

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: 1.2em; font-weight: bold;">2013</div> <div style="text-align: center; font-weight: bold;">This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information	
1a Name of plan <u>L-3 COMMUNICATIONS KEO PENSION PLAN</u>	1b Three-digit plan number (PN) ▶	<u>027</u>
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>L-3 COMMUNICATIONS CORPORATION</u> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <u>600 THIRD AVENUE</u> <u>NEW YORK, NY 10016-1901</u> </div> <div style="width: 45%;"> <u>50 PRINCE STREET</u> <u>NORTHAMPTON, MA 01060</u> </div> </div>		1c Effective date of plan <u>02/06/2012</u> 2b Employer Identification Number (EIN) <u>13-3937436</u> 2c Sponsor's telephone number <u>212-697-1111</u> 2d Business code (see instructions) <u>334200</u>

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	<u>10/06/2014</u>	<u>KEVIN WEISS</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
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		3b Administrator's EIN	
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		3c Administrator's telephone number 4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year		5	628
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	304
b Retired or separated participants receiving benefits		6b	52
c Other retired or separated participants entitled to future benefits.....		6c	250
d Subtotal. Add lines 6a , 6b , and 6c		6d	606
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		6e	8
f Total. Add lines 6d and 6e		6f	614
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	24
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 1C 3F 3H			
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) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

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

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

A Name of plan <u>L-3 COMMUNICATIONS KEO PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>027</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>L-3 COMMUNICATIONS CORPORATION</u>	D Employer Identification Number (EIN) <u>13-3937436</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2013</u>	
2 Assets:	
a Market value	2a <u>30075931</u>
b Actuarial value	2b <u>30469500</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>51</u> <u>2133667</u>
b For terminated vested participants.....	3b <u>249</u> <u>8203026</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>38991</u>
(2) Vested benefits	3c(2) <u>14891303</u>
(3) Total active.....	3c(3) <u>328</u> <u>14930294</u>
d Total.....	3d <u>628</u> <u>25266987</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>6.29</u> %
6 Target normal cost.....	6 <u>828735</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>07/18/2014</u>
	Signature of actuary	Date
<u>AIDA DOMLIJA, FSA, MAAA</u>		<u>14-06955</u>
	Type or print name of actuary	Most recent enrollment number
<u>SIBSON CONSULTING</u>		<u>212-251-5000</u>
	Firm name	Telephone number (including area code)
<u>333 W 34TH STREET</u> <u>NEW YORK, NY 10001-2402</u>		
	Address of the firm	

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

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

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>3.99</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		1274672
b Interest on (a) using prior year's effective interest rate of <u>7.00</u> % except as otherwise provided (see instructions)		89227
c Total available at beginning of current plan year to add to prefunding balance		1363899
d Portion of (c) to be added to prefunding balance		1354848
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	1354848

Part III Funding Percentages		
14 Funding target attainment percentage	14	115.22 %
15 Adjusted funding target attainment percentage	15	120.59 %
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	125.96 %
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
10/30/2013	300000				
01/15/2014	216000				
04/14/2014	207000				
07/14/2014	207000				
			Totals ►	18(b)	930000
				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	867909
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

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

21 Discount rate:				
a Segment rates:	1st segment: 4.94%	2nd segment: 6.15%	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 63
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	828735										
b Excess assets, if applicable, but not greater than line 31a	31b	828735										
32 Amortization installments:	<table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td>a Net shortfall amortization installment.....</td> <td>0</td> <td>0</td> </tr> <tr> <td>b Waiver amortization installment</td> <td></td> <td></td> </tr> </tbody> </table>				Outstanding Balance	Installment	a Net shortfall amortization installment.....	0	0	b Waiver amortization installment		
	Outstanding Balance	Installment										
a Net shortfall amortization installment.....	0	0										
b Waiver amortization installment												
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33											
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	0										
		Carryover balance	Prefunding balance									
35 Balances elected for use to offset funding requirement.....	0	0	0									
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	867909										
38 Present value of excess contributions for current year (see instructions)												
a Total (excess, if any, of line 37 over line 36)	38a	867909										
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		

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

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

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

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**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> 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013		
A Name of plan L-3 COMMUNICATIONS KEO PENSION PLAN	B Three-digit plan number (PN) ►	027
C Plan sponsor's name as shown on line 2a of Form 5500 L-3 COMMUNICATIONS CORPORATION	D Employer Identification Number (EIN) 13-3937436	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	915000	630000
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	29174573	33790735
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	30089573	34420735

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	73305	67512
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	73305	67512

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	30016268	34353223
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	930000	
(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)		930000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(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)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		5902367
(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		6832367

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2101922	
(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)		2101922
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)	393490	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		393490
j Total expenses. Add all expense amounts in column (b) and enter total	2j		2495412

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		4336955
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☐ Yes ☒ No

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

(1) Name: PRICEWATERHOUSECOOPERS, LLP

(2) EIN: 13-4008324

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

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

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 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		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

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

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

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2013</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013		
A Name of plan L-3 COMMUNICATIONS KEO PENSION PLAN		B Three-digit plan number (PN) ▶ 027
C Plan sponsor's name as shown on line 2a of Form 5500 L-3 COMMUNICATIONS CORPORATION		D Employer Identification Number (EIN) 13-3937436
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		10
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 13-7074646		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		38
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☒ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?..... ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
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		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2013 v. 130118		

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: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

