

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</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>ARINC, INC. RETIREMENT INCOME PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1952</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/1952</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/1952</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>ARINC INCORPORATED</u> <u>2551 RIVA ROAD</u> <u>ANNAPOLIS, MD 21401-7435</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>53-0023720</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>410-266-4000</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>517000</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>53-0023720</u>	2c Sponsor's telephone number <u>410-266-4000</u>	2d Business code (see instructions) <u>517000</u>	
2b Employer Identification Number (EIN) <u>53-0023720</u>					
2c Sponsor's telephone number <u>410-266-4000</u>					
2d Business code (see instructions) <u>517000</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	Filed with authorized/valid electronic signature. Signature of plan administrator	<u>09/26/2013</u> Date	<u>KEITH WELSH</u> 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
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address THE PENSION ADMINISTRATION COMMITTEE 2551 RIVA ROAD ANNAPOLIS, MD 21401-7435		3b Administrator's EIN 53-0023720
		3c Administrator's telephone number 410-266-4000
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
5 Total number of participants at the beginning of the plan year		5 3137
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	807
b Retired or separated participants receiving benefits.....	6b	775
c Other retired or separated participants entitled to future benefits.....	6c	1265
d Subtotal. Add lines 6a , 6b , and 6c	6d	2847
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	146
f Total. Add lines 6d and 6e	6f	2993
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	8
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1B 1C 1G		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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) ☒ <u>2</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service <hr/> Department of Labor Employee Benefits Security Administration <hr/> Pension Benefit Guaranty Corporation	Insurance 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. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning **01/01/2012** and ending **12/31/2012**

A Name of plan ARINC, INC. RETIREMENT INCOME PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 ARINC INCORPORATED	D Employer Identification Number (EIN) 53-0023720	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	016729A	17	01/01/2012	12/31/2012

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	1041710
5 Current value of plan's interest under this contract in separate accounts at year end	5	0

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ **GUARANTEED GENERAL ACCOUNT CONTRACT**

b Balance at the end of the previous year	7b	1074843
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c Additions: (1) Contributions deposited during the year	7c(1)		
(2) Dividends and credits	7c(2)		
(3) Interest credited during the year	7c(3)	55415	
(4) Transferred from separate account	7c(4)		
(5) Other (specify below)	7c(5)		
▶			

(6) Total additions	7c(6)	55415
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d Total of balance and additions (add lines 7b and 7c(6))	7d	1130258
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	81811	
(2) Administration charge made by carrier	7e(2)		
(3) Transferred to separate account	7e(3)		
(4) Other (specify below)	7e(4)	6737	

▶ **CONTRACT EXPENSE CHARGE ELECTIVE SERVICE CHARGE**

(5) Total deductions	7e(5)	88548
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f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	1041710
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.....	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service <hr/> Department of Labor Employee Benefits Security Administration <hr/> Pension Benefit Guaranty Corporation	Insurance 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. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan ARINC, INC. RETIREMENT INCOME PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 ARINC INCORPORATED	D Employer Identification Number (EIN) 53-0023720	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	016729B	41	01/01/2012	12/31/2012

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	2527271
5 Current value of plan's interest under this contract in separate accounts at year end	5	0

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ **GUARANTEED GENERAL ACCOUNT CONTRACT**

b Balance at the end of the previous year	7b	2771026
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c Additions: (1) Contributions deposited during the year	7c(1)		
(2) Dividends and credits	7c(2)		
(3) Interest credited during the year	7c(3)	140282	
(4) Transferred from separate account	7c(4)		
(5) Other (specify below)	7c(5)		
▶			

(6) Total additions	7c(6)	140282
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d Total of balance and additions (add lines 7b and 7c(6))	7d	2911308
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e Deductions:			
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	368311	
(2) Administration charge made by carrier	7e(2)		
(3) Transferred to separate account	7e(3)		
(4) Other (specify below)	7e(4)	15726	
▶ CONTRACT EXPENSE CHARGE ELECTIVE SERVICE CHARGE			

(5) Total deductions	7e(5)	384037
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f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	2527271
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.....	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

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 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **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>ARINC, INC. RETIREMENT INCOME PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ARINC INCORPORATED</u>	D Employer Identification Number (EIN) <u>53-0023720</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>2012</u>
2	Assets:
a	Market value 2a <u>296829455</u>
b	Actuarial value 2b <u>276483094</u>
3	Funding target/participant count breakdown:
a	For retired participants and beneficiaries receiving payment 3a <u>909</u> <u>109444057</u>
b	For terminated vested participants 3b <u>945</u> <u>48952809</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>2160440</u>
(2)	Vested benefits 3c(2) <u>111732446</u>
(3)	Total active 3c(3) <u>1295</u> <u>113892886</u>
d	Total 3d <u>3149</u> <u>272289752</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>6.89 %</u>
6	Target normal cost 6 <u>1933106</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>09/25/2013</u>
Signature of actuary	Date
<u>STEPHEN S. JONES</u>	<u>11-06347</u>
Type or print name of actuary	Most recent enrollment number
<u>MERCER</u>	<u>202-331-5200</u>
Firm name	Telephone number (including area code)
<u>1255 23RD STREET, NW, SUITE 500</u> <u>WASHINGTON, DC 20037-1198</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) 2012
v. 120126

Liquidity shortfall as of end of quarter of this plan year

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 62
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 subject to 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	1933106	
b Excess assets, if applicable, but not greater than line 31a	31b	71282	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
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	0	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	1861824	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	1861824	0	1861824
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
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 an election was made to use PRA 2010 funding relief for this plan:			
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 C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider 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
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>ARINC, INC. RETIREMENT INCOME PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ARINC INCORPORATED</u>	D Employer Identification Number (EIN) <u>53-0023720</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation <u>MERCER INVESTMENT MANAGEMENT, INC.</u> <u>30-0282430</u>

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
--

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MERCER

13-2834414

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	322098	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

IVINS, PHILLIPS & BARKER

52-1229560

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29	NONE	136138	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

GBS INVESTMENT CONSULTING, LLC

26-0516431

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	NONE	59296	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

BANK OF NEW YORK MELLON

13-5160382

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21 28 99	TRUSTEE	55556	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

VANTAGE POINT

27-1593858

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29	NONE	35940	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

KPMG LLP

13-5565207

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	21000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

URS CORPORATION

94-1716908

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
99	NONE	19780	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

CB RICHARD ELLIS

20-0478500

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
99	NONE	14000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENT

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 65	NONE	5000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>ARINC, INC. RETIREMENT INCOME PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>ARINC INCORPORATED</u>	D Employer Identification Number (EIN) <u>53-0023720</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
---------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE: EB TEMPORARY INVESTMENT FUND II

b Name of sponsor of entity listed in (a): MELLON BANK N.A.

c EIN-PN <u>25-6078093-023</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2166473</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: MGI IDAS ARINC INVESTMENT PORTFOLIO

b Name of sponsor of entity listed in (a): MERCER TRUST COMPANY

c EIN-PN <u>27-2748120-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>230264020</u>
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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
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
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
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
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
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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>		
A Name of plan <u>ARINC, INC. RETIREMENT INCOME PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ARINC INCORPORATED</u>	D Employer Identification Number (EIN) <u>53-0023720</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(2) Participant contributions	1b(2)		
	(3) Other	1b(3)	10011050	10897471
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)	223592389	232430493
	(10) Value of interest in pooled separate accounts	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(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)	3845869	3568981
	(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)	60000000	60000000
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	297449308	306896945

