

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), 6057(b), 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
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</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>L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES</u>	1b Three-digit plan number (PN) ► <u>009</u> 1c Effective date of plan <u>03/31/1998</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>L-3 COMMUNICATIONS CORPORATION</u> <u>600 THIRD AVENUE</u> <u>NEW YORK, NY 10016-1901</u>	2b Employer Identification Number (EIN) <u>13-3937436</u> 2c Sponsor's telephone number <u>212-697-1111</u> 2d Business code (see instructions) <u>334200</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>09/14/2012</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 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") L-3 COMMUNICATIONS CORPORATION 600 THIRD AVENUE NEW YORK, NY 10016-1901	3b Administrator's EIN 13-3937436 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	192
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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	38
b Retired or separated participants receiving benefits.....	6b	118
c Other retired or separated participants entitled to future benefits.....	6c	29
d Subtotal. Add lines 6a , 6b , and 6c	6d	185
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	6
f Total. Add lines 6d and 6e	6f	191
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	0

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:

1B 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)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor

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)

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 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **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>L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>009</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>L-3 COMMUNICATIONS CORPORATION</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>2011</u>	
2 Assets:	
a Market value	2a <u>16854036</u>
b Actuarial value	2b <u>15753170</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment	3a <u>118</u> (1) Number of participants <u>13929292</u> (2) Funding Target
b For terminated vested participants	3b <u>29</u> <u>769861</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>657690</u>
(2) Vested benefits	3c(2) <u>3785827</u>
(3) Total active	3c(3) <u>45</u> <u>4443517</u>
d Total	3d <u>192</u> <u>19142670</u>
4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.18 %</u>
6 Target normal cost	6 <u>413723</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	<u>09/12/2012</u>
Signature of actuary	Date
<u>AIDA DOMLIJA, FSA, MAAA</u>	<u>11-06955</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) 2011
v.012611

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 (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	3817698	0
10 Interest on line 9 using prior year's actual return of <u>0.00</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>0.00</u> % except as otherwise provided (see instructions)		0
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.....		0
12 Other reductions in balances due to elections or deemed elections	3378665	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	439033	0

Part III Funding percentages		
14 Funding target attainment percentage.....	14	80.00 %
15 Adjusted funding target attainment percentage.....	15	80.00 %
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	77.66 %
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
04/15/2011	292000		09/04/2012	104000	
07/15/2011	292000				
10/14/2011	121000				
01/13/2012	235000				
03/15/2012	558000				
07/05/2012	68000				
Totals ►			18(b)	1670000	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 contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	1581282
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
0	0	0
		(4) 4th 0

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

21 Discount rate:				
a Segment rates:	1st segment: 3.78%	2nd segment: 6.31%	3rd segment: 6.57%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 61
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

Part VII Reconciliation of unpaid minimum required contributions for prior years

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

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	413723	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	3828533	629907	
b Waiver amortization installment	0	0	
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 (lines 31a - 31b + 32a + 32b - 33)...	34	1043630	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)	36	1043630	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	1581282	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	537652	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶ 009
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 L-3 COMMUNICATIONS CORPORATION	D Employer Identification Number (EIN) 13-3937436

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)
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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) 16355843
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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)
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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)
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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)
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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)
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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)
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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)
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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:**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:**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:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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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:**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:**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)

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
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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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
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
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ►	009
C Plan sponsor's name as shown on line 2a of Form 5500 L-3 COMMUNICATIONS CORPORATION	D Employer Identification Number (EIN) 13-3937436	

Part I	Asset and Liability Statement
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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)	2660000	965000
(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)	14227920	16355843
(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	16887920	17320843

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	50423	60190
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	50423	60190

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	16837497	17260653
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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)	1670000	
(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)		1670000
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)		
(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)		
(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)		

		(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)		
(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)		436880
(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		-4
d Total income. Add all income amounts in column (b) and enter total.....	2d		2106876

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1408089	
(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)		1408089
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)	275631	
(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)		275631
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1683720

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		423156
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.			
4n			

- 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)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information 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). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>009</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>L-3 COMMUNICATIONS CORPORATION</u>	D Employer Identification Number (EIN) <u>13-3937436</u>

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	<u>0</u>
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): <u>13-7074646</u>		
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	<u>0</u>

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 (include any prior year accumulated funding deficiency not waived)	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 or other authority 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
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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. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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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.
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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