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

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

L-3 COMMUNICATIONS KEO PENSION PLAN

Financial Statements as of
December 31, 2013 and 2012 and for the Year Ended December 31, 2013 and for the Period
February 6, 2012 (Date of Inception) to December 31, 2012

**L-3 COMMUNICATIONS KEO PENSION PLAN
INDEX TO FINANCIAL STATEMENTS**

	<u>Page(s)</u>
Independent Auditor's Report	2
Financial Statements:	
Statements of Net Assets Available for Benefits as of December 31, 2013 and 2012	3
Statements of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2013 and for the Period February 6, 2012 (Date of Inception) to December 31, 2012	4
Statements of Accumulated Plan Benefits as of January 1, 2013 and Changes in Accumulated Plan Benefits for the Period February 6, 2012 (Date of Inception) to January 1, 2013	5
Notes to Financial Statements	6-15

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



Independent Auditor's Report

To the Participants and Administrator of the L-3 Communications KEO Pension Plan:

We have audited the accompanying financial statements of L-3 Communications KEO Pension Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the year ended December 31, 2013 and the period February 6, 2012 (Date of Inception) to December 31, 2012 and the statement of accumulated plan benefits as of January 1, 2013, and the related statement of changes in accumulated plan benefits for the period February 6, 2012 (Date of Inception) to January 1, 2013, 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 the 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 the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2013 and changes therein for the year then ended and its financial status as of December 31, 2012, and changes therein for the period February 6, 2012 (Date of Inception) to December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP
September 24, 2014

L-3 COMMUNICATIONS KEO PENSION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2013 and 2012
(Dollars in thousands)

	<u>2013</u>	<u>2012</u>
Assets:		
Interest in Master Trust, at fair value	\$ 33,791	\$ 29,174
Employer contribution receivable	<u>630</u>	<u>915</u>
Total assets	<u>34,421</u>	<u>30,089</u>
Liabilities:		
Accrued expenses.....	<u>68</u>	<u>73</u>
Net assets available for benefits	<u>\$ 34,353</u>	<u>\$ 30,016</u>

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

L-3 COMMUNICATIONS KEO PENSION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR
THE YEAR ENDED DECEMBER 31, 2013 AND FOR THE PERIOD
FEBRUARY 6, 2012 (DATE OF INCEPTION) TO DECEMBER 31, 2012
(Dollars in thousands)

	<u>2013</u>	<u>2012</u>
Additions:		
Interest in Master Trust investment income	\$ 5,902	\$ 533
Employer contributions	<u>930</u>	<u>1,362</u>
Total additions	<u>6,832</u>	<u>1,895</u>
Deductions:		
Benefit payments	2,102	1,318
Plan expenses	<u>393</u>	<u>498</u>
Total deductions	<u>2,495</u>	<u>1,816</u>
Net increase prior to transfer from another plan.....	4,337	79
Transfer in from another plan (Note 1)	<u>—</u>	<u>29,937</u>
Net increase	4,337	30,016
Net assets available for benefits, beginning of year	<u>30,016</u>	<u>—</u>
Net assets available for benefits, end of year	<u>\$ 34,353</u>	<u>\$ 30,016</u>

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

L-3 COMMUNICATIONS KEO PENSION PLAN
STATEMENTS OF ACCUMULATED PLAN BENEFITS AS OF JANUARY 1, 2013 AND
CHANGES IN ACCUMULATED PLAN BENEFITS FOR THE PERIOD
FEBRUARY 6, 2012 (DATE OF INCEPTION) TO JANUARY 1, 2013
(Dollars in thousands)

Statement of Accumulated Plan Benefits:	January 1, 2013
Actuarial present value of accumulated plan benefits	
Vested benefits:	
Participants currently receiving benefits	\$ 1,853
Other participants	23,326
Total vested benefits	25,179
Non-vested benefits	35
Total actuarial present value of accumulated plan benefits	<u>\$ 25,214</u>

Statement of Changes in Accumulated Plan Benefits:	Period February 6, 2012 to January 1, 2013
Actuarial present value of accumulated plan benefits	
as of February 6, 2012 (Note 1)	<u>\$ 24,379</u>
Increase (decrease) during the year attributable to:	
Benefits accumulated and actuarial experience	310
Increase in interest due to the decrease in discount period	1,843
Benefits paid	(1,318)
Net increase	<u>835</u>
Actuarial present value of accumulated	
plan benefits as of January 1, 2013	<u>\$ 25,214</u>

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

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)

1. Plan Description

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

The Plan was established effective February 6, 2012, in connection with the acquisition of the Kollmorgen Electro-Optical business (named L-3 KEO) from Danaher Corporation by L-3 Communications Corporation (the “Company”), a wholly owned subsidiary of L-3 Communications Holdings, Inc. (“Holdings”). As of that date, the Plan accepted a transfer of assets of \$29,937 and accumulated benefit obligations of \$24,379 attributable to certain employees, former employees, and employee beneficiaries of L-3 KEO who participated in the Danaher Corporation & Subsidiaries Pension Plan (the “Prior Plan”).

The Plan is a non-contributory defined benefit plan. Participation in the Plan commenced on February 6, 2012 for all employees, union and non-union, that were accruing a benefit under the Prior Plan on February 5, 2012 and became an employee of L-3 KEO on February 6, 2012. Employees hired by L-3 KEO on or after February 6, 2012, commence participation in the Plan after completing one year of eligibility service.

The Plan is subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Interest in Master Trust

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

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

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

Net Investment Income from Master Trust

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

Benefit Payments

Benefit payments are recorded when paid.