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	194913	162299
i Acquisition indebtedness	1i		
j Other liabilities	1j	424940	435598
k Total liabilities (add all amounts in lines 1g through 1j)	1k	619853	597897

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	296829455	306299048
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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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(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)		0

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)	173233	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		173233

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		6037776

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		29772565
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		35983574

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	25640356	
(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)		25640356
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)	258292	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	615333	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		873625
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		26513981

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		9469593
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: **KPMG LLC**

(2) EIN: **13-5565207**

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
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		10000000
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.		X	

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)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>ARINC, INC. RETIREMENT INCOME PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ARINC INCORPORATED</u>	D Employer Identification Number (EIN) <u>53-0023720</u>

Part I	Distributions
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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
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>25-6350136</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>126</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)
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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
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 39% Investment-Grade Debt: 39% High-Yield Debt: 0% Real Estate: 21% Other: 1%

- 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 line 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):



KPMG LLP
1676 International Drive
McLean, VA 22102

Independent Auditors' Report

Participants and Administrator
ARINC, Inc. Retirement Income Plan:

We were engaged to audit the accompanying financial statements of ARINC, Inc. Retirement Income Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 6, which was certified by Bank of New York Mellon, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the trustee as of December 31, 2012 and 2011, and for the years then ended, that the information provided to the Plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental schedules of, (1) Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year), and (2) Schedule H, Line 4(j) – Schedule of Reportable Transactions, as of and for the Year Ended December 31, 2012 are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

September 12, 2013

Schedule SB, Part V — Summary of Plan Provisions

Salaried Plan Provisions

Benefits Included or Excluded

Unless noted below, all benefits provided by the plan, as restated and amended through Amendment #19, are included in this valuation.

- **Most recent plan amendments included:** Amendment #19 is included because it was adopted by the valuation date and is effective by the valuation date.
- **Plan amendments excluded:** None
- **IRC Section 436 benefit restrictions:**
 - *Unpredictable contingent event benefits:* This valuation excludes restricted contingent event benefits that occurred before the valuation date but includes contingent event benefits which are expected to occur on or after the valuation date regardless of anticipated funding-based limitations.
 - *Plan amendments:* See above.
 - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
 - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Late retirement increases:**
 - *Active participants:* The plan provides benefit suspension notices to participants who work beyond normal retirement; therefore, late retirement actuarial increases only apply to participants who defer retirement beyond age 70½. This valuation does not include increases for current participants over age 70½ as the effect on the valuation would be insignificant.
 - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including the late retirement actuarial increase.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.
- **IRC Section 415(b) benefit limitations:** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

Schedule SB, Part V — Summary of Plan Provisions**Summary of major plan provisions - Salaried**

Effective date and plan year	Original plan: January 1, 1952 Restated plan: January 1, 1999 Plan year: January 1 through December 31
Status of the plan	The cash balance plan is frozen. The plan has ongoing benefit accruals for all employees through the basic pension addition and the Medicare supplement.
Significant events that occurred during the year	None
Definitions	
▪ Covered employees	All employees excluding any individual covered by a collective bargaining agreement of ARINC Incorporated. The plan is closed to new entrants effective April 1, 2006.
▪ Participation	The earlier of the first anniversary of date of hire following the completion of 1,000 Hours of Service or the first day of the Plan Year after completion of 1,000 Hours of Service in a consecutive 12-month period.
▪ Employee contributions	ARINC pays the entire cost of the Plan. Some employees may have residual employee contribution balances from when the plan was contributory prior to July 1, 1977.
▪ Vesting service	A participant earns 1 year of vesting service for each plan year he works at least 1,000 hours.
▪ Credited service	Years and months with the employer.
▪ Pensionable earnings	Base pay, bonuses, overtime, and lump sums in lieu of base salary
▪ Average rate of earnings	The participant's highest average Rate of Earnings on January 1st of any of three consecutive years during the last ten years before the Participant's termination of employment. Rate of Earnings for this purpose is the rate of annual basic compensation with the Employer on the January 1 preceding the determination date, excluding overtime payments, commissions, bonuses, and any other additional compensation. Only applicable for 6 individuals valued under Appendix A of the plan document.
▪ Primary Social Security benefit	Not applicable.
▪ Covered Compensation	An average of the Social Security wage bases for the 35 years through the year the Participant attains Social Security retirement age.

Schedule SB, Part V — Summary of Plan Provisions

-
- **Accrued benefit** A Participant's accrued benefit based on the cash balance benefit plus the basic pension additions. For participants valued under Appendix A of the plan document, the accrued benefit is the benefit determined in the same manner as the normal retirement benefit and based on the participant's years of credited service and final average earnings at the date the accrued benefit is being calculated.
-

Cash Balance Benefits

A Participant's account balance at any time shall be the sum of (a), (b), (c) and (d) below:

- (a) **Initial Balance** – the actuarial equivalent of the Participant's accrued benefit under the prior plan formula, expressed as a lump sum on January 1, 1999 or as determined under the rehire or transfer (from Union) provision.
- (b) **Interest Accruals** – for each plan year starting January 1, 1999, each Participant's Account Balance shall increase at the average yield on five-year United States Treasury notes for the month of November immediately preceding the plan year, with a minimum of 4%.
- (c) **Principal Accruals** – each year, Principal Accruals will be added to the Participant's Account Balance. The Principal Accrual will be a percentage of the Participant's Annual Earnings determined by the following table:

Age at Beginning of Plan Year	Accrual
Before Age 25	3.0%
25 – 29	3.6%
30 – 34	4.6%
35 – 40	5.9%
40 – 44	7.4%
45 – 49	9.2%
50 – 54	11.5%
55 – 59	14.0%
60+	16.0%

Effective April 1, 2006, Principal Accruals will no longer be added to the Participant's Account Balance.

Schedule SB, Part V — Summary of Plan Provisions

Cash Balance Benefits (continued)	Transition Benefits: Employees who were active as of January 1, 1999 may have been eligible to receive Transition Benefits. These Transition Benefits will be credited over a maximum of three years depending upon the employee's age at January 1, 1999. The last Transition Benefit was credited on January 1, 2001.
Normal retirement	
▪ Eligibility	Age 65
▪ Benefit	The benefit is the actuarial equivalent of the account balance payable in the normal form. There are 6 individuals valued under Appendix A who receive a benefit based on final average earnings.
Early retirement	
▪ Eligibility	Age 55 and termination of employment after completion of five or more years of Vesting Service or age 55 and involuntary termination of employment within six months of completion of five years of Vesting Service.
▪ Benefit	In lieu of a Deferred Vested Benefit, a Participant may choose to receive their cash balance or to receive an actuarially equivalent immediate annuity.
Postponed retirement	
▪ Eligibility	Over age 65
▪ Benefit	The benefit is the Accrued Benefit determined as of the postponed retirement date.
Deferred vested	
▪ Eligibility	Termination of employment before attaining age 65 but after completing three years of Vesting Service (or involuntary termination within six months of full vesting).
▪ Benefit	A lump sum payable immediately or a deferred lump sum payable at Normal Retirement with Interest Accruals continuing until benefit commencement, but Principal Accruals ceasing at termination. An actuarially equivalent immediate or deferred annuity is also available.
Disability	
▪ Eligibility	Five years of Vesting Service and terminates employment due to Disability. Disability is total and permanent disability as defined in the ARINC Long Term Disability Plan.

