

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **January 1, 2021**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-3863



L3HARRIS

L3HARRIS TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

34-0276860

(I.R.S. Employer Identification No.)

**1025 West NASA Boulevard
Melbourne, Florida**

(Address of principal executive offices)

32919

(Zip Code)

Registrant's telephone number, including area code: (321) 727-9100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	LHX	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting common equity held by non-affiliates of the registrant at July 3, 2020 was \$36,993,861,277 (based on the quoted closing sale price per share of the stock on the New York Stock Exchange). For purposes of this calculation, the registrant has assumed that its directors and executive officers as of July 3, 2020 are affiliates.

The number of shares outstanding of the registrant's common stock as of February 26, 2021 was 205,565,782.

Documents Incorporated by Reference:

Portions of the registrant's definitive Proxy Statement for the 2021 Annual Meeting of Shareholders scheduled to be held on April 23, 2021, which will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended January 1, 2021, are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described therein.

L3HARRIS TECHNOLOGIES, INC.
ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JANUARY 1, 2021
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This Annual Report on Form 10-K contains trademarks, service marks and registered marks of L3Harris Technologies, Inc. and its subsidiaries. All other trademarks are the property of their respective owners.	

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K (this “Report”), including “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements that involve risks and uncertainties, as well as assumptions that may not materialize or prove correct, which could cause our results to differ materially from those expressed in or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to, statements concerning: our plans, strategies and objectives for future operations; new products, systems, technologies, services or developments; future economic conditions, performance or outlook; future political conditions; the outcome of contingencies or litigation; environmental remediation cost estimates; the potential level of share repurchases, dividends or pension contributions; potential acquisitions or divestitures; the integration of Harris Corporation (“Harris”) and L3 Technologies, Inc. (“L3”) and of our acquisitions; the value of contract awards and programs; expected revenue; expected cash flows or capital expenditures; our beliefs or expectations; activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future; and assumptions underlying any of the foregoing. Forward-looking statements may be identified by their use of forward-looking terminology, such as “believes,” “expects,” “may,” “could,” “should,” “would,” “will,” “intends,” “plans,” “estimates,” “anticipates,” “projects” and similar words or expressions. You should not place undue reliance on these forward-looking statements, which reflect our management’s opinions only as of the date of filing of this Report and are not guarantees of future performance or actual results. Factors that might cause our results to differ materially from those expressed in or implied by these forward-looking statements, from our current expectations or projections or from our historical results include, but are not limited to, those discussed in “Item 1A. Risk Factors” of this Report. All forward-looking statements are qualified by, and should be read in conjunction with, those risk factors. Forward-looking statements are made in reliance on the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and are made as of the date of filing of this Report, and we disclaim any intention or obligation, other than imposed by law, to update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise, after the date of filing of this Report or, in the case of any document incorporated by reference, the date of that document.

Amounts contained in this Report may not always add to totals due to rounding.

L3Harris Merger

As described in more detail in *Note 1: Significant Accounting Policies* under “Principles of Consolidation” and *Note 5: Business Combination* in the Notes to Consolidated Financial Statements in this Report (the “Notes”), on October 12, 2018, Harris entered into an Agreement and Plan of Merger (the “Merger Agreement”) with L3 and Leopard Merger Sub Inc., a newly formed, direct wholly-owned subsidiary of Harris (“Merger Sub”), pursuant to which Harris and L3 agreed to combine their respective businesses in an all-stock merger, at the closing of which Merger Sub would merge with and into L3, with L3 continuing as the surviving corporation and a direct wholly-owned subsidiary of Harris (the “L3Harris Merger”), and Harris’ name would change to “L3Harris Technologies, Inc.” The closing of the L3Harris Merger occurred on June 29, 2019, after the end of Harris’ fiscal 2019 on June 28, 2019.

PART I

ITEM 1. BUSINESS.

L3HARRIS

General

L3Harris Technologies, Inc. is an agile global aerospace and defense technology innovator, delivering end-to-end solutions that meet customers’ mission-critical needs. We were incorporated in Delaware in 1926 as the successor to three companies founded in the 1890s. Unless the context otherwise requires, the terms “we,” “our,” “us,” “Company” and “L3Harris” as used in this Report mean the combined company L3Harris Technologies, Inc. and its subsidiaries, when referring to periods after the end of fiscal 2019 (after the L3Harris Merger) and mean Harris and its subsidiaries when referring to periods prior to the end of fiscal 2019 (prior to the L3Harris Merger).

We provide advanced defense and commercial technologies across air, land, sea, space and cyber domains. We support government and commercial customers in more than 100 countries, with our largest customers being various departments and agencies of the U.S. Government and their prime contractors. Our products, systems and services have defense and civil government applications, as well as commercial applications. As of January 1, 2021, we had approximately 48,000 employees, including approximately 19,000 engineers and scientists.

We structure our operations primarily around the products, systems and services we sell and the markets we serve, and we report the financial results of our continuing operations in the following four reportable segments, which are also referred to as our business segments:

- Integrated Mission Systems, including multi-mission intelligence, surveillance and reconnaissance (“ISR”) and communication systems; integrated electrical and electronic systems for maritime platforms; and advanced electro-optical and infrared (“EO/IR”) solutions;
- Space and Airborne Systems, including space payloads, sensors and full-mission solutions; classified intelligence and cyber defense; mission avionics; and electronic warfare;
- Communication Systems, including tactical communications; broadband communications; integrated vision solutions; and public safety; and
- Aviation Systems, including defense aviation; commercial aviation products; commercial and military pilot training; and mission networks for air traffic management.

During the first quarter of fiscal 2020, we adjusted our segment reporting to better align our businesses and transferred two businesses between our Integrated Mission Systems and Space and Airborne Systems segments. The historical results, discussion and presentation of our business segments as set forth in this Report reflect the impact of these changes to our segment reporting for all periods presented in order to present segment information on a comparable basis. There is no impact on our previously reported consolidated statements of income, balance sheets, statements of cash flows or statements of equity resulting from these changes.

L3Harris Merger

As noted above and described in more detail in *Note 1: Significant Accounting Policies* under “Principles of Consolidation” and *Note 5: Business Combination* in the Notes, we completed the L3Harris Merger on June 29, 2019, the day after Harris’ fiscal 2019 ended and the first day of our Fiscal Transition Period (as defined below). L3 was a prime contractor in ISR systems, aircraft sustainment (including modifications and fleet management of special mission aircraft), simulation and training, night vision and image intensification equipment, and security and detection systems. L3 also was a leading provider of a broad range of communication, electro-optical solutions, and electronic and sensor systems used on military, homeland security and commercial platforms. L3 customers included the U.S. Department of Defense (“DoD”) and its prime contractors, the U.S. Intelligence Community, the U.S. Department of Homeland Security (“DHS”), foreign governments and domestic and foreign commercial customers.

Change in Fiscal Year

Through fiscal 2019, our fiscal years ended on the Friday nearest June 30. Commencing June 29, 2019, our fiscal year ends on the Friday nearest December 31. The period that commenced on June 29, 2019 was a fiscal transition period that ended on January 3, 2020 (“Fiscal Transition Period”), and our fiscal 2020 commenced on January 4, 2020 and ended on January 1, 2021.

Divestitures

As described in more detail in *Note 3: Business Divestitures and Asset Sales* and elsewhere in the Notes, during the Fiscal Transition Period and fiscal 2020, we completed the following business divestitures:

- The divestiture of the Harris Night Vision business, completed on September 13, 2019, the results of which are included in “Other non-reportable business segments” through the date of divestiture;
- The divestiture of the Security & Detection Systems and MacDonald Humfrey Automation solutions business (“airport security and automation business”), completed on May 4, 2020, the results of which are reported as part of our Aviation Systems segment through the date of divestiture;
- The divestiture of the Applied Kilovolts and Analytical Instrumentation business, completed on May 15, 2020, the results of which are reported as part of our Space and Airborne Systems segment through the date of divestiture; and
- The divestiture of the EOTech business, completed on July 31, 2020, the results of which are reported as part of our Communication Systems segment through the date of divestiture.

See *Note 25: Business Segments* in the Notes for further information regarding our business segments, including how we define segment operating income or loss.

Description of Business by Segment

Our four business segments provide a wide-range of products and services to various customers and are described below. For financial information with respect to our business segments, including revenue, operating income and total assets, and with respect to our operations outside the United States, see *Note 25: Business Segments* in the Notes, and for additional information with respect to our business segments, see “Discussion of Business Segment Results of Operations” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Report. For a discussion of certain risks

affecting our business segments, including risks relating to our U.S. Government contracts and subcontracts, see “Item 1. Business - Principal Customers: Government Contracts,” “Item 1A. Risk Factors” and “Item 3. Legal Proceedings” of this Report.

Integrated Mission Systems

Integrated Mission Systems segment revenue of \$5,538 million for fiscal 2020, represented 30 percent of our total revenue. This segment is comprised of three business sectors: ISR, Maritime and Electro Optical, the principal products and services of which are described below.

ISR: We develop, integrate and maintain multi-mission ISR and communication systems, including fleet management support services, sensor development, modifications and periodic depot maintenance for ISR and airborne missions. Significant customers include DoD and classified customers within the U.S. Government, U.K. Ministry of Defence, Royal Australian Air Force and other select foreign military services.

Maritime: We are a manufacturer and integrator of maritime integrated command, control, communications, computers and cyber ISR (“C5ISR”) systems for maritime platforms, specializing in signals intelligence and multi-intelligence platforms; unmanned surface and undersea autonomous solutions; power and ship control systems and other electronic and electrical products and systems. Significant customers include the U.S. Navy (“USN”), the U.S. Coast Guard, the U.S. Army, allied navies, other military customers and commercial ship owners.

Electro Optical: We design and manufacture advanced EO/IR sensors and surveillance and targeting systems and provide modernization and life extension maintenance upgrade and support services for military aircraft. Significant customers include the National Aeronautics Space Administration, DoD, USN, the U.S. Air Force (“USAF”), select foreign militaries and commercial space companies.

Additional information regarding the composition of Integrated Mission Systems revenue for fiscal 2020 is as follows:

- 77 percent was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors;
- 67 percent was derived from contracts under which we are the prime contractor; and
- 21 percent was derived from products and services for which the end consumer is located outside the U.S.

For a discussion of certain risks affecting this segment, including risks relating to our U.S. Government contracts and subcontracts, see “Item 1. Business - Principal Customers; Government Contracts,” “Item 1A. Risk Factors” and “Item 3. Legal Proceedings” of this Report.

Space and Airborne Systems

Space and Airborne Systems segment revenue of \$4,946 million for fiscal 2020, represented 27 percent of our total revenue. This segment is comprised of four business sectors: Space, Intel & Cyber, Mission Avionics and Electronic Warfare, the principal products and services of which are described below.

Space: We provide intelligence, space protection, geospatial, complete Earth observation, universe exploration, positioning, navigation and timing (“PNT”) and environmental solutions for national security, defense, civil and commercial customers, using advanced sensors, antennas and payloads, as well as ground processing and information analytics. Many of these solutions include reliable resilient and innovative capabilities. We are a global provider of PNT products, systems and solutions. We also provide space antenna systems and precision space structures. We are an experienced space reflector manufacturer and specialize in large, high-accuracy reflectors, which can range from unfurlable and fixed-mesh reflector antennas to solid spot beam antennas. We are also a prime contractor developing and integrating end-to-end systems of satellites. Some of the more significant programs in this business sector include:

- Maintenance of Space Situational Awareness Integrated Capabilities (“MOSSAIC”), a program to provide sustainment services for current and future ground-based space domain awareness sensors and space battle management command and control capabilities for the U.S. Space Force and Missile Systems Center;
- Geostationary Operational Environmental Satellite - Series R (“GOES-R”), a program to design, develop and build systems to measure, understand and monitor weather and environmental trends for the U.S. National Oceanic and Atmospheric Administration; and
- Global Positioning System (“GPS”) III, a program to modernize the GPS satellite system for the USAF.

As described in more detail in *Note 3: Business Divestitures and Asset Sales* and elsewhere in the Notes, on May 15, 2020, as part of our ongoing process to reshape our business portfolio to focus on technology-differentiated, high-margin businesses, we completed the divestiture of our Applied Kilovolts and Analytical Instrumentation business.

Intel & Cyber: We provide situational awareness optical networks and advanced wireless solutions for classified intelligence and cyber defense. Although classified programs are generally not discussed in this Report, the operating results relating to classified programs are included in our Consolidated Financial Statements in this Report. We believe that the business risks

associated with our classified programs do not differ materially from the business risks associated with our other U.S. Government programs.

Mission Avionics: We provide avionic sensors, hardened electronics, release systems, data links and antennas supporting fixed wing and rotary platforms. Significant customers include military aircraft manufacturers, DoD customers within the U.S. Government and select foreign military services. For example, we provide advanced avionics components, carriage and release systems, sensors, encryption solutions, antenna systems and data processing technology for the F-35 Lightning II Joint Strike Fighter (“F-35”) program, including development and production of the next generation integrated core processor, panoramic cockpit display unit and aircraft memory systems.

Electronic Warfare: We provide multi-spectral situational awareness, threat warning and countermeasures capabilities for electronic warfare solutions for airborne and maritime platforms. Significant customers include military aircraft manufacturers, DoD customers within the U.S. Government and select foreign military services.

Additional information regarding the composition of Space and Airborne Systems revenue for fiscal 2020 is as follows:

- 90 percent was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors;
- 54 percent was derived from contracts under which we are the prime contractor; and
- 15 percent was derived from products and services for which the end consumer is located outside the U.S.

For a discussion of certain risks affecting this segment, including risks relating to our U.S. Government contracts and subcontracts, see “Item 1. Business - Principal Customers; Government Contracts,” “Item 1A. Risk Factors” and “Item 3. Legal Proceedings” of this Report.

Communication Systems

Communication Systems segment revenue of \$4,443 million for fiscal 2020, represented 24 percent of our total revenue. This segment is comprised of four business sectors: Tactical Communications, Broadband Communications, Integrated Vision Solutions and Public Safety, the principal products and services of which are described below.

Tactical Communications: We provide tactical radios to the U.S. Army, USAF, U.S. Marine Corps, USN, U.S. Special Operations Command (“SOCOM”) and international defense customers, including developing and manufacturing software-defined radios for key DoD network modernization programs. For example, we are providing Handheld, Manpack and Small Form-Fit (“HMS”) radios to the U.S. Army.

We operate in this market principally on a “commercial” market-driven business model. We believe our business model, which drives speed and innovation, coupled with the scale provided by our international presence, will continue to make us competitive in the global market for tactical radios as it undergoes a modernization cycle.

Broadband Communications: We develop, design, manufacture and integrate broadband secured mobile networked communication equipment, including airborne, space and surface data link terminals, ground stations and transportable tactical satellite communication (“SATCOM”) systems used on manned aircraft, unmanned aerial vehicles (“UAVs”) and naval ships. Significant customers include U.S. defense and intelligence agencies.

Integrated Vision Solutions: We provide a full suite of helmet and weapon mounted integrated night vision systems for U.S. and international customers. For the Enhanced Night Vision Goggle - Binocular (“ENVG-B”) program, we provide advanced helmet-mounted night vision goggles to DoD customers.

As described in more detail in *Note 3: Business Divestitures and Asset Sales* and elsewhere in the Notes, on July 31, 2020, as part of our ongoing process to reshape our business portfolio to focus on technology-differentiated, high-margin businesses, we completed the divestiture of our EOTech business.

Public Safety: We provide radios, systems applications and equipment for critical public safety and professional communications to Federal, state and local government customers as well as to utility companies.

Global Communications Solutions: We provide SATCOM terminals and battlefield management networks for U.S. and international defense customers.

Additional information regarding the composition of Communication Systems revenue for fiscal 2020 is as follows:

- 69 percent was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors;
- 70 percent was derived from contracts under which we are the prime contractor; and
- 28 percent was derived from products and services for which the end consumer is located outside the U.S.

Aviation Systems

Aviation Systems segment revenue of \$3,448 million for fiscal 2020, represented 19 percent of our total revenue. This segment is comprised of four business sectors: Defense Aviation, Commercial Aviation Products, Commercial and Military Training and Mission Networks, the principal products and services of which are described below.

Defense Aviation: We provide precision engagement sensors and systems, small UAVs, antennas and arrays, radio frequency amplifiers and microwave electronic devices. In addition, this business sector provides combat vehicle engines, transmissions and GPS receivers for guided projectiles and precision munitions as well as navigation for fire control systems. Significant customers include U.S. defense and foreign military agencies.

Commercial Aviation Products: We provide airborne avionics products, such as traffic collision avoidance and flight recorders. Significant customers include commercial airplane manufacturers, commercial airlines and automotive manufacturers.

As described in more detail in *Note 3: Business Divestitures and Asset Sales* and elsewhere in the Notes, on May 4, 2020, as part of our ongoing process to reshape our business portfolio to focus on technology-differentiated, high-margin businesses, we completed the divestiture of our airport security and automation business.

Commercial and Military Training: We develop, install and maintain flight simulators and training systems that are customized to military and commercial aircraft. We also provide commercial and military pilot training services, including airline training for licensed pilots, academy programs for new cadets and flight school training for military pilots. Significant customers include commercial airlines, aircraft manufacturers, DoD and foreign military agencies.

Mission Networks: We provide mission-critical infrastructure communications and networking solutions for air traffic management for the U.S. Federal Aviation Administration (“FAA”) and international airspace national service providers. We are the prime contractor and system architect for the FAA Telecommunications Infrastructure (“FTI”) program and several major FAA Next Generation Air Transportation System (“NextGen”) programs to transform and upgrade the National Airspace System (“NAS”), including the Automatic Dependent Surveillance-Broadcast (“ADS-B”) program.

Additional information regarding the composition of Aviation Systems revenue for fiscal 2020 is as follows:

- 71 percent was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors;
- 65 percent was derived from contracts under which we are the prime contractor; and
- 18 percent was derived from products and services for which the end consumer is located outside the U.S.

International Business

Revenue from products and services where the end consumer is located outside the U.S., including foreign military sales through the U.S. Government, was \$3.7 billion (20 percent of our revenue), \$2.0 billion (21 percent of our revenue), \$1.5 billion (22 percent of our revenue) and \$1.4 billion (23 percent of our revenue) in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. Direct export sales are primarily denominated in U.S. Dollars, whereas sales from foreign subsidiaries are generally denominated in the local currency of the subsidiary. For financial information regarding our domestic and international operations, including long-lived assets, see *Note 25: Business Segments* in the Notes.

The majority of our international marketing activities are conducted through subsidiaries that operate in the EMEA (Europe, Middle East and Africa) and APAC (Asia-Pacific) regions and Canada. We also have established international marketing organizations and several regional sales offices. For further information regarding our international subsidiaries, see Exhibit 21 of this Report.

International revenue for fiscal 2020 came from a large number of countries, and no single foreign country accounted for more than 5 percent of our total revenue. Some of our exports are paid for by letters of credit, with the balance carried on an open account. Advance payments, progress payments or other similar payments received prior to or upon shipment often cover most of the related costs incurred. Significant foreign government contracts generally require us to provide performance guarantees. In order to remain competitive in international markets, we also enter into offset agreements or recourse or vendor financing arrangements to facilitate sales to certain customers.

We utilize indirect sales channels, including dealers, distributors and sales representatives, in the marketing and sale of some lines of products and equipment, both domestically and internationally. These independent representatives may buy for resale or, in some cases, solicit orders from commercial or government customers for direct sales by us. Prices to the ultimate customer in many instances may be recommended or established by the independent representative and may be above or below our list prices. Our dealers and distributors generally receive a discount from our list prices and may mark up those prices in setting the final sales prices paid by the customer.

The particular economic, social and political conditions for business conducted outside the U.S. differ from those encountered by businesses in the U.S. We believe that the overall business risk for our international business as a whole is somewhat greater than that faced by our domestic businesses as a whole. A description of the types of risks to which we are

subject in our international business is contained in “Item 1A. Risk Factors” of this Report. In our opinion, these risks are partially mitigated by the diversification of our international business and the protection provided by letters of credit and advance payments, progress payments and other similar payments.

Competitive Conditions and Trends in Market Demand

We operate in highly competitive markets that are sensitive to technological advances. Some of our competitors in each of our markets are larger than we are and can maintain higher levels of expenditures for research and development. In each of our markets, we concentrate on the opportunities that we believe are compatible with our resources, overall technological capabilities and objectives. Principal competitive factors in these markets are product quality and reliability; technological capabilities, including reliable, resilient and innovative cyber capabilities; service; past performance; ability to develop and implement complex, integrated solutions; ability to meet delivery schedules; the effectiveness of third-party sales channels in international markets; and cost-effectiveness. We frequently “partner” or are involved in subcontracting and teaming relationships with companies that are, from time to time, competitors on other programs. We compete domestically and internationally against large aerospace and defense companies; principally, BAE Systems, Boeing, General Dynamics, Lockheed Martin, Northrop Grumman, Raytheon Technologies and Thales; and, increasingly, non-traditional defense contractors.

For further discussion of trends in market demand, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Report.

Principal Customers; Government Contracts

The percentage of our revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 78 percent, 73 percent, 77 percent and 75 percent in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. No other customer accounted for more than 5 percent of our revenue in fiscal 2020. Additional information regarding customers for each of our segments is provided under “Item 1. Business — Description of Business by Segment” of this Report. Our U.S. Government sales are predominantly derived from contracts with departments and agencies of, and prime contractors to, the U.S. Government. Most of the sales in our Space and Airborne Systems and Integrated Mission Systems segments are made directly or indirectly to the U.S. Government under contracts or subcontracts containing standard government contract clauses providing for redetermination of profits, if applicable, and for termination for the convenience of the U.S. Government or for default based on performance.

Our U.S. Government contracts and subcontracts include both cost-reimbursable and fixed-price contracts. Government-wide Acquisition Contracts (“GWACs”) and multi-vendor indefinite duration-indefinite quantity (“IDIQ”) contracts, which can include task orders for each contract type, require us to compete both for the initial contract and then for individual task or delivery orders under such contracts.

Our U.S. Government cost-reimbursable contracts provide for the reimbursement of allowable costs plus payment of a fee and fall into three basic types: (i) cost-plus fixed-fee contracts, which provide for payment of a fixed fee irrespective of the final cost of performance; (ii) cost-plus incentive-fee contracts, which provide for payment of a fee that may increase or decrease, within specified limits, based on actual results compared with contractual targets relating to factors such as cost, performance and delivery schedule; and (iii) cost-plus award-fee contracts, which provide for payment of an award fee determined at the customer’s discretion based on our performance against pre-established performance criteria. Under our U.S. Government cost-reimbursable contracts, we are reimbursed periodically for allowable costs and are paid a portion of the fee based on contract progress. Some overhead costs have been made partially or wholly unallowable for reimbursement by statute or regulation. Examples include certain merger and acquisition costs, lobbying costs, charitable contributions, interest expense and certain litigation defense costs.

Our U.S. Government fixed-price contracts are either firm fixed-price contracts or fixed-price incentive contracts. Under our U.S. Government firm fixed-price contracts, we agree to perform a specific scope of work or sell a specific product for a fixed price and, as a result, benefit from cost savings and carry the burden of cost overruns. Under our U.S. Government fixed-price incentive contracts, we share with the U.S. Government both savings accrued for performance at less than target cost as well as costs incurred in excess of target cost up to a negotiated ceiling price, which is higher than the target cost, but carry the entire burden of costs exceeding the negotiated ceiling price. Accordingly, under such incentive contracts, profit may also be adjusted up or down depending on whether specified performance objectives are met. Under our U.S. Government firm fixed-price and fixed-price incentive contracts, we generally receive from the U.S. Government either milestone payments totaling 100 percent of the contract price or monthly progress payments in amounts equaling 80 percent of costs incurred under the contract (however, in response to the novel COVID-19 strain of coronavirus pandemic (“COVID”), the U.S. Government has taken steps to increase the current rate for certain progress payments to 90 percent of costs incurred under relevant contracts to enhance cash flow and liquidity for the defense industrial base). The remaining amounts, including profits or incentive fees, are billed upon delivery and final acceptance of end items and deliverables under the contract. Our production contracts are mainly fixed-price contracts, and development contracts are generally cost-reimbursable contracts.

As stated above, U.S. Government contracts are terminable for the convenience of the U.S. Government, as well as for default based on performance. Companies supplying goods and services to the U.S. Government are dependent on Congressional appropriations and administrative allotment of funds and may be affected by changes in U.S. Government policies resulting from various military, political, economic and international developments. Long-term U.S. Government contracts and related orders are subject to cancellation if appropriations for subsequent performance periods become unavailable. Under contracts terminable for the convenience of the U.S. Government, a contractor is entitled to receive payments for its allowable costs and, in general, the proportionate share of fees or earnings for the work done. Contracts that are terminable for default generally provide that the U.S. Government pays only for the work it has accepted and may require the contractor to pay for the incremental cost of re-procurement and may hold the contractor liable for damages. In many cases, there is also uncertainty relating to the complexity of designs, necessity for design improvements and difficulty in forecasting costs and schedules when bidding on developmental and highly sophisticated technical work. Under many U.S. Government contracts, we are required to maintain facility and personnel security clearances complying with DoD and other Federal agency requirements.

From time to time we may begin performance of a U.S. Government contract under an undefinitized contract action (“UCA”) with a not to exceed price before the terms, specifications or price are finally agreed to between the parties. In these arrangements, the U.S. Government has the ability to unilaterally definitize the contract if a mutual agreement regarding terms, specifications and price cannot be reached.

The U.S. Government has increased its focus on procurement process improvement initiatives and has implemented certain changes in its procurement practices. These developments may change the way U.S. Government contracts are solicited, negotiated and managed, which may affect whether and how we pursue opportunities to provide our products and services to the U.S. Government, including the terms and conditions under which we do so, which may have an adverse impact to our business, financial condition, results of operations, cash flows and equity. For example, contracts awarded under the DoD’s Other Transaction Authority for research and prototypes generally require cost-sharing and may not follow, or may follow only in part, standard U.S. Government contracting practices and terms, such as the Federal Acquisition Regulation (“FAR”) and Cost Accounting Standards.

For further discussion of risks relating to U.S. Government contracts, see “Item 1A. Risk Factors” and “Item 3. Legal Proceedings” of this Report.

