

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 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	
A	This return/report is for: ☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
	☒ a single-employer plan ☐ a DFE (specify) _____
B	This return/report is: ☐ the first return/report ☐ an amended return/report ☐ the final 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 ☐ special extension (enter description) ☐ automatic extension ☐ the DFVC program
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶ ☐

Part II	Basic Plan Information—enter all requested information
1a	Name of plan <u>K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES</u>
1b	Three-digit plan number (PN) ▶ <u>002</u>
	1c Effective date of plan <u>05/01/1989</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>MEGGITT AIRCRAFT BRAKING SYSTEMS CORPORATION</u> <u>1204 MASSILLON ROAD</u> <u>AKRON, OH 44306-4186</u>
2b	Employer Identification Number (EIN) <u>34-1614846</u>
2c	Plan Sponsor's telephone number <u>330-796-4400</u>
2d	Business code (see instructions) <u>336410</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.	10/17/2022	TERI RIVERA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

3a Plan administrator's name and address ☐ Same as Plan Sponsor PENSION COMMITTEE MEGGITT AIRCRAFT BRAKING SYSTEMS TERI RIVERA 1204 MASSILLON RD AKRON, OH 44306		3b Administrator's EIN 34-1614846 3c Administrator's telephone number 330-796-3583	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	1046
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6a(1) 6a(2) 6b 6c 6d 6e 6f 6g 6h	185 158 622 148 928 96 1024 0 0
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 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) ☐ <u>0</u> A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

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 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

▶ **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>K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>MEGGITT AIRCRAFT BRAKING SYSTEMS CORPORATION</u>	D Employer Identification Number (EIN) <u>34-1614846</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>2021</u>	
2 Assets:	
a Market value	2a <u>138597042</u>
b Actuarial value	2b <u>124737338</u>
3 Funding target/participant count breakdown	
a For retired participants and beneficiaries receiving payment.....	(1) Number of participants <u>708</u> (2) Vested Funding Target <u>90796279</u> (3) Total Funding Target <u>90796279</u>
b For terminated vested participants.....	<u>153</u> <u>7836631</u> <u>7836631</u>
c For active participants	<u>185</u> <u>26519054</u> <u>26568700</u>
d Total.....	<u>1046</u> <u>125151964</u> <u>125201610</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>5.53</u> %
6 Target normal cost.....	
a Present value of current plan year accruals.....	6a <u>0</u>
b Expected plan-related expenses	6b <u>1095000</u>
c Total (line 6a + line 6b)	6c <u>1095000</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>10/07/2022</u> Date
Signature of actuary		<u>20-07371</u> Most recent enrollment number
<u>JARRED WILSON, MAAA, EA</u> Type or print name of actuary		<u>212-251-5000</u> Telephone number (including area code)
<u>SEGAL</u> Firm name		
<u>333 W. 34 ST.</u> <u>NEW YORK, NY 10001</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, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2021
v. 201209

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	1453482
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	1453482
10 Interest on line 9 using prior year's actual return of <u>18.86</u> %	0	274127
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		391533
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.67</u> %		22200
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		413733
d Portion of (c) to be added to prefunding balance		413733
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	2141342

Part III Funding Percentages

14 Funding target attainment percentage	14	97.91 %
15 Adjusted funding target attainment percentage	15	97.91 %
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	93.02 %
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
01/15/2021	843492	0			
Totals ▶			18(b)	843492	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	841752

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

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

Part V Assumptions Used to Determine Funding Target and Target Normal Cost**21** Discount rate:**a** Segment rates:1st segment:
4.75 %2nd segment:
5.36 %3rd segment:
6.11 %☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

4

22 Weighted average retirement age**22**

64

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 6c) **31a** 1095000**b** Excess assets, if applicable, but not greater than line 31a **31b** 0**32** Amortization installments:**a** Net shortfall amortization installment Outstanding Balance 2605614 Installment 346945**b** Waiver amortization installment 0**33** If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount **33****34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) **34** 1441945**35** Balances elected for use to offset funding requirement Carryover balance Prefunding balance Total balance 600193 600193**36** Additional cash requirement (line 34 minus line 35) **36** 841752**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) **37** 841752**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36) **38a** 0**b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances **38b** 0**39** Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) **39** 0**40** Unpaid minimum required contributions for all years **40** 0**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)****41** If an election was made to use PRA 2010 funding relief for this plan:**a** Schedule elected ☐ 2 plus 7 years ☐ 15 years**b** Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

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

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

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

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

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 MEGGITT AIRCRAFT BRAKING SYSTEMS CORPORATION	D Employer Identification Number (EIN) 34-1614846	

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	3136012	0
(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)	135462399	133729237
(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)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(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	138598411 133729237
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness.....	1i	
j	Other liabilities.....	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	0 0
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	138598411 133729237

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.