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): _____

L-3 OCEAN SYSTEMS PENSION PLAN
FOR HOURLY EMPLOYEES

Financial Statements
as of and for the Years Ended
December 31, 2011 and 2010

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
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
L-3 Ocean Systems Pension Plan for Hourly Employees:

In our opinion, the accompanying Statements of Net Assets Available for Benefits as of December 31, 2011 and 2010 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, 2011 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 L-3 Ocean Systems Pension Plan for Hourly Employees (the "Plan") at December 31, 2011 and changes therein for the year then ended and its financial status as of January 1, 2011, 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 14, 2012

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2011 AND 2010
(Dollars in thousands)

Assets:	<u>2011</u>	<u>2010</u>
Investment in Master Trust, at fair value	\$16,356	\$14,228
Employer contribution receivable.....	<u>965</u>	<u>2,660</u>
Total assets.....	<u>17,321</u>	<u>16,888</u>
Liabilities:		
Accrued expenses	<u>60</u>	<u>51</u>
Net assets available for benefits.....	<u><u>\$17,261</u></u>	<u><u>\$16,837</u></u>

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

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Dollars in thousands)

	<u>2011</u>	<u>2010</u>
Additions:		
Net investment gain from Master Trust	\$ 437	\$ 1,684
Employer contributions	<u>1,670</u>	<u>3,544</u>
Total additions	<u>2,107</u>	<u>5,228</u>
Deductions:		
Benefit payments	1,408	1,332
Plan expenses	<u>275</u>	<u>274</u>
Total deductions	<u>1,683</u>	<u>1,606</u>
Net increase	424	3,622
Net assets available for benefits, beginning of year	<u>16,837</u>	<u>13,215</u>
Net assets available for benefits, end of year	<u><u>\$17,261</u></u>	<u><u>\$16,837</u></u>

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

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
STATEMENT OF ACCUMULATED PLAN BENEFITS AND
CHANGES IN ACCUMULATED PLAN BENEFITS
AS OF AND FOR THE YEAR ENDED JANUARY 1, 2011
(Dollars in thousands)

Statement of Accumulated Plan Benefits:	January 1, 2011
Actuarial present value of accumulated plan benefits	
Vested benefits:	
Participants currently receiving benefits	\$ 12,501
Other participants	3,918
Total vested benefits	16,419
Non-vested benefits	589
Total actuarial present value of accumulated plan benefits	<u>\$ 17,008</u>

Statement of Changes in Accumulated Plan Benefits:	Year Ended January 1, 2011
Actuarial present value of accumulated	
plan benefits as of January 1, 2010	<u>\$16,323</u>
Increase (decrease) during the year attributable to:	
Benefits accumulated and actuarial experience	37
Increase for interest due to decrease in discount period.....	1,224
Benefits paid.....	(1,332)
Change in actuarial assumptions ⁽¹⁾	756
Net increase	<u>685</u>
Actuarial present value of accumulated	
plan benefits as of January 1, 2011	<u>\$17,008</u>

⁽¹⁾ For the year ended January 1, 2011, the mortality tables used were changed to the Pension Protection Act ("PPA") mandated mortality tables.

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)

1. Plan Description

The following brief description of the L-3 Ocean Systems Pension Plan for Hourly Employees (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

The Plan was established effective April 1, 1998 in connection with the acquisition of the Ocean Systems division of AlliedSignal, Inc. by L-3 Communications Corporation (the “Company”), a wholly owned subsidiary of L-3 Communications Holdings, Inc. (“Holdings”). Certain participants in the AlliedSignal, Inc. Pension Plan for Hourly Employees (the “Prior Plan”) became participants in the Plan.

The Plan is a non-contributory defined benefit plan covering members of UAW Local 179 at L-3 Communications Ocean Systems division. Participation in the Plan commenced after completion of one year of service. The Plan is subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The Plan is frozen with respect to new participants hired on or after August 1, 2007. As such, any employees hired on or after August 1, 2007 are not eligible to participate in the Plan.

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, and corporate bonds. 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.

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

Net Investment Gain from Master Trust

The net investment gain 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.

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
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 14, 2012, 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 2011 and 2010 to the Plan under the minimum funding requirements of ERISA were \$1,044 and \$0, 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. The funding target is measured on an accrual-to-date basis using mandated mortality tables and interest rates with no salary projection past the end of the year.