Backlog

Company-wide total backlog was \$21.7 billion at January 1, 2021, of which \$16.3 billion was funded backlog, compared with \$20.6 billion at January 3, 2020, of which \$16.2 billion was funded backlog. Backlog at January 3, 2020 included \$405 million associated with businesses divested in fiscal 2020, including \$380 million of backlog associated with the airport security and automation business divested during the quarter ended July 3, 2020. We expect to recognize approximately 54 percent of the revenue associated with Company-wide total backlog by the end of 2021 and approximately 85 percent of the revenue associated with Company-wide total backlog by the end of 2023, with the remainder to be recognized thereafter. However, we can give no assurance of such fulfillment or that our backlog will become revenue in any particular period, if at all. Backlog is subject to delivery delays and program cancellations, which are beyond our control.

We define funded backlog as unfilled firm orders for products and services for which funding has been authorized and, in the case of U.S. Government customers, appropriated. The level of order activity related to U.S. Government programs can be affected by the timing of U.S. Government funding authorizations and project evaluation cycles. Year-over-year comparisons could, at times, be impacted by these factors, among others.

We define unfunded backlog as unfilled firm orders for products and services for which funding has not been authorized and, in the case of U.S. Government customers, appropriated. The determination of the unfunded portion of total backlog involves substantial estimating, particularly with respect to customer requirements contracts and development and production contracts of a cost-reimbursable or incentive nature. We do not include the value of unexercised contract options or potential orders under IDIQ contracts in our unfunded backlog.

For backlog information for each of our business segments, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Report.

See *Note 24: Backlog* in the Notes for additional information regarding Company-wide total backlog.

Research and Development (“R&D”)

Company-sponsored R&D costs, which include R&D for commercial products and services and independent R&D related to government products and services, were \$684 million, \$329 million, \$331 million and \$311 million in fiscal 2020, in the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. A portion of our independent R&D costs are allocated among contracts and programs in process under U.S. Government contractual arrangements. Company-sponsored R&D costs not

otherwise allocable are charged to expense when incurred. Company-sponsored research is directed to the development of new products and services and to building technological capability in various markets.

Customer-sponsored R&D costs are incurred pursuant to contractual arrangements, principally U.S. Government-sponsored contracts requiring us to provide a product or service meeting certain defined performance or other specifications (such as designs). This research helps strengthen and broaden our technical capabilities. Customer-sponsored research costs are accounted for principally by the cost-to-cost percentage-of-completion method and included in our revenue and cost of product sales and services.

Patents and Other Intellectual Property

We consider our patents and other intellectual property, in the aggregate, to constitute an important asset. We own a large portfolio of patents, trade secrets, know-how, confidential information, trademarks, copyrights and other intellectual property, including reliable, resilient and innovative cyber capabilities, and we routinely apply for new patents, trademarks and copyrights. We also license intellectual property to and from third parties. As of January 1, 2021, we held approximately 2,300 U.S. patents and 2,100 foreign patents, and had approximately 250 U.S. patent applications pending and 400 foreign patent applications pending. Unpatented research, development and engineering skills also make an important contribution to our business. Although our intellectual property rights in the aggregate are important to our business and the operations of our business segments, we do not consider our business or any business segment to be materially dependent on any single patent, license or other intellectual property right, or any group of related patents, licenses or other intellectual property rights. We are engaged in a proactive patent licensing program and have entered into a number of licenses and cross-license agreements, some of which generate royalty income. Although existing license agreements have generated income in past years and may do so in the future, there can be no assurances we will enter into additional income-producing license agreements. From time to time, we engage in litigation to protect our patents and other intellectual property. Any of our patents, trade secrets, trademarks, copyrights and other proprietary rights could be challenged, invalidated or circumvented, or may not provide competitive advantages. For further discussion of risks relating to intellectual property, see “Item 1A. Risk Factors” of this Report. With regard to certain patents, the U.S. Government has an irrevocable, non-exclusive, royalty-free license, pursuant to which the U.S. Government may use or authorize others to use the inventions covered by such patents. Pursuant to similar arrangements, the U.S. Government may consent to our use of inventions covered by patents owned by other persons. Numerous trademarks used on or in connection with our products are also considered to be a valuable asset.

Government Regulations

Our company is subject to various federal, state, local and international laws and regulations relating to the development, manufacturing, sale and distribution of our products, systems and services, and it is our policy to comply with the applicable laws in each jurisdiction in which we conduct business. Regulations include but are not limited to those related to import and export controls, corruption, bribery, environment, government procurement, wireless communications, competition, product safety, workplace health and safety, employment, labor and data privacy. The following describes significant regulations that may impact our businesses. For further discussion of risks relating to government regulations, see “Item 1A. Risk Factors” of this Report.

Import/Export Regulations. We sell products and solutions to customers all over the world and are required to comply with U.S. Export Administration Regulations and economic and trade sanctions programs limiting or banning sales into certain countries. Countries outside of the U.S. have implemented similar controls and sanction regulations. Together these controls and regulations may impose licensing requirements on exports of certain technology and software from the U.S. and may impact our ability to transact business in certain countries or with certain customers. We have developed compliance programs and training to prevent violations of these programs and regulations, and we regularly monitor changes in the law and regulations and create strategies to deal with changes. Changes in the law may restrict or further restrict our ability to sell products and solutions.

Anti-Corruption Regulations. Because we have significant international operations, we must comply with complex regulations, including U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other local laws prohibiting corrupt payments to governmental officials, and anti-competition regulations. We have compliance policies, programs and training to prevent non-compliance with such anti-corruption regulations in the U.S. and outside the U.S. We monitor pending and proposed legislation and regulatory changes that may impact our business and develop strategies to address the changes and incorporate them into existing compliance programs.

Environmental Regulations. Our facilities and operations are subject to numerous domestic and international laws and regulations designed to protect the environment, particularly with regard to waste and emissions. The applicable environmental laws and regulations are common within the industries and markets in which we operate and serve. We believe that we have complied with these requirements and that such compliance has not had a material adverse effect on our financial condition, results of operations, cash flows or equity. We have installed waste treatment facilities and pollution control equipment to satisfy legal requirements and to achieve our waste minimization and prevention goals. A portion of our environmental expenditures relates to businesses or operations we no longer own, but for which we have retained certain environmental liabilities. We did not spend material amounts on environmental-related capital projects in fiscal 2020, the two quarters ended January 3, 2020, or fiscal

2019 or 2018. Based on currently available information, we do not expect capital expenditures in fiscal 2021 or over the next several years to protect the environment and to comply with current environmental laws and regulations, as well as to comply with current and pending climate control legislation, regulation, treaties and accords, to be material or to have a material impact on our competitive position or financial condition, but we can give no assurance that such expenditures will not exceed current expectations, and such expenditures may increase in future years. If future treaties, laws and regulations contain more stringent requirements than presently anticipated, actual expenditures may be higher than our present estimates of those expenditures.

Additional information regarding environmental and regulatory matters is set forth in “Item 3. Legal Proceedings” of this Report and in *Note 1: Significant Accounting Policies* and *Note 26: Legal Proceedings and Contingencies* in the Notes.

Electronic products are subject to governmental environmental regulation in a number of jurisdictions, such as domestic and international requirements requiring end-of-life management and/or restricting materials in products delivered to customers, including the European Union’s Directive 2012/19/EU on Waste Electrical and Electronic Equipment and Directive 2011/65/EU on the Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment (“RoHS”), as amended. Other jurisdictions have adopted similar legislation. Such requirements typically are not applicable to most equipment produced by our segments. We believe that we have complied with such rules and regulations, where applicable, with respect to our existing products sold into such jurisdictions. We intend to comply with such rules and regulations with respect to our future products.

Wireless Communications Regulations. Wireless communications, whether radio, satellite or telecommunications, are also subject to governmental regulation. Equipment produced in our Communication Systems and Space and Airborne Systems segments, in particular, is subject to domestic and international requirements to avoid interference among users of radio and television frequencies and to permit interconnection of telecommunications equipment. We are also required to comply with technical operating and licensing requirements that pertain to our wireless licenses and operations. We believe that we have complied with such rules and regulations and licenses with respect to our existing products and services, and we intend to comply with such rules and regulations and licenses with respect to our future products and services. Governmental reallocation of the frequency spectrum could impact our business, financial condition and results of operations.

Raw Materials and Supplies

Because of the diversity of our products and services, as well as the wide geographic dispersion of our facilities, we use numerous sources for the wide array of raw materials, such as electronic components, printed circuit boards, metals and plastics, needed for our operations and for our products. We are dependent on suppliers and subcontractors for a large number of components and subsystems and the ability of our suppliers and subcontractors to adhere to customer or regulatory materials restrictions and to meet performance and quality specifications and delivery schedules. In some instances, we are dependent on one or a few sources, either because of the specialized nature of a particular item or because of local content preference requirements pursuant to which we operate on a given project. In addition, in connection with our U.S. Government contracts, we are required to procure certain materials, components and parts, including microelectronics components, from supply sources approved by the U.S. Government, which may limit the suppliers and subcontractors we may utilize. Although we have been affected by financial and performance issues of some of our suppliers and subcontractors, we have not been materially adversely affected by the inability to obtain raw materials or products. On occasion, we have experienced component shortages from vendors as a result of natural disasters, or the RoHS environmental regulations in the European Union or similar regulations in other jurisdictions. These events or regulations may cause a spike in demand for certain electronic components, such as lead-free components, resulting in industry-wide supply chain shortages. As of January 1, 2021, these component shortages have not had a material adverse effect on our business. For further discussion of risks relating to subcontractors and suppliers, see “Item 1A. Risk Factors” of this Report.

Seasonality

We do not consider any material portion of our business to be seasonal. Various factors can affect the distribution of our revenue between accounting periods, including the timing of contract awards and the timing and availability of U.S. Government funding, as well as the timing of product deliveries and customer acceptance.

Human Capital

As a global aerospace and defense technology company, we depend on our highly educated and skilled workforce for our success. Attracting, developing, motivating and retaining highly skilled employees, particularly those with technical, engineering and science backgrounds and experience, is a critical factor in our ability to execute our strategic priorities. We use human capital measures to set goals and monitor performance in several areas, including employee health and safety; talent acquisition, development and retention; and diversity and inclusion.

Workforce Demographics. We had approximately 48,000 employees at January 1, 2021, including approximately 19,000 engineers and scientists. Approximately 88 percent of our employees are located in the U.S. and a significant number of our employees possess a U.S. Government security clearance. As of January 1, 2021, approximately 3,100 of our U.S. employees

were covered by various labor union collective bargaining agreements, which we expect will be renegotiated as they expire, as we historically have done without significant disruption to operating activities.

Health and Safety. We strive to maintain a safe work environment for all employees and eliminate workplace incidents, risks and hazards. We review and monitor our performance closely to reduce Occupational Safety and Health Administration reportable incidents. For fiscal 2020, our total recordable injury rate and lost day injury rate declined 34 percent and 43 percent, respectively, compared with the previous year, and numerous locations across L3Harris have reached one year or more without a recordable injury. In response to COVID, we implemented safety measures in our facilities to ensure the overall health and wellness of our workforce. For example, we instituted work-from-home (for employees who are able to work remotely) and social distancing arrangements; canceled non-essential travel and external events; procured personal protective equipment for employees; implemented health screening procedures at all facilities; staggered work shifts, redesigned work stations, implemented stringent cleaning protocols and initiated more detailed safety precautions and protocols for on-site work, such as daily health assessments and mandatory face coverings, which currently remain in effect.

Talent Acquisition, Development and Retention. Our talent acquisition, development and retention strategy is focused on attracting the best talent, recognizing and rewarding performance and continually developing, engaging and retaining high-performing employees. We support and develop our employees through global training that promotes our “e3” operating system (excellence, everywhere, everyday). We provide ongoing training and career development focused on compliance with our Code of Conduct, ethics and laws applicable to our businesses; skills and competencies directly related to employees’ positions; and responsibility for personal safety and the safety of fellow employees, others and the environment. We offer competitive salaries, development programs that enable continued learning and growth and a comprehensive benefits package, including health care, retirement planning, educational assistance, child and elder back-up care, paid parental leave and a discretionary paid time off program. In addition, we have established a comprehensive employee survey process to help us better understand the total employee experience, including periodic engagement surveys. In fiscal 2020, 82 percent of our employees participated in our engagement survey, exceeding the benchmark of 75 percent.

Diversity and Inclusion. We believe that our future success depends on our ability to continue to innovate and develop new solutions to solve our customers’ most critical challenges, and that diversity of thought, experience, perspectives and backgrounds drives innovation. We are investing in an inclusive and diverse workforce by supporting a variety of science, technology, engineering and mathematic initiatives focused on underserved communities. We believe these efforts will help encourage a broader range of students to consider careers in engineering and science. We also have established a diversity council, comprised of employee resource group leadership and executives from across the company, to evaluate and influence the strategies, policies and steps we take to advance diversity and inclusion. We have established two clear long-term goals with respect to the diversity of our workforce: (1) that half of our employees will be women and (2) that at least a third of our employees will be persons of color. Through the above and other efforts, we have improved the diversity of our workforce and we continue to set higher goals. The table below provides the makeup of our workforce in fiscal 2020:

	Overall	Executive
Female population	24%	31%
Persons of color	24%	17%
Persons with disabilities	6%	4%
Veterans	15%	14%
Generational breakout⁽¹⁾:		
Boomers (1945-1964)	31%	35%
Generation X (1965-1980)	35%	55%
Millennials (1981-1996)	32%	10%
Generation Z (after 1996)	2%	—%

(1) Age ranges align with Pew Research Center definitions. “Traditionalists” represent less than 1 percent of our employee population.

Additional information regarding our human capital strategy is available in our Diversity and Inclusion 2020 Annual Report that can be found on our company website. Information on our website, including our Diversity and Inclusion 2020 Annual Report, is not incorporated by reference into this Report.

Website Access to L3Harris Reports; Available Information

General. We maintain an Internet website at <https://www.l3harris.com>. Our annual reports on Form 10-K, this Report, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available free of charge on our website as soon as reasonably practicable after

these reports are electronically filed with or furnished to the U.S. Securities and Exchange Commission (“SEC”). We also will provide the reports in electronic or paper form free of charge upon request to our Secretary at L3Harris Technologies, Inc., 1025 West NASA Boulevard, Melbourne, Florida 32919. We also make available free of charge on our website our annual report to shareholders and proxy statement. Our website and the information posted thereon are not incorporated into this Report or any current or other periodic report that we file with or furnish to the SEC. All reports we file with or furnish to the SEC also are available free of charge via the SEC’s electronic data gathering and retrieval, or EDGAR, system available through the SEC’s website at <https://www.sec.gov>.

Additional information relating to our business, including our business segments, is set forth in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Report.

Corporate Governance Guidelines and Committee Charters. We previously adopted Corporate Governance Guidelines, which are available on the Corporate Governance section of our website at <https://www.l3harris.com/company/environmental-social-and-governance>. In addition, the charters of each of the standing committees of our Board of Directors, namely, the Audit Committee, Compensation Committee, Finance Committee and Nominating and Governance Committee, are also available on the Corporate Governance section of our website. A copy of the charters is also available free of charge upon written request to our Secretary at L3Harris Technologies, Inc., 1025 West NASA Boulevard, Melbourne, Florida 32919.

Certifications. We have filed with the SEC the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to this Report. In addition, an annual CEO certification was submitted by our Chief Executive Officer to the NYSE in May 2020 in accordance with the NYSE’s listing standards, which included a certification that he was not aware of any violation by L3Harris of the NYSE’s corporate governance listing standards.

ITEM 1A. RISK FACTORS.

We have described many of the trends and other factors that we believe could impact our business and future results in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Report. In addition, our business, financial condition, results of operations, cash flows and equity are subject to, and could be materially adversely affected by, various risks and uncertainties, including, without limitation, those set forth below, any one of which could cause our actual results to vary materially from recent results or our anticipated future results.

COVID-Related Risks

COVID and ongoing attempts to contain and reduce its spread could have a material adverse effect on our business operations, financial condition, results of operations, cash flows and equity.

COVID, which in fiscal 2020 was recognized as a pandemic by the World Health Organization and declared a national emergency by the U.S. Government, and ongoing attempts to contain and reduce its spread, such as mandatory closures, “shelter-in-place” orders and travel and quarantine restrictions, have caused significant volatility, uncertainty, disruption and other adverse effects on the U.S. and global economies, including impacts to supply chains, customer demand, international trade and capital markets. These effects have adversely affected certain of our business operations, may further adversely affect our business operations and may materially and adversely affect our financial condition, results of operations, cash flows and equity.

Our response to COVID and related impacts has involved increasing our focus on keeping our employees safe while striving to maintain continuity of operations, meet customer commitments and support suppliers. For example, we instituted work-from-home (for employees who are able to work remotely) and social distancing arrangements; canceled travel and external events; procured personal protective equipment for employees; implemented health screening procedures at all facilities; staggered work shifts, redesigned work stations, implemented stringent cleaning protocols and initiated more detailed safety precautions and protocols for on-site work, such as daily health assessments and mandatory face coverings, which currently remain in effect. We also have maintained an active dialog with key suppliers and developed plans to mitigate supply chain risks. We have allowed certain essential business travel to resume and continue to expect to utilize a phased approach based on local conditions for transitioning employees from work-from-home arrangements to on-site work. The U.S. Government response has included identifying the defense industrial base as a Critical Infrastructure Sector and enhancing cash flow and liquidity for the Defense Industrial Base, such as by increasing progress payments and accelerating contract awards. As a part of the Defense Industrial Base, these actions have enabled us to keep our U.S. production facilities largely operational in support of national security commitments to U.S. Government customers and to accelerate payments to small business suppliers, which we expect to continue while the U.S. Government’s responsive actions remain in effect.

Although we believe that the large percentage of our revenue, earnings and cash flow that is derived from sales to the U.S. Government, both directly and through prime contractors, will be relatively predictable, in part due to the responsive actions taken by the U.S. Government described above, our commercial, international and public safety businesses have experienced adverse COVID-related impacts and remain at a higher risk of further adverse COVID-related impacts. For example, the severe decline in global air traffic from travel restrictions and the resulting downturn in the commercial aviation market and its impact on customer

operations has significantly reduced demand for flight training, flight simulators and commercial avionics products in our Aviation Systems segment's Commercial Aviation Solutions sector. As a result, we temporarily, and in some circumstances permanently, closed, or will soon close, some of our flight training facilities, initiated restructuring and other actions to align resources with the outlook for the commercial aviation market (including workforce reduction and facility consolidation) and also recognized \$767 million of charges for impairment of goodwill and other assets and other COVID-related impacts in fiscal 2020.

We are continuing to closely monitor COVID-related impacts on all aspects of our business and geographies, including on our workforce, supply chain and customers. We may continue to or further restrict operations of our facilities if we deem it necessary or if recommended or mandated by governmental authorities, and we may experience further volatility in the overall demand environment for our products, systems and services, any of which would have a further adverse impact on us. Our management's focus on mitigating COVID-related impacts has required and will continue to require a large investment of time and resources across our enterprise, which may impact other value-added services or initiatives. Additionally, it remains uncertain when and on what scale our employees that are working remotely will return to work in person, and an extended period of remote work arrangements could strain our business continuity plans, create additional operational risk, such as cyber security risks, and impair our ability to manage our business. We may suffer damage to our reputation, which could adversely affect our business, if our responses to COVID-related impacts are unsuccessful or perceived as inadequate for the U.S. or our international markets.

COVID-related costs for us and our suppliers could be significant, and we are seeking reimbursement of certain COVID-related costs under our U.S. Government contracts through a combination of equitable adjustments to the contract price and reimbursement of the costs under Section 3610 of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which allows federal agencies to reimburse contractors at the minimum applicable contract billing rate for certain COVID-related costs from March 27, 2020 through March 31, 2021. Reimbursement of any costs under Section 3610 of the CARES Act would increase sales, but is not expected to be at a profit or fee and, thus, would have the effect of reducing our margins in future periods. These cost increases, including costs for employees whose jobs cannot be performed remotely, may not be fully recoverable under our contracts, particularly fixed-price contracts, or adequately covered by insurance. We also have no assurance that Congress will appropriate funds to cover the reimbursement of defense contractors as authorized by the CARES Act, which could reduce funds available for other U.S. Government defense priorities.

The manner and extent to which COVID-related impacts further affect us, directly and indirectly by affecting our workforce, supply chain and customers, will depend on numerous evolving factors and future developments that we are not able to predict, including: the ultimate severity and duration of COVID; the extent, effectiveness and other consequences of attempts to contain and reduce its spread; governmental, business and other actions, which could include closures or other limitations on our or our supply chain's operations or mandates to provide products, systems or services; impacts on economic activity and customer demand, budgets and buying patterns; the health of and the effect on our workforce and our ability to meet staffing needs in our businesses and facilities, particularly if members of our workforce are quarantined as a result of exposure; any impairment in value of our tangible or intangible assets which could be recorded as a result of weaker economic conditions; and the potential effects on our internal controls, including those over financial reporting, as a result of changes in working environments, among others. In addition, disruptions or turmoil in the credit or financial markets or impacts on our credit ratings could adversely affect our ability to access capital on favorable terms and continue to meet our liquidity needs, all of which are highly uncertain and cannot be predicted. COVID-related impacts also may exacerbate other risks discussed below, as well as affect us in a manner that we are not aware of currently, any of which could have a material effect on us.

Macroeconomic, Industry and Governmental Risks

We depend on U.S. Government customers for a significant portion of our revenue, and the loss of these relationships, a reduction in U.S. Government funding or a change in U.S. Government spending priorities could have an adverse impact on our business, financial condition, results of operations, cash flows and equity.

We are highly dependent on sales to U.S. Government customers, primarily defense-related programs with the DoD and a broad range of programs with the U.S. Intelligence Community and other U.S. Government departments and agencies. The percentage of our revenue derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, both directly and through prime contractors, was 78 percent, 73 percent, 77 percent and 75 percent in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. Therefore, any significant disruption or deterioration of our relationship with the U.S. Government (in particular, the DoD) would significantly reduce our revenue and have an adverse impact on our business, financial condition, results of operations, cash flows and equity.

We operate in highly competitive markets, and the U.S. Government may choose to use contractors other than us, for example as part of competitive bidding processes (through which we expect that a majority of the business we seek will be awarded), or otherwise due to our competitors' ongoing efforts to expand their business relationships with the U.S. Government. The U.S. Government has increasingly relied on certain types of contracts that are subject to multiple competitive bidding processes, including multi-vendor IDIQ, GWAC, General Services Administration Schedule and other multi-award contracts, which has resulted in greater competition and increased pricing pressure. Some of our competitors have greater financial

resources than we do and may have more extensive or more specialized engineering, manufacturing and marketing capabilities than we do in some areas. We may not be able to continue to win competitively awarded contracts or to obtain task orders under multi-award contracts. Further, competitive bidding processes involve significant cost and managerial time to prepare bids and proposals for contracts that may not be awarded to us or may be split with competitors and the risk that we may fail to accurately estimate the resources and costs required to fulfill any contract awarded to us. The current competitive bidding environment has resulted in an increase of bid protests from unsuccessful bidders, which typically extends the time until work on a contract can begin and may result in us experiencing significant expense or delay, contract modification or contract rescission as a result of our competitors protesting or challenging contracts awarded to us.

Our U.S. Government programs must compete with programs managed by other government contractors and with other policy imperatives for consideration for limited resources and for uncertain levels of funding during the budget and appropriations process. Budget and appropriations decisions made by the U.S. Government are outside of our control and have long-term consequences for our business. U.S. Government spending priorities and levels remain uncertain and difficult to predict and are affected by numerous factors, including sequestration (automatic, across-the-board U.S. Government budgetary spending cuts) and potential alternative funding arrangements. A change in U.S. Government spending priorities or an increase in non-procurement spending at the expense of our programs, or a reduction in total U.S. Government spending, could have material adverse consequences on our current or future business. Any inability of the U.S. Government to complete its budget process for any government fiscal year, and consequently having to operate on funding levels equivalent to its prior fiscal year pursuant to a “continuing resolution” or shut down, also could have material adverse consequences on our current or future business. For more information regarding sequestration, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Business Considerations - Industry-Wide Opportunities, Challenges and Risks” of this Report.

We depend significantly on U.S. Government contracts, which often are only partially funded, subject to immediate termination, and heavily regulated and audited. The termination or failure to fund, or negative audit findings for, one or more of these contracts could have an adverse impact on our business, financial condition, results of operations, cash flows and equity.

A U.S. Government program may be implemented by the award of many different individual contracts and subcontracts over its lifetime, and its funding is subject to Congressional appropriations, which have been affected by larger U.S. Government budgetary issues and related legislation in recent years. Although multi-year contracts may be authorized and appropriated in connection with major procurements, Congress generally appropriates funds on a government fiscal year basis. Procurement funds are typically made available for obligation over the course of one to three years. Consequently, programs often initially receive only partial funding, and additional funds are obligated only as Congress authorizes further appropriations. We cannot predict the extent to which total funding and/or funding for individual programs will be included, increased or reduced as part of the annual appropriations process ultimately approved by Congress and the President or in separate supplemental appropriations or continuing resolutions, as applicable. The termination of funding for a U.S. Government program would result in a loss of anticipated future revenue attributable to that program, which could have an adverse impact on our operations. In addition, the termination of a program or the failure to commit additional funds to a program that already has been started could result in lost revenue and increase our overall costs of doing business.

U.S. Government contracts also generally are subject to U.S. Government oversight audits, which could result in adjustments to our contract costs. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and such costs already reimbursed must be refunded. We have recorded contract revenue based on costs we expect to realize upon final audit. However, we do not know the outcome of any future audits and adjustments, and we may be required to materially reduce our revenue or profits upon completion and final negotiation of audits. Negative audit findings could also result in termination of a contract, forfeiture of profits, suspension of payments, fines or suspension or debarment from U.S. Government contracting or subcontracting for a period of time.

In addition, U.S. Government contracts generally contain provisions permitting termination, in whole or in part, without prior notice at the U.S. Government’s convenience upon payment only for work done and commitments made at the time of termination. For some contracts, we are a subcontractor and not the prime contractor, and in those arrangements, the U.S. Government could terminate the prime contractor for convenience without regard for our performance as a subcontractor. We may be unable to procure new contracts to offset revenue or backlog lost as a result of any termination of our U.S. Government contracts. Because a significant portion of our revenue is dependent on our performance and payment under our U.S. Government contracts, the loss of one or more large contracts could have a material adverse impact on our business, financial condition, results of operations, cash flows and equity.