		(a) Amount	(b) Total
Income			
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	843492
	(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)	843492
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)		3630377
(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		4473869
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	8644315	
(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)		8644315
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)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	698728	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		698728
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		9343043
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		-4869174
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

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

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

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

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

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

(1) Name: CLIFTONLARSONALLEN LLP

(2) EIN: 41-0746749

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.).....

	Yes	No	Amount
4a		X	

	Yes	No	Amount
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.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		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.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		2500000
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	
4f		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	
4g		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	
4h		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	
4i		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	
4j		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	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			
5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.			
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 Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☒ Yes ☐ No ☐ Not determined If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 439889.			

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan <u>K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MEGGITT AIRCRAFT BRAKING SYSTEMS CORPORATION</u>	D Employer Identification Number (EIN) <u>34-1614846</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>36-3046063</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	<u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

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, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

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 deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

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: 0.0 % Investment-Grade Debt: 58.7 % High-Yield Debt: 8.2 % Real Estate: 3.8 % Other: 29.3 %

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):

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☒ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

**K & F INDUSTRIES RETIREMENT PLAN
FOR SALARIED EMPLOYEES**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020



CPAs | CONSULTANTS | WEALTH ADVISORS

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**K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
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YEARS ENDED DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Plan Administrator
K & F Industries Retirement Plan for Salaried Employees
Simi Valley, California

Report on the Audit of the Financial Statements

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the accompanying financial statements of K & F Industries Retirement Plan for Salaried Employees, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information as described in Note 5 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditors' Responsibilities for the Audit of the 2021 Financial Statements section

- the amounts and disclosures in the 2021 financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the 2021 financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of K & F Industries Retirement Plan for Salaried Employees, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 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, and for 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about K & F Industries Retirement Plan for Salaried Employees' ability to continue as a going concern for one year after the date of the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Plan Administrator
K & F Industries Retirement Plan for Salaried Employees

- Obtain an understanding of internal control relevant to the audit 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 K & F Industries Retirement Plan for Salaried Employees' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about K & F Industries Retirement Plan for Salaried Employees' ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Auditors' Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of K & F Industries Retirement Plan for Salaried Employees. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 13, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.



CliftonLarsonAllen LLP

Canton, Ohio
October 15, 2022

**K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
INVESTMENTS (at Fair Value)		
Plan Interest in K & F Industries Master Pension Trust	<u>\$ 133,729,237</u>	<u>\$ 135,462,399</u>
Total Investments at Fair Value	133,729,237	135,462,399
EMPLOYER CONTRIBUTION RECEIVABLE	<u>-</u>	<u>3,136,012</u>
Total Assets	<u>133,729,237</u>	<u>138,598,411</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 133,729,237</u></u>	<u><u>\$ 138,598,411</u></u>

See accompanying Notes to Financial Statements.

**K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ADDITIONS:		
NET INCOME FROM K&F INDUSTRIES MASTER PENSION TRUST	\$ 3,630,377	\$ 21,947,219
EMPLOYER CONTRIBUTIONS	<u>843,492</u>	<u>2,595,012</u>
Total Additions	4,473,869	24,542,231
DEDUCTIONS:		
BENEFITS PAID TO PARTICIPANTS	8,644,315	8,188,608
ADMINISTRATIVE EXPENSES	<u>698,728</u>	<u>687,791</u>
Total Deductions	<u>9,343,043</u>	<u>8,876,399</u>
NET INCREASE (DECREASE)	(4,869,174)	15,665,832
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of Year	<u>138,598,411</u>	<u>122,932,579</u>
End of Year	<u><u>\$ 133,729,237</u></u>	<u><u>\$ 138,598,411</u></u>

See accompanying Notes to Financial Statements.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 DESCRIPTION OF PLAN

The following description of the K & F Industries Retirement Plan for Salaried Employees (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General

The Plan is a defined benefit pension plan with a basic noncontributory benefit for all participants and a voluntary contributory benefit available to electing participants. The Plan covers salaried employees employed prior to April 1, 2009, of Meggitt Aircraft Braking Systems Corporation (MABS) and Meggitt (Rockmart), Inc. (Rockmart) (formerly, Engineered Fabrics Corp.) (the Company), both of which are wholly owned subsidiaries of Meggitt-USA, Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Effective December 31, 2018, the Plan was amended to freeze the accrued benefit of each participant such that years of service and earnings for the purpose of determining the amount of each such participant's accrued benefit shall not increase for periods of employment after December 31, 2018, and to cease employee contributions as of such date.

Pension Benefits

Generally, normal retirement is the later of age 65 or completion of five years of eligibility service. Pension benefits are based upon formulas for noncontributory benefits for all eligible participants and separate formulas for contributory benefits for MABS and Rockmart as summarized below.

The noncontributory benefit formula is the sum of (i) a fixed dollar amount multiplied by years and months of continuous service from March 13, 1987 through December 31, 1989, and (ii) for continuous service after 1989, the greater of the sum of 0.7% of each year's earnings up to the Social Security wage base or \$288 multiplied by years and months of continuous service.