4. Plan Benefits

The Plan provides a monthly benefit of (1) thirty-four dollars for each year of credited service for participants retiring during the period from August 1, 2003 through July 31, 2004, (2) thirty-five dollars for each year of credited service for participants retiring during the period from August 1, 2004 through July 31, 2005, (3) thirty-six dollars for each year of credited service for participants retiring during the period from August 1, 2005 through July 31, 2006, and (4) thirty-seven dollars for each year of credited service for participants retiring during the period from August 1, 2006 through July 31, 2007 and thereafter. Benefits vest 100% after five years of service and are payable at age 65. Service in the Prior Plan is considered as service under the Plan.

The Plan permits early retirement for participants at either (i) age 60 with at least 10 years of service, (ii) age 55 and 85 points (points are the sum of age and credited service) or (iii) 30 years of credited service. The benefit may begin at the date of early retirement, reduced by percentages ranging from 6.7% to 69.6%, depending on age at retirement. Participants eligible for early retirement receive 100% of benefits at age 62. Retirees may elect to receive their pension benefits in the form of a joint and survivor annuity or a life annuity payable monthly from the date of 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 60% 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.

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

The following presents the more significant assumptions underlying the actuarial computations as of January 1, 2011 and 2010.

Mortality basis	2011: RP-2000 Annuitant and Non-Annuitant Tables with static projection to 2018 and 2026, respectively.
	2010: RP-2000 Combined Healthy Table RP-2000 for Disabled Retiree Table
Retirement	Retirement at ages 55 through 65, at varying rates, with 100% by age 65
Discount rate for the determination of the present value of accumulated plan benefits	2011 and 2010 – 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.

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
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, 2011 and 2010 is presented in the table below. The Plan's percentage interest in the Master Trust was 1.1% at December 31, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Corporate equity securities	\$ 860,292	\$ 778,788
Commingled trust funds and mutual funds	524,547	486,329
Corporate bonds	82,858	78,815
Forward contracts	264	35
Accrued income	3,701	3,175
Receivable for unsettled trades	921	808
Payable for unsettled trades	(163)	(2,225)
	<u>\$ 1,472,420</u>	<u>\$ 1,345,725</u>

The following presents the investment gain of the Master Trust for the years ended December 31, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Net appreciation of investments	\$ 9,565	\$ 130,842
Interest	6,674	6,191
Dividends	29,848	21,668
Other	256	123
	<u>\$ 46,343</u>	<u>\$ 158,824</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, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Corporate equity securities	\$ 15,978	\$ 104,585
Commingled trust funds and mutual funds	(3,523)	20,585
Corporate bonds	(3,087)	5,045
Forward contracts	246	627
Other	(49)	—
	<u>\$ 9,565</u>	<u>\$ 130,842</u>

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
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, 2011 and 2010, 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.

<u>Asset Category</u>	<u>Fair Value Measured at</u> <u>December 31, 2011</u>				<u>Fair Value Measured at</u> <u>December 31, 2010</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities ⁽¹⁾ :								
U.S. Equity	717,777	—	—	717,777	647,658	—	—	647,658
International Equity	65,732	101,520	—	167,252	50,563	114,632	—	165,195
Fixed Income —								
Investment Grade.....	188,868 ⁽²⁾	188,388 ⁽³⁾	—	377,256	155,351 ⁽²⁾	155,040 ⁽³⁾	—	310,391
Fixed Income —								
High Yield ⁽⁴⁾	—	87,023	—	87,023	—	82,477	—	82,477
Real Estate Investment								
Trusts ⁽⁵⁾	101,176	—	—	101,176	78,876	—	—	78,876
Other ⁽⁶⁾	—	21,936	—	21,936	—	61,128	—	61,128
Total.....	<u>\$ 1,073,553</u>	<u>\$ 398,867</u>	<u>\$ —</u>	<u>\$1,472,420</u>	<u>\$ 932,448</u>	<u>\$413,277</u>	<u>\$ —</u>	<u>\$ 1,345,725</u>

⁽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.

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

-
- (2) Approximately 50% in both 2011 and in 2010 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 both 2011 and in 2010 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 directly in real estate, 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 28, 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, 2011, 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, 2007.

L-3 OCEAN SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES
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.

Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Line 26 – Schedule of Active Participant Data
L-3 Ocean Systems Pension Plan for Hourly Employees
EIN 13-3937436 PN 009

Participants in Active Service by Age and Years of Service

	Years of Service									
Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over
Under 25	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
25-29	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
30-34	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
35-39	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
40-44	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
45-49	-- --	1 --	1 --	-- --	1 --	-- --	1 --	-- --	-- --	-- --
50-54	-- --	-- --	4 --	-- --	2 --	2 --	9 --	2 --	-- --	-- --
55-59	-- --	-- --	-- --	-- --	1 --	3 --	4 --	4 --	-- --	-- --
60-64	-- --	-- --	-- --	-- --	-- --	1 --	4 --	3 --	-- --	1 --
65-69	-- --	-- --	1 --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
70 & Over	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --	-- --
Total	-- --	1 --	6 --	-- --	4 --	6 --	18 --	9 --	-- --	1 --

Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
L-3 Ocean Systems Pension Plan for Hourly Employees
EIN 13-3937436 PN 009

Actuarial Assumptions and Methodologies (Funding)

Interest:	<p>The interest rates used for the 2011 plan year are the September 2010 segment rates, which are the 24-month average of corporate bond yields ending in August 2010. These discount rates are 3.78% for payments in the first 5 years, 6.31% for payments in years 6 – 20, and 6.57% for payments thereafter, which translates to an effective interest rate of 6.18%. (Prior year 24-month average corporate bond rates were 5.03% for payments in the first 5 years, 6.73% for payments in years 6 – 20, and 6.82% for payments thereafter, which translates to an effective interest rate of 6.62%.)</p> <p>The yield curve used to determine the PBGC variable rate premium is the same as funding.</p>																														
Mortality rates:	<p>RP2000 separate annuitant and non-annuitant tables with static projection to 2018 and 2026, respectively. This assumption is one of the choices allowed by the regulations that was selected by the plan sponsor. (Prior year mortality table assumption was similar to this year, except with one less year of projection.)</p>																														
Termination rates before retirement:	<table><tr><th>Age</th><th>Male</th><th>Female</th></tr><tr><td>20</td><td>9.90%</td><td>14.90%</td></tr><tr><td>25</td><td>9.90</td><td>14.90</td></tr><tr><td>30</td><td>7.35</td><td>10.90</td></tr><tr><td>35</td><td>4.80</td><td>6.90</td></tr><tr><td>40</td><td>3.20</td><td>4.85</td></tr><tr><td>45</td><td>1.60</td><td>2.80</td></tr><tr><td>50</td><td>0.80</td><td>1.40</td></tr><tr><td>55</td><td>0.00</td><td>0.00</td></tr><tr><td>60</td><td>0.00</td><td>0.00</td></tr></table>	Age	Male	Female	20	9.90%	14.90%	25	9.90	14.90	30	7.35	10.90	35	4.80	6.90	40	3.20	4.85	45	1.60	2.80	50	0.80	1.40	55	0.00	0.00	60	0.00	0.00
Age	Male	Female																													
20	9.90%	14.90%																													
25	9.90	14.90																													
30	7.35	10.90																													
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Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
L-3 Ocean Systems Pension Plan for Hourly Employees
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Disability rates:	<table><tr><th>Age</th><th>Male</th><th>Female</th></tr><tr><td>20</td><td>0.09%</td><td>0.05%</td></tr><tr><td>25</td><td>0.09</td><td>0.05</td></tr><tr><td>30</td><td>0.12</td><td>0.09</td></tr><tr><td>35</td><td>0.15</td><td>0.13</td></tr><tr><td>40</td><td>0.24</td><td>0.22</td></tr><tr><td>45</td><td>0.33</td><td>0.30</td></tr><tr><td>50</td><td>0.64</td><td>0.53</td></tr><tr><td>55</td><td>0.94</td><td>0.76</td></tr><tr><td>60</td><td>1.36</td><td>0.93</td></tr></table>	Age	Male	Female	20	0.09%	0.05%	25	0.09	0.05	30	0.12	0.09	35	0.15	0.13	40	0.24	0.22	45	0.33	0.30	50	0.64	0.53	55	0.94	0.76	60	1.36	0.93
Age	Male	Female																													
20	0.09%	0.05%																													
25	0.09	0.05																													
30	0.12	0.09																													
35	0.15	0.13																													
40	0.24	0.22																													
45	0.33	0.30																													
50	0.64	0.53																													
55	0.94	0.76																													
60	1.36	0.93																													
Retirement from inactive status:	Age 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.																														
Administrative expenses:	\$275,000																														
Retirement (from active status) rates:	<table><tr><th>Age</th><th>Rates</th></tr><tr><td>55 – 59</td><td>5% per year</td></tr><tr><td>60 – 61</td><td>15 per year</td></tr><tr><td>62 – 64</td><td>50 per year</td></tr><tr><td>65</td><td>100 per year</td></tr></table>	Age	Rates	55 – 59	5% per year	60 – 61	15 per year	62 – 64	50 per year	65	100 per year																				
Age	Rates																														
55 – 59	5% per year																														
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Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
L-3 Ocean Systems Pension Plan for Hourly Employees
EIN 13-3937436 PN 009