Schedule SB, Part V — Summary of Plan Provisions

-
- | | |
|-----------|---|
| ▪ Benefit | The disability retirement benefit is computed as if a participant had remained active, continued to accrue the basic pension addition, and, if disabled prior to April 1, 2006, continued to receive Contribution Credits and Interest Credits under the current cash balance plan, assuming compensation is equal to the greater of (1) the Participant's full annual rate of base pay (excluding bonus) as of the date immediately preceding the date of the Disability, or (2) the Participant's Compensation during the last Plan Year ending immediately prior to the date of Disability. The benefit will be a Normal or Early Retirement Benefit (whichever applies) based on the person's Age at the date benefits are to commence. |
|-----------|---|
-

Pre-retirement death

-
- | | |
|---------------|---|
| ▪ Eligibility | Three years of Vesting Service. |
| ▪ Benefit | Upon the death of a Vested Participant, the Participant's account balance shall be paid to his beneficiary. |
-

Form of benefits

-
- | | |
|---|----------------------------------|
| ▪ Automatic form for unmarried participants | Single life annuity. |
| ▪ Automatic form for married participants | 100% joint and survivor annuity. |
-

Schedule SB, Part V — Summary of Plan Provisions

<ul style="list-style-type: none"> Optional forms 	<p>A married Participant must have the consent of their spouse to elect any form other than (a) with the spouse as contingent annuitant.</p> <ul style="list-style-type: none"> (a) Reduced benefit payable for life with 50% continuation paid to a contingent annuitant after the Participant's death; may include a guaranteed payout option. (b) Reduced benefit payable for life with 66-2/3% continuation paid to a contingent annuitant after the Participant's death; may include a guaranteed payout option. (c) Reduced benefit payable for life with 75% continuation paid to a contingent annuitant after the Participant's death; may include a guaranteed payout option. (d) Reduced benefit payable for life with 100% continuation paid to a contingent annuitant after the Participant's death; may include a guaranteed payout option. (e) Reduced benefit payable for life, with the provision that if death occurs before 120 monthly payments have been made, the remainder of the 120 monthly payments shall be paid to a contingent annuitant. (f) Life annuity (g) Account Balance in one lump sum.
<ul style="list-style-type: none"> Optional form conversion factors 	<p>For annuities: based on 1983 GAM 70% male / 30% female and an interest rate of 7.00%.</p> <p>For lump sums: based on 417(e)(3) interest and mortality.</p>
Cost of Living Adjustments	<p>Salaried employees hired prior to March 31, 1986 and eligible prior to December 31, 1998 who retire receive a COLA each year: COLA is equal to January increase in CPI-U. Annual limit for each participant is lesser of (a) 5%, and (b) [service prior to 1/1/1988 (up to 25 years) * 5%] plus [service after 1/1/1988 (up to 25 years total service) * 3%] divided by total service (up to 25 years). Lifetime limit for each participant is 200% of original benefit.</p>

Schedule SB, Part V — Summary of Plan Provisions***BASIC PENSION ADDITION BENEFITS²*****Normal retirement**

- | | |
|---------------|--|
| ▪ Eligibility | Age 65 and five years of Vesting Service. |
| ▪ Benefit | Annual benefit equal to the maximum of: <ul style="list-style-type: none"> (a) \$2,587.05 multiplied by Credited Service at Retirement or Termination, divided by the greater of 25 or your projected years of Credited Service at age 65. (b) The amount of the accrued benefit under the basic pension addition benefit program as of December 31, 1998 payable at age 65. |

Early retirement

- | | |
|---------------|---|
| ▪ Eligibility | Age 55 and five years of Vesting Service or age 55 and involuntary termination of employment within six months of completion of 5 years of Vesting Service. |
| ▪ Benefit | Accrued pension addition benefit (based on Credited Service at retirement) reduced 7% per year for each year commencement precedes age 62, when applicable. |

Pre-Medicare supplements

- | | |
|---------------|---|
| ▪ Eligibility | At early retirement when age plus Credited Service is greater than or equal to 70 |
| ▪ Benefit | For Pre-Medicare Participant: Early retirement benefit payable to participant's 65th birthday.

For Pre-Medicare Spouse: Early retirement benefit payable to the earlier of the participant's or spouse's 65th birthday while both are alive (married retirees only). |

Deferred vested

- | | |
|---------------|--|
| ▪ Eligibility | Three years of Vesting Service or involuntary termination of employment within six months of completion of three years of Vesting Service. |
| ▪ Benefit | Accrued normal retirement pension addition benefit (based on Credited Service to the date of termination) payable at age 65. Benefit is payable as early as age 55 but is reduced 7% per year for each year commencement precedes age 62, when applicable. |

² This section describes all basic pension addition benefits. Total retirement income will consist of the sum of the applicable regular pension benefit and basic pension addition benefits.

Schedule SB, Part V — Summary of Plan Provisions

Pre-retirement death	
▪ Eligibility	Three years of Vesting Service.
▪ Benefit	Accrued normal retirement pension addition benefit payable immediately, reduced by 7% per year for each year commencement precedes age 62, when applicable.
Miscellaneous	
▪ Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2012, the limit is \$250,000.
▪ Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2012 the limit is \$200,000.

Plan provision changes since prior valuation

Maximum compensation amounts and maximum benefit amounts under IRS rules were updated from 2011 to 2012.

Schedule SB, Part V — Summary of Plan Provisions

Union Plan Provisions

Benefits included or excluded

Unless noted below, all benefits provided by the plan, as restated and amended through Amendment #14, are included in this valuation.

- **Most recent plan amendments included:** Amendment #14 is included because it was adopted by the valuation date and is effective by the valuation date.
- **Plan amendments excluded:** None
- **IRC Section 436 benefit restrictions:**
 - *Unpredictable contingent event benefits:* This valuation excludes restricted contingent event benefits that occurred before the valuation date but includes contingent event benefits which are expected to occur on or after the valuation date regardless of anticipated funding-based limitations.
 - *Plan amendments:* See above.
 - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
 - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Late retirement increases:**
 - *Active participants:* The plan provides benefit suspension notices to participants who work beyond normal retirement; therefore, late retirement actuarial increases only apply to participants who defer retirement beyond age 70½. This valuation does not include increases for current participants over age 70½ as the effect on the valuation would be insignificant.
 - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including the late retirement actuarial increase.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.
- **IRC Section 415(b) benefit limitations:** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

Schedule SB, Part V — Summary of Plan Provisions**Summary of major plan provisions - Union**

Effective date and plan year	Original plan: January 1, 1952 Restated plan: January 1, 2000 Plan year: January 1 through December 31
Status of the plan	The plan has ongoing benefit accruals and new employees are eligible to participate in the plan once they satisfy the participation requirements.
Significant events that occurred during the year	None
Definitions	
▪ Covered employees	Any employee who is a member of a collective bargaining unit represented by the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America, which has negotiated with the Employer for coverage of an employee under the Plan.
▪ Participation	The earlier of the first anniversary of date of hire following the completion of 1,000 Hours of Service or the first day of the Plan Year after completion of 1,000 Hours of Service in a consecutive 12-month period.
▪ Employee contributions	ARINC pays the entire cost of the Plan. Some employees may have residual employee contribution balances from when the plan was contributory prior to March 18, 1980.
▪ Vesting service	A participant earns 1 year of vesting service for each plan year he works at least 1,000 hours.
▪ Credited service	Years and months with the employer.
▪ Pensionable earnings	Basic hourly rate of earnings on January 1 multiplied by 2,080 hours.
▪ Final average earnings	The participant's average annual compensation received during the five (5) highest consecutive years out of the ten (10) years prior to termination of employment which produce the highest average. If the participant has less than five (5) years of service, the average annual compensation during all years of employment.
▪ Primary Social Security benefit	Not applicable.
▪ Covered Compensation	Not applicable.
▪ Accrued benefit	A Participant's accrued benefit is the benefit determined in the same manner as the normal retirement benefit and based on the participant's years of credited service and final average earnings at the date the accrued benefit is being calculated.