The contributory benefit formula for MABS is in two parts with Part 1 being the greater of (i) 60% of employee contributions made between March 13, 1987 and December 31, 1989, which were not withdrawn or (ii) adjusted earnings in excess of the applicable base amount multiplied by a percentage based upon years of contributory service. Part 2 applies to contributory service after 1989 and is equal to the greater of (i) 60% of employee contributions made after 1989 or (ii) the sum of amounts determined each year after 1989 by applying a percentage (either 1.05% or 1.35% based upon years of contributory service) to earnings in excess of \$19,800 but not more than the Social Security wage base for the year, plus a percentage (either 2.25% or 2.65% based upon years of contributory service) multiplied by earnings in excess of the Social Security wage base for the year.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Pension Benefits (Continued)

The contributory benefit formula for Rockmart is the greater of (i) 60% of all employee contributions made on and after March 13, 1987, which were not withdrawn or (ii) adjusted earnings in excess of the applicable base amount multiplied by a percentage that reflects increasing years of contributory service.

Required and optional forms of payment are provided to eligible participants with spousal consent where applicable. The Plan permits early retirement with unreduced benefits in certain circumstances. Early retirement is available at any age with at least 30 years of eligibility service, 10 years of eligibility service and age 55, or age of 55 plus a combination of age and years of eligibility service totaling at least 70 years.

The Plan document includes detailed rules for each situation and forms of payment. Participants and other interested parties should refer to the Plan document regarding specific provisions of the Plan.

Death and Disability Benefits

If an active employee dies at age 55 or older, a death benefit equal to the value of the employee's accumulated pension benefits is paid to the employee's beneficiary. Active employees who become totally disabled receive annual disability benefits that are equal to the normal retirement benefits they have accumulated as of the time they become disabled. Disability benefits are paid until normal retirement age at which time disabled participants begin receiving normal retirement benefits computed as though they had been employed to normal retirement age with their annual compensation remaining the same as at the time they became disabled.

Funding Policy

The Plan's funding policy is for the Company to contribute an amount which will meet or exceed the annual ERISA minimum funding requirement. During 2021 and 2020, the Company made contributions of \$843,492 and \$2,595,012, respectively. The Company's contributions for 2021 and 2020 exceeded the minimum funding requirements of ERISA.

Although it has not expressed an intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to provisions set forth in ERISA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the application of certain accounting policies described in this note.

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Investment Valuation and Income Recognition

The Plan's sole investment is an interest in the K & F Industries Master Pension Trust (Master Trust), which was established for the pooled investment of assets of the Plan and Aircraft Braking Systems/Engineered Fabrics Retirement Plan for Bargaining-Unit Employees. The Plan's investment in the Master Trust is stated at fair value based on the fair value of the net assets of the Master Trust. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements.

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

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

As provided in the Plan document, costs of administering the Plan are paid by the Plan. Certain administrative and clerical functions are performed by the Company's employees at no charge to the Plan.

NOTE 3 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to:

- a) Retired or terminated employees with vested rights or their beneficiaries,
- b) Beneficiaries of employees who have died, and
- c) Present employees or their beneficiaries.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
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NOTE 3 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)

Benefits under the Plan are based on certain formulas determined by the Plan. The accumulated plan benefits for active employees are based on the Plan's terms and each participant's service through December 31, 2018; the date plan benefits were frozen. Benefits payable under all circumstances (retirement, death, disability, and termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date. The actuarial present value of accumulated plan benefits was 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 the 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 underlying the actuarial computations as of December 31, 2020 the latest actuarial information available, were:

- a) Life expectancy of Participants (PRI-2012 Amount-Weighted Healthy mortality table).
- b) Retirement age assumptions based on a table of anticipated rates of retirement at each of the ages at which retirement eligibility occurs, and
- c) The assumed rate of return on the Plan's investments. The valuation included an assumed rate of return of 7%.

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

The following is a summary of actuarial present value of accumulated plan benefits as of December 31:

	<u>2020</u>
Actuarial Present Value of Accumulated	
Plan Benefits:	
Vested Benefits:	
Participants Currently Receiving Payments	\$ 79,826,138
Other Participants	<u>29,244,394</u>
Total Vested Benefits	109,070,532
Nonvested Benefits	<u>40,786</u>
Total Actuarial Present Value of	
Accumulated Plan Benefits	<u><u>\$ 109,111,318</u></u>

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)

The changes in the actuarial present value of accumulated plan benefits are summarized as follows for the period ended December 31:

	<u>2020</u>
Actuarial Present Value of Accumulated	
Plan Benefits - Beginning of Year	\$ 108,797,623
Increase (Decrease) During the Year Attributable to:	
Change in Actuarial Assumptions	(195,962)
Benefits Accumulated and Actuarial Experience	1,082,431
Change in Discount Period	7,615,834
Benefits Paid	<u>(8,188,608)</u>
Actuarial Present Value of Accumulated	
Plan Benefits - End of Year	<u><u>\$ 109,111,318</u></u>

NOTE 4 PLAN TERMINATION

Although it has not expressed any intent to do so, the Plan Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to provisions of ERISA. In the event of Plan termination, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, 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) Annuity benefits that former employees or their beneficiaries have been receiving for at least three years or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination.
- (c) Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. Government agency) up to the applicable limitations.
- (d) Other vested benefits (that is, vested benefits not insured by the PBGC).
- (e) All nonvested benefits.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 PLAN TERMINATION (CONTINUED)

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees. For Plan terminations occurring during 2021 and 2020, the statutory ceiling was approximately \$6,000 and \$5,800 per month, respectively.