Our U.S. Government business also is subject to specific procurement regulations and a variety of socioeconomic and other requirements that, although customary in U.S. Government contracts, increase our performance and compliance costs. These costs might increase in the future, thereby reducing our margins, which could have an adverse effect on our business, financial condition, results of operations, cash flows and equity. In addition, the U.S. Government has and may continue to implement

initiatives focused on efficiencies, affordability and cost growth and other changes to its procurement practices. These initiatives and changes to procurement practices may change the way U.S. Government contracts are solicited, negotiated and managed, which may affect whether and how we pursue opportunities to provide our products and services to the U.S. Government, including the terms and conditions under which we do so, which may have an adverse impact on our business, financial condition, results of operations, cash flows and equity. For example, contracts awarded under the DoD's Other Transaction Authority for research and prototypes generally require cost-sharing and may not follow, or may follow only in part, standard U.S. Government contracting practices and terms, such as the FAR and Cost Accounting Standards.

Failure to comply with applicable regulations and requirements could lead to fines, penalties, repayments, or compensatory or treble damages, or suspension or debarment from U.S. Government contracting or subcontracting for a period of time. Among the causes for debarment are violations of various laws and regulations, including those related to procurement integrity, export control (including International Traffic in Arms Regulations ("ITAR")), U.S. Government security, employment practices, protection of the environment, accuracy of records, proper recording of costs and foreign corruption. The termination of a U.S. Government contract or relationship as a result of any of these acts would have an adverse impact on our operations and could have an adverse effect on our standing and eligibility for future U.S. Government contracts.

The U.S. Government's budget deficit and the national debt, as well as any inability of the U.S. Government to complete its budget process for any government fiscal year and consequently having to shut down or operate on funding levels equivalent to its prior fiscal year pursuant to a "continuing resolution," could have an adverse impact on our business, financial condition, results of operations, cash flows and equity.

Considerable uncertainty exists regarding how future budget and program decisions will unfold, including the defense spending priorities of the U.S. Government, what challenges budget reductions will present for the defense industry and whether annual appropriations bills for all agencies will be enacted for U.S. Government fiscal 2022 and thereafter. The U.S. Government's budget deficit and the national debt could have an adverse impact on our business, financial condition, results of operations, cash flows and equity in a number of ways, including the following:

- The U.S. Government could reduce or delay its spending on, or reprioritize its spending away from, the government programs in which we participate;
- U.S. Government spending could be impacted by alternate arrangements to sequestration, which increases the uncertainty as to, and the difficulty in predicting, U.S. Government spending priorities and levels; and
- We may experience declines in revenue, profitability and cash flows as a result of reduced or delayed orders or payments or other factors caused by economic difficulties of our customers and prospective customers, including U.S. Federal, state and local governments.

Furthermore, we believe continued budget pressures and additional budget pressures from COVID-related impacts could have serious negative consequences for U.S. security and for companies in the defense industrial base and the customers, employees, suppliers, investors and communities that rely on them. Budget and program decisions made in this environment would have long-term implications for us and the rest of the defense industry.

Our results of operations and cash flows are substantially affected by our mix of fixed-price, cost-plus and time-and-material type contracts. In particular, our fixed-price contracts could subject us to losses in the event of cost overruns or a significant increase in inflation.

We generate revenue through various fixed-price, cost-plus and time-and-material contracts. For a general description of our U.S. Government contracts and subcontracts, including a discussion of revenue generated thereunder and of cost-reimbursable versus fixed-price contracts, see "Item 1. Business - Principal Customers; Government Contracts" of this Report. For a description of our revenue recognition policies, see "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations - Critical Accounting Policies and Estimates - Revenue Recognition" of this Report.

In fiscal 2020, 74 percent of our revenue was derived from fixed-price contracts which allow us to benefit from cost savings, but subject us to the risk of potential cost overruns, particularly for firm fixed-price contracts because we assume all of the cost burden. If our initial estimates are incorrect, we can lose money (or make more or less money than estimated) on these contracts. U.S. Government contracts can expose us to potentially large losses because the U.S. Government can hold us responsible for completing a project or, in certain circumstances, paying the entire cost of its replacement by another provider regardless of the size or foreseeability of any cost overruns that occur over the life of the contract. Because many of these contracts involve new technologies and applications and can last for years, unforeseen events, such as technological difficulties, fluctuations in the price of raw materials, a significant increase in inflation, problems with our suppliers and cost overruns, can result in the contractual price becoming less favorable or even unprofitable to us over time. Furthermore, if we do not meet contract deadlines or specifications, we may need to renegotiate contracts on less favorable terms, be forced to pay penalties or liquidated damages or suffer major losses if the customer exercises its right to terminate. In addition, some of our contracts have provisions relating to cost controls and audit rights, and if we fail to meet the terms specified in those contracts, we may not realize their full benefits. Cost overruns would adversely impact our results of operations, which are dependent on our ability to maximize our earnings from our contracts, and the potential risk would be greater if our contracts shifted toward a greater percentage of fixed-price contracts, particularly firm fixed-price contracts.

In fiscal 2020, 26 percent of our revenue was derived from cost-plus and time-and-material contracts, substantially all of which are with U.S. Government customers. Sales to foreign government and commercial customers are generally under fixed-price arrangements and are included in our fixed-price contract sales. For a cost-plus contract, we are paid our allowable incurred costs plus a profit, which can be fixed or variable depending on the contract's fee arrangement up to predetermined funding levels established by our customers. For a time-and-material contract, we are paid on the basis of direct labor hours expended at specified fixed-price hourly rates (which include wages, overhead, allowable general and administrative expenses and profit) and materials at cost. Therefore, on cost-plus and time-and-material type contracts, we do not bear the risks of unexpected cost overruns, provided that we do not incur costs that exceed the predetermined funded amounts.

Our commercial aviation products, systems and services businesses are affected by global demand and economic factors that could negatively impact our financial results.

The operating results of our commercial aviation products, systems and services businesses may be adversely affected by downturns in the global demand for air travel which impacts new aircraft production and orders, and global flying hours, which impacts air transport, regional and business aircraft utilization rates and pilot training needs. The aviation industry is highly cyclical, and the level of demand for air travel is correlated to the strength of the U.S. and international economies and is impacted by long-term trends in airline passenger and cargo traffic. The results of our commercial aviation businesses also depend on other factors, including general economic growth, political stability in both developed and emerging markets, pricing pressures, trends in capital goods markets and changes in original equipment manufacturer production rates. As described above under "COVID-Related Risks," our commercial aviation businesses experienced adverse COVID-related impacts in fiscal 2020 and remain at a higher risk of further adverse COVID-related impacts.

We participate in markets that are often subject to uncertain economic conditions, which makes it difficult to estimate growth in our markets and, as a result, future income and expenditures.

We participate in U.S. and international markets that are subject to uncertain economic conditions. In particular, U.S. Government spending priorities and levels remain uncertain and difficult to predict and are affected by numerous factors, including sequestration and potential alternative funding arrangements and COVID-related impacts. In addition, certain of our non-U.S. customers, including in the Middle East and other oil or natural gas-producing countries, could be adversely affected by weakness or volatility in oil or natural gas prices, or negative expectations about future prices or volatility, which could adversely affect demand for tactical communications, electronic systems or other products, systems, services or technologies. As a result of that uncertainty, it is difficult to develop accurate estimates of the level of growth in the markets we serve. Because those estimates underpin all components of our budgeting and forecasting, our estimates or guidance for future revenue, income and expenditures may be inaccurate, and we may make significant investments and expenditures but never realize the anticipated benefits.

We cannot predict the consequences of future geo-political events, but they may adversely affect the markets in which we operate, our ability to insure against risks, our operations or our profitability.

Ongoing instability and current conflicts in global markets, including in the Middle East and Asia, and the potential for other conflicts and future terrorist activities and other recent geo-political events throughout the world, including new or increased tariffs and potential trade wars and the withdrawal of the United Kingdom (the "UK") from the European Union (the "EU") in January 2020 (commonly referred to as "Brexit"), have created and may continue to create economic and political uncertainties and impacts that could have a material adverse effect on our business, operations and profitability. Since January 1, 2021, when the Brexit transition period ended, the UK and EU's trade and cooperation agreement (covering the general objectives and framework of their relationship, including as to trade, transport and certain other matters, but not providing for free movement of people between the UK and EU, free movement of UK goods or automatic access to the entire EU single market for UK service

suppliers) has applied provisionally, but it remains subject to EU ratification and revision before formal effectiveness. The effects of Brexit in part depend on application of the terms of the agreement, and thus remain uncertain. We generated 2 percent of our fiscal 2020 revenue in the UK, but we and our suppliers may experience supply chain disruptions, increased tariffs, currency devaluation in the UK or other adverse impacts on operations or profitability. These types of matters cause uncertainty in financial and insurance markets and may significantly increase the political, economic and social instability in the geographic areas in which we operate. If credit in financial markets outside of the U.S. tightened, it could adversely affect the ability of our international customers and suppliers to obtain financing and could result in a decrease in or cancellation of orders for our products, systems and services or impact the ability of our customers to make payments. These matters also may cause us to experience increased costs, such as for insurance coverages and performance bonds (or for them to be unavailable altogether), as well as difficulty with future borrowings under our commercial paper program or credit facilities or in the debt markets or otherwise with financing our operating, investing (including any future acquisitions) or financing activities.

We derive a significant portion of our revenue from international operations and are subject to the risks of doing business internationally, including fluctuations in currency exchange rates.

We are dependent on sales to customers outside the U.S. The percentage of our total revenue represented by revenue from products, systems and services where the end consumer is located outside the U.S., including foreign military sales through the U.S. Government, was 20 percent, 21 percent, 22 percent and 23 percent in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. In fiscal 2020, 32 percent of our international business was transacted in local currency. Losses resulting from currency rate fluctuations can adversely affect our results. We expect that international revenue will continue to account for a significant portion of our total revenue. Also, a significant portion of our international revenue is from, and a significant portion of our business activity is being conducted with or in, less-developed countries and sometimes countries with unstable governments, or in areas of military conflict or at military installations. Other risks of doing business internationally include:

- Currency exchange controls, fluctuations of currency and currency revaluations;
- Laws, regulations and policies of foreign governments relating to investments and operations, as well as U.S. laws affecting activities of U.S. companies abroad, including the Foreign Corrupt Practices Act (“FCPA”);
- Import and export licensing requirements and regulations, including ITAR, as well as unforeseen changes in export controls and other trade regulations;
- Changes in regulatory requirements, including business or operating license requirements, imposition of tariffs or embargoes;
- Uncertainties and restrictions concerning the availability of funding, credit or guarantees;
- Risk of non-payment or delayed payment by non-U.S. customers;
- Contractual obligations to non-U.S. customers may include specific in-country purchases, investments, manufacturing agreements or financial or other support arrangements or obligations, known as offset obligations, that may extend for many years, require teaming with local companies and result in significant penalties if not satisfied;
- Complexities and necessities of using, and disruptions involving, international dealers, distributors, sales representatives and consultants;
- Difficulties of managing a geographically dispersed organization and culturally diverse workforces, including compliance with local laws and practices;
- Difficulties with repatriating cash generated or held abroad in a tax-efficient manner and changes in tax laws;
- Uncertainties as to local laws and enforcement of contract and intellectual property rights and occasional requirements for onerous contract terms;
- Rapid changes in government, economic and political policies, political or civil unrest, acts of terrorism or threats of international boycotts or U.S. anti-boycott legislation; and
- Increased risk of an incident resulting in damage or destruction to our facilities or products or resulting in injury or loss of life to our employees, subcontractors or other third parties.

We are subject to government investigations, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity.

U.S. Government contractors are subject to extensive legal and regulatory requirements, including ITAR and FCPA, and from time to time agencies of the U.S. Government investigate whether we have been and are operating in accordance with these requirements. We may cooperate with the U.S. Government in those investigations. Under U.S. Government regulations, an indictment of L3Harris by a federal grand jury, or an administrative finding against us as to our present responsibility to be a U.S. Government contractor or subcontractor, could result in us being suspended for a period of time from eligibility for awards of new government contracts or task orders or in a loss of export privileges, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity. A conviction, or an administrative finding against us that satisfies

the requisite level of seriousness, could result in debarment from contracting with the U.S. Government for a specific term, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity.

Business and Operational Risks

We could be negatively impacted by a security breach, through cyber attack, cyber intrusion, insider threats or otherwise, or other significant disruption of our IT networks and related systems or of those we operate for certain of our customers.

We face the risk of a security breach, whether through cyber attack, cyber intrusion or insider threat via the Internet, malware, computer viruses, attachments to e-mails, persons inside our organization or with access to systems inside our organization, threats to the physical security of our facilities and employees or other significant disruption of our IT networks and related systems or those of our suppliers or subcontractors. We face an added risk of a security breach or other significant disruption of the IT networks and related systems that we develop, install, operate and maintain for certain of our customers, which may involve managing and protecting information relating to national security and other sensitive government functions or personally identifiable or protected health information. The risk of a security breach or disruption, particularly through cyber attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, is persistent and substantial as the volume, intensity and sophistication of attempted attacks, intrusions and threats from around the world remain elevated and unlikely to diminish. As an advanced technology-based solutions provider, and particularly as a government contractor with access to national security or other sensitive government information, we face a heightened risk of a security breach or disruption from threats to gain unauthorized access to our and our customers' proprietary or classified information on our IT networks and related systems and to the IT networks and related systems that we operate and maintain for certain of our customers. These types of information and IT networks and related systems are critical to the operation of our business and essential to our ability to perform day-to-day operations, and, in some cases, are critical to the operations of certain of our customers. We make significant efforts to maintain the security and integrity of these types of information and IT networks and related systems and have implemented various measures to manage the risk of a security breach or disruption. Our efforts and measures have not been entirely effective in the case of every cyber security incident, but no incident has had a material negative impact on us to date. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because attempted security breaches, particularly cyber attacks and cyber intrusions, or disruptions will occur in the future, and because the techniques used in such attempts are constantly evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected (for example, the SolarWinds cyber incident). In some cases, the resources of foreign governments may be behind such attacks due to the nature of our business and the industries in which we operate. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures. Thus, it is impossible for us to entirely mitigate this risk, and there can be no assurance that future cyber security incidents will not have a material negative impact on us. A security breach or other significant disruption involving these types of information and IT networks and related systems could:

- Disrupt proper functioning of these networks and systems and, therefore, our operations and/or those of certain of our customers;
- Result in unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours, our customers or our employees, including trade secrets, which could be used to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes;
- Compromise national security and other sensitive government functions;
- Require significant management attention and resources to remedy damages that result;
- Result in costs which exceed our insurance coverage and/or indemnification arrangements;
- Subject us to claims for contract breach, damages, credits, penalties or termination; and
- Damage our reputation with our customers (particularly agencies of the U.S. Government) and the general public.

We must also rely on the safeguards put in place by customers, suppliers, vendors, subcontractors or other third parties to minimize the impact of cyber threats, other security threats or business disruptions. These third parties may have varying levels of cybersecurity expertise and safeguards, and their relationships with government contractors, such as us, may increase their likelihood of being targeted by the same cyber threats we face. Our commercial arrangements with these third parties include processes designed to require that the third parties and their employees and agents agree to maintain certain standards for the storage, protection and transfer of confidential, personal and proprietary information. However, we remain at risk of a data breach due to the intentional or unintentional non-compliance by a third party's employee or agent, the breakdown of a third party's data protection processes, which may not be as sophisticated as ours, or a cyber-attack on a third party's information network and systems.

Any or all of the foregoing could have a negative impact on our business, financial condition, results of operations, cash flows and equity.

Our future success will depend on our ability to develop new products, systems, services and technologies that achieve market acceptance in our current and future markets.

Our businesses are characterized by rapidly changing technologies and evolving industry standards. Accordingly, our performance depends on a number of factors, including our ability to:

- Identify market needs and growth opportunities;
- Identify emerging technological trends in our current and target markets;
- Identify additional uses for our existing technology to address customer needs;
- Develop and maintain competitive products, systems, services and technologies;
- Enhance our offerings by adding innovative hardware, software or other features that differentiate our products, systems, services and technologies from those of our competitors;
- Develop, manufacture and bring to market cost-effective offerings quickly;
- Enhance product designs for export and releasability to international markets; and
- Effectively structure our businesses to reflect the competitive environment, including through the use of joint ventures, collaborative agreements and other forms of alliances.

To remain competitive, we need to continue to design, develop, manufacture, assemble, test, market and support new products, systems, services and technologies, which will require the investment of significant financial resources. In the past, we have allocated substantial funds for such investments through customer funded and internal research and development, acquisitions or other teaming arrangements. This practice will continue to be required, but we may not be able to successfully identify new opportunities and may not have the necessary financial resources to develop new products, systems, services and technologies in a timely or cost-effective manner. Furthermore, the need to make these expenditures could divert our attention and resources from other projects, and we cannot be sure that these expenditures ultimately will lead to the timely development of new products, systems, services or technologies. Due to the design complexity of some of our products, systems, services and technologies, we may experience delays in completing development and introducing new products, systems, services or technologies in the future. Any delays could result in increased costs of development or divert resources from other projects. In addition, the markets for our products, systems, services or technologies may not develop as we currently anticipate, we may not be as successful in newly identified markets as we currently anticipate, and acquisitions, joint ventures or other teaming arrangements we may enter into to pursue developing new products, systems, services or technologies may not be successful. Failure of our products, systems, services or technologies to gain market acceptance could significantly reduce our revenue and harm our business. Furthermore, competitors may develop competing products, systems, services or technologies that gain market acceptance in advance of our products, systems, services or technologies, or competitors may develop new products, systems, services or technologies that cause our existing products, systems, services or technologies to become non-competitive or obsolete, which could adversely affect our results of operations. The future direction of the domestic and global economies, including its impact on customer demand, also will have a significant impact on our overall performance.

We must attract and retain key employees, and any failure to do so could seriously harm us.

Our future success depends to a significant degree upon the continued contributions of our management and our ability to attract and retain highly qualified management and technical personnel, including employees who have U.S. Government security clearances, particularly clearances of top-secret and above. To the extent that the demand for qualified personnel exceeds supply, as has been the case from time to time in recent years, we could experience higher labor, recruiting or training costs in order to attract and retain such employees, or could experience difficulties in performing under our contracts if our needs for such employees were unmet. Failure to attract and retain such personnel would damage our future prospects.

Some of our workforce is represented by labor unions, so a prolonged work stoppage could harm our business.

At January 1, 2021, approximately 3,100 of our U.S. employees, or approximately 7 percent of our employee base, were unionized. If we encounter difficulties with renegotiation or renewals of collective bargaining arrangements or are unsuccessful in those efforts, we could incur additional costs and experience work stoppages. Union actions at suppliers can also affect us. We cannot predict how stable our union relationships will be or whether we will be able to successfully negotiate successor collective bargaining agreements without impacting our financial condition. In addition, the presence of unions may limit our flexibility in dealing with our workforce. Work stoppages could negatively impact our ability to manufacture products or provide services on a timely basis, which could negatively impact our business, financial condition, results of operations, cash flows and equity.

Disputes with our subcontractors or key suppliers, or their inability to perform or timely deliver our components, parts or services, could cause our products, systems or services to be produced or delivered in an untimely or unsatisfactory manner.

We engage subcontractors on many of our contracts and from time to time may have disputes with them, including regarding the quality and timeliness of work performed by them, customer concerns about the subcontract or subcontractor, our

failure to extend existing task orders or issue new task orders under a subcontract, our hiring of the personnel of a subcontractor or vice versa or the subcontractor's failure to comply with applicable law. In addition, there are certain parts, components and services for many of our products, systems and services that we source from other manufacturers or vendors. Some of our suppliers, from time to time, experience financial and operational difficulties, which may impact their ability to supply the materials, components, subsystems and services that we require. Tariffs recently imposed on certain materials and other trade issues may create or exacerbate existing materials shortages and may result in further supplier business closures. Our supply chain could also be disrupted by external events, such as natural disasters or other significant disruptions (including COVID-related impacts as described above under "COVID-Related Risks," extreme weather conditions, epidemics, acts of terrorism, cyber attacks and labor disputes), governmental actions and legislative or regulatory changes, including product certification or stewardship requirements, sourcing restrictions, product authenticity and climate change or greenhouse gas emission standards, or availability constraints from increased demand from customers. These or any further political or governmental developments or health concerns in countries in which we operate could result in social, economic and labor instability. Any inability to develop alternative sources of supply on a cost-effective and timely basis could materially impair our ability to manufacture and deliver products, systems and services to our customers. We may experience disputes with our subcontractors; material supply constraints or problems; or component, subsystems or services problems in the future. Also, our subcontractors and other suppliers may not be able to acquire or maintain the quality of the materials, components, subsystems and services they supply, which might result in greater product returns, service problems and warranty claims and could harm our business, financial condition, results of operations, cash flows and equity. In addition, in connection with our government contracts, we are required to procure certain materials, components and parts, including certain microelectronics components, from supply sources approved by the U.S. Government and we rely on our subcontractors and suppliers to comply with applicable laws, regulations and other requirements regarding procurement of counterfeit, unauthorized or otherwise non-compliant parts or materials, including parts or materials they supply to us, and in some circumstances, we rely on their certifications as to their compliance. From time to time, there are components for which there may be only one supplier, which may be unable to meet our needs. Each of these subcontractor and supplier risks could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity.

We have significant operations in locations that could be materially and adversely impacted in the event of a natural disaster or other significant disruption.

Our corporate headquarters and significant business operations are located in Florida, which is subject to the risk of major hurricanes. Our worldwide operations and operations of our suppliers and customers could be subject to natural disasters or other significant disruptions, including hurricanes, typhoons, tsunamis, floods, earthquakes, fires, water shortages, other extreme weather conditions, epidemics, pandemics, COVID-related impacts as described above under "COVID-Related Risks," acts of terrorism, power shortages and blackouts, telecommunications failures, cyber attacks and other natural and manmade disasters or disruptions. In the event of such a natural disaster or other disruption, we could experience disruptions or interruptions to our operations or the operations of our suppliers, subcontractors, distributors, resellers or customers, including inability of employees to work; destruction of facilities; and/or loss of life, all of which could materially increase our costs and expenses, delay or decrease orders and revenue from our customers and have a material adverse effect on the continuity of our business and our business, financial condition, results of operations, cash flows and equity.

Financial Risks

Changes in estimates we use in accounting for many of our programs could adversely affect our future financial results.

Accounting for our contracts requires judgment relative to assessing risks, including risks associated with customer-directed delays and reductions in scheduled deliveries, unfavorable resolutions of claims and contractual matters, and judgment associated with estimating contract revenue and costs and assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of total revenue and cost at completion is complicated and subject to many variables. For example, we must make assumptions regarding: (i) the length of time to complete the contract because costs also include expected increases in wages and prices for materials; (ii) whether contracts should be accounted for as having one or more performance obligations based on the goods and services promised to the customer; (iii) incentives or penalties related to performance on contracts in estimating revenue and profit rates, and recording them when there is sufficient information for us to assess anticipated performance; and (iv) estimates of award fees in estimating revenue and profit rates based on actual and anticipated awards. Because of the significance of the judgments and estimation processes involved in accounting for our contracts, materially different amounts could be recorded if we used different assumptions or if the underlying circumstances were to change. Changes in underlying assumptions, circumstances or estimates may adversely affect our future results of operations and financial condition. For additional information regarding our critical accounting policies and estimates applicable to our accounting for our contracts, see "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations - Critical Accounting Policies and Estimates" of this Report.

Our level of indebtedness and our ability to make payments on or service our indebtedness and our unfunded defined benefit plans liability may materially adversely affect our financial and operating activities or our ability to incur additional debt.

At January 1, 2021, we had \$6.8 billion in aggregate principal amount of outstanding debt and \$1.9 billion of unfunded defined benefit plans liability. These amounts may increase; however, our ability to increase our borrowings is subject to limitations imposed on us by our debt agreements. Our ability to make payments on and to refinance our current or future indebtedness, and our ability to make contributions to our unfunded defined benefit plans liability, will depend on our ability to generate cash from operations, financings or asset sales, which may be subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are not able to repay or refinance our debt as it becomes due or make contributions to our unfunded defined benefit plans liability, we may be forced to sell assets or take other disadvantageous actions, including reducing financing for working capital, capital expenditures and general corporate purposes; reducing our cash dividend rate and/or share repurchases; or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, our ability to withstand competitive pressures and to react to changes in the defense technology industry could be impaired. The lenders who hold such debt could also accelerate amounts due, which could potentially trigger a default or acceleration of any of our other debt.

Additionally, certain of our financial obligations and instruments, including our 2019 Credit Facility (defined below) and Floating Rate Notes due March 10, 2023, as well as financial instruments that we hold or use or may hold or use, such as interest rate swaps, are or may be made at variable interest rates that use the London interbank offered rate (“LIBOR”) (or metrics derived from or related to LIBOR) as a benchmark for establishing the applicable interest rate. The potential consequences from discontinuation, modification or reform of LIBOR, implementation of alternative reference rates and any interest rate transition process cannot be fully predicted and may have an adverse impact on values of LIBOR-linked securities and other financial obligations or extensions of credit and may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR, reductions in effectiveness of related transactions such as hedges, increased borrowing costs, uncertainty under applicable documentation, or difficult and costly consent processes. This could materially and adversely affect our results of operations, cash flows and liquidity. See *Note 13: Credit Arrangements* in the Notes for additional information regarding our 2019 Credit Facility and *Note 14: Debt* in the Notes for additional information regarding our Floating Rate Notes due March 10, 2023.

A downgrade in our credit ratings could materially adversely affect our business.

The credit ratings assigned to our debt securities could change based on, among other things, our results of operations, financial condition, mergers, acquisitions or dispositions. These ratings are subject to ongoing evaluation by credit rating agencies and may be changed or withdrawn by rating agencies in the future. Moreover, these credit ratings are not recommendations to buy, sell or hold any of our debt securities. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade or have been assigned a negative outlook, would likely increase our borrowing costs and affect our ability to incur new indebtedness or refinance our existing indebtedness, which in turn could have a material adverse effect on our financial condition, results of operations, cash flows, equity and the market value of our common stock and outstanding debt securities.