Plan Expenses

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

Use of Estimates

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

Risks and Uncertainties

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

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

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

reported in the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Subsequent Events

The Plan continued to evaluate events after the Statement of Net Assets Available for Benefits date through September 24, 2014, the date the financial statements were available to be issued.

The Plan was amended as of the original effective date of the Plan. The Plan amendment states, if a Plan participant is transferred to any business unit within the Company at any time after the effective date of the Plan, any service and compensation earned by the participant of the Plan from the date of transfer until the date of the participant's termination of employment with the Company will be treated as though earned by the participant at the business unit of the Plan. The Plan amendment does not affect the benefits of a Plan participant who continues to be employed by the Company but becomes or ceases to be a represented employee covered by a collective bargaining agreement.

The Plan was amended effective January 1, 2014. The Plan is frozen with respect to new salaried participants hired on or after January 1, 2014. As such, any salaried employees hired on or after January 1, 2014 are not eligible to participate in the Plan.

3. *Contributions*

Generally, the Company's funding policy is to contribute amounts in accordance with the Internal Revenue Code ("IRC") that are at least equal to the minimum funding requirements under ERISA. There was no funding required from the Company to the Plan in 2013 and 2012 under the minimum funding requirements of ERISA. Minimum contributions are calculated using the Unit Credit Actuarial Cost Method, as prescribed by law. Under this method, the liability is measured on an accrued-to-date basis using mandated mortality tables and interest rates with no salary projection past the end of the year. Assuming all assumptions are met (including the investment earnings implicitly assumed by the interest rate), funding the minimum required contribution is generally designed to achieve the following: (1) if the plan is underfunded, funding at the minimum level would achieve 100% funding within seven years, and then contributions would equal the target normal cost, or (2) if the plan is overfunded, there will be no required contributions unless the target normal cost exceeds the overfunding.

4. *Plan Benefits*

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service that employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries.

Participants are entitled to receive a monthly annuity benefit beginning at the normal retirement age of 65 with 5 years of vesting service for frozen benefits and age 65 with 3 years of vesting service for the cash balance benefit. The Prior Plan provided a benefit that was based on the participant's accrued benefit, determined under the Prior Plan as of December 31, 2000 and December 31, 2002 for non-union and union participants, respectively. The accrual of benefits on future service was frozen on such date. Participants that continued to receive a benefit under the Prior Plan after January 1, 2001, for non-union employees, and January 1, 2003, for union employees, in addition to a frozen benefit were entitled to receive a cash balance benefit. Participants that entered into the Prior Plan on or after January 1, 2001 and January 1, 2003, for non-union and union participants, respectively, or entered into the Plan on or after February 6, 2012, are only entitled to a cash balance benefit.

The cash balance benefit of the Plan is calculated by applying a compensation credit that is equal to 3.5% for non-union participants and 4.5% for union participants to eligible earnings monthly. Additionally, on a monthly basis, an interest credit is applied that is based on the average 30-year treasury rate as determined for the month of November preceding the plan year. The interest rate for 2013 was 2.8%. Retirees may elect to receive their pension benefits in the form of a joint and survivor annuity or a life annuity payable monthly from the date of retirement. Under the joint and survivor annuity, if a vested participant dies prior to the date pension benefits commence, the surviving spouse of the deceased vested participant receives benefits equal to 50% of the amount which would have been payable to the retiree under a joint and survivor annuity. Under the life annuity, there are no continuing payments after the death of the retiree. If participants are terminated before completing 3 years of service for the cash balance benefit or 5 years of service for the frozen accrued benefit, they forfeit the right to receive their accumulated benefits.

Participants of the Plan may commence early retirement payment of the frozen accrued benefit after age 55 with 5 years of vesting service and at any time after termination of employment with 3 years of vesting service for the cash balance benefit.

The actuarial present value of the accumulated plan benefits is determined by an independent actuary and is the 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 probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuation as of January 1, 2013 and February 6, 2012 were:

Mortality basis

RP-2000 Annuitant and Non-Annuitant Tables with static projection through the valuation date plus another 7 years for annuitants and 15 years for non-annuitants.

Retirement

Retirement starting at 60 through 65, at varying rates, with 100% by age 65.

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS - continued
(Dollars in thousands)

Discount rate for the determination of the present value of accumulated plan benefits	8.25%
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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 may be applicable in determining the actuarial present value of accumulated plan benefits. The computation of the actuarial present value of accumulated plan benefits was made as of January 1, 2013.

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS – continued
(Dollars in thousands)

5. Master Trust Investments

The fair value of the assets and liabilities of the Master Trust at December 31, 2013 and 2012 is presented in the table below. The Plan's percentage interest in the Master Trust was 1.6% at December 31, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Equity securities.....	\$ 1,360,074	\$ 1,114,363
Fixed income securities.....	291,545	101,019
Mutual fund.....	192,642	196,806
Commingled trust funds.....	147,572	317,586
Short term investments	153,063	43,254
Forward contracts.....	(103)	(107)
Accrued income	5,430	3,741
Receivable for unsettled trades	4,178	1,128
Payable for unsettled trades	(21,258)	(1,836)
	<u>\$ 2,133,143</u>	<u>\$ 1,775,954</u>

The assets of the Plan were transferred into the Master Trust on November 30, 2012. The following presents the investment income of the Master Trust for the year ended December 31, 2013 and the period from December 1, 2012 to December 31, 2012.