The ceiling applies to those pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or Plan termination (whichever comes later). For younger annuitants or for those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceilings will be actuarially adjusted downward.

Whether all participants receive their benefits 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 PBGC.

NOTE 5 INTEREST IN K & F INDUSTRIES MASTER PENSION TRUST

The Master Trust was established by K & F Industries, Inc. for the pooled investment of assets of the Plan and Aircraft Braking Systems/Engineered Fabrics Retirement Plan for Bargaining-Unit Employees.

Pursuant to the trustee's method of allocating the investment holdings between the two plans, contributions into the Master Trust are treated as purchases of shares in the Master Trust, withdrawals are treated as sales of shares, and investment income is allocated proportionately to all shares held.

Accordingly, the value of the Plan's investment in the Master Trust is equal to the Plan's interest in the Master Trust's combined net assets available for benefits.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 INTEREST IN K & F INDUSTRIES MASTER PENSION TRUST (CONTINUED)

The following table summarizes the Plan's divided interest in the Master Trust as of December 31:

	2021		2020	
	Master Trust Balances	Plan's Interest in the Trust	Master Trust Balances	Plan's Interest in the Trust
ASSETS				
Investments at Fair Value:				
Common/Collective Trusts:				
Common Stock	\$ 28,047,250	\$ -	\$ 31,333,607	\$ -
Corporate Bonds	122,832,739	99,155,316	116,082,167	89,330,981
Fixed Income Securities	7,968,008	-	8,664,275	-
Hedge Equity	36,618,430	-	40,235,798	-
Short-Term Investment	2,513,151	1,392,667	1,531,858	1,343,114
Emerging Markets	2,849,932	2,849,932	5,449,530	5,449,530
Real Estate Property	3,746,790	3,746,790	5,037,271	5,037,271
Derivative Instruments:				
Options Contracts	8,212,047	6,022,907	7,252,696	7,850,970
Equity Swap Contract	324,366	-	2,133,079	-
Government Bonds	42,174,567	20,350,639	48,698,946	25,677,084
Interest-Bearing Cash	8,589,437	6,007,779	7,769,600	6,186,784
Total Investments	263,876,717	139,526,030	274,188,827	140,875,734
Receivables:				
Accrued Interest and Dividends	201,097	188,207	234,564	221,665
Total Assets	264,077,814	139,714,237	274,423,391	141,097,399
LIABILITIES				
Obligation to Return Collateral	8,435,000	5,985,000	7,145,000	5,635,000
Total Liabilities	8,435,000	5,985,000	7,145,000	5,635,000
Total	\$ 255,642,814	\$ 133,729,237	\$ 267,278,391	\$ 135,462,399

The following are net appreciation in the fair value of investments and investment income for the Master Trust for the years ended December 31:

	2021	2020
Net Appreciation in Fair Value of Investments	\$ 1,970,250	\$ 39,817,911
Interest and Dividends	722,563	833,769
Total	\$ 2,692,813	\$ 40,651,680

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 INTEREST IN K & F INDUSTRIES MASTER PENSION TRUST (CONTINUED)

All investment information including investments held in the Master Trust as of December 31, 2021 and 2020, interest and dividend income and net appreciation in fair value of investments for the years then ended, included in the Plan's financial statements, was prepared by or derived from information provided by The Northern Trust Company, the trustee for the Plan, and furnished to the Plan administrator. The Plan administrator has obtained a certification from the trustee that the information provided to the Plan administrator by the trustee related to the Master Trust and to the Plan is complete and accurate. Accordingly, as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the investment information

NOTE 6 FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 FAIR VALUE MEASUREMENT (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Interest-Bearing Cash: Valued using amortized cost which approximates fair value.

U.S. Government Agency Bonds and Notes: Valued at the closing price reported on the active market on which the individual securities are traded.

Common/Collective Trusts: Valued at the net asset value (NAV) of units of the collective trust. NAV is a readily determinable fair value and is the basis for current transactions. Also, a collective fund (Real Estate) that is composed primarily of real estate investments owned directly or through partnership interests valued at the NAV of units of the bank collective trust. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported NAV. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Option Contracts: Investments are held in MSCI World Index option contracts. The profits and losses of an option contract depends on the daily movements of the market for that contract and are calculated on a daily basis. Changes in fair value are accounted for as net appreciation in fair value of investments.