Schedule SB, Part V — Summary of Plan Provisions

Normal retirement		
▪ Eligibility	Age 65 and five years of Vesting Service.	
▪ Benefit	Maximum of: (a) \$1,150 multiplied by Credited Service, and (for certain electing members) (b) \$282 multiplied by Credited Service plus \$348 for each \$1,000 of Final Average Earnings in excess of \$12,000. There is a 30-year cap on service if hired after January 1, 1987.	
Early retirement		
▪ Eligibility	Age 55 and five years of Vesting Service.	
▪ Benefit	Accrued normal retirement benefit (based on Credited Service and compensation to the date of retirement) reduced according to the Early Retirement factor table provided, if commencement precedes age 62.	
	Age	Factor
	62	1.00
	61	0.97
	60	0.93
	59	0.89
	58	0.85
	57	0.81
	56	0.77
	55	0.73
Postponed retirement		
▪ Eligibility	Over age 65.	
▪ Benefit	The benefit is calculated in the same manner as the normal retirement benefit but with pay and service through the participant's actual retirement date.	

Schedule SB, Part V — Summary of Plan Provisions

Deferred vested	
▪ Eligibility	Three years of Vesting Service.
▪ Benefit	Accrued normal retirement benefit (based on Credited Service and compensation to the date of termination) payable at age 65. Benefit is payable as early as age 55 but is reduced according to the Early Retirement factor table provided above, if commencement precedes age 62.
Pre-retirement death	
▪ Eligibility	Three years of Vesting Service.
▪ Benefit	100% of the reduced benefit the Participant would have received had he separated from employment the date of his death, survived to age 65 and commenced benefits in a 50% joint and survivor form. Benefits may commence to the spouse as early as the date the participant would have attained age 55, but reduced for early retirement.
Form of benefits	
▪ Automatic form for unmarried participants	Single life annuity.
▪ Automatic form for married participants	100% joint and survivor annuity.
▪ Optional forms	<p>A married Participant must have the consent of their spouse to elect any form other than (a) with the spouse as contingent annuitant.</p> <p>(a) Reduced benefit payable for life with 50% continuation paid to a contingent annuitant after the Participant's death, may include a guaranteed payout option.</p> <p>(b) Reduced benefit payable for life with 75% continuation paid to a contingent annuitant after the Participant's death, may include a guaranteed payout option.</p> <p>(c) Reduced benefit payable for life with 100% continuation paid to a contingent annuitant after the Participant's death, may include a guaranteed payout option.</p> <p>(d) Reduced benefit payable for life, with the provision that if death occurs before 120 monthly payments have been made, the remainder of the 120 monthly payments shall be paid to a contingent annuitant.</p> <p>(e) Social Security Level Income Option.</p> <p>(f) Lump sum payments for values under \$10,000.</p>

Schedule SB, Part V — Summary of Plan Provisions

- | | |
|------------------------------------|--|
| ▪ Optional form conversion factors | For annuities: based on 1983 GAM 70% male / 30% female and an interest rate of 7.00%.

For lump sums: based on 417(e)(3) interest and mortality. |
|------------------------------------|--|

BASIC PENSION ADDITION BENEFITS³**Normal retirement**

- | | |
|---------------|---|
| ▪ Eligibility | Age 65 and five years of Vesting Service. |
| ▪ Benefit | \$44.99 per year of Credited Service up to 15 years, plus \$191.22 per year of Credited Service over 15 years up to 25 years. |

Early retirement

- | | |
|---------------|--|
| ▪ Eligibility | Age 55 and five years of Vesting Service. |
| ▪ Benefit | Accrued pension addition benefit (based on Credited Service at retirement) reduced 5% per year for each year commencement precedes age 65. |

Pre-Medicare supplements

- | | |
|---------------|---|
| ▪ Eligibility | Early retirement with 70 age plus Credited Service points. |
| ▪ Benefit | For Pre-Medicare Participant: Early retirement benefit payable to participant's 65th birthday.

For Pre-Medicare Spouse: Early retirement benefit payable to the earlier of the participant's or spouse's 65th birthday while both are alive (married retirees only). |

Deferred vested

- | | |
|---------------|---|
| ▪ Eligibility | Three years of Vesting Service. |
| ▪ Benefit | Accrued normal retirement pension addition benefit (based on Credited Service to the date of termination) payable at age 65. Benefit is payable as early as age 55 but is reduced 5% per year for each year commencement precedes age 65. |

Pre-retirement death

- | | |
|---------------|---|
| ▪ Eligibility | Three years of Vesting Service. |
| ▪ Benefit | Accrued normal retirement pension addition benefit payable under the same terms as the preretirement death benefit for the regular pension. Reduced by 5% per year for each year commencement precedes age 65, when applicable. |

³ This section describes all basic pension addition benefits. Total retirement income will consist of the sum of the applicable regular pension benefit and basic pension addition benefits.

Schedule SB, Part V — Summary of Plan Provisions

Miscellaneous

- | | |
|------------------------|--|
| ▪ Maximum compensation | Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2012, the limit is \$250,000. |
| <hr/> | |
| ▪ Maximum benefits | Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2012, the limit is \$200,000. |
-

Plan provision changes since prior valuation

Maximum compensation amounts and maximum benefit amounts under IRS rules were updated from 2011 to 2012.

Schedule SB, Line 26 — Schedule of Active Participant Data

Attained age	Years of credited service									
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & up
Under 25										
25-29		9	11							
30-34		11	41 3,081	20 8,805						
35-39		1	45 5,432	48 15,211	6	2				
40-44		2	54 7,460	73 24,934	23 37,788	4	1			
45-49		6	70 8,519	91 49,318	44 67,706	36 74,711	17	1		
50-54		2	55 10,586	103 60,464	29 103,367	51 134,377	29 232,647	6	2	
55-59		4	37 19,358	55 73,567	30 195,411	27 198,523	13	7	3	
60-64			42 20,724	41 90,356	35 186,998	22 257,064	9	3	4	2
65-69			10	16	7	4	2	4	1	3
70 & up			5	8	3	1	4			

In each cell, the top number is the count of active participants for each age/service combination and the bottom number is the average cash balance account as of January 1, 2012. The average cash balance account is not shown for cells with fewer than 20 participants.

Schedule SB, Line 24 — Change in Actuarial Assumptions

- The expense component of normal cost increased from \$792,000 to \$840,000 to reflect our expectations for the current plan year.
- Interest discounts and mortality rates were updated from 2011 to 2012 in accordance with PPA.

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire each potential retirement age is shown below. The average retirement age is 62.