The level of returns on defined benefit plan assets, changes in interest rates and other factors could materially adversely affect our financial condition, results of operations, cash flows and equity in future periods.

A substantial portion of our current and retired employee population is covered by defined benefit pension and other postretirement defined benefit plans (collectively, “defined benefit plans”). We may experience significant fluctuations in costs related to defined benefit plans as a result of macro-economic factors, such as interest rates, that are beyond our control. The cost of our defined benefit plans is incurred over long periods of time and involves various factors and uncertainties during those periods that can be volatile and unpredictable, including the rates of return on defined benefit plan assets, discount rates used to calculate liabilities and expenses, mortality of plan participants and trends for future medical costs. We develop our assumptions using relevant plan experience and expectations in conjunction with market-related data. These assumptions and other actuarial assumptions may change significantly due to changes in economic, legislative, and/or demographic experience or circumstances. Significant changes in key economic indicators, financial market volatility, future legislation and other governmental regulatory actions could materially affect our financial condition, results of operations, cash flows and equity.

We will make contributions to fund our defined benefit plans when considered necessary or advantageous to do so. The macro-economic factors discussed above, including the rates of return on defined benefit plan assets and the minimum funding requirements established by government funding or taxing authorities, or established by other agreement, may influence future funding requirements. A significant decline in the fair value of our plan assets, or other adverse changes to our overall defined benefit plans, could require us to make significant funding contributions and affect cash flows in future periods.

U.S. Government Cost Accounting Standards (“CAS”) govern the extent to which postretirement costs and plan contributions are allocable to and recoverable under contracts with the U.S. Government. We expect to continue to seek reimbursement from the U.S. Government for a portion of our postretirement costs and plan contributions; however, pension plan cost recoveries under our U.S. Government contracts may occur in different periods from when those pension costs are

recognized for financial statement purposes or when pension funding is made. CAS rules have been revised to partially harmonize the measurement and period of assignment of pension plan costs allocable to U.S. Government contracts and minimum required contributions under the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006. However, there is still a lag between the time when we contribute cash to our plans under pension funding rules and when we recover pension costs under CAS rules. These timing differences could have a material adverse effect on our cash flows.

Legal, Tax and Regulatory Risks

Changes in our effective tax rate may have an adverse effect on our results of operations.

Our future effective tax rate may be adversely affected by a number of factors including:

- Changes in domestic or international tax laws or the interpretation of such tax laws;
- The jurisdictions in which profits are determined to be earned and taxed;
- Adjustments to estimated taxes upon finalization of various tax returns;
- Increases in expenses not fully deductible for tax purposes, including write-offs of acquired in-process R&D and impairment of goodwill or other long-term assets in connection with mergers or acquisitions;
- Changes in available tax credits;
- Changes in share-based compensation expense;
- Changes in the valuation of our deferred tax assets and liabilities; and
- The resolution of issues arising from tax audits with various tax authorities.

For example, provisions in the Tax Cuts and Jobs Act of 2017 require that, beginning in 2022, R&D expenditures be capitalized and amortized over five years, which would result in a material increase to our cash taxes in 2022 through 2026 and establishment of a material deferred tax asset, if the provisions are not modified or repealed before then.

Any significant increase in our future effective tax rates could adversely impact our results of operations for future periods.

We may not be successful in obtaining the necessary export licenses to conduct certain operations abroad, and Congress may prevent proposed sales to certain foreign governments.

We must first obtain export and other licenses and authorizations from various U.S. Government agencies before we are permitted to sell certain products and technologies outside of the U.S. For example, the U.S. Department of State must notify Congress at least 15 to 60 days, depending on the size and location of the proposed sale, prior to authorizing certain sales of defense equipment and services to foreign governments. During that time, Congress may take action to block the proposed sale. We may be unsuccessful in obtaining necessary licenses or authorizations or Congress may prevent or delay certain sales. Our ability to obtain necessary licenses and authorizations timely or at all is subject to risks and uncertainties, including changing U.S. Government policies or laws or delays in Congressional action due to geopolitical and other factors. If we are not successful in obtaining or maintaining the necessary licenses or authorizations in a timely manner, our sales relating to those approvals may be reversed, prevented or delayed, and any significant impairment of our ability to sell products or technologies outside of the U.S. could negatively impact our business, financial condition, results of operations, cash flows and equity.

Our reputation and ability to do business may be impacted by the improper conduct of our employees, agents or business partners.

We have implemented compliance controls, training, policies and procedures designed to prevent and detect reckless or criminal acts from being committed by our employees, agents or business partners that would violate the laws of the jurisdictions in which we operate, including laws governing payments to government officials, such as the FCPA, the protection of export controlled or classified information, such as ITAR, false claims, procurement integrity, cost accounting and billing, competition, information security and data privacy and the terms of our contracts. This risk of improper conduct may increase as we continue to grow and expand our operations. We cannot ensure, however, that our controls, training, policies and procedures will prevent or detect all such reckless or criminal acts, and we have been adversely impacted by such acts in the past. If not prevented, such acts could subject us to civil or criminal investigations, monetary and non-monetary penalties and suspension and debarment by the U.S. Government and could have a material adverse effect on our business, results of operations and reputation. In addition, misconduct involving data security lapses resulting in the compromise of personal information or the improper use of our customer's sensitive or classified information could result in remediation costs, regulatory sanctions against us and serious harm to our reputation and could adversely impact our ability to continue to contract with the U.S. Government.

The outcome of litigation or arbitration in which we are involved from time to time is unpredictable, and an adverse decision in any such matter could have a material adverse effect on our financial condition, results of operations, cash flows and equity.

The size, nature and complexity of our business make us susceptible to investigations, claims, disputes, enforcement actions, litigation and other legal proceedings, particularly those involving governments. From time to time, we are defendants in a number of litigation matters and are involved in a number of arbitration matters. These actions may divert financial and

management resources that would otherwise be used to benefit our operations. The results of these or new matters may be unfavorable to us. Although we maintain insurance policies, they may not be adequate to protect us from all material judgments and expenses related to current or future claims and may not cover the conduct that is the subject of the litigation or arbitration. Desired levels of insurance may not be available in the future at economical prices or at all. In addition, we believe that while we have valid defenses with respect to legal matters pending against us, the results of litigation or arbitration can be difficult to predict, including litigation involving jury trials. Accordingly, our current judgment as to the likelihood of our loss (or our current estimate as to the potential range of loss, if applicable) with respect to any particular litigation or arbitration matter may be wrong. A significant judgment or arbitration award against us arising out of any of our current or future litigation or arbitration matters could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity.

Third parties have claimed in the past and may claim in the future that we are infringing directly or indirectly upon their intellectual property rights, and third parties may infringe upon our intellectual property rights.

Many of the markets we serve are characterized by vigorous protection and pursuit of intellectual property rights, which often has resulted in protracted and expensive litigation. Our efforts to gain awards of contracts and ensure a competitive position in the market depends in part on our ability to ensure that our intellectual property is protected, that our intellectual property rights are not diluted or subject to misuse, and that we are able to license certain third party intellectual property on reasonable terms. Third parties have claimed in the past and may claim in the future that we are infringing directly or indirectly upon their intellectual property rights, and we may be found to be infringing or to have infringed directly or indirectly upon those intellectual property rights. Claims of infringement might also require us to enter into costly royalty or license agreements. Our patents and other intellectual property may be challenged, invalidated, misappropriated or circumvented by third parties. Moreover, we may not be able to obtain royalty or license agreements on terms acceptable to us, or at all. We also may be subject to significant damages or injunctions against development and sale of certain of our products, services and solutions. Our success depends in large part on our proprietary technology. We rely on a combination of patents, copyrights, trademarks, trade secrets, know-how, confidentiality provisions and licensing arrangements to establish and protect our intellectual property rights. In addition, the laws concerning intellectual property vary among nations and the protection provided to our intellectual property by the laws and courts of foreign nations may differ from those of the U.S. If we fail to successfully protect and enforce these rights, our competitive position could suffer. Our pending patent and trademark registration applications may not be allowed, or competitors may challenge the validity or scope of our patents or trademark registrations. In addition, our patents may not provide us a significant competitive advantage. We may be required to spend significant resources to monitor and enforce our intellectual property rights. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management's attention away from other aspects of our business. We may not be able to detect infringement, and our competitive position may be harmed before we do so. In addition, competitors may design around our technology or develop competing technologies.

We face certain significant risk exposures and potential liabilities that may not be covered adequately by insurance or indemnity.

We are exposed to liabilities that are unique to the products, systems and services we provide. A significant portion of our business relates to designing, developing and manufacturing advanced defense, technology and communications systems and products. New technologies associated with these systems and products may be untested or unproven. Components of certain defense systems and products we develop are inherently dangerous. Failures of satellites, missile systems, air traffic control systems, electronic warfare systems, space superiority systems, C5ISR systems, homeland security applications and aircraft have the potential to cause loss of life and extensive property damage. Other examples of unforeseen problems that could result, either directly or indirectly, in the loss of life or property or otherwise negatively affect revenue and profitability include loss on launch of spacecraft, premature failure of products that cannot be accessed for repair or replacement, problems with quality and workmanship, country of origin, delivery of subcontractor components or services and unplanned degradation of product performance. In addition, problems and delays in development or delivery as a result of issues with respect to design, technology, licensing and patent rights, labor, learning curve assumptions or materials and components could prevent us from achieving contractual requirements. In many circumstances, we may receive indemnification from the U.S. Government. We generally do not receive indemnification from foreign governments. Although we maintain insurance for certain risks, including certain cybersecurity exposures, the amount of our insurance coverage may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs from an accident or incident. It also is not possible for us to obtain insurance to protect against all operational risks and liabilities. Substantial claims resulting from an incident in excess of U.S. Government indemnity and our insurance coverage would harm our financial condition, results of operations, cash flows and equity. Other factors that may affect revenue and profits include loss of follow-on work, and, in the case of certain contracts, liquidated damages, penalties and repayment to the customer of contract cost and fee payments we previously received. Moreover, any accident or incident for which we are liable, even if fully insured, could negatively affect our standing with our customers and the public, thereby making it more difficult for us to compete effectively, and could significantly impact the cost and availability of adequate insurance in the future.

Unforeseen environmental issues could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity.

Our operations are subject to various U.S. Federal, state and local, as well as certain foreign, environmental laws and regulations within the countries in which we operate relating to the discharge, storage, treatment, handling, disposal and remediation of certain materials, substances and wastes used in our operations. In addition, we could be affected by future environmental laws or regulations, including, for example, new restrictions on materials used in our operations, or future regulations imposed or claims asserted in response to concerns over climate change, other aspects of the environment or natural resources. Compliance with current and future environmental laws and regulations may require significant operating and capital costs. Environmental laws and regulations may authorize substantial fines and criminal sanctions as well as facility shutdowns to address violations, and may require the installation of costly pollution control equipment or operational changes to limit emissions or discharges. We also incur, and expect to continue to incur, costs to comply with current environmental laws and regulations related to remediation of conditions in the environment. In addition, if violations of environmental laws result in us, or in one or more of our operations, being identified as an excluded party in the U.S. Government's System for Award Management, then we or one or more of our operations would become ineligible to receive certain contracts, subcontracts and other benefits from the Federal government or to perform work under a government contract or subcontract. Generally, such ineligibility would continue until the basis for the listing has been appropriately addressed. Developments such as the adoption of new environmental laws and regulations, stricter enforcement of existing laws and regulations, violations by us of such laws and regulations, discovery of previously unknown or more extensive contamination, litigation involving environmental impacts, our inability to recover costs associated with any such developments under previously priced contracts, or financial insolvency of other responsible parties could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity.

Strategic Transactions and Investments Risks

Strategic transactions, including mergers, acquisitions and divestitures, involve significant risks and uncertainties that could adversely affect our business, financial condition, results of operations, cash flows and equity.

Strategic mergers, acquisitions and divestitures we have made in the past and may make in the future present significant risks and uncertainties that could adversely affect our business, financial condition, results of operations, cash flows and equity, which include:

- Difficulty in identifying and evaluating potential mergers and acquisitions, including the risk that our due diligence does not identify or fully assess valuation issues, potential liabilities or other merger or acquisition risks;
- Difficulty and expense in integrating newly merged or acquired businesses and operations, including combining product and service offerings, and in entering into new markets in which we are not experienced, in an efficient and cost-effective manner while maintaining adequate standards, controls and procedures, and the risk that we encounter significant unanticipated costs or other problems associated with integration;
- Difficulty and expense in consolidating and rationalizing IT infrastructure, which may include multiple legacy systems from various mergers and acquisitions and integrating software code;
- Challenges in achieving strategic objectives, cost savings and other expected benefits;
- Risk that our markets do not evolve as anticipated and that the strategic mergers, acquisitions and divestitures do not prove to be those needed to be successful in those markets;
- Risk that we assume or retain, or that companies we have merged with or acquired have assumed or retained or otherwise become subject to, significant liabilities that exceed the limitations of any applicable indemnification provisions or the financial resources of any indemnifying parties;
- Risk that indemnification related to businesses divested or spun off that we may be required to provide or otherwise bear may be significant and could negatively impact our business;
- Risk that mergers, acquisitions, divestitures, spin offs and other strategic transactions fail to qualify for the intended tax treatment for U.S. Federal income tax purposes, such as a tax-free reorganization in the case of the L3Harris Merger;
- Risk that we are not able to complete strategic divestitures on satisfactory terms and conditions, including non-competition arrangements applicable to certain of our business lines, or within expected timeframes;
- Potential loss of key employees or customers of the businesses merged with or acquired or to be divested; and
- Risk of diverting the attention of senior management from our existing operations.

Changes in future business or other market conditions could cause business investments and/or recorded goodwill or other long-term assets to become impaired, resulting in substantial losses and write-downs that would materially adversely affect our results of operations and financial condition.

From time to time, we acquire a minority or majority interest in a business, following careful analysis and due diligence procedures designed to achieve a desired return or strategic objective. These procedures often involve certain assumptions and judgment in determining acquisition price. After acquisition, such assumptions and judgment may prove to have been inaccurate

and unforeseen issues could arise, which could adversely affect the anticipated returns or which are otherwise not recoverable as an adjustment to the purchase price. Even after careful integration efforts, actual operating results may vary significantly from initial estimates. As of January 1, 2021, we had goodwill of \$18.9 billion recorded in our Consolidated Balance Sheet, the large majority of which was recorded in connection with the L3Harris Merger. We evaluate the recoverability of recorded goodwill annually, as well as when we change reporting units and when events or circumstances indicate there may be an impairment. We test goodwill for impairment at an organizational level referred to as the reporting unit, which is our business segment level or one level below the business segment. The impairment test is based on several factors requiring judgment. Principally, a decrease in expected reporting unit cash flows or changes in market conditions may indicate potential impairment of recorded goodwill. In addition, following the L3Harris Merger, our reporting units are generally one level below the segment level and two of our segments are comprised of several reporting units. During fiscal 2020, we recorded non-cash charges for impairment of goodwill and other assets of \$718 million related to our Commercial Aviation Solutions reporting unit due to COVID-related impacts on global air traffic and customer operations. Allocation of goodwill to several reporting units could make it more likely that we will have additional impairment charges in the future. Because of the significance of our goodwill and other intangible assets, any future impairment of these assets could have a material adverse effect on our results of operations and financial condition. For additional information on our accounting policies related to impairment of goodwill, see our discussion under “Critical Accounting Policies and Estimates” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Report and *Note 1: Significant Accounting Policies* and *Note 10: Goodwill* in the Notes.

We may fail to realize all of the anticipated benefits of the L3Harris Merger or those benefits may take longer to realize than expected. We may also encounter significant difficulties in integrating the businesses.

Our ability to realize the anticipated benefits of the L3Harris Merger will depend, to a large extent, on our ability to integrate the businesses. The combination of independent businesses is a complex, costly and time-consuming process. As a result, we will be required to devote significant management attention and resources to integration activities. The integration process may disrupt the businesses and, if implemented ineffectively, could restrict the realization of the full benefits anticipated. The failure to meet the challenges involved in integrating the businesses and to realize the anticipated benefits of the L3Harris Merger could cause an interruption of or a loss of momentum in our activities and could adversely affect our results of operations. In addition, the overall integration may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships and diversion of management’s attention. The difficulties of combining the operations of the companies include, among others:

- The diversion of management’s attention to integration matters;
- Difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects;
- Difficulties in the integration of operations and systems;
- Conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the companies;
- Difficulties in the assimilation of employees;
- Difficulties in managing the expanded operations of a significantly larger and more complex company;
- Difficulties in establishing effective uniform controls, systems, procedures and policies for the combined company;
- Challenges in keeping existing customers and obtaining new customers;
- Challenges in attracting and retaining key personnel; and
- Coordinating a geographically dispersed organization.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenue and diversion of management’s time and energy, which could materially impact our business, financial condition and results of operations. In addition, even if our operations are integrated successfully, the full benefits of the L3Harris Merger may not be realized, including the synergies, cost savings or sales or growth opportunities that are expected. These benefits may not be achieved within the anticipated time frame or at all. Further, additional unanticipated costs may be incurred in the integration. All of these factors could cause dilution to our earnings per share, decrease or delay the expected benefits of the L3Harris Merger and negatively impact the price of our stock. As a result, we can give no assurances that the L3Harris Merger will result in the realization of the full benefits anticipated.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Our principal executive offices are located at owned facilities in Melbourne, Florida. As of January 1, 2021, we operated approximately 340 locations in the U.S., Europe, Canada, Australia, Asia, the Middle East and South America, consisting of approximately 26 million square feet of manufacturing, administrative, R&D, warehousing, engineering and office space, of which we owned approximately 11 million square feet and leased approximately 15 million square feet. There are no material encumbrances on any of our owned facilities. As of January 1, 2021, we had major operations at the following locations:

Integrated Mission Systems — Greenville, Rockwall and Waco, Texas; Burlington and Mirabel, Canada; Camden, New Jersey; Mason, Ohio; Sylmar, California; Tulsa, Oklahoma; Pittsburgh and Philadelphia, Pennsylvania; and Salt Lake City, Utah.

Space and Airborne Systems — Palm Bay, Malabar and Melbourne, Florida; Rochester and Amityville, New York; Clifton, New Jersey; Colorado Springs, Colorado; Van Nuys and San Diego, California; Fort Wayne, Indiana; Wilmington, Massachusetts; and Alpharetta, Georgia.

Communication Systems — Salt Lake City, Utah; Rochester, New York; Londonderry, New Hampshire; Lynchburg, Virginia; Tempe, Arizona; Farnborough, United Kingdom; Melbourne, Florida; and Brisbane, Australia.

Aviation Systems — Melbourne, Florida; Muskegon and Grand Rapids, Michigan; Torrance, Menlo Park and Anaheim, California; Arlington and Plano, Texas; Cincinnati, Ohio; Hauppauge, New York; Herndon, Virginia; Crawley, United Kingdom; and Phoenix, Arizona.

Corporate — Melbourne, Florida; and Washington, D.C.

The following is a summary of the approximate floor space of our offices and facilities in productive use, by segment, at January 1, 2021:

(In millions)	Approximate Total Sq. Ft. Owned	Approximate Total Sq. Ft. Leased	Approximate Total Sq. Ft.
Integrated Mission Systems	1.9	6.9	8.8
Space and Airborne Systems	4.5	2.4	6.9
Communication Systems	1.7	1.6	3.3
Aviation Systems	2.6	3.5	6.1
Corporate	0.3	0.3	0.6
Total	11.0	14.7	25.7

In our opinion, our facilities, whether owned or leased, are suitable and adequate for their intended purposes and have capacities adequate for current and projected needs. We frequently review our anticipated requirements for facilities and will, from time to time, acquire additional facilities, expand existing facilities and dispose of existing facilities or parts thereof, as management deems necessary. For more information about our lease obligations, see *Note 19: Lease Commitments* in the Notes. Our facilities and other properties are generally maintained in good operating condition.

ITEM 3. LEGAL PROCEEDINGS.

General. From time to time, as a normal incident of the nature and kind of businesses in which we are or were engaged, various claims or charges are asserted and litigation or arbitration is commenced by or against us arising from or related to matters, including, but not limited to: product liability; personal injury; patents, trademarks, trade secrets or other intellectual property; labor and employee disputes; commercial or contractual disputes; strategic acquisitions or divestitures; the prior sale or use of former products allegedly containing asbestos or other restricted materials; breach of warranty; or environmental matters. Claimed amounts against us may be substantial, but may not bear any reasonable relationship to the merits of the claim or the extent of any real risk of court or arbitral awards. We record accruals for losses related to those matters against us that we consider to be probable and that can be reasonably estimated. Gain contingencies, if any, are recognized when they are realized and legal costs generally are expensed when incurred. At January 1, 2021, our accrual for the potential resolution of lawsuits, claims or proceedings that we consider probable of being decided unfavorably to us was not material. Although it is not feasible to predict the outcome of these matters with certainty, it is reasonably possible that some lawsuits, claims or proceedings may be disposed of or decided unfavorably to us and in excess of the amounts currently accrued. Based on available information, in the opinion of management, settlements, arbitration awards and final judgments, if any, that are considered probable of being rendered against us in litigation or arbitration in existence at January 1, 2021 are reserved against or would not have a material adverse effect on our financial condition, results of operations, cash flows or equity.

Tax Audits. Our tax filings are subject to audit by taxing authorities in jurisdictions where we conduct or conducted business. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities or

ultimately through legal proceedings. We believe we have adequately accrued for any ultimate amounts that are likely to result from these audits; however, final assessments, if any, could be different from the amounts recorded in our Consolidated Financial Statements. See *Note 23: Income Taxes* in the Notes for additional information regarding audits and examinations by taxing authorities of our tax filings.

U.S. Government Business. We are engaged in supplying goods and services to various departments and agencies of the U.S. Government. We are therefore dependent on Congressional appropriations and administrative allotment of funds and may be affected by changes in U.S. Government policies. U.S. Government development and production contracts typically involve long lead times for design and development, are subject to significant changes in contract scheduling and may be unilaterally modified or canceled by the U.S. Government. Often these contracts call for successful design and production of complex and technologically advanced products or systems. We may participate in supplying goods and services to the U.S. Government as either a prime contractor or as a subcontractor to a prime contractor. Disputes may arise between the prime contractor and the U.S. Government or between the prime contractor and its subcontractors and may result in litigation or arbitration between the contracting parties.

Generally, U.S. Government contracts are subject to procurement laws and regulations, including the FAR, which outline uniform policies and procedures for acquiring goods and services by the U.S. Government, and specific agency acquisition regulations that implement or supplement the FAR, such as the Defense Federal Acquisition Regulation Supplement. As a U.S. Government contractor, our contract costs are audited and reviewed on a continuing basis by the Defense Contract Audit Agency (“DCAA”). The DCAA also reviews the adequacy of, and a U.S. Government contractor’s compliance with, the contractor’s business systems and policies, including the contractor’s property, estimating, compensation and management information systems. In addition to these routine audits, from time to time, we may, either individually or in conjunction with other U.S. Government contractors, be the subject of audits and investigations by other agencies of the U.S. Government. These audits and investigations are conducted to determine if our performance and administration of our U.S. Government contracts are compliant with applicable contractual requirements and procurement and other applicable Federal laws and regulations, including ITAR and FCPA. These investigations may be conducted with or without our knowledge or cooperation. We are unable to predict the outcome of such investigations or to estimate the amounts of resulting claims or other actions that could be instituted against us or our officers or employees. Under present U.S. Government procurement laws and regulations, if indicted or adjudged in violation of procurement or other Federal laws, a contractor, such as us, or one or more of our operating divisions or subdivisions, could be subject to fines, penalties, repayments, or compensatory or treble damages. U.S. Government regulations also provide that certain findings against a contractor may lead to suspension or debarment from eligibility for awards of new U.S. Government contracts for a period of time to be determined by the U.S. Government. Suspension or debarment would have a material adverse effect on us because of our reliance on U.S. Government contracts. In addition, our export privileges could be suspended or revoked, which also would have a material adverse effect on us. For further discussion of risks relating to U.S. Government contracts, see “Item 1A. Risk Factors” of this Report.

International. As an international company, we are, from time to time, the subject of investigations relating to our international operations, including under U.S. export control laws (such as ITAR), the FCPA and other similar U.S. and international laws.

In September 2019, we reached an administrative settlement with the Department of State to resolve alleged U.S. export control regulation violations. Under the terms of the settlement we have committed to strengthen our trade compliance program under the supervision of a special compliance officer and will pay a civil penalty of \$13 million over three years (with \$6.5 million suspended on the condition of use for qualified remedial compliance measures). The settlement did not result in any debarment or limitation on export licensing.