Equity Swap Contract: Investments are held in MSCI World Index swap contracts. Contract pays the three month London Interbank Offered Rate (LIBOR) (minus a spread) on a notional principal of \$11,500,000 as of December 31, 2021 and 2020. Swap contracts are valued daily based on the market value of MSCI World Index relative to the notional amount of the contract.

The following tables set forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Interest-Bearing Cash	\$ -	\$ 8,589,437	\$ -	\$ 8,589,437
U.S. Government Agency Bonds and Notes	-	42,174,567	-	42,174,567
Common/Collective Trusts	-	200,829,510	-	200,829,510
Derivative Instruments:				
Options Contracts	-	8,212,047	-	8,212,047
Equity Swap Contract	-	324,366	-	324,366
Total Investments in the Fair Value Hierarchy	\$ -	\$ 260,129,927	\$ -	260,129,927
Investments Measured at Net Asset Value (a)				3,746,790
Total Investments at Fair Value				<u>\$ 263,876,717</u>

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 FAIR VALUE MEASUREMENT (CONTINUED)

	2020			
	Level 1	Level 2	Level 3	Total
Interest-Bearing Cash	\$ -	\$ 7,769,600	\$ -	\$ 7,769,600
U.S. Government Agency Bonds and Notes	-	48,698,946	-	48,698,946
Common/Collective Trusts	-	203,297,235	-	203,297,235
Derivative Instruments:				
Options Contracts	-	7,252,696	-	7,252,696
Equity Swap Contract	-	2,133,079	-	2,133,079
Total Investments in the Fair Value Hierarchy	\$ -	\$ 269,151,556	\$ -	269,151,556
Investments Measured at Net Asset Value (a)				5,037,271
Total Investments at Fair Value				<u>\$ 274,188,827</u>

- (a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The following tables summarize investments for which fair value is measured using the net asset per share practical expedient as of December 31:

Investment Type	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common/Collective Trusts:				
Real Estate (a)	\$ 3,746,790	\$ -	Quarterly	45 Days

Investment Type	2020			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common/Collective Trusts:				
Real Estate (a)	\$ 5,037,271	\$ -	Quarterly	45 Days

- (a) This class seeks to provide a high level of current income combined with moderate appreciation through the investment of real estate investments which are owned directly or through partnership interests, as well as mortgage loans on income-producing real estate.

The fair value of investments in all of these categories noted above has been estimated using the net asset value per share of underlying investments.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 FAIR VALUE MEASUREMENT (CONTINUED)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2021 and 2020, there were no significant transfers in or out of Levels 1, 2, or 3.

NOTE 7 DERIVATIVE INSTRUMENTS

The Plan uses derivative financial instruments in the normal course of business to hedge against adverse changes in financial markets. The Plan uses derivative financial instruments to closely track the performance of the MSCI World Index. The Plan manages market risk by limiting the use of derivatives to hedging activities or by limiting potential exposure to amounts that are not considered to be material to the statement of changes in net assets available for plan benefits.

Option Contract: Provides an option to purchase (known as a call option) or sell (known as a put option) the underlying asset at a fixed price for a specified period of time. The Plan has no obligation to buy or sell an underlying asset. Accordingly, the Plan does not anticipate losses for nonperformance. The time period related to these hedges is dependent upon the types of securities being hedged, but in the current structure, typically matures after three years.

Equity Swap Contract: Provides a series of cash payments based on (a) an equity index and (b) a fixed or floating interest rate on a notional principal amount. The Bank pays the Plan an amount equal to the increase in the stock index at regular intervals specified in the contract. Conversely, the Plan must pay the Bank if the stock index declines. This notional principal amount is based on the underlying equity index value at the contract's inception. The notional principal amount is adjusted at each payment date to reflect the settlement of the equity gain or loss. The floating rate is also reset on the periodic payment dates.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 DERIVATIVE INSTRUMENTS (CONTINUED)

The gross assets and liability derivative values of instruments in the master trust are as follows at December 31:

Derivatives Not Designated as Hedging Instruments Under Subtopic 815-20	Fair Values of Derivative Instruments			
	Asset Derivatives		Liability Derivatives	
	2021	2020	2021	2020
Options Contracts	\$ 19,489,616	\$ 14,864,115	\$ 11,277,569	\$ 7,611,419
Equity Swap Contract	\$ 324,366	\$ 2,133,079	\$ -	\$ -

As of December 31, 2021 and 2020, the Master Trust has invested cash collateral related to the option contracts of \$8,589,437 and \$7,769,600, respectively, and the obligation to return the invested cash collateral of \$8,435,000 and \$7,145,000, respectively.

NOTE 8 INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by letter that the Plan and the related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC) and, therefore, the related trust is not subject to the tax under present income tax law. The Plan has been amended since filing for the determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported 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 estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are units of a common collective trust fund managed by The Northern Trust Company, the trustee, therefore, these transactions qualify as party-in-interest transactions which are exempt from the prohibited transaction rules. Management fees for these funds are paid by the respective funds and reduce the return earned on the funds.