(A) Retirement age	(B) Retirement Rates	(C) Assumed Number of Survivors	(D) Number of employees expected to retire (B) x (C)	(E) Number of Retirements times Age (A) x (D)
55	12.00%	10,000	1,200	66,000
56	8.00%	8,800	704	39,424
57	8.00%	8,096	648	36,918
58	5.00%	7,448	372	21,600
59	5.00%	7,076	354	20,874
60	5.00%	6,722	336	20,166
61	20.00% ¹	6,386	1,277	77,909
62	30.00%	5,109	1,533	95,024
63	15.00%	3,576	536	33,795
64	15.00%	3,040	456	29,181
65	25.00%	2,584	646	41,986
66	15.00%	1,938	291	19,185
67	15.00%	1,647	247	16,554
68	15.00%	1,400	210	14,281
69	15.00%	1,190	179	12,317
70	100.00%	1,012	1,012	70,809
Total			10,000	616,024
Average				62

Note: Although only integer values are shown in columns (C), (D) and (E) of the above tables, the full content of each cell, including decimal portions, has been used in the calculations.

¹ Age 61 retirement rate is 10% for males and 30% for females.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Actuarial assumptions****Discount rate sponsor elections**

- | | |
|---|---------|
| ▪ Segment rates or full yield curve | Segment |
| ▪ Look-back months | 4 |
| • Use stabilized rates – funding | Yes |
| • Use stabilized rates – Section 436 benefit restrictions | Yes |

Stabilized rates**Nonstabilized rates**

- | | | |
|-----------------|-------|-------|
| ▪ First 5 years | 5.54% | 2.06% |
| ▪ Next 15 years | 6.85% | 5.25% |
| ▪ Over 20 years | 7.52% | 6.32% |

Mortality sponsor elections

- | | |
|-------------------------------------|--|
| ▪ Healthy and disabled participants | Section 430(h)(3) prescribed separate static annuitant and nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA. |
|-------------------------------------|--|

417(e) Lump sums

Liabilities are determined based on the underlying annuity used by the plan to determine the lump sum amount, rather than valuing the lump sum payment. This annuity is valued based on funding interest rates rather than 417(e) rates and current year 417(e) unisex mortality.

Cash balance plans

- | | |
|------------------------------|--|
| ▪ Interest accumulation rate | 4.50% |
| ▪ Whipsaw calculations | No |
| ▪ Annuity conversion | |
| – Mortality table | 2012 IRC Section 417(e) unisex mortality |
| – Interest rate basis | Funding segment rates |

Other economic assumptions

- | | |
|---------------------------------|----------------|
| ▪ Salary increases | 4.00% per year |
| ▪ Flat-dollar benefit increases | Not applicable |
| ▪ Social Security wage base | 3.75% per year |
| ▪ Inflation | 3.00% per year |

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

- Expected investment return 8.00% per year for years 2010 and 2011 capped at the 3rd segment rate of 6.82% for 2010 and 6.57% for 2011.
- Expenses \$840,000 added to current year normal cost
- Cost of Living adjustments The benefits for participants in the Salaried Plan that are in pay status or terminated vested status that are eligible for an annual cost-of-living adjustment are assumed to increase at 3.00% per year once benefits commence.

For such participants, their annual benefit is capped at 200% of their original benefit at first commencement date.

Demographic assumptions

Withdrawal See table of sample rates.

Disability incidence None assumed

Retirement age

Attained age	Male	Female
55	12%	12%
56	8%	8%
57	8%	8%
58	5%	5%
59	5%	5%
60	5%	5%
61	10%	30%
62	30%	30%
63	15%	15%
64	15%	15%
65	25%	25%
66	15%	15%
67	15%	15%
68	15%	15%
69	15%	15%
70 and above	100%	100%

Benefit commencement age for

- Future vested deferred 62 for annuity benefits and immediate for lump sum benefits.
- Current vested deferred 62 for Salaried annuity benefits and Union regular benefit, 65 for Union BPA benefit. Salaried participants eligible for lump sums are assumed to receive them immediately in the year following termination & thereafter follow the same decrements as active participants.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Spouse assumptions	<u>Male participants</u>	<u>Female participants</u>
▪ Percentage married	85%	75%
▪ Spouse age difference	3 years younger	3 years older
Form of payment	<u>Lump sum</u>	<u>Normal Form</u>
▪ Active retirements*	87%	13%
▪ Future vested deferred*	87%	13%
▪ Future disabilities	N/A	N/A
▪ Future deaths*	100%	0%
▪ Current vested deferred**	100%	0%
* 100% of Union participants elect the normal form of payment (joint and 100% survivor annuity for married participants and single life annuity for non-married participants).		
** 100% of Salaried participants eligible for a lump sum elect a lump sum. 100% of other Salaried participants and Union participants elect a single life annuity.		
Unpredictable contingent event assumptions	Not applicable	

Table of Sample Rates

Withdrawal		
Attained age	Male	Female
20	19.00%	24.60%
25	10.40%	14.10%
30	6.40%	9.00%
35	5.00%	7.40%
40	3.90%	5.90%
45	2.80%	4.30%
50	1.70%	2.50%
55	0.30%	0.40%

Salaried employees in first 4 years of employment are expected to withdraw at a rate of 25% per year.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial Methods

Asset Methods

The asset valuation method is an average of the adjusted market value for each year during the last two years preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

A characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value.

Participant Methods

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Insurance contracts:** The plan does have insurance contracts. Certain benefits are funded via participating annuity contracts in the plan's IPG contract with Prudential. Those benefits are included in the liability valuation and the value of the annuity contracts is included in plan assets.

Minimum Funding Methods

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.

- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.



ARINC, INC. RETIREMENT INCOME PLAN

Financial Statements and Supplemental Schedules

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

ARINC, INC. RETIREMENT INCOME PLAN

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KPMG LLP
1676 International Drive
McLean, VA 22102

Independent Auditors' Report

Participants and Administrator
ARINC, Inc. Retirement Income Plan:

We were engaged to audit the accompanying financial statements of ARINC, Inc. Retirement Income Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 6, which was certified by Bank of New York Mellon, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the trustee as of December 31, 2012 and 2011, and for the years then ended, that the information provided to the Plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental schedules of, (1) Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year), and (2) Schedule H, Line 4(j) – Schedule of Reportable Transactions, as of and for the Year Ended December 31, 2012 are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

September 12, 2013

ARINC, INC. RETIREMENT INCOME PLAN

Statements of Net Assets Available for Benefits

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Investments, at fair value:		
Common/collective trusts, as certified by trustee	\$ 232,430,493	223,592,389
Insurance company general account contracts, as certified by trustee	3,568,981	3,845,869
Real estate	<u>60,000,000</u>	<u>60,000,000</u>
Total investments	<u>295,999,474</u>	<u>287,438,258</u>
Receivables:		
Deferred rent receivable	10,890,169	9,962,704
Other receivables	<u>7,302</u>	<u>48,346</u>
Total receivables	<u>10,897,471</u>	<u>10,011,050</u>
Total assets	<u>306,896,945</u>	<u>297,449,308</u>
Liabilities:		
Accounts payable	162,299	194,913
Deferred revenue	<u>435,598</u>	<u>424,940</u>
Total liabilities	<u>597,897</u>	<u>619,853</u>
Net assets available for benefits	<u>\$ 306,299,048</u>	<u>296,829,455</u>

See accompanying notes to financial statements.

