after five years of service and are payable at age 65.

The Plan permits early retirement at ages 55 to 64 for participants with at least 10 years of service. The early retirement benefit will be determined by reducing the normal retirement benefit by the predetermined early retirement factors. The early retirement factors used are based on the benefit commencement date. Participants who do not complete 5 years of service forfeit the right to receive their accumulated benefits. Participants may choose to receive the value of their accumulated plan benefits as (i) a single life annuity option, (ii) a joint and survivor annuity option or (iii) a term-certain option payable monthly from retirement. Under the joint and survivor annuity, if a vested participant dies prior to the date pension benefits commence, the surviving spouse of the deceased vested participant receives benefits equal to 50% of the amount which would have been payable to the retiree under a joint and survivor annuity. Under the life annuity, there are no continuing payments after the death of the retiree.

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

The following presents the more significant assumptions underlying the actuarial computations as of January 1, 2010 and 2009.

Mortality basis	RP-2000 Combined Healthy Table
Retirement	Retirement starting at 55, with 100% by age 65
Discount rate for the determination of the present value of accumulated plan benefits	2010 and 2009 – 7.5%

The foregoing actuarial assumptions are based upon the assumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors may be used in determining the actuarial present value of accumulated plan benefits.

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

5. Master Trust Investments

The fair value of the assets and liabilities of the Master Trust at December 31, 2010 and 2009 are presented in the table below. The Plan's percentage interest in the Master Trust was 1.4% at December 31, 2010 and 1.1% at December 31, 2009.

	2010	2009
Corporate equity securities	\$ 778,788	\$ 607,388
Commingled trust funds and mutual funds	486,329	416,646
Corporate bonds	78,815	66,470
Government and mortgage-backed securities	—	366
Forward contracts	35	292
Accrued income	3,175	2,195
Receivable for unsettled trades	808	1,301
Payable for unsettled trades	(2,225)	(1,667)
	<u>\$ 1,345,725</u>	<u>\$ 1,092,991</u>

The following presents the investment gain of the Master Trust for the years ended December 31, 2010 and 2009.

	2010	2009
Net appreciation of investments	\$ 130,842	\$ 180,985
Interest	6,191	6,010
Dividends	21,668	19,690
Other	123	188
	<u>\$ 158,824</u>	<u>\$ 206,873</u>

The following presents the net appreciation (depreciation) in fair value of the Master Trust's investments, including realized gains and losses, and the unrealized appreciation and depreciation of investments for the years ended December 31, 2010 and 2009.

	2010	2009
Corporate equity securities	\$ 104,585	\$ 121,766
Commingled trust funds and mutual funds	20,585	39,365
Corporate bonds	5,045	20,449
Forward contracts	627	(595)
	<u>\$ 130,842</u>	<u>\$ 180,985</u>

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

6. Fair Value Measurements

The Plan adopted the standards for fair value measurements. The provisions of the standards are applicable to all of the Plan's assets and liabilities that are measured and recorded at fair value. The standards establish a framework for measuring fair value and expand related disclosures. The standards define fair value as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants. It establishes a fair value hierarchy that gives the highest priority to observable inputs and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below.

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date. The Plan's Level 1 assets include equity securities, certain mutual funds and U.S. Treasury bonds, all of which fair value is derived from quoted market prices.

Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. The fair value is determined using a valuation model based on observable market inputs. The Plan's Level 2 assets include commingled trust funds, certain mutual funds, corporate bonds, government securities and forward contracts.

Level 3: Pricing inputs that are generally unobservable inputs and not corroborated by market data. The Plan has no Level 3 assets.

The table below reports by level, within the fair value hierarchy, the assets held in the Master Trust at fair value as of December 31, 2010 and 2009, including a description of the valuation methodologies. As required by the standards, each asset is classified based on the lowest level of input that is significant to the fair value measurement.

Asset Category	Fair Value Measured at December 31, 2010				Fair Value Measured at December 31, 2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equity securities ⁽¹⁾ :								
U.S. Equity	608,771	—	—	608,771	468,831	—	—	468,831
International Equity	98,282	114,632	—	212,914	86,365	103,788	—	190,153
Fixed Income —								
Investment Grade.....	155,351 ⁽²⁾	155,040 ⁽³⁾	—	310,391	126,094 ⁽²⁾	110,086 ⁽³⁾	—	236,180
Fixed Income —								
High Yield ⁽⁴⁾	—	82,477	—	82,477	—	68,905	—	68,905
Real Estate Investment								
Trusts ⁽⁵⁾	70,044	—	—	70,044	55,181	—	—	55,181
Other ⁽⁶⁾	—	61,128	—	61,128	—	73,741	—	73,741
Total.....	\$ 932,448	\$ 413,277	\$ —	\$1,345,725	\$ 736,471	\$356,520	\$ —	\$ 1,092,991