NOTE 11 SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 15, 2022, the date the financial statements were available to be issued.

Effective September 13, 2022, Parker-Hannifin Corporation completed the acquisition of Meggitt PLC, the parent company of Meggitt-USA, Inc.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Line 26 – Schedule of Active Participant Data
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Age	Less than 1	1-4	5-9	10-14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & Over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	1	4	--	--	--	--	--	--
35 - 39	--	--	--	7	6	--	--	--	--	--
40 - 44	--	--	--	7	6	--	--	--	--	--
45 - 49	--	--	--	6	7	3	--	--	--	--
50 - 54	--	--	--	10	6	4	4	--	--	--
55 - 59	--	--	--	11	4	10	2	14	8	--
60 - 64	--	--	--	6	2	8	5	8	18	4
65 - 69	--	--	--	3	4	1	2	1	3	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Certain assumptions are prescribed as described below. The other assumptions are estimates derived from historical and recent experience as well as market observations, combined with professional judgment about future expectations.

Interest:

The interest rates used for the 2021 plan year are the 24-month average corporate bond segment rates for September 2020 (a four-month lookback) subject to funding stabilization. Under stabilization, the interest rates used for funding purposes are calculated in the usual manner (24-month average corporate bond rates) but are then constrained to be within a corridor around a 25-year average of those same bond rates. Each of the three segments of the yield curve reflecting the 25-year average rates is capped to be no less than 5%. For 2021, the stabilization corridor is 5%. It will remain at 5% through 2030 and then increase by 5% per year beginning in 2031 until it reaches 30% for 2035.

The rates are as follows:

	Payments in the First 5 Years	Payments in Years 6 – 20	Payments Thereafter	Effective Interest Rate
Current Year, reflecting stabilization	4.75%	5.36%	6.11%	5.53%
Current Year, without stabilization	2.22%	3.38%	3.92%	3.50%
Prior Year, reflecting stabilization	4.75%	5.50%	6.27%	5.67%
Prior Year, without stabilization	2.79%	3.92%	4.38%	4.01%

The interest rates used to determine the PBGC variable-rate premium are:

	Payments in the First 5 Years	Payments in Years 6 – 20	Payments Thereafter
Current Year	0.51%	2.26%	3.01%
Prior Year	2.03%	3.06%	3.59%

These interest rates are based on the plan sponsor's election for the 2014 plan year (an election that can currently be changed) and are subject to the constraints established by law.

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Mortality Rates	RP-2006 separate employee and annuitant healthy mortality tables, projected generationally to 2021 using scale MP-2019. (Previously, RP-2006 separate employee and annuitant healthy mortality tables, projected generationally to 2020 using scale MP-2018.) This assumption is one of the choices allowed by the regulations.
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Benefit Election	100% of participants are assumed to elect payment in the form of a 5-year certain and life. This assumption is based on historical and current data, adjusted to reflect estimated future experience and professional judgment.
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**Sample
Termination Rates**

Age	Rates
20	9.1%
25	8.0
30	6.8
35	5.7
40	4.7
45	3.7
50	3.0
55	2.4
58 & over	2.0

This assumption is based on historical and current data, adjusted to reflect estimated future experience and professional judgment.

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Retirement (from active status) Rates:		Age	Rates
		55 – 60	3%
		61	10
		62	10
		63	10
		64	20
		65 – 69	30
		70	100
	This assumption is based on historical and current data, adjusted to reflect estimated future experience and professional judgment.		
Description of Weighted Average Retirement Age	Age 64, determined as follows: The overall weighted-average retirement age is the sum of the individual weighted-average retirement ages assumed in the actuarial valuation.		
Retirement From Inactive Status	Age 65		
Percent Married	Male – 85% Female – 50% Spouse is assumed to be the opposite gender		
Age Difference	Male spouses are assumed to be three years older than female spouses.		
Administrative Expenses	An expense assumption is required under the funding rules. Plan-related expenses of \$1,095,000 expected to be paid by the plan during the year (based on current year PBGC premium plus the average amount of other administrative expenses over the prior 3 years). This assumption is based on recent historical data, adjusted to reflect estimated future experience and professional judgment.		