Environmental Matters. We are subject to numerous U.S. Federal, state, local and international environmental laws and regulatory requirements and are involved from time to time in investigations or litigation of various potential environmental issues. We or companies we have acquired are responsible, or alleged to be responsible, for environmental investigation and/or remediation of multiple sites. These sites are in various stages of investigation and/or remediation and in some cases our liability is considered de minimis. Notices from the U.S. Environmental Protection Agency (“EPA”) or equivalent state or international environmental agencies allege that a number of sites formerly or currently owned and/or operated by us or companies we have acquired, and other properties or water supplies that may be or have been impacted from those operations, contain disposed or recycled materials or wastes and require environmental investigation and/or remediation. These sites include instances of us being identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act (commonly known as the “Superfund Act”) and/or equivalent state and international laws. For example, in June 2014, the U.S. Department of Justice, Environment and Natural Resources Division, notified several potentially responsible parties, including Exelis Inc., which we acquired on May 29, 2015 (“Exelis”), of potential responsibility for contribution to the environmental investigation and remediation of multiple locations in Alaska. In addition, in March 2016, the EPA notified over 100 potentially responsible parties, including Exelis, of potential liability for the cost of remediation for the 8.3-mile stretch of the Lower Passaic River, estimated by the EPA to be \$1.38 billion, but the parties’ respective allocations have not been determined. Although it is

not feasible to predict the outcome of these environmental claims made against us, based on available information, in the opinion of our management, any payments we may be required to make as a result of environmental claims made against us in existence at January 1, 2021 are reserved against, covered by insurance or would not have a material adverse effect on our financial condition, results of operations, cash flows or equity.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The name, age, position held with us, and principal occupation and employment during at least the past five years for each of our executive officers as of February 28, 2021, were as follows:

<u>Name and Age</u>	<u>Position Currently Held and Past Business Experience</u>
William M. Brown, 58	Chairman and Chief Executive Officer since June 29, 2019. Chairman, President and Chief Executive Officer from April 2014 to June 2019. President and Chief Executive Officer from November 2011 to April 2014. Formerly with United Technologies Corporation (“UTC”), as Senior Vice President, Corporate Strategy and Development from April 2011 to October 2011; as President of UTC’s Fire & Security division from 2006 to 2011; and in U.S. and international roles at UTC’s Carrier Corporation from 2000 to 2006, including President of the Carrier Asia Pacific Operations; and as Director, Corporate Strategy and Business Development from 1997 to 2000.
Todd W. Gautier, 57	President, Aviation Systems since June 29, 2019. Served with L3 as Senior Vice President and President of Electronic Systems Segment from March 2017 to June 2019; as President of Precision Engagement and Training Sector from January 2014 to March 2017; as President of Precision Engagement Sector from January 2010 to January 2014; and as Vice President of Business Development and Strategy for the Sensors and Simulation Group from January 2005 to January 2010. Before joining L3 in 2001, Mr. Gautier served in the U.S. Navy for 15 years as a Strike/Fighter Pilot.
James P. Girard, 44	Vice President and Chief Human Resources Officer since June 29, 2019. Vice President, Human Resources from July 2015 to June 2019. Vice President, Human Resources - Government Communications Systems from May 2014 to June 2015. Before joining L3Harris in May 2014, Mr. Girard worked for UTC, as Vice President, Human Resources at Sikorsky Aircraft from February 2014 to April 2014; as Director, Talent Resources from November 2011 to January 2014; as Vice President, Human Resources at UTC’s Global Fire Products from June 2010 to October 2011; and served in various Human Resources roles from 1995 to 2010.
Christopher E. Kubasik, 59	Vice Chairman, President and Chief Operating Officer since June 29, 2019. Served with L3, as Chairman, Chief Executive Officer and President from May 2018 to June 2019; as Chief Executive Officer and President from January 2018 to May 2018; and as President and Chief Operating Officer from October 2015 to December 2017. Before joining L3 in October 2015, Mr. Kubasik worked for Seabury Advisory Group as President and Chief Executive Officer from March 2014 to October 2015; for Acuity Advisors, Inc., as President and Chief Executive Officer from January 2013 to March 2014; and for Lockheed Martin Corporation, where he held various senior executive and finance roles from 1999 to 2012, including Vice Chairman, President and Chief Operating Officer from 2010 to 2012.
Jesus “Jay” Malave Jr., 52	Senior Vice President and Chief Financial Officer since June 29, 2019. Before joining L3Harris, Mr. Malave worked at UTC, as Vice President and Chief Financial Officer of UTC’s Carrier Corporation from April 2018 to June 2019; as Chief Financial Officer of UTC’s Aerospace Systems from January 2015 to April 2018; as Head of Investor Relations from June 2012 to December 2014; as Vice President, Financial Planning and Treasury at Hamilton Sundstrand, with responsibility for planning the integration of Goodrich Corporation from May 2011 to June 2012; as Director of Investor Relations from June 2009 to May 2011; and prior to that, in other roles of increasing responsibility in financial planning and analysis, treasury and accounting.
Dana A. Mehnert, 58	President, Communication Systems since September 2018. Senior Vice President, Chief Global Business Development Officer from July 2015 to September 2018. Group President, RF Communications from May 2009 to July 2015. President, RF Communications from July 2006 to May 2009. Mr. Mehnert joined L3Harris in 1984.
Scott T. Mikuen, 59	Senior Vice President, General Counsel and Secretary since February 2013. Vice President, General Counsel and Secretary from October 2010 to February 2013. Vice President, Associate General Counsel and Secretary from October 2004 to October 2010. Vice President — Counsel, Corporate and Commercial Operations and Assistant Secretary from November 2000 to October 2004. Mr. Mikuen joined L3Harris in 1996 as Finance Counsel.

Sean J. Stackley, 63	President, Integrated Mission Systems since June 29, 2019. Served with L3 as Senior Vice President and President of Communications & Networked Systems Segment from September 2018 to June 2019; and as Corporate Vice President, Strategic Advance Programs and Technologies from January 2018 to September 2018. Before joining L3 in January 2018, (Hon.) Mr. Stackley spent four decades in public service, including a 27-year career with the U.S. Navy, where he most recently was Acting Secretary of the Navy from January 2017 to July 2017 and Secretary of the Navy for Research, Development and Acquisition from 2008 to 2017.
Todd A. Taylor, 48	Vice President, Principal Accounting Officer since May 2015. Vice President from April 2015 to May 2015. Formerly with Molex, Inc., as Vice President, Chief Accounting Officer and Corporate Controller from September 2012 to April 2015; as Director of Finance and Corporate Controller from September 2010 to September 2012; and as Director of Accounting from June 2008 to September 2010; Before joining Molex, Mr. Taylor worked for PricewaterhouseCoopers as Internal Audit Advisory Director from March 2003 to June 2008.
Edward J. Zoiss, 56	President, Space and Airborne Systems since June 29, 2019. President, Electronic Systems from July 2015 to June 2019. Vice President and General Manager, Defense Programs, Government Communications Systems from June 2013 to July 2015. Vice President, C4ISR Electronics, Government Communications Systems from June 2012 to June 2013; Vice President, Advanced Programs and Technology, Government Communications Systems from July 2010 to June 2012. Mr. Zoiss joined L3Harris in 1995.

There is no family relationship between any of our executive officers or directors. There are no arrangements or understandings between any of our executive officers or directors and any other person pursuant to which any of them was appointed or elected as an officer or director, other than arrangements or understandings with our directors or officers acting solely in their capacities as such. All of our executive officers are elected annually and serve at the pleasure of our Board of Directors.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock, par value \$1.00 per share, is listed and traded on the NYSE, under the ticker symbol "LHX." According to the records of our transfer agent, as of February 26, 2021, there were 10,935 holders of record of our common stock.

Dividends

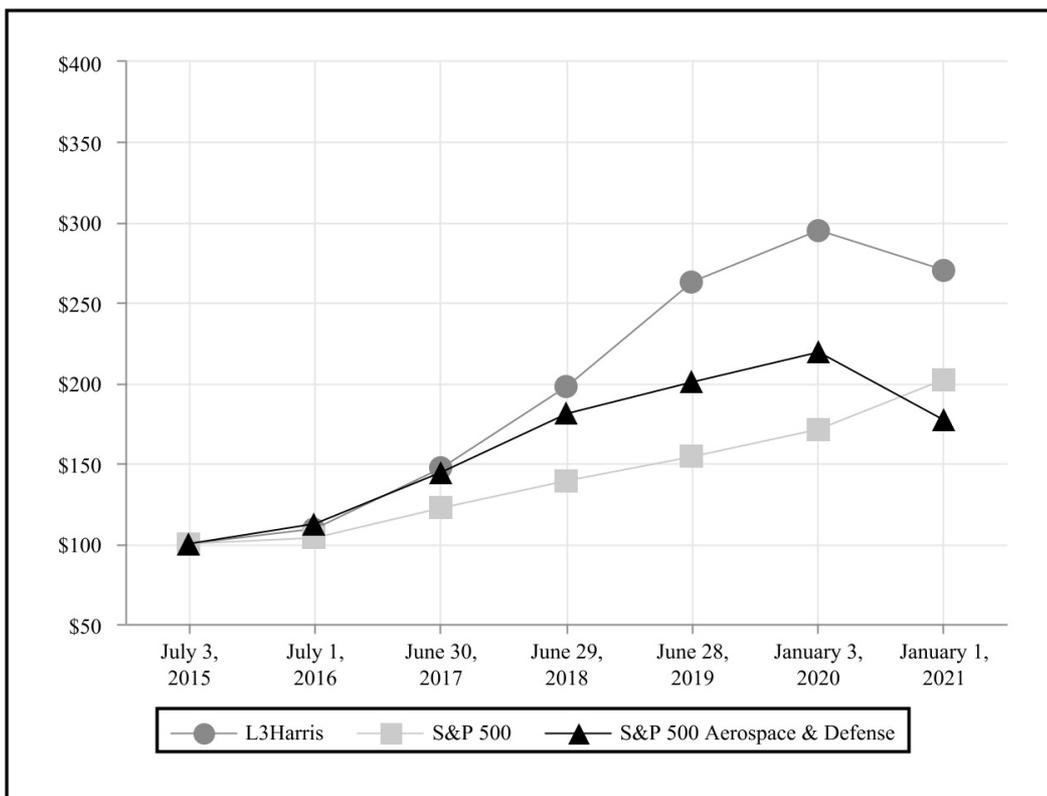
We paid per share cash dividends on our common stock of \$.85 each quarterly period of fiscal 2020, \$.75 each quarterly period of the two quarters ended January 3, 2020, \$.685 each quarterly period of fiscal 2019 and \$.57 each quarterly period of fiscal 2018. On January 28, 2021, we announced that our Board of Directors increased the quarterly per share cash dividend rate on our common stock from \$.85 to \$1.02, commencing with the dividend declared by our Board of Directors for the first quarter of fiscal 2021, for an annualized per share cash dividend rate of \$4.08, which was our twentieth consecutive annual increase in our quarterly cash dividend rate. Our annualized per share cash dividend rate was \$3.40 in fiscal 2020, \$3.00 in the two quarters ended January 3, 2020, and \$2.74 and \$2.28 in fiscal 2019 and 2018, respectively. Quarterly cash dividends are typically paid in March, June, September and December. We currently expect that cash dividends will continue to be paid in the near future, but we can give no assurances concerning payment of future dividends or future dividend increases. The declaration of dividends and the amount thereof will depend on a number of factors, including our financial condition, capital requirements, cash flows, results of operations, future business prospects and other factors our Board of Directors may deem relevant.

L3Harris Stock Performance Graph

The following performance graph and table do not constitute soliciting material and the performance graph and table should not be deemed filed or incorporated by reference into any other previous or future filings by us under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate the performance graph and table by reference therein.

The performance graph and table below compare the 4-year fiscal period ended June 28, 2019, the Fiscal Transition Period and fiscal 2020 cumulative total shareholder return of our common stock (the common stock of Harris Corporation prior to the L3Harris Merger and the common stock of L3Harris Technologies, Inc. after the L3Harris Merger) with the comparable cumulative total returns of the Standard & Poor's 500 Composite Stock Index ("S&P 500") and the Standard & Poor's 500 Aerospace & Defense Index ("S&P 500 Aerospace & Defense"). The figures in the performance graph and table below assume an initial investment of \$100 at the close of business on July 3, 2015 in L3Harris common stock, the S&P 500 and the S&P 500 Aerospace & Defense and the reinvestment of all dividends.

COMPARISON OF FOUR FISCAL-YEAR (PRIOR TO L3HARRIS MERGER), FISCAL TRANSITION PERIOD AND FISCAL 2020 (AFTER L3HARRIS MERGER) CUMULATIVE TOTAL RETURN AMONG L3HARRIS, S&P 500 AND S&P 500 AEROSPACE & DEFENSE



L3HARRIS PERIOD END	July 3, 2015	July 1, 2016	June 30, 2017	June 29, 2018	June 28, 2019	January 3, 2020	January 1, 2021
L3Harris Technologies, Inc.	\$ 100	\$ 109	\$ 147	\$ 198	\$ 263	\$ 295	\$ 270
S&P 500	\$ 100	\$ 104	\$ 122	\$ 139	\$ 154	\$ 171	\$ 202
S&P 500 Aerospace & Defense	\$ 100	\$ 112	\$ 144	\$ 181	\$ 200	\$ 219	\$ 177

Recent Sales of Unregistered Securities

During fiscal 2020, we did not issue or sell any unregistered securities.

Issuer Purchases of Equity Securities

As discussed in more detail in *Note 28: Subsequent Events* in the Notes, on January 28, 2021, we announced that our Board of Directors approved a new \$6 billion share repurchase authorization under our repurchase program that was in addition to the remaining unused authorization of \$210 million remaining as of January 1, 2021, for a total unused authorization of \$6.2 billion. We have announced that we currently expect to repurchase up to \$2.3 billion in shares under our repurchase program in fiscal 2021, exclusive of any proceeds from divestitures we may complete, but we can give no assurances regarding the level and timing of share repurchases.

During fiscal 2020, we repurchased 12.0 million shares of our common stock under our share repurchase program for \$2.3 billion at an average share price of \$191.40, excluding commissions of \$.02 per share. During the two quarters ended January 3, 2020, we repurchased 7.4 million shares of our common stock under our repurchase program for \$1.5 billion at an average share price of \$203.90, excluding commissions of \$.02 per share. The level and timing of our repurchases depends on a number of factors, including our financial condition, capital requirements, cash flows, results of operations, future business prospects, and other factors our Board of Directors and management may deem relevant. The timing, volume and nature of repurchases are subject to market conditions, applicable securities laws and other factors and are at our discretion and may be suspended or discontinued at any time. Shares repurchased by us are cancelled and retired. The following table sets forth information with respect to repurchases by us of our common stock during the fiscal quarter ended January 1, 2021:

Period*	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs ⁽¹⁾	Maximum approximate dollar value of shares that may yet be purchased under the plans or programs ⁽¹⁾
Month No. 1				
(October 3, 2020-October 30, 2020)				
Repurchase program ⁽¹⁾	—	\$ —	—	\$650,336,263
Employee transactions ⁽²⁾	5,652	\$ 170.67	—	—
Month No. 2				
(October 31, 2020-November 27, 2020)				
Repurchase program ⁽¹⁾	1,155,755	\$ 192.17	1,155,755	\$428,238,336
Employee transactions ⁽²⁾	3,289	\$ 176.29	—	—
Month No. 3				
(November 28, 2020-January 1, 2021)				
Repurchase program ⁽¹⁾	1,138,598	\$ 191.34	1,138,598	\$210,383,051
Employee transactions ⁽²⁾	3,051	\$ 189.62	—	—
Total	2,306,345		2,294,353	\$210,383,051

* Periods represent our fiscal months.

- (1) On July 1, 2019, we announced that our Board of Directors approved a new share repurchase program with a \$4 billion share repurchase authorization replacing our prior share repurchase programs. Our repurchase program does not have an expiration date and authorizes us to repurchase shares of our common stock through open market purchases, private transactions, transactions structured through investment banking institutions or any combination thereof. As of January 1, 2021, the remaining unused authorization under our repurchase program was \$210 million (as reflected in the table above).
- (2) Represents a combination of (a) shares of our common stock delivered to us in satisfaction of the tax withholding obligation of holders of performance units, restricted units or restricted shares that vested during the quarter and (b) performance units, restricted units or restricted shares returned to us upon retirement or employment termination of employees. Our equity incentive plans provide that the value of shares delivered to us to pay the exercise price of options or to cover tax withholding obligations shall be the closing price of our common stock on the date the relevant transaction occurs.

The information required by this Item with respect to securities authorized for issuance under our equity compensation plans is included in “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” of this Report. See *Note 16: Stock Options and Other Share-Based Compensation* in the Notes for a general description of our share-based incentive plans.

ITEM 6. [RESERVED.]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

The following Management's Discussion and Analysis ("MD&A") is intended to assist in an understanding of our financial condition and results of operations for the fiscal year ended January 1, 2021 compared with the four quarters ended January 3, 2020 and the two quarters ended January 3, 2020 compared with two quarters ended December 28, 2018. For a discussion of our results for fiscal 2019 compared with fiscal 2018, see "Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations" included in our Transition Report on Form 10-KT for the Fiscal Transition Period. This MD&A is provided as a supplement to, should be read in conjunction with, and is qualified in its entirety by reference to, our Consolidated Financial Statements and accompanying Notes appearing elsewhere in this Report. Except for the historical information contained herein, the discussions in this MD&A contain forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below in this MD&A under "Forward-Looking Statements and Factors that May Affect Future Results."

The following is a list of the sections of this MD&A, together with our perspective on their contents, which we hope will assist in reading these pages:

- **Business Considerations** — a general description of our business; the value drivers of our business; fiscal 2020 results of operations and liquidity and capital resources key indicators; and industry-wide opportunities, challenges and risks that are relevant to us in defense, government and commercial markets.
- **Operations Review** — an analysis of our consolidated results of operations and of the results in each of our business segments, to the extent the segment operating results are helpful to an understanding of our business as a whole, for the periods presented in our financial statements.
- **Liquidity, Capital Resources and Financial Strategies** — an analysis of cash flows, funding of pension plans, common stock repurchases, dividends, capital structure and resources, contractual obligations, off-balance sheet arrangements, commercial commitments, financial risk management, impact of foreign exchange and impact of inflation.
- **Critical Accounting Policies and Estimates** — a discussion of accounting policies and estimates that require the most judgment and a discussion of accounting pronouncements that have been issued but not yet implemented by us and their potential impact on our financial condition, results of operations, cash flows and equity.
- **Forward-Looking Statements and Factors that May Affect Future Results** — cautionary information about forward-looking statements and a description of certain risks and uncertainties that could cause our actual results to differ materially from our historical results or our current expectations or projections.

COVID

The ongoing COVID pandemic and attempts to contain and reduce the spread of the virus, such as mandatory closures, "shelter-in-place" orders and travel and quarantine restrictions, have caused significant disruptions and adverse effects on the U.S. and global economies, such as impacts to supply chains, customer demand, international trade and capital markets. Our response has involved increasing our focus on keeping our employees safe while striving to maintain continuity of operations, meet customer commitments and support suppliers. For example, we instituted work-from-home (for employees who are able to work remotely) and social distancing arrangements; canceled travel and external events; procured personal protective equipment for employees; implemented health screening procedures at all facilities; staggered work shifts, redesigned work stations, implemented stringent cleaning protocols and initiated more detailed safety precautions and protocols for on-site work, such as daily health assessments and mandatory face coverings, which currently remain in effect. We have also maintained an active dialog with key suppliers and developed plans to mitigate supply chain risks. We have allowed certain essential business travel to resume, and we continue to expect to utilize a phased approach based on local conditions for transitioning employees from work-from-home arrangements to on-site work. The U.S. Government response to COVID has included identifying the defense industrial base as a Critical Infrastructure Sector and enhancing cash flow and liquidity for the defense industrial base, such as by increasing progress payments and accelerating contract awards. As a part of the defense industrial base, these actions have enabled us to keep our U.S. production facilities largely operational in support of national security commitments to U.S. Government customers and to accelerate payments to small business suppliers, which we expect to continue while the U.S. Government's responsive actions remain in effect.

Although we believe that the large percentage of our revenue, earnings and cash flow that is derived from sales to the U.S. Government, whether directly or through prime contractors, will be relatively predictable, in part due to the responsive actions

taken by the U.S. Government described above, our commercial, international and public safety businesses are at a higher risk of adverse impacts related to COVID. For example, the severe decline in global air traffic from travel restrictions and the resulting downturn in the commercial aviation market and its impact on customer operations has significantly reduced demand for flight training, flight simulators and commercial avionics products in our Aviation Systems segment. As a result, we temporarily, and in some circumstances permanently, closed or will soon close some of our flight training facilities, initiated restructuring and other actions to align our resources with the outlook for the commercial aviation market (including workforce reduction and facility consolidation) and have recognized \$767 million of charges for impairment of goodwill and other assets and other COVID-related impacts in fiscal 2020.

The extent of these disruptions and impacts, including on our ability to perform under U.S. Government contracts and other contracts within agreed timeframes and ultimately on our results of operations and cash flows, will depend on future developments, including the severity and duration of the pandemic and associated containment and mitigation actions taken by the U.S. Government, state and local government officials and international governments, and consequences thereof, and global air traffic demand and governmental subsidies to airlines, all of which are uncertain and unpredictable.

The impact of COVID may also exacerbate other risks discussed in Part I, “Item 1A. Risk Factors” in this Report, any of which could have a material effect on us. We continue to work with our customers, employees, suppliers, subcontractors, distributors, resellers and communities to address the impact of the pandemic. We continue to assess possible implications to our business, supply chain and customers, and to take actions in an effort to mitigate adverse consequences. For further information regarding the impact, and the risks of the impact, of COVID on the Company, see Part I, “Item 1A. Risk Factors” in this Report.

BUSINESS CONSIDERATIONS

General

We generate revenue, income and cash flows by developing, manufacturing or providing, and selling advanced, technology-based solutions that meet government and commercial customers’ mission-critical needs. We support government and commercial customers in more than 100 countries, with our largest customers being various departments and agencies of the U.S. Government and their prime contractors. Our products, systems and services have defense and civil government applications, as well as commercial applications. As of January 1, 2021, we had approximately 48,000 employees, including approximately 19,000 engineers and scientists. We generally sell directly to our customers, and we utilize agents and intermediaries to sell and market some products and services, especially in international markets.

We structure our operations primarily around the products, systems and services we sell and the markets we serve, and we report the financial results of our continuing operations in the following four reportable segments, which are also referred to as our business segments:

- Integrated Mission Systems, including multi-mission ISR and communication systems; integrated electrical and electronic systems for maritime platforms; and advanced EO/IR solutions;
- Space and Airborne Systems, including space payloads, sensors and full-mission solutions; classified intelligence and cyber defense; mission avionics; and electronic warfare;
- Communication Systems, including tactical communications; broadband communications; integrated vision solutions; and public safety; and
- Aviation Systems, including defense aviation; commercial aviation products; commercial and military pilot training; and mission networks for air traffic management.

During the first quarter of fiscal 2020, we adjusted our segment reporting to better align our businesses and transferred two businesses between our Integrated Mission Systems and Space and Airborne Systems segments. The historical results, discussion and presentation of our business segments as set forth in this MD&A reflect the impact of these changes for all periods presented in order to present segment information on a comparable basis. There is no impact on our previously reported consolidated statements of income, balance sheets, statements of cash flows or statements of equity resulting from these changes.

As described in more detail in *Note 3: Business Divestitures and Asset Sales* and elsewhere in the Notes, during the Fiscal Transition Period and fiscal 2020, we completed the following business divestitures (which had the revenue attributable to them as set forth below):

(In millions)	Fiscal Year Ended		Four Quarters Ended	
	January 1, 2021		January 3, 2020	
	As Reported		Pro Forma ⁽⁶⁾	
Revenue attributable to divested businesses⁽¹⁾:				
Harris Night Vision business ⁽²⁾	\$	—	\$	23
Airport security and automation business ⁽³⁾		147		495
Applied Kilovolts and Analytical Instrumentation business ⁽⁴⁾		7		16
EOTech business ⁽⁵⁾		48		52
Total	\$	202	\$	586

(1) Net of intracompany sales.

(2) Divested on September 13, 2019, the results of which are included in “Other non-reportable business segments” through the date of divestiture.

(3) Divested on May 4, 2020, the results of which are reported as part of our Aviation Systems segment through the date of divestiture.

(4) Divested on May 15, 2020, the results of which are reported as part of our Space and Airborne Systems segment through the date of divestiture.

(5) Divested on July 31, 2020, the results of which are reported as part of our Communication Systems segment through the date of divestiture.

(6) For information regarding the basis for the presentation of this supplemental unaudited pro forma combined income statement information, see the discussion in “Business Considerations — Value Drivers” below in this MD&A.

See *Note 25: Business Segments* in the Notes for further information regarding our business segments, including how we define segment operating income or loss.

As discussed in further detail in *Note 4: Restructuring and Other Exit Costs* and *Note 5: Business Combination* in the Notes, we recorded the following charges at our corporate headquarters in connection with the L3Harris Merger.

(In millions)	Fiscal Year Ended		Four Quarters Ended		Two Quarters Ended	Fiscal Year Ended				
	January 1, 2021		January 3, 2020		January 3, 2020	June 28, 2019				
	As Reported		As Reported (Unaudited)	Pro Forma	As Reported					
Equity award acceleration charges, recognized upon change in control	\$	—	\$	70	\$	70	\$	—		
Transaction costs, recognized as incurred		—		105		83		31		
Additional cost of sales related to the fair value step-up in inventory sold		31		142		142		—		
Restructuring charges		10		117		117		—		
Facility consolidation costs		—		48		48		—		
Integration costs, recognized as incurred		130		102		132		34		
Total L3Harris Merger-related charges	\$	171	\$	584	\$	592	\$	532	\$	65

Because the L3Harris Merger benefited the entire Company as opposed to any individual business segment, the above costs were not allocated to any business segment. Most of the costs above were recorded in the “Engineering, selling and administrative expenses” line item in our Consolidated Statement of Income, except for additional cost of sales related to the fair value step-up in inventory sold, which is included in the “Cost of product sales and services” line item in our Consolidated Statement of Income and facility consolidation costs, the majority of which is included in the “Impairment of goodwill and other assets” line item in our Consolidated Statement of Income.

As described in more detail in *Note 1: Significant Accounting Policies* in the Notes, effective June 29, 2019, we changed our fiscal year end to the Friday nearest December 31, and the period that commenced on June 29, 2019 was a fiscal transition period that ended on January 3, 2020. References herein to the four quarters ended January 3, 2020 and two quarters ended December 28, 2018 represent the unaudited prior year results for the comparative periods ended January 3, 2020 and December 28, 2018.

Amounts in this Report may not always add to totals due to rounding.

Value Drivers of Our Business

During fiscal 2020, we made progress executing our strategy of building a technology-focused operating company and becoming a full end-to-end mission solutions prime contractor to drive shareholder value. Despite impacts from COVID to our

commercial aviation and public safety businesses, we met customer commitments, delivered organic revenue growth in our core U.S. Government and international businesses on a pro forma (as defined below in this MD&A) basis, advanced the integration and made progress on portfolio shaping, while increasing our focus on keeping our employees safe.

We received several key strategic contract awards in fiscal 2020, establishing us as a mission solutions prime contractor with our responsive satellites and unmanned surface vehicles and within missile defense, as well as highlighting our technology and solutions for the contested environments our customers will need to compete and operate in in the future. We also invested \$684 million (4 percent of total revenue) in company-sponsored R&D focused on technologies that expand our capabilities in the following areas:

- Open systems architecture;
- Multi-function system capabilities; and
- Software-defined solutions.