⁽¹⁾ Equity securities consist of investments in common stock of U.S. and foreign companies. The fair value of equity securities is based on quoted market prices available in active markets at the close of a trading day, primarily the New York Stock Exchange (NYSE), National Association of Securities Dealers Automated Quotations (NASDAQ), and various foreign exchanges. The Level 2 investment balance is derived from a pooled equity fund offered by a registered investment company, which fair value is based on net asset value (NAV). NAV is calculated by the fund manager based on the fair value of the fund's holdings, primarily equity securities traded in active markets, determined as of the end of each month. Withdrawals are permitted monthly based on NAV.

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
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- ⁽²⁾ Approximately 50% in 2010 and 53% in 2009 of plan assets invested in fixed income — investment grade securities consist of a mutual fund offered by a registered investment company. The mutual fund invests in investment grade fixed income securities, mortgaged-backed securities, U.S. treasury and agency bonds and corporate bonds. This fund is classified by the Company as a Level 1 measurement within the fair value hierarchy as the mutual fund trades on an active market and daily, quoted prices are available.
- ⁽³⁾ The remaining 50% in 2010 and 47% in 2009 of plan assets invested in fixed income — investment grade securities is derived from pooled bond funds offered by registered investment companies. As these funds do not trade in an active market, the fair value is based on NAVs calculated by fund managers based on yields currently available on comparable bonds of issuers with similar credit ratings, quoted prices of similar bonds in an active market, or cash flows based on observable inputs.
- ⁽⁴⁾ Fixed income — high yield consists of investments in corporate high-yield bonds from various industries. The fair values of these investments are based on yields currently available on comparable bonds of issuers with similar credit ratings, quoted prices of similar bonds in an active market, or cash flows based on observable inputs.
- ⁽⁵⁾ Real Estate Investment Trusts (REITs) consist of securities that trade on the major exchanges and invest in real estate directly, either through properties or mortgages.
- ⁽⁶⁾ Other consists of short term investments maintained in a commingled trust or pooled fund, which primarily invests in short term, high quality money market securities such as government obligations, commercial paper, time deposits and certificates of deposit, which are classified as Level 2.

7. Accounting Standards Issued and Not Yet Implemented

In May 2011, the FASB issued a revised accounting standard for fair value measurement and disclosure. The revisions clarify how to measure fair value and require additional disclosures as follows: 1) transfers between Level 1 and Level 2 of the fair value hierarchy, 2) the valuation process used and the sensitivity of a fair value measurement categorized within Level 3 of the fair value hierarchy to changes in unobservable inputs, and 3) the categorization by level of the fair value hierarchy for items that are not measured at fair value in the Statement of Net Assets Available for Benefits, but for which the fair value of such items is required to be disclosed. The revised accounting standard is effective for the Company beginning after December 15, 2011, and is not expected to have an impact on the Plan's Net Assets Available for Benefits.

8. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated July 3, 2008 that the Plan is designed in accordance with the applicable sections of the IRC. The Plan has been amended since receiving the determination letter. The Plan administrator and the Plan's counsel believe that the Plan is designed and is currently being operated in compliance with the applicable regulations of the IRC; therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions by the Plan, and has concluded that as of December 31, 2010, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to the year ended December 31, 2006.

RETIREMENT PLAN FOR EMPLOYEES OF POWER PARAGON, INC.
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

9. *Related Party Transactions*

Certain plan investments held in the Master Trust are units of a commingled trust fund managed by The Bank of New York Mellon, the Plan's trustee.

10. *Termination Priorities*

While the Company has not expressed any intention to do so, it is free to discontinue its contributions at any time and to terminate the Plan, subject to collective bargaining and the provisions set forth in ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated as specified by the Plan in accordance with ERISA, generally to provide the following benefits in the order indicated:

- a. Benefits attributable to employee contributions, taking into account those paid out before termination.
- b. Benefits attributable to participants who have retired at least three years before the termination date of the Plan or those participants who were eligible to retire and receive pension benefits at least three years before, but who did not elect to retire at that time.
- c. Benefits commencing at retirement age to participants who are eligible to receive guaranteed benefits under ERISA.
- d. All vested and non-vested benefits.

To the extent the Plan's net assets are not sufficient to fund the accumulated benefits upon Plan termination, ERISA provides that such benefits are payable by the Pension Benefit Guaranty Corporation, up to specified limits.