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Asset Method	As selected by the plan sponsor, 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 7.00%, not to exceed the applicable third segment rate of 6.11% in 2019 and 6.27% in 2020.
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. If all assumptions are met (including the investment earnings implicitly assumed by the interest rate), funding the plan at the minimum required contribution level is generally designed to achieve a 100% funded status within fifteen years. Once that is achieved, or for overfunded plans, the required contribution will generally equal the target normal cost reduced by any overfunding.
Actuarial Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

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 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

► **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 K & F INDUSTRIES RETIREMENT PLAN FOR SALARIED EMPLOYEES	B Three-digit plan number (PN)	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF K & F INDUSTRIES, INC.	D Employer Identification Number (EIN) 34-1614846	
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>2021</u>		
2	Assets:		
	a Market value	2a	138,597,042
	b Actuarial value	2b	124,737,338
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target
	a For retired participants and beneficiaries receiving payment	708	90,796,279
	b For terminated vested participants	153	7,836,631
	c For active participants	185	26,519,054
	d Total	1,046	125,151,964
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	5.53%
6	Target normal cost		
	a Present value of current plan year accruals	6a	0
	b Expected plan-related expenses	6b	1,095,000
	c Total (line 6a + line 6b)	6c	1,095,000

Statement by Enrolled Actuary

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

SIGN HERE	 Signature of actuary JARRED WILSON, MAAA, EA Type or print name of actuary	<u>10/07/2022</u> Date <u>2007371</u> Most recent enrollment number <u>212-251-5000</u> Telephone number (including area code)
SEGAL Firm name 333 W. 34 ST. NEW YORK NY 10001 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 ☐

Part V Assumptions Used to Determine Funding Target and Target Normal Cost**21** Discount rate:**a** Segment rates:1st segment:
4.75 %2nd segment:
5.36 %3rd segment:
6.11 %☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

4

22 Weighted average retirement age**22**

64

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 6c)..... **31a** 1,095,000**b** Excess assets, if applicable, but not greater than line 31a **31b** 0**32** Amortization installments:

Outstanding Balance

Installment

a Net shortfall amortization installment 2,605,614 346,945**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** 1,441,945

Carryover balance

Prefunding balance

Total balance

35 Balances elected for use to offset funding requirement 600,193 600,193**36** Additional cash requirement (line 34 minus line 35) **36** 841,752**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) **37** 841,752**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36) **38a** 0**b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances **38b** 0**39** Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) **39** 0**40** Unpaid minimum required contributions for all years **40** 0**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)****41** If an election was made to use PRA 2010 funding relief for this plan:**a** Schedule elected ☐ 2 plus 7 years ☐ 15 years**b** Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Line 22 – Description of Weighted Average Retirement Age
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Age	Rate of Retirement (a)	Lx (b)	Number of Retirements (c) = [(a) x (b)]	Number of Retirements * Age (d) = [Age x (c)]
55	3.00%	10,000	300	16,500
56	3.00%	9,700	291	16,296
57	3.00%	9,409	282	16,089
58	3.00%	9,127	274	15,881
59	3.00%	8,853	266	15,670
60	3.00%	8,587	258	15,457
61	10.00%	8,330	833	50,811
62	10.00%	7,497	750	46,480
63	10.00%	6,747	675	42,507
64	20.00%	6,072	1,214	77,726
65	30.00%	4,858	1,457	94,729
66	30.00%	3,401	1,020	67,330
67	30.00%	2,380	714	47,845
68	30.00%	1,666	500	33,992
69	30.00%	1,166	350	24,144
70	100.00%	816	816	57,153
Total			10,000	638,610

Weighted Average Retirement Age: 64

Total of column (d) divided by the total of column (c), rounded to the nearest integral age.

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

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

Plan Status	Accrued benefits frozen effective December 31, 2018
Normal Retirement	• <i>Age Requirement:</i> 65 • <i>Service Requirement:</i> 5 <u>Akron & New York</u> • <i>Amount:</i> For service through December 31, 1989, accrued benefit as of that date, including an adjustment to the final average salary through December 31, 1991. For service beginning after December 31, 1989, for each year of service the sum of (a) plus (b): (a) Non-contributory portion of 0.7% of pay up to the Social Security Wage Base, with a minimum of \$288. (b) Contributory portion equal to the greater of: (i) 60% of employee's accumulated contributions; or (ii) Career average formula of 1.05% of pay between \$19,800 and the Social Security Wage Base plus 2.25% of pay in excess of the Social Security Wage Base for the first 15 years of service, plus 1.35% of pay between \$19,800 and the Social Security Wage Base plus 2.65% of pay in excess of the Social Security Wage Base for years of service in excess of 15. <u>Rockmart</u> • <i>Amount:</i> Non Contributory Pension – For service through December 31, 1989, accrued benefit as of that date. For service January 1, 1990 and later, 0.7% of pay up to the Social Security wage base, with a minimum of \$288. Contributory Pension - Annual benefit equal to the greater of: 1) 60% of the employee's accumulated contributions or 2) Adjusted Earnings in excess of the Social Security Base Amount multiplied by: a) 2.4% times years of service up to 10 plus b) 1.8% times additional years of service up to 20 plus c) 1.2% times additional years of service up to 30 plus d) 0.6% times all additional service above 30 years. Adjusted Earnings is defined as average compensation earned during the last ten years. The Social Security Base Amount is defined as 90% of the average of the Social Security wage bases during the last ten years.

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Early Retirement

- *Age and Service Requirement:*

Age 55 and 10 years of service; or
Age 55 with age plus years of service equaling at least 70; or
Any age with 30 years of service

- *Regular Amount:*

The accrued normal retirement benefit is reduced by 4/10 of 1% for each month benefit commencement is prior to age 62.