We also made progress during the fiscal year reshaping our portfolio to focus on technology-differentiated businesses, completing three divestitures, and used the proceeds along with our net cash provided by operating activities to repurchase shares of our common stock. In addition, we refinanced debt and expanded our future financial flexibility.

We plan to build on our fiscal 2020 momentum, and together with broad programs support across key areas in the DoD budget, expected international growth and L3Harris Merger synergies and a continued focus on operational excellence and innovation, we believe we are well positioned to achieve our strategic priorities for fiscal 2021 and thereafter, which include the following:

- Growing revenue through investments in R&D in high growth, high margin areas where technology is a key differentiator to address our customers' most critical challenges;
- Executing seamless integration and achieving at least \$320 million to \$350 million in net cost synergies from the L3Harris Merger by the end of 2021;
- Driving flawless execution and margin expansion through our e3 (excellence, everywhere, every day) operational excellence program;
- Reshaping our business portfolio to focus on high margin, high growth businesses; and
- Maximizing cash flow with shareholder friendly capital deployment.

During fiscal 2020, we returned to our shareholders \$725 million through dividends and \$2,290 million through share repurchases. On January 28, 2021, we announced that our Board of Directors approved a 20 percent increase in the quarterly per share cash dividend rate on our common stock to \$1.02, commencing with the dividend to be declared for the first quarter of 2021, for an annualized per share rate of \$4.08, as well as a new \$6 billion share repurchase authorization under our repurchase program that was in addition to the remaining unused authorization of \$210 million, for a total unused authorization of \$6.2 billion. In fiscal 2021, we believe revenue growth across our business segments and margin expansion will improve our operating cash flow, which we expect to use for investments in technology and innovation, dividends and share repurchases.

Beyond fiscal 2020, we expect three main building blocks will support growth over the next three to five years, although we can give no assurances on this subject. First, we have a portfolio that is well aligned with national security priorities for threats identified in the National Defense Strategy. We have realigned our R&D efforts to extend our position through investments in open architecture, multi-function software-defined technologies and we anticipate future defense budgets will continue to prioritize spending in the areas in which we are currently well-positioned and investing in technology. Second, we uniquely benefit from the revenue synergy opportunities created by the L3Harris Merger expanding our addressable market. Third, we expect to leverage our sales channels and capitalize on our strengths domestically to support global modernization efforts and drive growth in international revenue.

Key Indicators

We believe our value drivers, when implemented, will improve our financial results, including: revenue; income from continuing operations and income from continuing operations per diluted common share; income from continuing operations as a percentage of revenue; total backlog; net cash provided by operating activities; return on invested capital (defined as after-tax operating income from continuing operations divided by the two-point average of invested capital at the beginning and end of the period, where invested capital equals equity plus debt, less cash and cash equivalents); return on average equity (defined as income from continuing operations divided by the two-point average of equity at the beginning and end of the fiscal period); and consolidated total indebtedness to total capital ratio. The measure of our success is reflected in our results of operations and liquidity and capital resources key indicators as discussed below.

Because of the L3Harris Merger, fiscal 2020 reflects the results of the combined Company, while the four quarters ended January 3, 2020 reflect the results of only Harris operating businesses for the two quarters ended June 28, 2019 and the results of the combined Company for the two quarters ended January 3, 2020. Due to the significance of the L3 operating businesses included in the combined Company results following the L3Harris Merger, the reported results for fiscal 2020 and four quarters

ended January 3, 2020 generally are not comparable. Therefore, to assist with a discussion of the consolidated results of operations for fiscal 2020 and four quarters ended January 3, 2020 on a more comparable basis, certain supplemental unaudited pro forma combined income statement information prepared in accordance with the requirements of Article 11 of Regulation S-X (referred to in this MD&A as “pro forma”) also is provided (see “Supplemental Unaudited Pro Forma Condensed Combined Income Statement Information” below in this MD&A).

Fiscal 2020 Results of Operations Key Indicators: Revenue, income from continuing operations, income from continuing operations as a percentage of revenue, income from continuing operations per diluted common share and total backlog represent key measurements of our value drivers:

Consolidated — as reported

- Revenue increased 42 percent to \$18.2 billion in fiscal 2020 from \$12.9 billion in the four quarters ended January 3, 2020 primarily due to the inclusion of \$5.5 billion of revenue (net of intercompany sales eliminations) from L3 operations in operating results for the two quarters ended July 3, 2020 (but not for the comparable prior-year two quarters preceding the L3Harris Merger);
- Income from continuing operations attributable to L3Harris common shareholders decreased 16 percent to \$1,121 million in fiscal 2020 from \$1,335 million in the four quarters ended January 3, 2020, primarily due to the combined effects of the reasons discussed below on an as reported basis, particularly the non-cash charges for impairment of goodwill and other assets associated with the COVID-related downturn in the commercial aviation market and its impact on customer operations in fiscal 2020;
- Income from continuing operations attributable to L3Harris common shareholders as a percentage of revenue decreased to 6 percent in fiscal 2020 from 10 percent in the four quarters ended January 3, 2020;
- Income from continuing operations per diluted common share attributable to L3Harris common shareholders decreased 34 percent to \$5.19 in fiscal 2020 from \$7.90 in the four quarters ended January 3, 2020, reflecting the decrease in income from continuing operations as noted above and higher weighted average diluted common shares outstanding due to 104 million shares issued in connection with the L3Harris Merger on June 29, 2019, partially offset by share repurchases during fiscal 2020; and
- Total backlog increased 5 percent to \$21.7 billion at January 1, 2021 from \$20.6 billion at January 3, 2020. Backlog at January 3, 2020 included \$405 million associated with businesses divested in fiscal 2020, including \$380 million of backlog associated with the airport security and automation business divested during the quarter ended July 3, 2020.

Consolidated — pro forma

- Revenue increased 1 percent to \$18.2 billion in fiscal 2020 from \$18.1 billion in the four quarters ended January 3, 2020 primarily due to growth in core U.S. and international businesses, mostly offset by divestitures and COVID-related impacts to our commercial aviation and public safety businesses;
- Income from continuing operations attributable to L3Harris common shareholders decreased 31 percent to \$1,121 million in fiscal 2020 from \$1,628 million in the four quarters ended January 3, 2020, primarily due to the combined effects of the reasons discussed below on a pro forma basis, particularly the non-cash charges for impairment of goodwill and other assets associated with the COVID-related downturn in the commercial aviation market and its impact on customer operations in fiscal 2020;
- Income from continuing operations attributable to L3Harris common shareholders as a percentage of revenue decreased to 6 percent in fiscal 2020 from 9 percent in the four quarters ended January 3, 2020;
- Income from continuing operations per diluted common share attributable to L3Harris common shareholders decreased 28 percent to \$5.19 in fiscal 2020 from \$7.25 in the four quarters ended January 3, 2020, reflecting the decrease in income from continuing operations as noted above, partially offset by fewer weighted average diluted common shares outstanding due to repurchases of shares of common stock under our repurchase program during fiscal 2020; and
- Total backlog increased 5 percent to \$21.7 billion at January 1, 2021 from \$20.6 billion at January 3, 2020. Backlog at January 3, 2020 included \$405 million associated with businesses divested in fiscal 2020, including \$380 million of backlog associated with the airport security and automation business divested during the quarter ended July 3, 2020.

Refer to MD&A heading “Operations Review” below in this Report for more information.

Fiscal 2020 Liquidity and Capital Resources Key Indicators: Net cash provided by operating activities, return on invested capital, return on average equity and our consolidated total indebtedness to total capital ratio also represent key measurements of our value drivers:

- Net cash provided by operating activities increased to \$2,790 million in fiscal 2020 from \$1,655 million in the four quarters ended January 3, 2020 reflecting the inclusion of cash flows from L3 operations following the L3Harris Merger;
- Return on invested capital decreased to 4 percent in fiscal 2020 from 7 percent in the four quarters ended January 3, 2020;
- Return on average equity decreased to 5 percent in fiscal 2020 from 10 percent in the four quarters ended January 3, 2020; and
- Our consolidated total indebtedness to total capital ratio at January 1, 2021 was 25 percent, compared with our 65 percent covenant limitation under our senior unsecured revolving credit facility.

Refer to MD&A heading “Liquidity, Capital Resources and Financial Strategies” below in this Report for more information on net cash provided by (used in) operating, investing and financing activities.

We also measure the success of our business using certain measures that are not defined by GAAP, such as adjusted earnings before interest and taxes, adjusted earnings per share and adjusted free cash flow, which may be calculated differently by other companies. We use these measures, along with our key indicators above, to assess the success of our business and our ability to create shareholder value. We also use some of these and other performance metrics for executive compensation purposes.

Industry-Wide Opportunities, Challenges and Risks

Department of Defense and Other U.S. Federal Markets: Our largest customers are various departments and agencies of the U.S. Government — the percentage of our revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 78 percent, 73 percent, 77 percent and 75 percent in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively.

Defense spending has been constrained by discretionary spending caps since the 2011 Budget Control Act. To appropriate funding exceeding the caps, Congress has passed a series of two-year budget deals to raise the caps on both discretionary defense and non-defense spending. The latest two-year agreement was signed into law on August 2, 2019 by the President. The Bipartisan Budget Act of 2019 (“BBA 2019”) raised the discretionary defense caps for government fiscal year (“GFY”) 2020 and GFY 2021 to \$738 billion (\$667 billion in defense base funding and \$71 billion for Overseas Contingency Operations (“OCO”) funding) and \$741 billion (\$672 billion in defense base funding and \$69 billion for OCO funding), respectively (U.S. Government fiscal years begin October 1 and end September 30). This represented a 3% increase from GFY 2019 funding levels and builds on sustained funding increases Congress also provided in GFY 2017 and GFY 2018. The BBA 2019 also temporarily suspended the statutory debt ceiling through July 31, 2021.

On December 27, 2020, the President signed into law H.R.133, the Consolidated Appropriations Act, 2021. This bill appropriates \$635 billion in total DoD base funding and \$69 billion in OCO funding. It also appropriates \$28 billion for the Department of Energy national security mission and \$9 billion for other defense related activities, in line with the budget request and consistent with the total national defense budget cap of \$741 billion for GFY 2021 established in BBA 2019. In 2020 there were several COVID-related measures passed by Congress and enacted into law, totaling approximately \$3.5 trillion in funding. We expect Congress and the new administration to consider additional COVID legislation in early 2021, which could drive increased scrutiny of discretionary spending. However, although we anticipate debate will continue within the U.S. Government over defense spending for future years (which may have a significant impact on defense spending broadly and on our specific programs), our programs have been well supported in recent years, and our major efforts are aligned to key DoD needs.

Government Oversight and Risk: As a U.S. Government contractor, we are subject to U.S. Government oversight. The U.S. Government may investigate our business practices and audit our compliance with applicable rules and regulations. Depending on the results of those investigations and audits, the U.S. Government could make claims against us. Under U.S. Government procurement regulations and practices, an indictment or conviction of a government contractor could result in that contractor being fined and/or suspended from being able to bid on, or from being awarded, new U.S. Government contracts for a period of time determined by the U.S. Government. Similar government oversight exists in most other countries where we conduct business.

For a discussion of risks relating to U.S. Government contracts and subcontracts, see “Item 1. Business — Principal Customers; Government Contracts” and “Item 1A. Risk Factors” of this Report. We are also subject to other risks associated with U.S. Government business, including technological uncertainties, dependence on annual appropriations and allotment of funds, extensive regulations and other risks, which are discussed in “Item 1A. Risk Factors” and “Item 3. Legal Proceedings” of this Report.

State and Local: We also provide products to state and local government agencies that are committed to protecting our homeland and public safety. The public safety market was highly competitive and dependent on state and local government budgets during fiscal 2020. Fiscal 2020 revenue in our Public Safety business sector was adversely impacted by COVID-related pressures on state and local government customers and we expect a continued decrease in Public Safety revenue in early fiscal

2021. Future market opportunities include upgrading aging analog infrastructure to new digital standards, as well as opportunities associated with next-generation Long Term Evolution (“LTE”) solutions for high data-rate applications.

International: We believe there is continuing international demand from military and government customers for tactical radios, electronic warfare equipment, products and systems for maritime platforms, air traffic management, release systems and ISR. We believe we can leverage our domain expertise and proven technology provided in the U.S. to further expand our international business.

We believe that our experience, technologies and capabilities are well aligned with the demand and requirements of the markets noted above in this Report. However, we remain subject to the spending levels, pace and priorities of the U.S. Government as well as international governments and commercial customers, and to general economic conditions that could adversely affect us, our customers and our suppliers. We also remain subject to other risks associated with these markets, including technological uncertainties, adoption of our new products and other risks that are discussed below in this Report under “Forward-Looking Statements and Factors that May Affect Future Results” and in “Item 1A. Risk Factors” of this Report.

OPERATIONS REVIEW

Consolidated Results of Operations

	Fiscal Year Ended		Four Quarters Ended		
	January 1, 2021	January 3, 2020	% Inc/(Dec)	January 3, 2020	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		Pro Forma	
(Dollars in millions, except per share amounts)					
Revenue:					
Integrated Mission Systems	\$ 5,538	\$ 2,783	*	\$ 5,360	3 %
Space and Airborne Systems	4,946	4,352	14 %	4,689	5 %
Communication Systems	4,443	3,340	33 %	4,278	4 %
Aviation Systems	3,448	2,368	*	3,917	(12)%
Other non-reportable business segments	—	102	*	23	*
Corporate eliminations	(181)	(89)	*	(170)	6 %
Total revenue	18,194	12,856	42 %	18,097	1 %
Total cost of product sales and services	(12,886)	(9,088)	42 %	(12,907)	— %
<i>% of total revenue</i>	<i>71 %</i>	<i>71 %</i>		<i>71 %</i>	
Gross margin	5,308	3,768	41 %	5,190	2 %
<i>% of total revenue</i>	<i>29 %</i>	<i>29 %</i>		<i>29 %</i>	
Engineering, selling and administrative expenses	(3,315)	(2,540)	31 %	(3,588)	(8)%
<i>% of total revenue</i>	<i>18 %</i>	<i>20 %</i>		<i>20 %</i>	
Business divestiture-related (losses) gains	(51)	229	*	229	*
Impairment of goodwill and other assets	(767)	(46)	*	(46)	*
Non-operating income	401	286	40 %	309	30 %
Net interest expense	(254)	(204)	25 %	(253)	— %
Income from continuing operations before income taxes	1,322	1,493	(11)%	1,841	(28)%
Income taxes	(234)	(146)	60 %	(189)	24 %
<i>Effective tax rate</i>	<i>18 %</i>	<i>10 %</i>		<i>10 %</i>	
Income from continuing operations	1,088	1,347	(19)%	1,652	(34)%
Noncontrolling interests, net of income taxes	33	(12)	*	(24)	*
Income from continuing operations attributable to L3Harris common shareholders	\$ 1,121	\$ 1,335	(16)%	\$ 1,628	(31)%
<i>% of total revenue</i>	<i>6 %</i>	<i>10 %</i>		<i>9 %</i>	
Income from continuing operations per diluted common share attributable to L3Harris common shareholders	\$ 5.19	\$ 7.90	(34)%	\$ 7.25	(28)%

* Not meaningful

(Dollars in millions, except per share amounts)	Two Quarters Ended				
	January 3, 2020	December 28, 2018	% Inc/(Dec)	December 28, 2018	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		Pro Forma	
Revenue:					
Integrated Mission Systems	\$ 2,758	\$ 28	*	\$ 2,497	10 %
Space and Airborne Systems	2,377	1,736	37 %	2,059	15 %
Communication Systems	2,151	1,018	111 %	1,949	10 %
Aviation Systems	2,038	342	*	1,970	3 %
Other non-reportable business segments	23	86	(73)%	12	92 %
Corporate eliminations	(84)	(2)	*	(83)	1 %
Total revenue	9,263	3,208	189 %	8,404	10 %
Total cost of product sales and services	(6,726)	(2,105)	220 %	(5,939)	13 %
<i>% of total revenue</i>	73 %	66 %		71 %	
Gross margin	2,537	1,103	130 %	2,465	3 %
<i>% of total revenue</i>	27 %	34 %		29 %	
Engineering, selling and administrative expenses	(1,881)	(583)	223 %	(1,598)	18 %
<i>% of total revenue</i>	20 %	18 %		19 %	
Business divestiture-related (losses) gains	229	—	*	(6)	*
Impairment of goodwill and other assets	(46)	—	*	—	*
Non-operating income	192	94	104 %	122	57 %
Net interest expense	(123)	(86)	43 %	(143)	(14)%
Income from continuing operations before income taxes	908	528	72 %	840	8 %
Income taxes	(73)	(87)	(16)%	(80)	(9)%
<i>Effective tax rate</i>	8 %	16 %		10 %	
Income from continuing operations	835	441	89 %	760	10 %
Noncontrolling interests, net of income taxes	(12)	—	*	(12)	— %
Income from continuing operations attributable to L3Harris common shareholders	\$ 823	\$ 441	87 %	\$ 748	10 %
<i>% of total revenue</i>	9 %	14 %		9 %	
Income from continuing operations per diluted common share attributable to L3Harris common shareholders	\$ 3.68	\$ 3.66	1 %	\$ 3.27	13 %

* Not meaningful

(Dollars in millions, except per share amounts)	Fiscal Years Ended		
	June 28, 2019	June 29, 2018	% Inc/(Dec)
Revenue:			
Integrated Mission Systems	\$ 52	\$ 55	(5)%
Space and Airborne Systems	3,711	3,294	13 %
Communication Systems	2,208	2,015	10 %
Aviation Systems	672	668	1 %
Other non-reportable business segments	165	148	11 %
Corporate eliminations	(7)	(12)	(42)%
Total revenue	6,801	6,168	10 %
Total cost of product sales and services	(4,467)	(4,066)	10 %
<i>% of total revenue</i>	<i>66 %</i>	<i>66 %</i>	
Gross margin	2,334	2,102	11 %
<i>% of total revenue</i>	<i>34 %</i>	<i>34 %</i>	
Engineering, selling and administrative expenses	(1,242)	(1,182)	5 %
<i>% of total revenue</i>	<i>18 %</i>	<i>19 %</i>	
Non-operating income	188	156	21 %
Net interest expense	(167)	(168)	(1)%
Income from continuing operations before income taxes	1,113	908	23 %
Income taxes	(160)	(206)	(22)%
<i>Effective tax rate</i>	<i>14 %</i>	<i>23 %</i>	
Income from continuing operations attributable to L3Harris common shareholders	\$ 953	\$ 702	36 %
<i>% of total revenue</i>	<i>14 %</i>	<i>11 %</i>	
Income from continuing operations per diluted common share attributable to L3Harris common shareholders	\$ 7.89	\$ 5.78	37 %

Revenue

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in revenue in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to the inclusion of \$5.5 billion of revenue (net of intercompany sales eliminations) from L3 operations in operating results for the two quarters ended July 3, 2020 (but not for the comparable prior-year two quarters preceding the L3Harris Merger) and organic revenue growth in our Space and Airborne Systems, Integrated Mission Systems and Communication Systems, partially offset by the impact of divestitures and the COVID-related downturn in the commercial aviation market and its impact on customer operations in fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in revenue in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to the inclusion of \$5.7 billion of revenue (net of intercompany sales eliminations) from L3 operations in operating results for the two quarters ended January 3, 2020 and organic revenue growth in all four segments.

See the “Discussion of Business Segment Results of Operations” discussion below in this MD&A for further information.

Gross Margin

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: Gross margin increased in fiscal 2020 compared with the four quarters ended January 3, 2020 primarily due to the inclusion of L3 operations in operating results for the two quarters ended July 3, 2020 (but not for the comparable prior-year two quarters preceding the L3Harris Merger). Gross margin as a percentage of revenue (“gross margin percentage”) for fiscal 2020 was comparable with the four quarters ended January 3, 2020 reflecting integration benefits and operational excellence, and \$111 million of lower cost of sales related to the fair value step-up in inventory sold, offset by a mix of program revenue and product sales with relatively lower gross margin percentage and \$37 million of higher amortization of identifiable intangible assets acquired as a result of the L3Harris Merger.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: Gross margin increased in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 primarily due to the inclusion of L3 operations in operating results for the two quarters ended January 3, 2020. The decrease in gross margin percentage for the

two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to a mix of program revenue and product sales with relatively lower gross margin, \$142 million of additional cost of sales related to the fair value step-up in inventory sold and \$42 million of amortization of identifiable intangible assets acquired as a result of the L3Harris Merger in the two quarters ended January 3, 2020.

See the “Discussion of Business Segment Results of Operations” discussion below in this MD&A for further information.

Engineering, Selling and Administrative Expenses

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in engineering, selling and administrative (“ESA”) expenses in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to the inclusion of L3 operations in operating results (but not for the comparable prior-year two quarters preceding the L3Harris Merger), \$333 million of higher amortization of identifiable intangible assets acquired as a result of the L3Harris Merger, \$16 million of COVID-related restructuring expenses and other costs and \$13 million of higher divestiture-related expenses, partially offset by \$254 million of lower L3Harris Merger-related transaction, integration and restructuring expenses and a \$22 million gain on sale of property, plant and equipment.

The decrease in ESA expenses as a percentage of revenue (“ESA percentage”) in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily driven by cost management, operational excellence, integration benefits, as well as lower L3Harris Merger-related transaction, integration and restructuring expenses and a gain on sale of property, plant and equipment, partially offset by higher amortization of identifiable intangible assets acquired as a result of the L3Harris Merger, COVID-related restructuring expenses and other items, and divestiture-related expenses, as discussed above.

Overall Company-sponsored R&D costs were \$684 million in fiscal 2020 compared with \$504 million in the four quarters ended January 3, 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in ESA expenses and ESA percentage in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to the inclusion of L3 operations in operating results, as well as \$344 million of L3Harris Merger-related transaction, integration and restructuring expenses and \$197 million of amortization of identifiable intangible assets acquired as a result of the L3Harris Merger in the two quarters ended January 3, 2020. ESA expenses for the two quarters ended January 3, 2020 also included a \$12 million gain on sale of a product line, offset by a \$10 million non-cash cumulative adjustment to lease expense.

Overall Company-sponsored R&D costs were \$329 million in the two quarters ended January 3, 2020 compared with \$144 million in the two quarters ended December 28, 2018.

See the “Discussion of Business Segment Results of Operations” discussion below in this MD&A for further information.

Business Divestiture-Related (Losses) Gains

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: Business divestiture-related (losses) gains for fiscal 2020 included a \$23 million pre-tax loss on the sale of the airport security and automation business divestiture, an \$18 million non-cash remeasurement loss on a potential divestiture, a \$12 million non-cash adjustment to the gain on the sale of the Harris Night Vision business, partially offset by a \$2 million pre-tax gain on the sale of the EOTech business. The business divestiture-related gain for the four quarters ended January 3, 2020 was a \$229 million pre-tax gain on the sale of the Harris Night Vision business.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The business divestiture-related gain for the two quarters ended January 3, 2020 was the same item as noted above for the four quarters ended January 3, 2020.

See Note 3: *Business Divestitures and Asset Sales* in the Notes for further information.

Impairment of Goodwill and Other Assets

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: Impairment of goodwill and other assets for fiscal 2020 reflects \$748 million of non-cash charges for the impairment of goodwill and other assets associated with the COVID-related downturn in the commercial aviation market and its impact on customer operations, a \$14 million non-cash charge for impairment of goodwill recorded in the quarter ended July 3, 2020 in connection with a potential divestiture and a \$5 million non-cash charge for impairment of goodwill recorded in the quarter ended April 3, 2020 in connection with the then-pending divestiture of our Applied Kilovolts and Analytical Instrumentation business.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: Impairment of goodwill and other assets for the two quarters ended January 3, 2020 reflects a \$46 million impairment of right-of-use assets associated with L3Harris Merger-related facilities consolidation.

See Note 3: Business Divestitures and Asset Sales, Note 4: Restructuring and Other Exit Costs and Note 10: Goodwill in the Notes for further information.

Non-Operating Income

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in non-operating income in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to an increase in the non-service cost components of pension and other postretirement benefit plan income, reflecting the inclusion of income from benefit plans assumed in connection with the L3Harris Merger.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in non-operating income in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to an increase in the non-service cost components of pension and other postretirement benefit plan income, including a \$23 million gain on a pension plan curtailment, reflecting the inclusion in pension and other postretirement benefit plan income of benefit plans assumed in connection with the L3Harris Merger.

See Note 21: Non-Operating Income in the Notes for further information.

Net Interest Expense

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: Our net interest expense increased in fiscal 2020 compared with the four quarters ended January 3, 2020 primarily due to higher average debt levels as a result of the assumption of \$3.5 billion of debt in connection with the L3Harris Merger.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in net interest expense in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was due to the same reason as noted above for fiscal 2020 compared with the four quarters ended January 3, 2020.

See Note 14: Debt in the Notes for further information.

Income Taxes

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: Our effective tax rate (income taxes as a percentage of income from continuing operations before income taxes) was 18 percent in fiscal 2020 compared with 10 percent in the four quarters ended January 3, 2020. During fiscal 2020, we benefited from the favorable impact of:

- Favorable adjustments upon the finalization of our Federal tax returns, primarily due to recently released tax regulations and the resolution of audit uncertainties;
- Favorable impact of R&D credits; and
- Excess tax benefits related to equity-based compensation; partially offset by
- Unfavorable impact of non-deductible goodwill impairment charges.

In the four quarters ended January 3, 2020, our effective tax rate benefited from the net favorable impact of:

- Excess tax benefits related to equity-based compensation;
- The ability to utilize capital loss carryforwards with a full valuation allowance against capital gains generated from the Harris Night Vision business divestiture;
- The release of reserves for uncertain tax positions due to statute of limitations expirations;
- Additional research credits claimed on our prior year tax returns; and
- Favorable adjustments recorded upon the filing of our Federal tax returns.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: Our effective tax rate was 8 percent in the two quarters ended January 3, 2020 compared with 16 percent in the two quarters ended December 28, 2018. In the two quarters ended January 3, 2020, our effective tax rate benefited from the favorable impact of:

- Excess tax benefits related to equity-based compensation;
- The ability to utilize capital loss carryforwards with a full valuation allowance against capital gains generated from the Harris Night Vision business divestiture; and
- The release of reserves for uncertain tax positions due to statute of limitations expirations.