Layoff assumptions:	Participants on layoff status are not considered terminated until recall rights expire.
Form of benefit:	Retirees are assumed to elect a life annuity.
Asset method:	Assets are determined by averaging the market value as of the valuation date and the adjusted market values as of the preceding two years. The resulting value is limited to between 90% to 110% of market value of assets. WRERA provides that the averaging method is to be adjusted for expected earnings. The expected earnings are based on an assumed rate of return of 7.50%, not to exceed the applicable third segment rate of 6.69% in 2009 and 6.82% in 2009.
Funding method:	Funding method is unit credit actuarial cost method, as prescribed by law. The liability is measured on an accrual-to-date basis using mandated mortality tables and interest rates with no salary projection past the end of the year.

Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Line 32 – Schedule of Amortization Bases
L-3 Ocean Systems Pension Plan for Hourly Employees
EIN 13-3937436 PN 009

Schedule of Shortfall Amortization Bases as of January 1, 2011

Year Established	Original Base	Present Value of Remaining Installments	Years Remaining	Shortfall Amortization Charge
2011	\$3,828,533	\$3,828,533	7	\$629,907
Total		\$3,828,533		\$629,907

Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Ocean Systems Pension Plan for Hourly Employees
EIN 13-3937436 PN 009

Summary of Plan Provisions

This subsection summarizes the major provisions of the Plan 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: Closed to new hires effective August 1, 2007.		
Employees hired prior to this date will receive ongoing accruals.		
Normal retirement:		
Age requirement:	65	
Service requirement:	5	
Amount:	For retirements during the period shown below:	
	<u>Period</u>	<u>Amount</u>
	August 1, 2003 through July 31, 2004	\$34 per month per year of credited service
	August 1, 2004 through July 31, 2005	\$35 per month per year of credited service
	August 1, 2005 through July 31, 2006	\$36 per month per year of credited service
	August 1, 2006 through July 31, 2007 and thereafter	\$37 per month per year of credited service
Early retirement:		
<i>Eligibility (any of the following):</i> a) Age 60 and 10 years of eligibility service		
b) Age 55 and 85 points (points are the sum of age and credited service)		
c) Attainment of 30 years of credited service		
<i>Amount:</i>	For retirement under (a) or (b) above for the period shown below:	
	<u>Period</u>	<u>Amount</u>
	August 1, 2003 through July 31, 2004	\$34 per month per year of credited service
	August 1, 2004 through July 31, 2005	\$35 per month per year of credited service
	August 1, 2005 through July 31, 2006	\$36 per month per year of credited service
	August 1, 2006 through July 31, 2007 and thereafter	\$37 per month per year of credited service

Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Ocean Systems Pension Plan for Hourly Employees
EIN 13-3937436 PN 009