	<u>December 31, 2013</u>	<u>Period From December 1, 2012 to December 31, 2012</u>
Net appreciation of investments.....	\$ 320,057	\$ 15,288
Interest.....	9,875	700
Dividends	35,802	3,717
Other	409	2
	<u>\$ 366,143</u>	<u>\$ 19,707</u>

The following presents the net appreciation (depreciation) in fair value of the Master Trust's investments, including realized gains and losses, and the unrealized appreciation and depreciation of investments for the year ended December 31, 2013 and the period from December 1, 2012 to December 31, 2012.

	<u>December 31, 2013</u>	<u>Period From December 1, 2012 to December 31, 2012</u>
Equity securities.....	\$ 305,758	\$ 11,918
Fixed income securities.....	1,583	1,461
Mutual fund.....	(9,053)	(761)
Commingled trust funds.....	21,431	2,755
Forward contracts.....	104	(92)
Other	234	7
	<u>\$ 320,057</u>	<u>\$ 15,288</u>

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS -continued
(Dollars in thousands)

The Plan, through the Master Trust, may enter into foreign currency forward exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into a foreign currency forward contract, the Plan agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. The Plan's net equity therein, representing unrealized gain or loss on the contracts, as measured by the difference between the forward foreign exchanges rates at the dates of entry in the contracts and the forward rates at the reporting date is included in Plan's statement of net assets available for benefits. Realized and unrealized gains and losses are included in the Plan's statement of changes in net assets available for benefits. These instruments involve market and/or credit risks. The Plan, through the Master Trust, manages exposure to credit risk by entering into foreign currency forward contracts only with major institutions that are expected to fully perform under the terms of such contracts.

At December 31, 2013 and 2012, the Plan had the following foreign currency forward exchange contracts.

	2013			2012		
	Asset	Liability	U.S. Dollar Notional	Asset	Liability	U.S. Dollar Notional
Foreign currency contracts.....	\$ —	\$ 103	\$ 4,020	\$ —	\$ 107	\$ 6,907

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS – continued
(Dollars in thousands)

6. Fair Value Measurements

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

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date. The Plan's Level 1 assets include equity securities, a mutual fund classified under Fixed Income – Investment Grade and Real Estate Investment Trusts, all of which fair value is derived from quoted market prices.

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

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

The table below reports by level, within the fair value hierarchy, the assets held in the Master Trust at fair value as of December 31, 2013 and 2012, including a description of the valuation methodologies. As required by the standards, each asset is classified based on the lowest level of input that is significant to the fair value measurement. There have been no changes in the methodologies used at December 31, 2013 and 2012. There were no transfers during the year between Levels 1, 2 or 3.

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS – continued
(Dollars in thousands)

Asset Category	Fair Value Measured at December 31, 2013				Fair Value Measured at December 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equity securities ⁽¹⁾ :								
U.S. Equity.....	\$ 1,157,544	\$ —	\$ —	\$ 1,157,544	\$ 905,144	\$ —	\$ —	\$ 905,144
International Equity	79,779	147,572	—	227,351	67,605	118,590	—	186,195
Fixed Income —								
Investment Grade ⁽²⁾	219,901	136,938	—	356,839	196,806	199,003	—	395,809
Fixed Income —								
High Yield ⁽³⁾	—	119,330	—	119,330	—	106,785	—	106,785
Real Estate Investment								
Trusts ⁽⁴⁾	119,721	—	—	119,721	139,767	—	—	139,767
Other ⁽⁵⁾	—	152,358	—	152,358	—	42,254	—	42,254
Total.....	<u>\$ 1,576,945</u>	<u>\$ 556,198</u>	<u>\$ —</u>	<u>\$ 2,133,143</u>	<u>\$ 1,309,322</u>	<u>\$ 466,632</u>	<u>\$ —</u>	<u>\$ 1,775,954</u>

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

(2) Approximately 62% in 2013 and 50% in 2012 of plan assets that are invested in the Fixed Income — Investment Grade asset category consist of a mutual fund offered by a registered investment company (the "Fund"). The Fund invests in investment grade fixed income securities, mortgaged-backed securities, U.S. treasury and agency bonds and corporate bonds. This Fund is classified by the Company as a Level 1 measurement within the fair value hierarchy, as the mutual fund trades on an active market and daily, quoted prices are available. The remaining 38% of plan assets in 2013 are primarily investment grade corporate bonds from various industries held directly by the Company. The fair values of these investments are based on yields currently available on comparable bonds of issuers with similar credit ratings, quoted prices of similar bonds in an active market, or cash flows based on observable inputs. The remaining 50% of plan assets in 2012 are invested in regulated commingled equity trust funds (the "Bond Funds"). As these Bond Funds do not trade in an active market, the fair value is based on NAVs calculated by fund managers based on yields currently available on comparable bonds of issuers with similar credit ratings, quoted prices of similar bonds in an active market, or cash flows based on observable inputs and classified as Level 2. Withdrawals are permitted monthly based on NAV.

(3) Fixed Income — High Yield consists of investments in corporate high-yield bonds from various industries. The fair values of these investments are based on yields currently available on comparable bonds of issuers with similar credit ratings, quoted prices of similar bonds in an active market, or cash flows based on observable inputs.

(4) Real Estate Investment Trusts (REITs) consist of securities that trade on the major exchanges and invest directly in real estate, either through properties or mortgages.

(5) Other consists primarily of cash equivalents maintained in commingled trust funds, which invest primarily in short term, high quality money market securities such as government obligations, commercial paper, time deposits and certificates of deposit, and are classified as Level 2.