ARINC, INC. RETIREMENT INCOME PLAN

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Additions (decreases):		
Investment income:		
Net unrealized/realized gains in the fair value of:		
Investments, as certified by trustee	\$ 29,772,565	29,459,523
Real estate investments	—	4,300,000
Interest on investments, as certified by trustee	173,233	211,642
Rental income	<u>6,037,776</u>	<u>6,023,776</u>
Total investment income	35,983,574	39,994,941
Less investment management fees	<u>—</u>	<u>(174,056)</u>
Net investment income	<u>35,983,574</u>	<u>39,820,885</u>
Total additions	<u>35,983,574</u>	<u>39,820,885</u>
Deductions:		
Benefits paid to participants or beneficiaries	25,640,356	25,766,180
Administrative expenses	<u>873,625</u>	<u>829,115</u>
Total deductions	<u>26,513,981</u>	<u>26,595,295</u>
Net increase	9,469,593	13,225,590
Net assets available for benefits:		
Beginning of year	<u>296,829,455</u>	<u>283,603,865</u>
End of year	<u>\$ 306,299,048</u>	<u>296,829,455</u>

See accompanying notes to financial statements.

ARINC, INC. RETIREMENT INCOME PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(1) Description of Plan

(a) *Description of Plan*

The ARINC, Inc. Retirement Income Plan (the Plan) is a noncontributory defined benefit plan established in 1952. The Plan is qualified under the Employee Retirement Income Security Act of 1974 (ERISA). A description of the plan agreement, including information regarding vesting and participant benefits, is available in the Summary Plan description booklet that is issued to all plan participants, and has been amended through October 2008.

(b) *Eligibility*

Substantially all active employees of ARINC, Incorporated (the Company) are eligible to participate in the Plan except for nonunion employees hired after March 31, 2006, and those employed by ARINC Managed Services, LLC and ARINC Technical Services, LLC.

Effective March 31, 2006, the Salaried Sub-Plan was amended to eliminate future contribution credits for substantially all active nonunion employees, while the interest credits continue to accrue for these participants. Contribution credits continue to accrue after March 31, 2006, in accordance with the plan document, for nonunion participants who experienced an event prior to April 1, 2006 that qualifies them as disabled.

(c) *Plan Benefits*

Nonunion Employees – Retirement benefits are payable upon the later of reaching age 65 or the fifth year of participation in the Plan. Provisions for early retirement are available for participants at age 55 provided they have five years of credited service and have not yet attained normal retirement age. The accrued benefit amount under the traditional annuity component of the Plan is determined, in general, based upon the participant's final average compensation integrated with Social Security covered compensation, multiplied by credited service up to 25 years, as defined by the Plan. The accrued benefit amount under the cash balance component of the Plan is determined based upon the participant's earnings, contribution crediting rate as determined by the individual's age, and the interest crediting rate as defined by the Plan. The calculated benefit may be paid in the form of a life annuity, a lump-sum payment (if a Cash Balance participant), a joint and survivor annuity, or another acceptable optional form as outlined in the plan document. Participants are vested after the completion of three years of vesting service.

Union Employees – Retirement benefits are payable upon reaching age 65. However, if the participant was employed after December 31, 1993, the participant must be age 65 and have participated in the Plan for five years. Provisions for early retirement are available for participants at age 55 provided they have five years of credited service and have not yet attained normal retirement age. The prior plan accrued benefit amount (as of December 31, 2002) was determined based on years of credited Benefit Service and the participant's final average compensation, as defined by the Plan. Effective January 1, 2003, the benefit formula was revised to be equal to a dollar amount multiplied by years of Benefit Service capped at 30 years if first day of employment was after December 31, 1986. The calculated benefit may be paid in the form of a life annuity, a joint and survivor annuity, or another acceptable optional form as outlined in the plan document. Participants are vested after the completion of five years of vesting service.

ARINC, INC. RETIREMENT INCOME PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(d) *Risks and Uncertainties*

The Plan provides for investments and funds that, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities may occur and materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions and the actuarial present value of accumulated plan benefits are prepared based upon certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions could be material to the financial statements.

(2) Summary of Significant Accounting Policies

(a) *Basis of Presentation and Use of Estimates*

The financial statements of the Plan are prepared on the accrual basis of accounting, in conformity with U.S. generally accepted accounting principles, which require management to make estimates and assumptions, such as those regarding accumulated plan benefits that affect the recorded amounts. Actual results could differ from those estimates and assumptions.

(b) *Valuation of Investments*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 8 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

(c) *Payment of Benefits*

Benefit payments to participants are recorded upon distribution.

(d) *Investment Manager and Plan Trustee*

Bank of New York Mellon is the Trustee of the plan assets held in the Plan.

The authority to manage, control, and interpret the plan is entrusted with the Pension Committee appointed by the Board of Directors of the Company.

(e) *Administrative Expenses*

Trustee fees, accounting fees, insurance agency fees, Pension Benefit Guarantee Corporation (PBGC) fees, and actuarial fees are paid by the Plan and presented as a deduction from net assets available for benefits in arriving at the net increase (decrease) in net assets available for benefits.

ARINC, INC. RETIREMENT INCOME PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(3) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to retired or terminated employees or their beneficiaries, beneficiaries of employees who have died, and present employees or their beneficiaries. The accrued benefit amount under the traditional annuity component of the Plan is determined based upon the participant's final average compensation integrated with Social Security compensation, multiplied by credited service up to 25 years, as defined by the Plan. The accrued benefit amount under the cash balance component of the Plan is determined based upon the participant's career average earnings, contribution crediting rate as determined by the individual's age, and the interest crediting rate as defined by the Plan. Benefits payable under all circumstances, which include retirement, death, disability, and termination of employment, are included to the extent they are deemed attributable to employee service rendered up to the valuation date. Benefits to be provided via fully allocated annuity contracts are excluded from both Plan assets and accumulated plan benefits.

The actuarial present value of accumulated plan benefits is determined by an actuary from Mercer, and it is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money, through discounts for interest, and the probability of payment, by means of decrements such as death, disability, withdrawal, or retirement, between the valuation date and the expected date of payment.

The actuarial assumptions used in the January 1 valuation is as follows:

	<u>2012</u>
Investment return	8.0
Mortality table, regular	Section 430(h)(3)(A) Internal Revenue Code, static tables for annuitants and nonannuitants
Mortality table, disabled	Same as above table
Weighted average retirement age	62

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

ARINC, INC. RETIREMENT INCOME PLAN

Notes to Financial Statements

December 31, 2012 and 2011

The actuarial present value of accumulated plan benefits at December 31, 2011 is summarized as follows:

	<u>2011</u>
Vested benefits:	
Participants currently receiving payments	\$ 103,177,258
Participants not yet receiving payments	<u>146,147,348</u>
	249,324,606
Nonvested benefits	<u>1,993,324</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$ 251,317,930</u></u>

The changes in the actuarial present value of accumulated plan benefits are as follows for the year ended December 31, 2011:

Actuarial present value of accumulated plan benefits at beginning of year	\$ 257,458,780
Increase (decrease) during the year attributable to:	
Benefits accumulated and actuarial losses	(128,689)
Increase for interest due to decrease in the discount period	19,480,168
Benefits paid	(25,766,180)
Change of assumptions and methods	<u>273,851</u>
Net decrease	<u>(6,140,850)</u>
Actuarial present value of accumulated plan benefits at end of year	<u><u>\$ 251,317,930</u></u>

The actuarial valuation date was January 1, 2012. Although the actuarial present value of accumulated plan benefits and the changes in the actuarial present value of accumulated plan benefits are presented as of December 31, 2011, the accumulated plan benefits on December 31, 2012 are not materially different.