For the Akron and New York locations, the accrued normal retirement benefit for service after January 1, 1990 is reduced to the percentage shown in the table below:

Age	Percentage	Age	Percentage
62	100.0%	55	53.1%
61	90.8%	54	48.8%
60	82.7%	53	45.0%
59	75.4%	52	41.5%
58	68.9%	51	38.3%
57	63.1%	50	33.4%
56	57.8%		

The non-contributory benefit will not be reduced for employees retiring with 30 years of service.

- *Supplemental Amount:* For employees retiring after age 55 with 30 years of service as of December 31, 2018, a monthly benefit in lieu of the non-contributory benefit prior to age 62 of \$90 plus \$9 for each year of service in excess of 30 plus \$10 for each year that retirement age is in excess of 55, payable to age 62.

Disability

- *Age Requirement:* None
- *Service Requirement:* None
- *Amount:* The accrued normal retirement benefit payable at age 65. Payments may begin as early as age 55, reduced according to the schedule shown in Early Retirement.

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Vesting	• <i>Age Requirement:</i> None • <i>Service Requirement:</i> 5 years of service • <i>Amount:</i> The accrued normal retirement benefit payable at age 65. Payments may begin as early as age 55, reduced according to the schedule shown in Early Retirement.
Pre-Retirement Death Benefits	<u>Regular Survivor Benefit</u> • <i>Age Requirement:</i> 45 • <i>Service Requirement:</i> If hired on or after September 1, 1982, 10 years; otherwise, no service requirement • <i>Amount:</i> The benefit which would have been paid to the spouse if the employee had retired on the date of his death and elected Option A (100% J&S with 5-year certain), with the non-contributory portion subject to a \$400 minimum. <u>Pre-retirement survivor Benefit (Retirement Equity Act)</u> • <i>Age Requirement:</i> None • <i>Service Requirement:</i> 5 years • <i>Amount:</i> 50% of the benefit the participant would have received had he retired on the date of death and elected the 50% Joint and Survivor Option, commencing on the date of death, or age 55 if later <u>Transition Benefit</u> • <i>Age Requirement:</i> None • <i>Service Requirement:</i> None • <i>Other Requirement:</i> Participant may not concurrently receive any other death benefit • <i>Amount:</i> \$400 per month payable for a maximum of 24 months following the participant's death (fewer than 24 months if the participant becomes eligible for another death benefit.)

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Part V – Summary of Plan Provisions
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Forms of Benefit	• <i>Normal Form:</i> 50% Joint and Surviving Spouse Annuity with 5 years certain (if married) - Life Annuity with 5 years certain (if unmarried) • <i>Optional Forms:</i> 100% Joint and Surviving Beneficiary Annuity with 5 years certain 50% Joint and Surviving Beneficiary Annuity with 5 years certain 75% Joint and Surviving Beneficiary - Additional Joint and Survivor percentages available 10 Year Certain and Life Annuity 15 Year Certain and Life Annuity 20 Year Certain and Life Annuity • <i>Actuarial Equivalence:</i> UP 1984 Mortality Table, 6% interest
Employee Contributions	• <i>Required Contributions:</i> None as of December 31, 2018 • <i>Withdrawal of Contributions:</i> Upon termination of employment prior to becoming vested, employee contributions, together with appropriate accumulated interest, are refunded. • <i>Return of Contributions in the Event of Death:</i> In the event of death prior to benefit commencement when no future contributory benefits will be payable, employee contributions with interest to the date of death are refunded to any participant. In the event of cessation of benefits due to death after benefit commencement, the excess, if any, of employee contributions with interest to the date of benefit commencement over benefits paid are refunded.
Statutory Limits	• <i>Section 415 limit:</i> \$230,000 • <i>Section 401(a)17 limit:</i> \$290,000 (previously \$285,000)

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Line 32 – Schedule of Amortization Bases
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

Schedule of Shortfall Amortization Bases as of January 1, 2021

Year Established	Original Base	Present Value of Remaining Installments	Years Remaining	Shortfall Amortization Installment
2021	(5,620,141)	(5,620,141)	15	(524,032)
2020	(5,336,348)	(5,132,087)	14	(501,014)
2019	14,839,044	13,357,842	13	1,371,991
Total		2,605,614		346,945

Attachment to 2021 Schedule SB of Form 5500
Schedule SB, Line 24 – Change in Actuarial Assumptions
K&F Industries Retirement Plan for Salaried Employees
EIN 34-1614846 PN 002

**Non-Prescribed
Assumption
Changes Since
Prior Valuation**

- *Assumption Type:* Administrative Expenses
- *Current Assumption:* Plan-related expenses of \$1,095,000 are expected to be paid by the plan during the year (based on the current year PBGC premium plus the average amount of other administrative expenses over the prior 3 years).
- *Prior Assumption:* \$1,193,000
- *Reason for Change:* Plan experience