7. Tax Status

The Plan administrator and the Plan's counsel believe that the Plan is designed and as amended and is currently being operated in compliance with the applicable regulations of the IRC; therefore, no provision for income taxes has been included in the Plan's financial statements.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions by the Plan, and has concluded that as of December 31, 2013, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Plan recognizes accrued interest and penalties related to unrecognized tax benefits in tax expense. There were no interest and penalties included in the Plan's financial statements.

L-3 COMMUNICATIONS KEO PENSION PLAN
NOTES TO FINANCIAL STATEMENTS – continued
(Dollars in thousands)

8. *Related Party Transactions*

Certain plan investments held in the Master Trust are units of a commingled trust fund managed by BNY Mellon, the Plan's trustee. As described in Note 2, the Plan (through the Master Trust) paid certain expenses related to plan operations and investment activity to various service providers. These transactions are exempt party in interest transactions under ERISA.

9. *Termination Priorities*

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

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

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

Whether participants receive all benefits to which they are entitled under the terms of the Plan should the Plan terminate at some future time will depend on the sufficiency, at that 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 Pension Benefit Guaranty Corporation, up to specified limits.

**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

2013**This Form is Open to Public
Inspection**For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan L-3 Communications KEO Pension Plan	B Three-digit plan number (PN) ▶ 027
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF L-3 Communications Corporation	D Employer Identification Number (EIN) 13-3937436

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B **F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500**Part I Basic Information**

1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2013</u>		
2 Assets:		
a Market value	2a	30075931
b Actuarial value	2b	30469500
3 Funding target/participant count breakdown:	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 51	2133667
b For terminated vested participants.....	3b 249	8203026
c For active participants:		
(1) Non-vested benefits	3c(1)	38991
(2) Vested benefits	3c(2)	14891303
(3) Total active.....	3c(3) 328	14930294
d Total.....	3d 628	25266987
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	6.29%
6 Target normal cost	6	828735

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 Aida Domlija 	07/18/2014
Signature of actuary	Date
AIDA DOMLIJA, FSA, MAAA	14-06955
Type or print name of actuary	Most recent enrollment number
SIBSON CONSULTING	212-251-5000
Firm name	Telephone number (including area code)
333 W 34TH STREET	
NEW YORK NY 10001-2402	
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) 2013

Equity Orientation as of end of quarter of the plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

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

21 Discount rate:				
a Segment rates:	1st segment: 4.94%	2nd segment: 6.15%	3rd segment: 6.76%	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 63
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	828735										
b Excess assets, if applicable, but not greater than line 31a	31b	828735										
32 Amortization installments:	<table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td>a Net shortfall amortization installment.....</td> <td>0</td> <td>0</td> </tr> <tr> <td>b Waiver amortization installment</td> <td></td> <td></td> </tr> </tbody> </table>				Outstanding Balance	Installment	a Net shortfall amortization installment.....	0	0	b Waiver amortization installment		
	Outstanding Balance	Installment										
a Net shortfall amortization installment.....	0	0										
b Waiver amortization installment												
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33											
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	0										
		Carryover balance	Prefunding balance									
35 Balances elected for use to offset funding requirement.....		0	0									
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	867909										
38 Present value of excess contributions for current year (see instructions)												
a Total (excess, if any, of line 37 over line 36)	38a	867909										
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		

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Line 26 – Schedule of Active Participant Data
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Participants in Active Service by Age and Years of Service as of January 1, 2013

	Years of Service									
Age	Less than 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over
Under 25	--	4	--	--	--	--	--	--	--	--
25-29	1	11	11	1	--	--	--	--	--	--
30-34	--	18	19	--	--	--	--	--	--	--
35-39	--	10	14	5	1	--	--	--	--	--
40-44	--	5	11	2	2	--	--	--	--	--
45-49	--	10	20	4	6	--	4	3	--	--
50-54	--	9	16	8	8	4	10	12	--	--
55-59	--	6	10	3	5	4	1	14	6	--
60-64	--	2	4	3	8	1	6	3	6	3
65-69	--	1	1	2	2	--	1	2	4	--
70 & Over	--	--	--	--	--	--	--	1	--	--

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Actuarial Assumptions and Methodologies (Funding)