(4) Funding Policy

Annual funding is based on an actuarial determination that provides for current funding of normal costs and funding of unfunded past service costs over seven years. Forfeitures of nonvested benefits due to the termination of participants are applied to reduce subsequent years' contributions by the Company. There was no minimum funding required by ERISA for 2012 and 2011.

(5) Plan Termination

The Company reserves its right to terminate, freeze, or amend the Plan, if necessary. In the event the Plan terminates, the assets of the Plan, after withdrawal for expenses, will be allocated as prescribed by ERISA and its related regulations generally to provide benefits in the following order: (1) benefits called for under the Plan for those retired participants who have been receiving benefit payments for three years or who have been eligible to receive such payments for three years; (2) other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC); (3) all other vested benefits not insured by the PBGC; and

ARINC, INC. RETIREMENT INCOME PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(4) all nonvested benefits under the Plan. Any remaining assets, after making the allocations described above, are to be returned to the Company.

Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. Whether a particular participant's accumulated plan benefit will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at the time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guaranty while other benefits may not be provided for at all. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees. For plan terminations occurring during 2012 and 2011, that ceiling was \$14,146 and \$13,680, respectively. That ceiling applies to pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or plan termination (whichever comes later). For younger annuitants or for those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceilings are actuarially adjusted downward. For all benefits greater than the PBGC ceiling, the benefits will not be guaranteed for the excess.

Whether all participants receive their benefits, should the Plan terminate at some future time, will depend on the sufficiency, at the time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

(6) Financial Information Certified by Trustee

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has obtained certifications from Bank of New York Mellon as of the years ended December 31, 2012 and 2011 that information included in the accompanying financial statements relating to the Plan's investments and related investment income (denoted as certified by trustee), and all information in the supplemental schedules except for the fair value of real estate investments and related rental income, is complete and accurate and presented solely upon reliance of those certifications.

ARINC, INC. RETIREMENT INCOME PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(7) Investments

The following table presents the plan investments, including those individual investments representing 5% or more of the Plan's net assets available for benefits as of December 31:

	<u>2012</u>	<u>2011</u>
Common/collective trusts:		
Sole interest in MGI IDAS ARINC Investment Portfolio, as certified by trustee	\$ 230,264,020	220,345,670
Other, as certified by trustee	<u>2,166,473</u>	<u>3,246,719</u>
Total common/collective trusts	<u>232,430,493</u>	<u>223,592,389</u>
Insurance company general contract accounts:		
Other, as certified by trustee	<u>3,568,981</u>	<u>3,845,869</u>
Total insurance company general contract accounts	<u>3,568,981</u>	<u>3,845,869</u>
Real estate investments:		
2551 Riva Road (land and buildings)	<u>60,000,000</u>	<u>60,000,000</u>
Total real estate investments	<u>60,000,000</u>	<u>60,000,000</u>
Total investments	<u>\$ 295,999,474</u>	<u>287,438,258</u>

For the years ended December 31, 2012 and 2011, net unrealized/realized gains (losses) in the fair value of the Plan's investments (including those bought, sold, and held during the year) were as follows:

	<u>2012</u>	<u>2011</u>
Common/collective trusts, as certified by trustee	\$ 29,772,565	29,459,523
Real estate	<u>—</u>	<u>4,300,000</u>
Total net unrealized/realized gains in the Plan's investments	<u>\$ 29,772,565</u>	<u>33,759,523</u>

(8) Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework:

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value;
- Establishes a three-level hierarchy for fair value measurement;
- Requires consideration of the Plans' nonperformance risk when valuing liabilities; and
- Expands disclosures about instruments measured at fair value.

ARINC, INC. RETIREMENT INCOME PLAN

Notes to Financial Statements

December 31, 2012 and 2011

The three-level valuation hierarchy for fair value measurements is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Plans' market assumptions. The three-level valuation hierarchy is defined as follows:

- Level 1 – Quoted prices for *identical* instruments in active markets;
- Level 2 – Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar investments in markets that are not active; and model derived valuations whose significant inputs are observable; and
- Level 3 – Instruments whose significant inputs are *unobservable*.

There have been no changes in the methodologies used as of December 31, 2012 and 2011. The following is a description of the valuation methodologies used for assets measured at fair value:

Common/collective trusts: The sole interest in MGI IDAS ARINC Investment Portfolio is valued based on a daily net asset valuation measurement. The asset allocation consists of commingled or balance funds of which the underlying assets are actively traded; therefore, are valued at fair value. Other common/collective trusts are valued at fair value based on the unit value of the fund. Unit values are determined by the bank sponsoring such funds by dividing the fund's net assets at fair value by its units outstanding at the valuation dates.

Insurance company general account contracts: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations.

Real estate: Valued based on independent appraisal of property held.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
Common/collective trusts	\$ —	232,430,493	—	232,430,493
Insurance company general account contracts	—	—	3,568,981	3,568,981
Real estate	—	—	60,000,000	60,000,000
Total investments at fair value	\$ —	232,430,493	63,568,981	295,999,474

ARINC, INC. RETIREMENT INCOME PLAN

Notes to Financial Statements

December 31, 2012 and 2011

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2011:

	Level 1	Level 2	Level 3	Total
Common/collective trusts	\$ —	223,592,389	—	223,592,389
Insurance company general account contracts	—	—	3,845,869	3,845,869
Real estate	—	—	60,000,000	60,000,000
Total investments at fair value	\$ —	223,592,389	63,845,869	287,438,258

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2012:

	Insurance company general account contracts	Real estate
Balance, beginning of year	\$ 3,845,869	60,000,000
Interest credited	195,697	—
Disbursements to pay benefits	(450,122)	—
Contract expense charges	(22,463)	—
Balance, end of year	\$ 3,568,981	60,000,000

(9) Federal Income Taxes

The Plan obtained its latest determination letters on January 15, 2013 and May 22, 2003, related to the ARINC Incorporated Retirement Plan and ARINC Incorporated Retirement Plan for union employees, respectively, in which the Internal Revenue Service (IRS) stated that the Plan was in compliance with the applicable requirements of the Internal Revenue Code. Effective December 31, 2001, the ARINC Incorporated Retirement Plan for union employees was merged into the ARINC Incorporated Retirement Plan.

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 (or asset) if the Plan has taken an uncertain position that more likely than not would be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) 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 2008.

ARINC, INC. RETIREMENT INCOME PLAN

Notes to Financial Statements

December 31, 2012 and 2011

(10) Prohibited Transaction Exemption

On November 29, 2004, ARINC Incorporated, contributed the Annapolis campus (land and buildings) valued at \$49,000,000 to the Plan, with ARINC Incorporated leasing the property back from the Plan. The Department of Labor granted a prohibited transaction exemption for the transaction in Federal Register, Vol. 69, No. 226 on Wednesday, November 24, 2004.

Under the terms of the lease, ARINC Incorporated leases the Annapolis campus (land and buildings) from the Plan for an initial term of 20 years, with a 3 year renewal term. The lease is bondable during the first 10 years, requiring the lessee to pay all costs associated with the property, including capital expenditures in addition to base rent. The lease provides for base rent of \$4,290,189 during the first year of the bondable period, increased by 2.5% annually. The lease converts into a traditional triple net lease at the earlier of the sale of the property to a third party, or the eleventh year after lease inception. In the event the lease converts to a triple net lease in year 11, the lease provides for base rent of \$6,488,302, increasing by 2.5% annually. In accordance with FASB Statement No. 13, *Accounting for Leases*, the Plan recognizes rental income on a straight-line basis over the term of the lease. Deferred rent receivable represents the excess of rental income recognized over amounts received under the term of the lease.