	<p>Multiplied by the following factor:</p> <table border="1"> <thead> <tr> <th>Benefit commencement age</th><th>Percentage</th></tr> </thead> <tbody> <tr><td>47</td><td>30.4%</td></tr> <tr><td>48</td><td>32.8</td></tr> <tr><td>49</td><td>35.4</td></tr> <tr><td>50</td><td>38.3</td></tr> <tr><td>51</td><td>41.5</td></tr> <tr><td>52</td><td>45.0</td></tr> <tr><td>53</td><td>48.9</td></tr> <tr><td>54</td><td>53.2</td></tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Benefit commencement age</th><th>Percentage</th></tr> </thead> <tbody> <tr><td>55</td><td>57.9%</td></tr> <tr><td>56</td><td>63.5</td></tr> <tr><td>57</td><td>69.4</td></tr> <tr><td>58</td><td>75.2</td></tr> <tr><td>59</td><td>80.8</td></tr> <tr><td>60</td><td>86.7</td></tr> <tr><td>61</td><td>93.3</td></tr> <tr><td>62</td><td>100.0</td></tr> </tbody> </table> <p>For retirement under (c) above: same as (a) or (b) except benefit increased to unreduced amount upon attainment of age 62.</p>	Benefit commencement age	Percentage	47	30.4%	48	32.8	49	35.4	50	38.3	51	41.5	52	45.0	53	48.9	54	53.2	Benefit commencement age	Percentage	55	57.9%	56	63.5	57	69.4	58	75.2	59	80.8	60	86.7	61	93.3	62	100.0
Benefit commencement age	Percentage																																				
47	30.4%																																				
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61	93.3																																				
62	100.0																																				
<p>Supplemental allowance:</p>	<p>Payable until age 62 to participants retiring with early retirement or disability pension.</p> <p>a) For participant retiring under “30 and out” provision, the amount payable is an amount such that the total benefit paid is \$1,950 per month.</p> <p>b) For participants retiring early but <i>not</i> under “30 and out” provision, the amount payable is based on the following:</p> <table border="1"> <thead> <tr> <th>Attained age at retirement</th><th>Additional benefit per year of credited service</th></tr> </thead> <tbody> <tr><td>55</td><td>\$14.55 per month</td></tr> <tr><td>56</td><td>17.15</td></tr> <tr><td>57</td><td>20.55</td></tr> <tr><td>58</td><td>23.95</td></tr> <tr><td>59</td><td>27.20</td></tr> <tr><td>60</td><td>31.50</td></tr> <tr><td>61</td><td>31.50</td></tr> </tbody> </table>	Attained age at retirement	Additional benefit per year of credited service	55	\$14.55 per month	56	17.15	57	20.55	58	23.95	59	27.20	60	31.50	61	31.50																				
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Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Ocean Systems Pension Plan for Hourly Employees
EIN 13-3937436 PN 009

	c) For participants retiring with a disability pension, a "Temporary Benefit" of \$35.00 per month per year of credited service (up to 30 years). The "Temporary Benefit" is only payable if participants is not eligible for Social Security Disability Benefits.
Special early retirement:	<p><i>Eligibility (all of the following):</i></p> <ul style="list-style-type: none"> a) 10 or more years of vesting service, b) Age between 55 and 65 c) Participant has not been discharged for cause d) Unusual circumstances result in L-3 asking a participant to retire, and e) The participant and L-3 have agreed that the participant should retire with special benefits. <p><i>Benefits:</i></p> <p>The lifetime income benefit is unreduced for early retirement. A supplemental benefit of \$1,950 is payable until age 62 and 1 month and a Medicare supplement of \$52 is payable at age 65.</p>
Special Medicare Part B reimbursement benefit:	<p>This benefit is payable to participants retiring from active service with a retirement or disability pension, and to surviving spouses of such participants, as well as to surviving spouses of employees who die in active service.</p> <p>The benefit commences upon attainment of age 65, or receipt by the Board of proof of enrollment in Medicare Part B, whichever is later.</p> <p>The amount of the benefit is \$52.00 per month for months commencing on or after January 1, 2001. In no event shall the benefit paid for a month exceed the generally applicable Medicare Part B premium for that month (\$96.40 for 2011). The benefit is \$52.00 per month since the Medicare Part B premium is larger.</p>