Measurement date	January 1, 2013																													
Interest:	<p>The interest rates used for the 2013 plan year are the 24-month average corporate bond segment rates for January 2013 subject to funding stabilization. Under stabilization, the interest rates used for funding purposes are calculated in the usual manner but are then constrained to be within a corridor around a 25-year average of corporate bond rates. For 2013, the stabilization corridor is 15% and will increase 5% per year until it hits 30% for 2016. The rates are as follows:</p> <table><tr><th></th><th>Payments in the First 5 Years</th><th>Payments in Years 6 – 20</th><th>Payments Thereafter</th><th>Effective Interest Rate</th></tr><tr><td>Current Year, reflecting stabilization</td><td>4.94%</td><td>6.15%</td><td>6.76%</td><td>6.29%</td></tr><tr><td>Current Year, without stabilization</td><td>1.62%</td><td>4.40%</td><td>5.45%</td><td>4.68%</td></tr><tr><td>Prior Year, reflecting stabilization</td><td>5.54%</td><td>6.85%</td><td>7.52%</td><td>7.00%</td></tr><tr><td>Prior Year, without stabilization</td><td>1.96%</td><td>5.01%</td><td>6.13%</td><td>5.30%</td></tr></table> <p>The yield curve used to determine the PBGC variable rate premium is the same as funding, without reflecting funding stabilization.</p>						Payments in the First 5 Years	Payments in Years 6 – 20	Payments Thereafter	Effective Interest Rate	Current Year, reflecting stabilization	4.94%	6.15%	6.76%	6.29%	Current Year, without stabilization	1.62%	4.40%	5.45%	4.68%	Prior Year, reflecting stabilization	5.54%	6.85%	7.52%	7.00%	Prior Year, without stabilization	1.96%	5.01%	6.13%	5.30%
	Payments in the First 5 Years	Payments in Years 6 – 20	Payments Thereafter	Effective Interest Rate																										
Current Year, reflecting stabilization	4.94%	6.15%	6.76%	6.29%																										
Current Year, without stabilization	1.62%	4.40%	5.45%	4.68%																										
Prior Year, reflecting stabilization	5.54%	6.85%	7.52%	7.00%																										
Prior Year, without stabilization	1.96%	5.01%	6.13%	5.30%																										
Mortality rates:	RP2000 separate annuitant and non-annuitant tables with static projection. Mortality is projected through the valuation date plus another 7 years for annuitants, and through the valuation date plus another 15 years for non-annuitants. This assumption is one of the choices allowed by the regulations.																													
Salary Increases:	3.50% (previously 4.00%)																													
Election of lump-sum option:	<p>100% of active participants are assumed to elect lump sums at termination. Terminated vested participants that terminated during the prior plan year are assumed to elect an immediate lump sum as of the valuation date. All other terminated vested participants are assumed to elect a lump sum payment to be paid at age 65.</p> <p>Lump sums for the career average benefit are valued on the interest rate implied by the funding yield curve and the mandated mortality tables for lump sum conversion.</p>																													

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Actuarial Assumptions and Methodologies (Funding) *continued*

Sample termination rates:		
	Age	Male
	20	13.7%
	25	10.2
	30	7.1
	35	6.0
	40	5.5
	45	5.0
	50	4.5
	55	2.0
	60	10.0
Retirement (from active status) rates:	Age	Rates
	60-61	10%
	62	50%
	63-64	15%
	65	100%
Interest credit rate on cash balance account:	100 basis points less than the assumed long-term corporate bond rate (3.20% compounded annually for 2013, previously 4.10% compounded annually).	
Retirement from inactive status	Age 65, or immediately if over 65	
Percent married	80% of participants are assumed to be married	
Age difference	Husbands are three years older than their wives	
Administrative expenses	\$250,000	

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Actuarial Assumptions and Methodologies (Funding) *continued*

Asset method	Assets are determined by averaging the market value as of the valuation date and the adjusted market values as of the preceding two years. The resulting value is limited to between 90% to 110% of market value of assets. The adjusted market values reflect cash flow and expected earnings to the valuation date. The expected earnings are based on an assumed rate of return of 7.50%, limited to the third segment of the funding interest assumption for the applicable year.		
Funding method	Funding method is unit credit actuarial cost method, as prescribed by law. The liability is measured on an accrual-to-date basis using mandated mortality tables and interest rates with no salary projection past the end of the year.		
Assumption changes since prior valuation:	<u>Assumption Type</u>	<u>Current Assumption</u>	<u>Prior Assumption</u>
	Salary Scale	3.50%	4.00%
	Social Security Wage Base	3.00%	3.50%
<i>The assumptions above have been revised based on current economic conditions and payroll outlook information provided by the client. The assumption changes did not result in a decrease in the ERISA funding shortfall for the current plan that would require IRS approval.</i>			

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Summary of Plan Provisions

This subsection summarizes the major provisions of the Plan as included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

CASH BALANCE BENEFIT	
PLAN STATUS: ONGOING	
Effective date: January 1, 2003 for Hourly employees and January 1, 2001 for Salaried employees	
Normal retirement:	
Age requirement:	65
Service requirement:	3 years of service
Amount:	The actuarial equivalent of the projected cash value at participant's normal retirement date.
Compensation Credit:	<i>Hourly:</i> Monthly compensation credit is equal to 4.5% of the participant's compensation for the month and is credited at the end of each month (3.0% from January 1, 2003 to December 31, 2003). <i>Salaried:</i> Monthly compensation credit is equal to 3.5% of the participant's compensation for the month and is credited at the end of each month (4.5% from January 1, 2004 to January 1, 2011 and 3.0% from January 1, 2001 to December 31, 2003).
Interest Credit:	The interest credit rate is based on the applicable interest rate, which is the average of 30-year treasury rate as determined for the month of November preceding the Plan Year.
Projected Cash Value	Projected cash balance account from the valuation date to participant's normal retirement date based on the interest crediting rate that is the applicable interest rate for the year.
Early retirement:	
Age requirement:	55
Service requirement:	3 years of service
Amount:	The Cash Balance is based on the Cash Balance accrued at early retirement age: <ul style="list-style-type: none"> ➤ If taken as a lump sum, then it is equal to the balance accrued ➤ If taken as an annuity, it is the actuarial equivalent of the projected cash value discounted from the normal retirement age.