In the two quarters ended December 28, 2018, our effective tax rate benefited from the net favorable impact of:

- A reduction in the deferred tax liability maintained on the basis differences related to the unremitted foreign earnings;
- The favorable impact of excess tax benefits related to equity-based compensation; and
- An increase in the R&D credit; partially offset by

- An unfavorable impact of the differences in U.S. generally accepted accounting principles (“GAAP”) and tax accounting related to investments.

See *Note 23: Income Taxes* in the Notes for further information.

Income From Continuing Operations

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The decrease in income from continuing operations in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to the combined effects of the reasons noted above regarding the fiscal year ended January 1, 2021 and four quarters ended January 3, 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in income from continuing operations in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to the combined effects of the reasons noted above regarding the two quarters ended January 3, 2020 and two quarters ended December 28, 2018.

Income From Continuing Operations Per Diluted Common Share Attributable to L3Harris Common Shareholders

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The decrease in income from continuing operations per diluted common share attributable to L3Harris common shareholders in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to the combined effects of the reasons noted above regarding the fiscal year ended January 1, 2021 and four quarters ended January 3, 2020, particularly the non-cash charges for impairment of goodwill and other assets and other COVID-related impacts in our Commercial Aviation Solutions reporting unit associated with the downturn in the commercial aviation market and its impact on customer operations, the absence of a prior-year benefit from the gain on the sale of the Harris Night Vision business and divestitures in fiscal 2020, as well as higher diluted weighted average common shares outstanding as a result of 104 million shares issued in connection with the L3Harris Merger, partially offset by share repurchases during fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in income from continuing operations per diluted common share attributable to L3Harris common shareholders in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to higher income from continuing operations, as discussed above, partially offset by higher diluted weighted average common shares outstanding as a result of 104 million shares issued in connection with the L3Harris Merger, partially offset by share repurchases during fiscal 2020.

See the “Common Stock Repurchases” discussion below in this MD&A for further information.

Pro Forma Basis Discussion for Fiscal Year Ended January 1, 2021 Compared With the Four Quarters Ended January 3, 2020

Revenue

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in revenue for fiscal 2020 compared with pro forma revenue for the four quarters ended January 3, 2020 was primarily due to growth in core U.S. and international businesses, excluding commercial aviation and public safety markets, which more than offset the COVID-related decline. Revenue growth was driven by \$257 million of higher revenue in our Space and Airborne Systems segment, \$178 million of higher revenue in our Integrated Mission Systems segment and \$165 million of higher revenue in our Communication Systems segment, partially offset by a decline in our Aviation Systems segment, due to the divestiture of the airport security and automation business and COVID-related impacts.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in revenue for the two quarters ended January 3, 2020 compared with pro forma revenue for the two quarters ended December 28, 2018 was primarily due to \$321 million higher revenue in our Space and Airborne Systems segment, from a ramp in modernization of the F-35 platform in Mission Avionics, increased production of electronic warfare systems for F/A-18 and B-52 aircraft in Electronic Warfare and growth in ground-based adjacencies and exquisite systems in classified areas; \$257 million higher revenue in our Integrated Mission Systems segment, driven by growth in all three business sectors: ISR, Electro Optical and Maritime; \$202 million higher revenue in our Communication Systems segment, from a ramp in DoD modernization programs in Tactical Communications and Integrated Vision Solutions as well as increased demand with state and federal customers in Public Safety; and higher revenue in our Aviation Systems segment, reflecting organic growth from precision engagement sensors and systems, partially offset by the prior period competitive loss of the USAF C-17 training contract.

Gross Margin

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in gross margin and comparability of gross margin percentage for fiscal 2020 compared with pro forma gross margin and gross margin percentage for the four quarters ended January 3, 2020 reflects integration benefits, higher volume, operational excellence and \$111 million of lower cost of sales related to the fair value step-up in inventory sold in the L3Harris Merger, partially offset by a mix of program revenue and product sales with relatively lower gross margin percentage in fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in gross margin and decrease in gross margin percentage for the two quarters ended January 3, 2020 compared with pro forma gross margin and gross margin percentage for the two quarters ended December 28, 2018 were primarily due to higher volume and strong operational performance, partially offset by \$142 million of additional cost of sales related to the fair value step-up in inventory sold in the two quarters ended January 3, 2020.

Engineering, Selling and Administrative Expenses

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The decreases in ESA expenses and ESA percentage for fiscal 2020 compared with pro forma ESA expenses and ESA percentage for the four quarters ended January 3, 2020 were primarily due to \$262 million of lower L3Harris Merger-related transaction, integration and restructuring expenses, a \$22 million gain on sale of property, plant and equipment and integration savings, partially offset by \$105 million of higher amortization of identifiable intangible assets acquired as a result of the L3Harris Merger, \$16 million of COVID-related restructuring expenses and other costs and \$13 million of higher divestiture-related expenses in fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increases in ESA expenses and ESA percentage for the two quarters ended January 3, 2020 compared with pro forma ESA expenses and ESA percentage for the two quarters ended December 28, 2018 were primarily due to \$344 million of L3Harris Merger-related transaction, integration and restructuring expenses in the two quarters ended January 3, 2020, partially offset by integration savings.

Business Divestiture-Related (Losses) Gains

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: Business divestiture-related (losses) gains for fiscal 2020 and the four quarters ended January 3, 2020 on a pro forma basis included the same items as noted above for fiscal 2020 and the four quarters ended January 3, 2020 on an as reported basis.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: Business divestiture-related (losses) gains for the two quarters ended January 3, 2020 included the same items as noted above for the two quarters ended January 3, 2020 and December 28, 2018 on an as reported basis.

See Note 3: *Business Divestitures and Asset Sales* in the Notes for further information.

Impairment of Goodwill and Other Assets

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: Impairment of goodwill and other assets for fiscal 2020 and the four quarters ended January 3, 2020 on a pro forma basis reflects the same charges as noted above for fiscal 2020 and the four quarters ended January 3, 2020 on an as reported basis.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: Impairment of goodwill and other assets for the two quarters ended January 3, 2020 reflects the same charges as noted above for the two quarters ended January 3, 2020 and December 28, 2018 on an as reported basis.

See Note 3: *Business Divestitures and Asset Sales*, Note 4: *Restructuring and Other Exit Costs* and Note 10: *Goodwill* in the Notes for further information.

Non-Operating Income

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in non-operating income for fiscal 2020 compared with pro forma non-operating income for the four quarters ended January 3, 2020 was primarily due to an increase in the non-service cost components of pension and other postretirement benefit plan income, partially offset by a \$23 million gain on a pension plan curtailment in the four quarters ended January 3, 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in non-operating income for the two quarters ended January 3, 2020 compared with pro forma non-operating income for the two quarters ended December 28, 2018 was primarily due to an increase in the non-service cost components of pension and other postretirement benefit plan income, including a \$23 million gain on a pension plan curtailment, in the two quarters ended January 3, 2020 and a \$21 million debt extinguishment loss recognized by L3 in the two quarters ended December 28, 2018.

Net Interest Expense

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: Net interest expense for fiscal 2020 was largely unchanged compared with pro forma net interest expense for the four quarters ended January 3, 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The decrease in net interest expense for the two quarters ended January 3, 2020 compared with pro forma net interest expense for the two quarters ended December 28, 2018 was primarily due to lower average debt levels as a result of the repayment at maturity of the entire outstanding \$300 million aggregate principal amount of our Floating Rate Notes due February 27, 2019. See *Note 14: Debt* in the Notes for further information.

Income Taxes

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: Our effective tax rate was 18 percent in fiscal 2020 compared with a 10 percent pro forma effective tax rate for the four quarters ended January 3, 2020. Our effective tax rate for fiscal 2020 was impacted by the same items as noted above for fiscal 2020 on an as reported basis.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: Our effective tax rate was 8 percent in the two quarters ended January 3, 2020 compared with a 10 percent pro forma effective tax rate for the two quarters ended December 28, 2018. Our effective tax rate for the two quarters ended January 3, 2020 was impacted by the same items as noted above for the two quarters ended January 3, 2020 on an as reported basis.

See “Supplemental Unaudited Pro Forma Condensed Combined Income Statement Information” below in this MD&A for information regarding our pro forma effective tax rate for the four quarters ended January 3, 2020.

Income From Continuing Operations

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The decrease in income from continuing operations for fiscal 2020 compared with pro forma income from continuing operations for the four quarters ended January 3, 2020 was primarily due to the combined effects of the reasons noted above in this “Pro Forma” discussion regarding the fiscal year ended January 1, 2021 and four quarters ended January 3, 2020, particularly the non-cash charges for impairment of goodwill and other assets in our Commercial Aviation Solutions reporting unit associated with the COVID-related downturn in the commercial aviation market and its impact on customer operations, the absence of a prior-year benefit from the gain on the sale of the Harris Night Vision business, and divestitures in fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in income from continuing operations for the two quarters ended January 3, 2020 compared with pro forma income from continuing operations for the two quarters ended December 28, 2018 was primarily due to the combined effects of the reasons noted above in this “Pro Forma” discussion regarding the two quarters ended January 3, 2020 and two quarters ended December 28, 2018.

Income From Continuing Operations Per Diluted Common Share Attributable to L3Harris Common Shareholders

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The decrease in income from continuing operations per diluted common share attributable to L3Harris common shareholders for fiscal 2020 compared with pro forma income from continuing operations per diluted common share attributable to L3Harris common shareholders for the four quarters ended January 3, 2020 was primarily due to lower income from continuing operations, as discussed above, partially offset by a decrease in our diluted weighted average common shares outstanding from shares of our common stock repurchased under our repurchase program during fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in income from continuing operations per diluted common share attributable to L3Harris common shareholders for the two quarters ended January 3, 2020 compared with pro forma income from continuing operations per diluted common share attributable to L3Harris common shareholders for the two quarters ended December 28, 2018 was primarily due to higher income from continuing operations, as discussed above, and the decrease in our diluted weighted average common shares outstanding from shares of our common stock repurchased under our repurchase program during the two quarters ended January 3, 2020.

See the “Common Stock Repurchases” discussion below in this MD&A for further information.

Supplemental Unaudited Pro Forma Condensed Combined Income Statement Information

The following supplemental unaudited pro forma condensed combined income statement information prepared in accordance with the requirements of Article 11 of Regulation S-X provides further information supporting the preparation of the supplemental unaudited pro forma condensed combined financial information for the four quarters ended January 3, 2020 provided above in the “Consolidated Results of Operations” discussion in this MD&A and has been prepared to give effect to the L3Harris Merger under the acquisition method of accounting. It combines the historical results of operations of Harris and L3 and reflects the L3Harris Merger as if it closed on June 30, 2018, the first day of Harris’ fiscal 2019, and gives effect to pro forma events that are (a) directly attributable to the L3Harris Merger, (b) factually supportable and (c) expected to have a continuing impact on our results of operations. The adjustments include adjustments to reflect the sale of the Harris Night Vision business, which is directly attributable to the L3Harris Merger, but do not include any adjustments for the use of proceeds from such sale, because the use is not directly attributable to the L3Harris Merger. The pro forma condensed combined income statement information is provided for informational and supplemental purposes only, and does not purport to indicate what L3Harris’ results of operations would have been, or L3Harris’ future results of operations, had the L3Harris Merger actually occurred on June 30, 2018. The supplemental unaudited pro forma condensed combined income statement information should be read in conjunction with other sections of this MD&A, our Consolidated Financial Statements and the Notes appearing elsewhere in this Report.

Unaudited Pro Forma Condensed Combined Statement of Income
For the Four Quarters Ended January 3, 2020

(In millions, except per share amounts)	Two Quarters Ended June 28, 2019					Two Quarters Ended January 3, 2020	Four Quarters Ended January 3, 2020
	Historical Harris	Historical L3	Pro Forma Adjustments	Note Ref	Pro Forma	L3Harris As Reported	Pro Forma
Revenue from product sales and services	\$ 3,593	\$ 5,331	\$ (11)	a	\$ 8,834	\$ 9,263	\$ 18,097
			(79)	b			
Cost of product sales and services	(2,362)	(3,875)	11	a	(6,181)	(6,726)	(12,907)
			54	b			
			(9)	c			
Engineering, selling and administrative expenses	(659)	(824)	11	b	(1,707)	(1,881)	(3,588)
			(228)	c			
			38	d			
			(4)	e			
			4	f			
			(45)	j			
Business divestiture-related gains	—	—	—		—	229	229
Impairment of right-of-use asset	—	—	—		—	(46)	(46)
Merger, acquisition and divestiture related expenses	—	(45)	45	j	—	—	—
Non-operating income	94	—	23	j	117	192	309
Interest and other income, net	—	15	19	g	—	—	—
			(34)	j			
Debt retirement charges	—	(3)	3	j	—	—	—
Interest income	1	—	8	j	9	12	21
Interest expense	(82)	(75)	4	h	(139)	(135)	(274)
			14	i			
Income from continuing operations before income taxes	585	524	(176)		933	908	1,841
Income taxes	(73)	(87)	44	k	(116)	(73)	(189)
Income from continuing operations	512	437	(132)		817	835	1,652
Noncontrolling interests, net of income taxes	—	(12)	—		(12)	(12)	(24)
Income from continuing operations attributable to common shareholders	<u>\$ 512</u>	<u>\$ 425</u>	<u>\$ (132)</u>		<u>\$ 805</u>	<u>\$ 823</u>	<u>\$ 1,628</u>
Income from continuing operations per basic common share attributable to common shareholders	\$ 4.32				\$ 3.62	\$ 3.72	\$ 7.34
Income from continuing operations per diluted common share attributable to common shareholders	\$ 4.23				\$ 3.57	\$ 3.68	\$ 7.25
Basic weighted average common shares outstanding	118.1		104.1	1	222.2	221.2	221.7
Diluted weighted average common shares outstanding	120.7		104.6	1	225.3	223.7	224.5

Notes:

- a. Reflects the elimination of intercompany balances and transactions between L3 and Harris.
- b. Reflects the sale of the Harris Night Vision business.

- c. Reflects the net increase in amortization expense related to the fair value of acquired finite-lived identifiable intangible assets and the elimination of historical amortization expense recognized by L3 for the two quarters ended June 28, 2019. Assumptions and details are as follows:

	Weighted Average Amortization Period	Fair Value ⁽¹⁾	Two Quarters Ended June 28, 2019
	(In years)	(In millions)	
Identifiable Intangible Assets Acquired:			
Customer relationships	15	\$ 5,417	\$ 222
Trade names — Divisions	9	123	6
Adjustment to engineering, selling and administrative expenses			228
Developed technology	7	562	33
Less: L3 historical amortization			(24)
Adjustment to cost of product sales and services			9
Total net adjustment to amortization expense			\$ 237

(1) As of May 4, 2020, the date of filing our Current Report on Form 8-K.

- d. Represents the elimination of transaction costs, which were included in merger, acquisition and divestiture related expenses in L3's historical statement of operations and in engineering, selling and administrative expenses in Harris' historical statement of income.
- e. In connection with the L3Harris Merger, on October 12, 2018, each company entered into a letter of agreement with its chief executive officer, to outline the terms of each such person's role and compensation arrangements following the merger. Amounts shown reflect the increase in compensation expense as a result of these modified arrangements.
- f. Reflects the impact of change-in-control payments under certain post-retirement and share-based and deferred compensation arrangements.
- g. Reflects the elimination of amortization of net actuarial losses from accumulated comprehensive loss related to L3's postretirement benefit plans as part of purchase accounting.
- h. Reflects the elimination of amortization of deferred debt issuance costs as part of purchase accounting.
- i. Reflects amortization of the increase to L3's long-term debt based on a \$172 million fair value adjustment.
- j. Certain amounts from L3's historical statement of operations data were reclassified to conform their presentation to that of Harris. These reclassifications include:
1. Merger, acquisition and divestiture related expenses were reclassified to engineering, selling and administrative expenses; and
 2. Interest and other income, net which was reclassified to interest income.
- k. Represents the income tax impact of the pro forma adjustments, using the blended worldwide tax rates for L3, in the case of pro forma adjustments to L3's historical results, and the federal and state statutory tax rates for Harris, in the case of pro forma adjustments to Harris' historical results. As a result, the combined statutory tax rate used to tax-effect the pro forma adjustments was 25 percent for the two quarters ended June 28, 2019. This tax rate does not represent the combined company's effective tax rate, which will include other tax charges and benefits, and does not take into account any historical or possible future tax events that may impact the combined company following the consummation of the L3Harris Merger.
- l. Increase in common stock due to shares of L3Harris common stock issued for outstanding L3 common stock and in respect of vested L3 restricted stock units and L3 performance stock units. Diluted shares also include the dilutive impact of L3Harris stock options issued in replacement of L3 stock options calculated using the treasury stock method.

Discussion of Business Segment Results of Operations

Integrated Mission Systems Segment

(Dollars in millions)	Fiscal Year Ended		Four Quarters Ended		
	January 1, 2021	January 3, 2020	% Inc/(Dec)	January 3, 2020	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		Pro forma	
Revenue	\$ 5,538	\$ 2,783	*	\$ 5,360	3 %
Operating income	\$ 847	\$ 377	*	\$ 698	21 %
% of revenue	15 %	14 %		13 %	

(Dollars in millions)	Two Quarters Ended			Fiscal Years Ended		
	January 3, 2020	December 28, 2018	% Inc/(Dec)	June 28, 2019	June 29, 2018	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		As Reported		
Revenue	\$ 2,758	\$ 28	*	\$ 52	\$ 55	(5 %)
Operating income	\$ 371	\$ 4	*	\$ 10	\$ 9	11 %
% of revenue	13 %	14 %		19 %	16 %	

* Not meaningful

As Reported

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increases in segment revenue, operating income and operating income as a percentage of revenue (“operating margin percentage”) in fiscal 2020 compared with the four quarters ended January 3, 2020 were primarily due to the inclusion of L3 operations in segment operating results for the two quarters ended July 3, 2020 (but not for the comparable prior-year two quarters preceding the L3Harris Merger). Because the Integrated Mission Systems segment is almost entirely comprised of L3 businesses, comparison to the four quarters ended January 3, 2020 segment operating metrics is not meaningful. The funded backlog for this segment was \$6.3 billion at January 1, 2021 compared with \$5.3 billion at January 3, 2020.

The percentage of this segment’s revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 77 percent in fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The changes in segment revenue, operating income and operating margin percentage in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 were primarily due to the inclusion of L3 operations in segment operating results as a result of the L3Harris Merger during the two quarters ended January 3, 2020. Because the Integrated Mission Systems segment is almost entirely comprised of L3 businesses, comparison to prior year segment operating metrics is not meaningful. In the two quarters ended January 3, 2020, segment revenue also benefited from \$213 million of revenue growth in ISR and growth in Electro Optical. The funded backlog for this segment was \$5.3 billion at January 3, 2020 compared with \$5.4 billion at the beginning of the Fiscal Transition Period (primarily from backlog acquired on June 29, 2019 in connection with the L3Harris Merger).

The percentage of this segment’s revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 75 percent in the two quarters ended January 3, 2020.

Pro Forma

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in segment revenue in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to \$163 million of higher revenue in Maritime from a ramp in manned and classified platforms and \$31 million of higher revenue in ISR.

The increases in segment operating income and operating margin percentage in fiscal 2020 compared with the four quarters ended January 3, 2020 were primarily driven by operational excellence and integration benefits.

Space and Airborne Systems Segment

(Dollars in millions)	Fiscal Year Ended		Four Quarters Ended		
	January 1, 2021	January 3, 2020	% Inc/(Dec)	January 3, 2020	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		Pro forma	
Revenue	\$ 4,946	\$ 4,352	14 %	\$ 4,689	5 %
Operating income	\$ 932	\$ 816	14 %	\$ 873	7 %
% of revenue	19 %	19 %		19 %	

(Dollars in millions)	Two Quarters Ended			Fiscal Years Ended		
	January 3, 2020	December 28, 2018	% Inc/(Dec)	June 28, 2019	June 29, 2018	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		As Reported		
Revenue	\$ 2,377	\$ 1,736	37 %	\$ 3,711	\$ 3,294	13 %
Operating income	\$ 447	\$ 327	37 %	\$ 696	\$ 626	11 %
% of revenue	19 %	19 %		19 %	19 %	

As Reported

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increases in segment revenue and operating income in fiscal 2020 compared with the four quarters ended January 3, 2020 were primarily due to the inclusion of L3 operations in segment operating results for the two quarters ended July 3, 2020 (but not for the comparable prior-year two quarters preceding the L3Harris Merger), as well as organic growth in Mission Avionics and Intel and Cyber as discussed further below in the "Pro Forma" discussion for the fiscal year ended January 1, 2021 compared with the four quarters ended January 3, 2020. The funded backlog for this segment was \$3.8 billion at January 1, 2021 compared with \$3.9 billion at January 3, 2020. Segment operating margin percentage in fiscal 2020 was comparable with the four quarters ended January 3, 2020.

The percentage of this segment's revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 90 percent in fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increases in segment revenue and operating income in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 were primarily due to the inclusion of L3 operations in segment operating results as a result of the L3Harris Merger during the two quarters ended January 3, 2020, as well as higher revenue in Mission Avionics from growth on long-term platforms, \$54 million higher revenue from growth in ground-based adjacencies and exquisite systems in classified areas and \$58 million of higher revenue in Electronic Warfare from increased production of electronic warfare systems for F/A-18 and B-52 aircraft. The funded backlog for this segment was \$3.9 billion at January 3, 2020 compared with \$4.3 billion at the beginning of the Fiscal Transition Period (including backlog acquired on June 29, 2019 in connection with the L3Harris Merger). Segment operating margin percentage in the two quarters ended January 3, 2020 was comparable with the two quarters ended December 28, 2018.

The percentage of this segment's revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 88 percent in the two quarters ended January 3, 2020 compared with 89 percent in the two quarters ended December 28, 2018.

Pro Forma

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in segment revenue in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to \$317 million of higher revenue in Mission Avionics, driven by a ramp on the F-35 platform, and \$70 million of higher revenue in Intel and Cyber from growth on classified programs, partially offset by \$107 million of lower revenue in Space and lower revenue in Electronic Warfare, reflecting program transition timing.

The increase in segment operating income in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to cost management, operational excellence and integration benefits, partially offset by program mix, including in respect of newly awarded fixed-priced development contracts. Segment operating margin percentage for fiscal 2020 was comparable with the four quarters ended January 3, 2020.

Communication Systems Segment

(Dollars in millions)	Fiscal Year Ended		Four Quarters Ended		
	January 1, 2021	January 3, 2020	% Inc/(Dec)	January 3, 2020	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		Pro forma	
Revenue	\$ 4,443	\$ 3,340	33 %	\$ 4,278	4 %
Operating income	\$ 1,084	\$ 836	30 %	\$ 958	13 %
<i>% of revenue</i>	24 %	25 %		22 %	

(Dollars in millions)	Two Quarters Ended			Fiscal Years Ended		
	January 3, 2020	December 28, 2018	% Inc/(Dec)	June 28, 2019	June 29, 2018	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		As Reported		
Revenue	\$ 2,151	\$ 1,018	111 %	\$ 2,208	\$ 2,015	10 %
Operating income	\$ 493	\$ 294	68 %	\$ 637	\$ 561	14 %
<i>% of revenue</i>	23 %	29 %		29 %	28 %	

As Reported

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increases in segment revenue and operating income, and decrease in segment operating margin percentage in fiscal 2020 compared with the four quarters ended January 3, 2020 were primarily due to the inclusion of L3 operations in segment operating results for the two quarters ended July 3, 2020 (but not for the comparable prior-year two quarters preceding the L3Harris Merger), as well as organic growth in Tactical Communications, partially offset by lower revenue in Public Safety and the divestiture of the EOTech business as discussed further below in the “Pro Forma” discussion for the fiscal year ended January 1, 2021 compared with the four quarters ended January 3, 2020. The funded backlog for this segment was \$3.3 billion at January 1, 2021 compared with \$3.7 billion at January 3, 2020.

The percentage of this segment’s revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 69 percent in fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increases in segment revenue and operating income in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 were primarily due to the inclusion of L3 operations in segment operating results as a result of the L3Harris Merger during the two quarters ended January 3, 2020, as well as \$112 million of higher revenue in Tactical Communications from a ramp in DoD modernization programs, \$46 million of higher revenue in Public Safety, reflecting increased demand from state and federal customers, and \$38 million of higher revenue in Integrated Vision Solutions. The funded backlog for this segment was \$3.7 billion at January 3, 2020 compared with \$3.2 billion at the beginning of the Fiscal Transition Period (including backlog acquired on June 29, 2019 in connection with the L3Harris Merger).

The decrease in segment operating margin percentage in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to a mix of program revenue and product sales with relatively lower operating margin percentage, partially offset by strong operational performance and integration savings.

The percentage of this segment’s revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 69 percent in the two quarters ended January 3, 2020 compared with 54 percent in the two quarters ended December 28, 2018.

Pro Forma

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in revenue in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to \$268 million of higher Tactical Communications revenue (including Global Communications Solutions), primarily due to a ramp in DoD modernization programs that also benefited Integrated Vision Solutions, partially offset by \$84 million of lower revenue in Public Safety, reflecting COVID-related pressures on state and local government municipality customers, and a \$21 million revenue impact from the divestiture of the EOTech business.

The increases in segment operating income and operating margin percentage in fiscal 2020 compared with the four quarters ended January 3, 2020 were primarily due to operational excellence, integration benefits and cost management.

Additional Information on Known Trends and Uncertainties

Revenue and operating income in our Public Safety business sector has been, and we expect will continue to be, adversely impacted by COVID-related pressures on state and local government customers, including reduced staffing, limited remote work technology capabilities, significant reductions in near-term tax revenues and competing budget priorities. Revenue in our Public Safety business sector decreased by \$84 million in fiscal 2020 compared with the four quarters ended January 3, 2020 and we expect a continued decrease in Public Safety revenue in early fiscal 2021 with stability and modest recovery later in the year; however, the ultimate extent of the COVID-related impact to our Public Safety business sector remains uncertain.

We expect to see growth and identify new opportunities in our Tactical Communications business sector, including international growth in the Middle East, Europe and Asia Pacific. We also expect modernization demand to continue to benefit both our Tactical Communications and Integrated Vision Systems business sectors.