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Schedule SB, Part V – Summary of Plan Provisions
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Death benefits:	<p>For deaths occurring in service, after attainment of eligibility to retire and married to surviving spouse at least one year: an amount payable for the life of the surviving spouse equal to 60% of the benefit that would have been payable had the employee retired on the date of his death and elected the Survivorship Option.</p> <p>For deaths occurring after attainment of eligibility for the Withdrawal Benefit but prior to eligibility for retirement and prior to benefit commencement: an amount payable for the life of the surviving spouse on or after the date the participant's Withdrawal Benefit could have commenced equal to 60% of the benefit that would have been payable had the participant elected the Survivorship Option</p> <p>Survivorship Option: Benefit otherwise payable to employee is reduced by 5%, with an additional reduction of 0.5% for each year in excess of 5 years up to 10 years by which the spouse's age is less than the employee's, and with an offsetting increase of 0.5% for each year in excess of 5 by which the spouse's age exceeds the employee's.</p>										
Disability benefit:	<p><i>Service requirement:</i> 10 years of vesting service</p> <p><i>Amount:</i> For disability retirements during the period shown below:</p> <table data-bbox="913 824 1913 1019"> <thead> <tr> <th><u>Period</u></th><th><u>Amount</u></th></tr> </thead> <tbody> <tr> <td>August 1, 2003 through July 31, 2004</td><td>\$34 per year of credited service</td></tr> <tr> <td>August 1, 2004 through July 31, 2005</td><td>\$35 per year of credited service</td></tr> <tr> <td>August 1, 2005 through July 31, 2006</td><td>\$36 per year of credited service</td></tr> <tr> <td>August 1, 2006 through July 31, 2007 and thereafter</td><td>\$37 per year of credited service</td></tr> </tbody> </table> <p>In addition, a Supplemental Allowance is payable until age 62 only if participant is not eligible to receive Social Security Disability Benefits (see previous section).</p>	<u>Period</u>	<u>Amount</u>	August 1, 2003 through July 31, 2004	\$34 per year of credited service	August 1, 2004 through July 31, 2005	\$35 per year of credited service	August 1, 2005 through July 31, 2006	\$36 per year of credited service	August 1, 2006 through July 31, 2007 and thereafter	\$37 per year of credited service
<u>Period</u>	<u>Amount</u>										
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August 1, 2005 through July 31, 2006	\$36 per year of credited service										
August 1, 2006 through July 31, 2007 and thereafter	\$37 per year of credited service										
Withdrawal benefit:	<p><i>Service requirement:</i> 5 years of vesting service (none for participants hired prior to 4/1/1998)</p> <p><i>Amount:</i> Accrued benefit payable at age 65.</p> <p>Participant may also elect to commence payment any time after attainment of age 60, or any time after attainment of age 55 with 85 points (points measured using credited service), subject to a benefit reduction of 5/9 of 1% for each of the first 60 months by which the commencement date precedes age 65, plus 5/18 of 1% for each such month in excess of 60.</p> <p>If the actuarial equivalent lump sum amount of a deferred vested benefit is under \$1,000, this sum will be paid automatically.</p>										

Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
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EIN 13-3937436 PN 009

Vesting:	100% after 5 years of service.						
Payment forms:	<p><i>Normal Form:</i> Life annuity; 60% joint and survivor annuity for married participants. The benefit is calculated by reducing the amount payable under a single life annuity by 5%. An additional reduction is made in the amount of 0.5% per year for each year in excess of five by which participant's birth date precedes that of the spouse. If the spouse is older, the benefit is increased by 0.5% per year for each year in excess of five by which spouse's birthday precedes participant's birthday.</p> <p><i>Optional Form:</i> 75% joint and survivor annuity – The form is actuarially equivalent to life annuity. Actuarial equivalence is based on 9% interest rate and the 1971 Group Annuity Mortality Table for male lives.</p> <p><i>Lump sum Benefits:</i> Benefits with a present value less than \$5,000 are automatically cashed out. An optional lump sum payment is available if the present value of the benefit is less than \$10,000.</p>						
Participation:	<p>Employees who are members of UAW Local Union No. 179</p> <p><i>Age requirement:</i> None</p> <p><i>Service requirement:</i> One year of service in which at least 1,000 hours worked.</p>						
Credited service:	<p>One year for each calendar year of employment in which at least 1,700 hours worked. Ratable accrual (rounded to nearest twelfth of a year) given for calendar years in which under 1,700 worked.</p> <p>Additional service credited for years in excess of 10 at certain "foundry jobs". Service for each such calendar year increased in accordance with the following:</p> <table border="1"> <thead> <tr> <th>Year at foundry job</th><th>Percentage increase applicable to that year's service accrual</th></tr> </thead> <tbody> <tr> <td>10 ½-25</td><td>33-1/3%</td></tr> <tr> <td>Over 25</td><td>20%</td></tr> </tbody> </table>	Year at foundry job	Percentage increase applicable to that year's service accrual	10 ½-25	33-1/3%	Over 25	20%
Year at foundry job	Percentage increase applicable to that year's service accrual						
10 ½-25	33-1/3%						
Over 25	20%						
Vesting (eligibility) service:	<p>Full year given for each calendar year in which at least 1,000 hours worked; otherwise no credit given. If eligibility service is less than credited service at retirement or termination, it shall be deemed equal to credited service.</p> <p>Participants hired prior to April 1, 1998 are fully vested as of that date.</p>						

Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Ocean Systems Pension Plan for Hourly Employees
EIN 13-3937436 PN 009

Plan effective date:	March 31, 1998
Section 415(b) limit:	\$195,000

Plan Amendments

Plan Amendment	Effective Date	Reflected in 2011 Actuarial Valuation
1. The optional 75% joint and survivor annuity was added as a form of payment.	January 1, 2008	Yes
2. The plan was frozen to new hires and employees hired on or after the freeze date are not eligible to participate in the plan.	August 1, 2007	Yes
3. It pertains to plan provisions that do not impact the valuation.	January 1, 2007	N/A
4. It pertains to plan provisions that do not impact the valuation.	January 1, 2007	N/A
5. It pertains to plan provisions that do not impact the valuation.	January 1, 2007	N/A

Attachment to 2011 Schedule SB of Form 5500
Schedule SB, Line 22 – Description of Weighted Average Retirement Age
L-3 Ocean Systems Pension Plan for Hourly Employees
EIN 13-3937436 PN 009

<u>Age</u>	<u>Rate</u>	<u>Probability of Retiring</u>	<u>Age x Probability</u>
55	5.00%	5.00%	2.75
56	5.00%	4.75%	2.66
57	5.00%	4.51%	2.57
58	5.00%	4.29%	2.49
59	5.00%	4.07%	2.40
60	15.00%	11.61%	6.96
61	15.00%	9.87%	6.02
62	50.00%	27.95%	17.33
63	50.00%	13.98%	8.81
64	50.00%	6.99%	4.47
65	100.00%	6.99%	4.54
			61.00

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment 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

2011**This Form is Open to Public
Inspection**For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011▶ **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 L-3 Ocean Systems Pension Plan for Hourly Employees	B Three-digit plan number (PN) ▶ 009
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>01</u>	Day <u>01</u>	Year <u>2011</u>
2 Assets:			
a Market value	2a	16854036	
b Actuarial value	2b	15753170	
3 Funding target/participant count breakdown:	(1) Number of participants		(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	118	13929292
b For terminated vested participants	3b	29	769861
c For active participants:			
(1) Non-vested benefits	3c(1)		657690
(2) Vested benefits	3c(2)		3785827
(3) Total active	3c(3)	45	4443517
d Total	3d	192	19142670
4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.18%	
6 Target normal cost	6	413723	

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	<u>AIDA DOMLIJA</u>  Signature of actuary	<u>9/12/2012</u> Date
	<u>AIDA DOMLIJA, FSA, MAAA</u> Type or print name of actuary	<u>1106955</u> Most recent enrollment number
	<u>SIBSON CONSULTING</u> Firm name	<u>212-251-5000</u> 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) 2011
v.012611**

Part II	Beginning of year carryover and prefunding balances
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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 (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	3817698	0
10	Interest on line 9 using prior year's actual return of 0.00%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of 0% except as otherwise provided (see instructions)		0
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		0
12	Other reductions in balances due to elections or deemed elections	3378665	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	439033	0

Part III	Funding percentages
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14	Funding target attainment percentage	14	80.00 %
15	Adjusted funding target attainment percentage	15	80.00 %
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	77.66 %
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
04/15/2011	292000				
07/15/2011	292000				
10/14/2011	121000				
01/13/2012	235000				
03/15/2012	558000				
07/05/2012	68000				
09/04/2012	104000				
			Totals ►	1670000	18(c)

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 contributions from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	1581282

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

Equity Shortfalls at End of quarter of this year				
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th	
0	0	0	0	0

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

21 Discount rate:				
a Segment rates:	1st segment: 3.78%	2nd segment: 6.31%	3rd segment: 6.57%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 61
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

Part VII Reconciliation of unpaid minimum required contributions for prior years

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

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	413723	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	3828533		629907
b Waiver amortization installment	0		0
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 (lines 31a - 31b + 32a + 32b - 33) ..	34	1043630	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			0
36 Additional cash requirement (line 34 minus line 35)	36	1043630	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	1581282	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	537652	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		