(11) Party-in-Interest Investments

The assets of the Plan invested in the short-term investment fund of Bank of New York Mellon are considered a party-in-interest investment. Bank of New York Mellon, as trustee, is a party in interest. The transactions related to the fund are statutorily exempt from the party-in-interest transaction prohibitions and from disclosure on Schedule G, Part III of the Form 5500. The investment in real estate is considered a party-in-interest investment as the Company leases the property from the Plan. The transactions related to the real estate are administratively exempt from the party-in-interest transaction prohibitions and from disclosure on Schedule G, Part III of the Form 5500.

(12) Subsequent Events

Management has evaluated all subsequent events and transactions through September 12, 2013, the date the financial statements were issued. The Plan did not have any material recognizable subsequent events during the period.

SUPPLEMENTAL INFORMATION

Schedule 1

ARINC, INC. RETIREMENT INCOME PLAN

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2012

Identity of issue, borrower, lessor, or similar party/description of investment	Cost	Market value
Real estate:		
Stock in 2551 Riva Road Inc*	\$ 49,000,000	60,000,000
Total real estate	49,000,000	60,000,000
Insurance company general contract accounts:		
CIGNA IPG GR2385 General Acct	2,527,271	2,527,271
CIGNA IPG GR1835 General Acct	1,041,710	1,041,710
Total insurance company general contract accounts	3,568,981	3,568,981
Common/collective trusts:		
Sole interest in MGI IDAS ARINC Investment Portfolio	159,836,628	230,264,020
EB Temporary Investment FD II 0.379% 12/31/2040*	2,166,473	2,166,473
Total common/collective trusts	162,003,101	232,430,493
Total assets held at end of year	\$ 214,572,082	295,999,474

Note: The above data has been certified as complete and accurate by Bank of New York Mellon, the trustee of the Plan, except for the fair value of the real estate investment.

* Party in interest to the Plan.

See accompanying independent auditors' report.

ARINC, INC. RETIREMENT INCOME PLAN

Schedule H, Line 4(j) – Schedule of Reportable Transactions

Year ended December 31, 2012

Description	Purchase price	Redemption or selling price	Cost of asset	Current value of asset on transaction date		Net gain
					date	
The Bank of New York Mellon Company*:						
BNY Mellon Cash Reserve	\$ 7,933,385	—	7,933,385	7,933,385		—
BNY Mellon Cash Reserve	—	7,933,385	7,933,385	7,933,385		—
EB Temporary Investment FD II	22,742,693	—	22,742,693	22,742,693		—
EB Temporary Investment FD II	—	23,400,433	23,400,433	23,400,433		—
MGI IDAS ARINC	—	19,600,000	14,405,456	19,600,000		5,194,544

* Party in interest to the Plan.

Note: The above data has been certified as complete and accurate by Bank of New York Mellon, the trustee of the Plan.

See accompanying independent auditors' report.

Schedule 1

ARINC, INC. RETIREMENT INCOME PLAN

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2012

Identity of issue, borrower, lessor, or similar party/description of investment	Cost	Market value
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EB Temporary Investment FD II 0.379% 12/31/2040*	2,166,473	2,166,473
Total common/collective trusts	162,003,101	232,430,493
Total assets held at end of year	\$ 214,572,082	295,999,474

Note: The above data has been certified as complete and accurate by Bank of New York Mellon, the trustee of the Plan, except for the fair value of the real estate investment.

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ARINC, INC. RETIREMENT INCOME PLAN

Schedule H, Line 4(j) – Schedule of Reportable Transactions

Year ended December 31, 2012

Description	Purchase price	Redemption or selling price	Cost of asset	Current value of asset on transaction date		Net gain
					date	
The Bank of New York Mellon Company*:						
BNY Mellon Cash Reserve	\$ 7,933,385	—	7,933,385	7,933,385		—
BNY Mellon Cash Reserve	—	7,933,385	7,933,385	7,933,385		—
EB Temporary Investment FD II	22,742,693	—	22,742,693	22,742,693		—
EB Temporary Investment FD II	—	23,400,433	23,400,433	23,400,433		—
MGI IDAS ARINC	—	19,600,000	14,405,456	19,600,000		5,194,544

* Party in interest to the Plan.

Note: The above data has been certified as complete and accurate by Bank of New York Mellon, the trustee of the Plan.

See accompanying independent auditors' report.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	<small>OMB No. 1210-0110</small> 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

► **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 ARINC, Inc. Retirement Income Plan	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">B Three-digit plan number (PN) ►</td> <td style="width:40%; text-align: center;">002</td> </tr> <tr> <td colspan="2">D Employer Identification Number (EIN) 53-0023720</td> </tr> </table>	B Three-digit plan number (PN) ►	002	D Employer Identification Number (EIN) 53-0023720	
B Three-digit plan number (PN) ►	002				
D Employer Identification Number (EIN) 53-0023720					
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF ARINC Incorporated					
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B					
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500					

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2012</u>			
2 Assets:			
a Market value	2a	296,829,455	
b Actuarial value	2b	276,483,094	
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	909	109,444,057
b For terminated vested participants	3b	945	48,952,809
c For active participants:			
(1) Non-vested benefits	3c(1)		2,160,440
(2) Vested benefits	3c(2)		111,732,446
(3) Total active	3c(3)	1,295	113,892,886
d Total	3d	3,149	272,289,752
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	6.89	
6 Target normal cost	6	1,933,106	

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	STEPHEN S. JONES <i>SSJ</i> Signature of actuary	9/25/2013 Date
	Stephen S. Jones Type or print name of actuary	11-06347 Most recent enrollment number
	Mercer Firm name	(202) 331-5200 Telephone number (including area code)
	1255 23rd Street, NW, Suite 500 Washington DC 20037-1198 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) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	30,852,239	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	11,920,689	0
9	Amount remaining (line 7 minus line 8)	18,931,550	0
10	Interest on line 9 using prior year's actual return of <u>14.74</u> %	2,790,510	
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b Interest on (a) using prior year's effective interest rate of <u>6.16</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	17,600,000	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	4,122,060	0

Part III Funding Percentages			
14	Funding target attainment percentage	14	100.02 %
15	Adjusted funding target attainment percentage	15	101.54 %
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	90.41 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

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

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:			
a	Contributions allocated toward unpaid minimum required 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	0

20 Quarterly contributions and liquidity shortfalls:				
a Did the plan have a "funding shortfall" for the prior year?				☒ Yes ☐ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?				☒ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:				
Liquidity shortfall as of end of quarter of this plan year				
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th	
0	0	0		0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:
5.54 %2nd segment:
6.85 %3rd segment:
7.52 %☐ N/A, full yield curve used

b Applicable month (enter code):

21b

4

22 Weighted average retirement age

22

62

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 subject to 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

1,933,106

b Excess assets, if applicable, but not greater than line 31a

31b

71,282

32 Amortization installments:

Outstanding Balance

Installment

a Net shortfall amortization installment

0

0

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

0

34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)

34

1,861,824

Carryover balance

Prefunding balance

Total balance

35 Balances elected for use to offset funding requirement

1,861,824

0

1,861,824

36 Additional cash requirement (line 34 minus line 35)

36

0

37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)

37

0

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)

38a

0

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 an election was made to use PRA 2010 funding relief for this plan:

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