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Summary of Plan Provisions *continued*

Vesting:	
Age requirement:	None
Service requirement:	3 years of service
Amount:	Regular pension accrued payable at age 65.
Vesting percentage:	100% after 3 years of service
Pre-retirement death benefits:	
Age:	None
Service requirement:	3 years of service
Amount:	The actuarial equivalent of the participant's projected cash value payable to the spouse.
Participation:	
	<p><i>Hourly:</i> For individuals not eligible at January 1, 2003, the participation commences at the January 1 or July 1 coincident with or next following the later of (1) the date that the individual became an Employee or (ii) the date the individual completes one year of service.</p> <p><i>Salaried:</i> Immediate eligibility at January 1, 2001 for participants of the Kollmorgen Salaried Pension Plan. For individuals not eligible at January 1, 2001, the participation commences at the January 1 or July 1 coincident with or next following the later of (i) the date that the individual became an Employee or (ii) the date the individual completes one year.</p>
Years of Service:	
	The first 365 consecutive days during the participant's Continuous Service or any subsequent period of 365 consecutive days during such Continuous Service.

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Summary of Plan Provisions *continued*

Forms of Benefit:	
Normal Form:	Life Annuity for single participants and 50% Joint and Survivor Annuity for married participants, that is actuarially equivalent to the life annuity.
Optional Forms:	Life Annuity 75% Survivor Annuity Single Lump Sum Payment
Actuarial Equivalence:	Actuarial equivalence is based on 417(e) assumptions.
Section 415 limit:	
	\$205,000 (previously \$200,000)
Section 401(a)(17) limit:	
	\$255,000 (previously \$250,000)

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Summary of Plan Provisions *continued*

CAREER AVERAGE BENEFIT FOR HOURLY EMPLOYEES	
PLAN STATUS: Frozen as of December 31, 2002 (subsequent accruals are earned under the cash balance provisions)	
Effective date: November 1, 1968	
Normal retirement:	
Age requirement	65
Service requirement:	5 years of vesting service (1,000 hours)
Amount:	<p>For each Year of Service after October 31, 1950, the accrued benefit is equal to the sum of (i), (ii), and (iii) below, but not less than (iv):</p> <ul style="list-style-type: none"> (i) 1.0% of Compensation for Years of Service before August 31, 1996. (ii) .5% of Compensation in excess of \$7,800, for Years of Service before August 31, 1996. (iii) 1.5% of Compensation for Years of Service after September 1, 1996. (iv) 1) \$25 per month times Years of Service effective 9/1/1999 2) \$26 per month times Years of Service effective 9/1/2000 3) \$27 per month times Years of Service effective 9/1/2001. <p>Compensation is the W-2 earnings subject to a cap of \$35,000 for Years of Service through August 31, 1996, \$38,500 for Years of Service after September 1, 1996 through August 31, 1999 and \$41,500 of Years of Service after September 1, 1999.</p> <p>Effective January 1, 1991, the past service benefit was brought up to date by using 1% of the highest five years of W-2 earnings between 1985 and 1990 times Years of Service through December 31, 1990 with no salary cap.</p>
Maximum benefit:	\$160,000 per year adjusted for retirement at age other than Social Security Normal Retirement Age, and increasing as indexed by law.
Early retirement:	
Age requirement:	55
Service requirement:	5 years of service
Actuarial Equivalence:	1971 Group Annuity Table for Males, with one year setback in age with 7% per annum compounded annually.
Amount:	The actuarial equivalent of the retirement benefit at Normal retirement date, calculated with credited service to the Early retirement date.

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Summary of Plan Provisions *continued*

Disability:	
Eligibility:	Declared totally and permanently disabled under Title II of the Federal Social Security Act and on the basis of satisfactory medical evidence presented to the Employer. Participants must be fully vested.
Amount:	For total and permanent disability arising on or after August 15, 1984 but prior to September 1, 1990, monthly disability income payments equal \$250 per month less any benefits received under Workmen's Compensation Laws or the Company's Accident and Sickness Plan. Effective September 1, 1990, the monthly disability income was raised to \$300 per month.
Pre-retirement death benefits:	
Age requirement:	None
Service requirement:	5 years of service
Amount:	Annuity payable to participant's spouse under 50% Joint and Survivor option with payment commencement deferred to the participant's earliest retirement date.
Post-retirement death benefits:	
Age requirement:	62
Service requirements:	10 years of service
Amount:	Single payment of \$1,500 payable to beneficiary of a deceased participant who had commenced payments, and who is not eligible for a spouse's benefit under a Joint and Survivor Annuity option.
Vesting:	
Age requirement:	None
Service requirement	5 years of service
Amount	Regular pension accrued payable at age 65, or reduced benefit payable on or after attainment of age 55.
Vesting percentage	100% after 5 years of service

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Summary of Plan Provisions *continued*

Participation:	
Age requirement	21 years
Service requirement	One year of service. Participation occurs on the first day of the month following completion of these requirements.
Service:	
Vesting:	1,000 hours in a plan year
Benefit:	Any 12 consecutive-month period during which the employee completes 2,080 Hours of Service shall be considered on Year of Service. If the number of Hours of Service is less than 2,080, a fraction of a Year of Benefit Service shall be credited, the numerator of which is the number of Hours of Service completed in such a year or partial Year of Service, and the denominator of which is 2,080. Such 12-consecutive month period will be measured from January 1.
Forms of benefit:	
Normal form:	Life Annuity for single participants and 50% Joint and Survivor for married participants, that is actuarially equivalent to the life annuity.
Optional forms:	100% Joint and Survivor Life Annuity Lump Sum Payment 75% Survivor Annuity 10 Years of Certain and Life Annuity 10 Years of Certain Option
Actuarial Equivalence:	For purposes of converting a straight life annuity to a lump sum distribution, actuarial equivalence is based on 417(e) assumptions, provided that no actuarial equivalent determination is less than a distribution based on 1971 Group Annuity Table for Males, with one year setback in age with 7% per annum compounded annually. For all other forms of payment, actuarial equivalence is based on 1971 Group Annuity Table for Males, with one year setback in age with 7% per annum compounded annually.

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Summary of Plan Provisions *continued*

CAREER AVERAGE BENEFIT FOR SALARIED EMPLOYEES	
PLAN STATUS: Frozen as of January 1, 2001 (subsequent accruals are earned under the cash balance provisions)	
Effective date: November 1, 1968	
Normal retirement:	
Age requirement	65
Service requirement:	5 years of vesting service (1,000 hours)
Amount:	<p>The annual amount of accrued benefit is equal to the product of (i) and (ii) and below:</p> <p>(i) 1.3% of Final Average Compensation not in excess of the Covered Compensation level for an individual obtaining their Social Security normal retirement age in the year of calculation plus 1.8% of Final Average Compensation in excess of the Covered Compensation level.</p> <p>(ii) Years of a member's benefit service, up to a maximum of 30.</p> <p>Participants who were formerly participants of the Kollmorgen (Long Island) Floor Plan began receiving pay credit for Benefit Service under the benefit formula described above as of January 1, 1991. These participants are also entitled to payment under this Plan of any benefits based on service prior to January 1, 1991 earned under Kollmorgen Floor Plan. However, total retirement benefits payable from this plan may not exceed the amount of benefits that would be paid under the benefit formula described above if the participant had been covered by the Plan from the date of hire without regard to the special Floor Plan provisions.</p>
Maximum benefit:	\$140,000 per year adjusted for retirement at age other than Social Security Normal Retirement Age.
Early retirement:	
Age requirement:	55
Service requirement:	5 years of service
Actuarial Equivalence:	1984 Unisex pensioner's mortality table with 8% per annum compounded annually.
Amount:	The actuarial equivalent of the retirement benefit at Normal retirement date, calculated with credited service to the Early retirement date.
Disability:	
Eligibility:	Declared disabled by the Social Security Administration
Amount:	Benefit accrued to Normal Retirement Date assuming constant earnings from disablement to Normal Retirement Date.

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Summary of Plan Provisions *continued*

Pre-retirement death benefits:	
Age requirement:	None
Service requirement:	5 years of service
Amount:	Annuity payable to participant's spouse under 50% Joint and Survivor option with payment commencement deferred to the participant's earliest retirement date.
Service:	
Vesting service:	Fully vested after completion of 5 full years of vesting service (1,000 hours)
Benefit:	<p>12 consecutive-month period during which the employee completes 2,080 Hours of Service shall be considered one Year of Service. If the number of Hours of Service is less than 2,080, a fraction of a Year of Benefit Service shall be credited, the numerator of which is the number of Hours of Service completed in such a year or partial Year of Service, and the denominator of which is 2,080. Such 12-consecutive month period will be measured from January 1.</p> <p>Participants at Magnedyne division begin to earn Benefit Service on January 1, 1999.</p> <p>Participants at New England Affiliated Technologies begin to earn benefit service on January 1, 2000.</p>
Forms of benefit:	
Normal form:	Life Annuity for single participants and 50% Joint and Survivor for married participants, that is actuarially equivalent to the life annuity.
Optional forms:	100% Joint and Survivor Life Annuity Lump Sum Payment 75% Survivor Annuity 10 Years of Certain and Life Annuity 10 Years of Certain Option
Actuarial equivalence:	<p>For purposes of converting a straight life annuity to a lump sum distribution, actuarial equivalence is based on 417(e) assumptions.</p> <p>For all other forms of payment, actuarial equivalence is based on 1984 Unisex pensioner's mortality table with 8% per annum compounded annually.</p>
Participation:	
Age requirement:	21 years
Service requirement:	One year of service. Participation occurs on the first day of the month following completion of these requirements.

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Summary of Plan Provisions *continued*

Most Recent Plan Amendments

Plan Amendment	Effective Date	Reflected in 2013 Actuarial Valuation
The Plan document was established by L-3 in conjunction with the transfer.	02/06/2012	Yes
Amendment # 1 to satisfy benefit limitations required under Section 436 of the Internal Revenue Code	02/06/2012	N/A

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Line 22 – Description of Weighted Average Retirement Age
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

<u>Age</u>	<u>Rate</u>	<u>Probability of Retiring</u>	<u>Age x Probability</u>
60	10.00%	10.00%	6.00
61	10.00%	9.00%	5.49
62	50.00%	40.50%	25.11
63	15.00%	6.08%	3.83
64	15.00%	5.16%	3.30
65	100.00%	29.26%	19.02
Weighted average			62.75

Attachment to 2013 Schedule SB of Form 5500
Schedule SB, Line 24 – Change in Actuarial Assumptions
L-3 Communications KEO Pension Plan
EIN 13-3937436 PN 027

Change in Actuarial Assumptions

Assumption changes since prior valuation:	<u>Assumption Type</u>	<u>Current Assumption</u>	<u>Prior Assumption</u>
	Salary Scale	3.50%	4.00%
	Social Security Wage Base	3.00%	3.50%
	<i>The assumptions above have been revised based on current economic conditions and payroll outlook information provided by the client. The assumption changes did not result in a decrease in the ERISA funding shortfall for the current plan that would require IRS approval.</i>		