Aviation Systems Segment

(Dollars in millions)	Fiscal Year Ended		Four Quarters Ended		
	January 1, 2021	January 3, 2020	% Inc/(Dec)	January 3, 2020	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		Pro forma	
Revenue	\$ 3,448	\$ 2,368	*	\$ 3,917	(12 %)
Operating income (loss)	\$ (177)	\$ 325	*	\$ 503	*
% of revenue	(5)%	14 %		13 %	

(Dollars in millions)	Two Quarters Ended			Fiscal Years Ended		
	January 3, 2020	December 28, 2018	% Inc/(Dec)	June 28, 2019	June 29, 2018	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		As Reported		
Revenue	\$ 2,038	\$ 342	*	\$ 672	\$ 668	1 %
Operating income	\$ 289	\$ 40	*	\$ 76	\$ 54	41 %
% of revenue	14 %	12 %		11 %	8 %	

* Not meaningful

As Reported

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The increase in segment revenue in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to the inclusion of L3 operations in segment operating results for the two quarters ended July 3, 2020 (but not for the comparable prior-year two quarters preceding the L3Harris Merger). Because the Aviation Systems segment is primarily comprised of L3 businesses, comparison to the four quarters ended January 3, 2020 segment operating metrics is not meaningful. The funded backlog for this segment was \$3.0 billion at January 1, 2021 compared with \$3.4 billion at January 3, 2020, reflecting a \$380 million reduction from the divestiture of the airport security and automation business during the quarter ended July 3, 2020.

The segment operating loss in fiscal 2020 compared with segment operating income for the four quarters ended January 3, 2020 was primarily due to \$635 million of non-cash charges for the impairment of goodwill and other assets, \$18 million of restructuring charges and other exit costs recorded in fiscal 2020 in our Commercial Aviation Solutions reporting unit due to the downturn in the commercial aviation market, as well as the divestiture of the airport security and automation business, partially offset by the inclusion of L3 operations in segment operating results for the two quarters ended July 3, 2020 (but not for the comparable prior-year two quarters preceding the L3Harris Merger), principally Defense Aviation operations.

The percentage of this segment's revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 71 percent in fiscal 2020.

Two quarters ended January 3, 2020 Compared With Two quarters ended December 28, 2018: The increases in segment revenue, operating income and operating margin percentage in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 were primarily due to the inclusion of L3 operations in segment operating results as a result of

the L3Harris Merger during the two quarters ended January 3, 2020. Because the Aviation Systems segment is primarily comprised of L3 businesses, comparison to the two quarters ended December 28, 2018 segment operating metrics is not meaningful. In the two quarters ended January 3, 2020, segment revenue also reflected growth from precision engagement sensors and systems and \$24 million of higher revenue in Mission Networks, partially offset by a \$50 million revenue impact from the prior period competitive loss of the C-17 training contract. The funded backlog for this segment was \$3.4 billion at January 3, 2020 compared with \$3.1 billion at the beginning of the Fiscal Transition Period (including backlog acquired on June 29, 2019 in connection with the L3Harris Merger).

The percentage of this segment's revenue that was derived from sales to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, was 59 percent in the two quarters ended January 3, 2020.

Pro Forma

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The decrease in segment revenue in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to \$681 million of lower commercial aviation sales, including a \$364 million impact from the airport security and automation business divestiture and lower revenue from the downturn in the commercial aviation market and its impact on customer operations, partially offset by \$189 million of higher revenue in Defense Aviation, from a ramp on classified programs and combat propulsion systems, and higher FAA volume in Mission Networks.

The segment operating loss in fiscal 2020 compared with segment operating income for the four quarters ended January 3, 2020 was primarily due to \$635 million of non-cash charges for impairment of goodwill and other assets, \$18 million of restructuring charges and other exit costs recorded in fiscal 2020 in our Commercial Aviation Solutions reporting unit due to the downturn in the commercial aviation market and its impact on customer operations, as well as a \$39 million impact from the divestiture of the airport security and automation business, partially offset by operational efficiencies, integration benefits and cost management in fiscal 2020.

Additional Information on Known Trends and Uncertainties

Revenue and operating income from our Commercial Aviation Solutions reporting unit declined for 2020 due to decreased commercial training and commercial avionics sales volume, reflecting COVID and its impact on global air traffic and customer operations. On a pro forma basis, revenue in our Commercial Aviation Solutions reporting unit decreased by \$317 million in fiscal 2020 compared with the four quarters ended January 3, 2020, primarily due to COVID-related impacts. We expect a continued decline in revenue in our commercial aviation businesses in early fiscal 2021 with stability and modest recovery later in the year; however, the ultimate duration and extent of COVID-related impacts to these businesses remains uncertain. In addition, the divestiture of our airport security and automation business on May 4, 2020 decreased segment revenue and operating income in calendar year fiscal 2020 compared with the four quarters ended January 3, 2020. Customer revenue from the airport security and automation business through the date of divestiture was \$147 million compared with \$495 million for the four quarters ended January 3, 2020 on a pro forma basis.

Unallocated Corporate Expenses

	Fiscal Year Ended		Four Quarters Ended		
	January 1, 2021	January 3, 2020	% Inc/(Dec)	January 3, 2020	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		Pro forma	
(Dollars in millions)					
Unallocated corporate expenses and corporate eliminations	\$ 109	\$ 140	(22 %)	\$ 145	(25 %)
L3Harris Merger-related transaction, integration and other expenses and losses	130	325	(60 %)	333	(61 %)
L3Harris Merger-related restructuring costs	10	117	(91 %)	117	(91 %)
Amortization of acquisition-related intangibles	709	339	109 %	601	18 %
Impairment of identifiable intangible assets	113	—	*	—	*
Business divestiture-related losses (gains)	51	(229)	*	(229)	*

(Dollars in millions)	Two Quarters Ended			Fiscal Years Ended		
	January 3, 2020	December 28, 2018	% Inc/(Dec)	June 28, 2019	June 29, 2018	% Inc/(Dec)
	As Reported	As Reported (Unaudited)		As Reported		
Unallocated corporate expenses and corporate eliminations	\$ 139	\$ 2	*	\$ 2	\$ 65	(97%)
L3Harris Merger-related transaction, integration and other expenses and losses	273	13	*	65	—	*
L3Harris Merger-related restructuring costs	117	—	*	—	—	*
Amortization of acquisition-related intangibles	289	50	478%	101	101	—%
Business divestiture-related losses (gains)	(229)	—	*	—	—	*

* Not meaningful

Fiscal Year Ended January 1, 2021 Compared With Four Quarters Ended January 3, 2020: The decrease in unallocated corporate expense in fiscal 2020 compared with the four quarters ended January 3, 2020 on both an as reported and pro forma basis was primarily due to \$111 million of lower cost of sales related to the fair value step-up in inventory sold in fiscal 2020 and a \$22 million gain on sale of property, plant and equipment, partially offset by higher L3Harris Merger-related equity compensation expense, the timing of expense accruals, a \$14 million non-cash goodwill impairment charge related to a potential divestiture, and \$13 million of higher divestiture-related expenses in fiscal 2020.

Two Quarters Ended January 3, 2020 Compared With Two Quarters Ended December 28, 2018: The increase in unallocated corporate expense during the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was due to \$142 million of additional cost of sales related to the fair value step-up in inventory sold and a \$10 million non-cash cumulative adjustment to lease expense, partially offset by a \$12 million gain on the sale of an asset group in the two quarters ended January 3, 2020.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL STRATEGIES

Cash Flows

(In millions)	Fiscal Year Ended		Four Quarters Ended		Two Quarters Ended		Fiscal Years Ended	
	January 1, 2021	January 3, 2020	January 3, 2020	December 28, 2018	June 28, 2019	June 29, 2018		
	As Reported	As Reported (Unaudited)	As Reported	As Reported (Unaudited)	As Reported			
Net cash provided by operating activities	\$ 2,790	\$ 1,655	\$ 939	\$ 469	\$ 1,185	\$ 751		
Net cash provided by (used in) investing activities	751	1,228	1,320	(67)	(159)	(141)		
Net cash used in financing activities	(3,112)	(2,410)	(1,971)	(342)	(781)	(805)		
Effect of exchange rate changes on cash and cash equivalents	23	8	6	(5)	(3)	(1)		
Net increase (decrease) in cash and cash equivalents	452	481	294	55	242	(196)		
Cash and cash equivalents, beginning of period	824	343	530	288	288	484		
Cash and cash equivalents, end of period	\$ 1,276	\$ 824	\$ 824	\$ 343	\$ 530	\$ 288		

Cash and cash equivalents

The \$452 million net increase in cash and cash equivalents in fiscal 2020 was primarily due to:

- \$2,790 million of net cash provided by operating activities;
- \$1,040 million of net proceeds from sale of business;
- \$901 million of net proceeds from borrowings, including \$650 million in proceeds from the issuance of our 1.80% notes due January 15, 2031 and \$250 million in proceeds from the issuance of our Floating Rate Notes due March 10, 2023;
- \$91 million of net proceeds sale of property, plant and equipment; and
- \$56 million of proceeds from exercises of employee stock options; partially offset by

- \$2,290 million used to repurchase shares of our common stock;
- \$931 million used for repayment of borrowings, including \$650 million used for our optional redemption of our 4.95% Notes due February 15, 2021 and \$250 million used for repayment of our Floating Rate Notes due April 30, 2020;
- \$725 million used to pay cash dividends;
- \$368 million used for additions of property, plant and equipment; and
- \$113 million used for payments of interest rate derivative obligations.

The \$294 million net increase in cash and cash equivalents during the two quarters ended January 3, 2020 was primarily due to:

- \$1,130 million of net cash acquired in the L3Harris Merger;
- \$939 million of net cash provided by operating activities;
- \$396 million of net proceeds from borrowings, including \$400 million in proceeds from the issuance of our 2.90% notes due December 15, 2029;
- \$343 million of net proceeds from sale of business; and
- \$109 million of proceeds from exercises of employee stock options; partially offset by
- \$1,500 million used to repurchase shares of our common stock;
- \$505 million used for repayment of borrowings, including \$400 million used for our optional redemption of our 2.7% Notes due April 27, 2020 and \$100 million used for repayment of short-term debt;
- \$337 million used to pay cash dividends;
- \$173 million used for additions of property, plant and equipment;
- \$86 million used for tax withholding payments associated with vested share-based awards; and
- \$32 million used for payments of interest rate derivative obligations.

We ended fiscal 2020 with cash and cash equivalents of \$1,276 million, and we have a senior unsecured \$2 billion revolving credit facility that expires in June 2024 (all of which was available to us as of January 1, 2021). Additionally, we had \$6.9 billion of net long-term debt outstanding at January 1, 2021, the majority of which we incurred in connection with our the L3Harris Merger in the Fiscal Transition Period and the acquisition of Exelis in the fourth quarter of fiscal 2015. For further information regarding our long-term debt, see *Note 14: Debt* in the Notes. Our \$1,276 million of cash and cash equivalents at January 1, 2021 included \$296 million held by our foreign subsidiaries, a significant portion of which we believe can be repatriated to the U.S. with minimal tax cost.

Given our current cash position, outlook for funds generated from operations, credit ratings, available credit facility, cash needs and debt structure, we have not experienced to date, and do not expect to experience, any material issues with liquidity, although we can give no assurances concerning our future liquidity, particularly in light of our current level of debt, U.S. Government budget uncertainties and the state of global commerce and general political and financial uncertainty. We cannot predict the impact that COVID, among other potential risks and uncertainties, will have on our cash from operations. For further information regarding COVID-related risks and uncertainties, see Part I, “Item 1A. Risk Factors” in this Report.

Based on our current business plan and revenue prospects, we believe that our existing cash, funds generated from operations, our credit facility and access to the public and private debt and equity markets will be sufficient to provide for our anticipated working capital requirements, capital expenditures, dividend payments, repurchases under our share repurchase program and repayments of our debt securities at maturity for the next twelve months and reasonably foreseeable future thereafter. Our total capital expenditures for fiscal 2021 are expected to be approximately \$375 million. We anticipate tax payments for fiscal 2021 to be approximately equal to or marginally less than our tax expense for the same period, subject to adjustment for certain timing differences. For additional information regarding our income taxes, see *Note 23: Income Taxes* in the Notes. Other than those cash outlays noted in the “Contractual Obligations” discussion below in this MD&A, capital expenditures, dividend payments, repurchases under our share repurchase program and L3Harris Merger-related transaction and integration costs, we do not anticipate any significant cash outlays in fiscal 2021. For additional information regarding potential repurchases of our common stock, see *Note 28: Subsequent Events* in the Notes. For further information regarding COVID-related risks and uncertainties, see Part I, “Item 1A. Risk Factors” in this Report.

There can be no assurance, however, that our business will continue to generate cash flows at current levels or that the cost or availability of future borrowings, if any, under our commercial paper program or our credit facility or in the debt markets will not be impacted by any potential future credit or capital markets disruptions. For example, the commercial paper market was temporarily disrupted in March 2020 as a result of COVID, and although commercial paper markets are currently functioning in a normal manner, depending on future market conditions and volatility, commercial paper may not be available on favorable terms or at all, or in the capacity desired. If we are unable to maintain cash balances, generate sufficient cash flow from operations or borrow under our commercial paper program or our credit facility sufficient to service our obligations, we may be required to sell assets, reduce capital expenditures, reduce or eliminate strategic acquisitions, reduce or terminate our share repurchases, reduce or eliminate dividends, refinance all or a portion of our existing debt or obtain additional financing. Our ability to make principal

payments or pay interest on or refinance our indebtedness depends on our future performance and financial results, which, to a certain extent, are subject to general conditions in or affecting the defense, government and other markets we serve and to general economic, political, financial, competitive, legislative and regulatory factors beyond our control.

Net cash provided by operating activities: The \$1,135 million increase in net cash provided by operating activities in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to the impact of higher income (excluding the impacts of a \$721 million increase in non-cash impairments of goodwill and other assets and \$461 million increase in depreciation and amortization in fiscal 2020), reflecting the inclusion of cash flows from L3 operations following the L3Harris Merger, as well as a \$302 million voluntary contribution to our U.S. qualified pension plans and \$278 million of cash used for L3Harris Merger transaction costs, including change in control charges, in the four quarters ended January 3, 2020, partially offset by a \$306 million increase in cash used to fund working capital in fiscal 2020.

The \$470 million increase in net cash provided by operating activities in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to the impact of higher income, including a \$229 million pre-tax gain on sale of business, \$182 million decrease in net cash used to fund working capital and \$157 million more in share-based compensation, partially offset by \$328 million more in qualified pension contributions, including a \$302 million voluntary contribution, in the two quarters ended January 3, 2020.

Cash flow from operations was positive in all of our business segments in fiscal 2020, the two quarters ended January 3, 2020 and fiscal 2019 and 2018.

Net cash provided by investing activities: The \$477 million decrease in net cash provided by investing activities in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to \$1,130 million of net cash received from the L3Harris Merger in the four quarters ended January 3, 2020 and \$101 million increase in cash used for additions of property, plant and equipment, partially offset by a \$697 million increase in net proceeds from sales businesses and \$91 million of proceeds from sale of property, plant and equipment in fiscal 2020.

The \$1.4 billion increase in net cash provided by investing activities in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to \$1.1 billion of net cash received from L3Harris Merger and \$343 million of net proceeds from the sale of the Harris Night Vision business, partially offset by a \$106 million increase in cash used for additions of property, plant and equipment.

Net cash used in financing activities: The \$702 million increase in net cash used in financing activities in fiscal 2020 compared with the four quarters ended January 3, 2020 was primarily due to a \$790 million increase in cash used to repurchase our common stock, a \$226 million increase in cash used to pay dividends, a \$121 million increase in cash used for repayments of borrowings, a \$85 million decrease in proceeds from exercises of employee stock options and \$81 million of payments of interest rate derivatives obligations, partially offset by a \$504 million increase in net proceeds from borrowings and a \$87 million decrease in cash used for tax withholding payments associated with vested share-based awards in fiscal 2020.

The \$1.6 billion increase in net cash used in financing activities in the two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 was primarily due to a \$1.3 billion increase in cash used to repurchase our common stock, a \$174 million increase in cash used to pay dividends, a \$502 million increase in net cash used for repayments of borrowings and a \$66 million increase in cash used for tax withholding payments associated with vested share-based awards, partially offset by a \$370 million increase in net proceeds from borrowings and a \$91 million increase in proceeds from exercises of employee stock options.

Funding of Pension Plans

Funding requirements under applicable laws and regulations are a major consideration in making contributions to our U.S. pension plans. Although we have significant discretion in making voluntary contributions, the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006 and further amended by the Worker, Retiree, and Employer Recovery Act of 2008, the Moving Ahead for Progress in the 21st Century Act ("MAP-21") and applicable Internal Revenue Code regulations mandate minimum funding thresholds. Failure to satisfy the minimum funding thresholds could result in restrictions on our ability to amend the plan or make benefit payments. With respect to our U.S. qualified defined benefit pension plans, we intend to contribute annually not less than the required minimum funding thresholds.

The Highway and Transportation Funding Act of 2014 and the Bipartisan Budget Act of 2015 further extended the interest rate stabilization provision of MAP-21 until 2020. We made a \$302 million voluntary contribution to our U.S. qualified defined benefit pension plans in the two quarters ended January 3, 2020. As a result of this voluntary contribution, as well as \$300 million and \$400 million of voluntary contributions in fiscal 2018 and 2017, respectively, we are not required to make any contributions to our U.S. qualified defined benefit pension plans in fiscal 2021 and for several years thereafter.

Future required contributions primarily will depend on the actual annual return on assets and the discount rate used to measure the benefit obligation at the end of each year. Depending on these factors, and the resulting funded status of our pension

plans, the level of future statutory required minimum contributions could be material. We had net unfunded defined benefit pension plan obligations of \$1.8 billion as of January 1, 2021 compared with \$1.7 billion as of January 3, 2020. See *Note 15: Pension and Other Postretirement Benefits* in the Notes for further information regarding our defined benefit pension plans.

Common Stock Repurchases

During fiscal 2020, we used \$2.3 billion to repurchase 12.0 million shares of our common stock under our share repurchase program at an average price per share of \$191.42, including commissions of \$.02 per share. During the two quarters ended January 3, 2020, we repurchased 7.4 million shares of our common stock under our share repurchase program for \$1.5 billion at an average price per share of \$203.92, including commissions of \$.02 per share. We did not repurchase any shares of our common stock under our prior repurchase program during the third and fourth quarters of fiscal 2019. In fiscal 2020, \$4 million in shares of our common stock were delivered to us or withheld by us to satisfy withholding taxes on employee share-based awards. In two quarters ended January 3, 2020, \$86 million in shares of our common stock were delivered to us or withheld by us to satisfy withholding taxes on employee share-based awards. Shares repurchased by us are cancelled and retired.

On July 1, 2019, we announced that our Board of Directors approved our 2019 Repurchase Program, a new share repurchase program with a \$4 billion share repurchase authorization replacing our prior share repurchase programs. Our repurchase program does not have a stated expiration date and authorizes us to repurchase shares of our common stock through open market purchases, private transactions, transactions structured through investment banking institutions or any combination thereof. At January 1, 2021, we had a remaining, unused authorization under our repurchase program of \$210 million. As discussed in more detail in *Note 28: Subsequent Events* in the Notes, on January 28, 2021, we announced that our Board of Directors approved a new \$6 billion share repurchase authorization under our repurchase program that was in addition to the remaining unused authorization of \$210 million, for a total unused authorization of \$6.2 billion. We have announced that we currently expect to repurchase up to \$2.3 billion in shares under our repurchase program in fiscal 2021, exclusive of any proceeds from divestitures we may complete, but we can give no assurances regarding the level and timing of shares repurchases. The level and timing of our repurchases depends on a number of factors, including our financial condition, capital requirements, cash flows, results of operations, future business prospects and other factors our Board and management may deem relevant. The timing, volume and nature of repurchases are subject to market conditions, applicable securities laws and other factors and are at our discretion and may be suspended or discontinued at any time. Additional information regarding our repurchase program is set forth above under “Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” of this Report. For additional information regarding potential repurchases of our common stock, see *Note 28: Subsequent Events* in the Notes.

Dividends

On January 28, 2021, we announced that our Board of Directors increased the quarterly per share cash dividend rate on our common stock from \$.85 to \$1.02, commencing with the dividend declared by our Board of Directors for the first quarter of fiscal 2021, for an annualized per share cash dividend rate of \$4.08, which was our twentieth consecutive annual increase in our quarterly cash dividend rate. Our annualized per share cash dividend rate was \$3.40 in fiscal 2020, \$3.00 in the two quarters ended January 3, 2020, and \$2.74 and \$2.28 in fiscal 2019 and 2018, respectively. Quarterly cash dividends are typically paid in March, June, September and December. We currently expect that cash dividends will continue to be paid in the near future, but we can give no assurances concerning payment of future dividends or future dividend increases. The declaration of dividends and the amount thereof will depend on a number of factors, including our financial condition, capital requirements, cash flows, results of operations, future business prospects and other factors our Board of Directors may deem relevant. Additional information concerning our dividends is set forth above under “Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” of this Report.

Capital Structure and Resources

2019 Credit Agreement: We have a \$2 billion, 5-year senior unsecured revolving credit facility (the “2019 Credit Facility”) under a Revolving Credit Agreement (the “2019 Credit Agreement”) entered into on June 28, 2019 with a syndicate of lenders. The description of the 2019 Credit Facility and the 2019 Credit Agreement set forth in *Note 13: Credit Arrangements* in the Notes is incorporated herein by reference.

We were in compliance with the covenants in the 2019 Credit Agreement at January 1, 2021, including the covenant requiring that we not permit our ratio of consolidated total indebtedness to total capital, each as defined in the 2019 Credit Agreement, to be greater than 0.65 to 1.00. At January 1, 2021, we had no borrowings outstanding under the 2019 Credit Agreement.

Exchange Offer: In connection with the L3Harris Merger, on May 30, 2019, we commenced offers to eligible holders to exchange any and all outstanding 4.950% Senior Notes due 2021, 3.850% Senior Notes due 2023, 3.950% Senior Notes due 2024, 3.850% Senior Notes due 2026 and 4.400% Senior Notes due 2028 issued by L3 for up to \$3.35 billion aggregate principal amount of new notes issued by L3Harris and cash. On July 2, 2019, we settled the debt exchange offer, and on March 31, 2020,

we commenced offers to eligible holders to exchange any and all the outstanding notes that were previously issued by L3Harris pursuant to an exemption from the registration requirements of the Securities Act (“Original Notes”) for an equal principal amount of new notes registered under the Securities Act (the “Exchange Notes”). The terms of the Exchange Notes are substantially identical to the terms of the corresponding series of the Original Notes, except that the Exchange Notes are registered under the Securities Act, and the transfer restrictions, registration rights and related special interest provisions applicable to the Original Notes do not apply to the Exchange Notes. The Exchange Offers expired at 5:00 p.m., New York City time, on May 1, 2020. On May 5, 2020, we settled the Exchange Offers and issued Exchange Notes for validly tendered Original Notes. See *Note 14: Debt* in the Notes for additional information.

Short-Term Debt: Our short-term debt at January 1, 2021 and January 3, 2020 was \$2 million and \$3 million, respectively, consisting of local borrowing by international subsidiaries for working capital needs. Our commercial paper program was supported by the 2019 Credit Facility at January 1, 2021 and January 3, 2020. See *Note 13: Credit Arrangements* in the Notes for additional information regarding credit arrangements.

Long-Term Variable-Rate Debt: The description of our long-term variable-rate debt set forth in *Note 14: Debt* in the Notes is incorporated herein by reference. As discussed in *Note 14: Debt* in the Notes, during the first quarter of fiscal 2020, we completed the issuance and sale of \$250 million in aggregate principal amount of Floating Rate Notes due March 10, 2023 and used the net proceeds from the sale to repay in full the entire outstanding \$250 million aggregate principal amount of our Floating Rate Notes due April 30, 2020 that had been issued in the second quarter of fiscal 2018.

Long-Term Fixed-Rate Debt: The description of our long-term fixed-rate debt set forth in *Note 14: Debt* in the Notes is incorporated herein by reference. As discussed in *Note 14: Debt* in the Notes, on November 25, 2020, we completed the issuance and sale of \$650 million in aggregate principal amount of 1.80% notes due January 15, 2031 (the “1.80% 2031 Notes”) and used the proceeds from the sale to redeem the entire outstanding \$650 million aggregate principal amount of our 4.95% Notes due February 15, 2021 (the “4.95% 2021 Notes”) (\$501 million of which was issued by L3Harris and \$149 million of which was issued by L3). On November 27, 2019, we completed the issuance and sale of \$400 million in aggregate principal amount of 2.900% Notes due December 15, 2029 and used the proceeds from the sale to redeem the entire outstanding \$400 million aggregate principal amount of our 2.7% Notes due April 27, 2020 (the “2.7% 2020 Notes”) at a “make-whole” redemption price of \$403 million, as set forth in the 2.7% 2020 Notes. The 4.95% 2021 Notes and 2.7% 2020 Notes were terminated and cancelled.

Other Agreements: We have a receivable sales agreement (“RSA”) with a third-party financial institution that permits us to sell, on a non-recourse basis, up to \$100 million of outstanding receivables at any given time. From time to time, we have sold certain customer receivables under the RSA, which we continue to service and collect on behalf of the third-party financial institution and which we account for as sales of receivables with sale proceeds included in net cash from operating activities. The impact to net cash from operating activities from these transactions was not material in fiscal 2020, the two quarters ended January 3, 2020 or in fiscal 2019 or 2018.

Contractual Obligations

At January 1, 2021, we had contractual cash obligations to repay debt, to purchase goods and services and to make payments under operating leases. Payments due under these long-term obligations are as follows:

(In millions)	Total	Payment Due by Period			
		Less than 1 Year	Years 1 - 3	Years 3 - 5	More than 5 Years
Long-term debt	\$ 6,832	\$ 8	\$ 1,062	\$ 955	\$ 4,807
Purchase obligations ⁽¹⁾	3,676	3,051	586	32	7
Operating lease commitments	997	148	243	181	425
Interest on long-term debt	2,520	268	518	433	1,301
Minimum pension contributions ⁽²⁾	6	6	—	—	—
Total ⁽³⁾	<u>\$ 14,031</u>	<u>\$ 3,481</u>	<u>\$ 2,409</u>	<u>\$ 1,601</u>	<u>\$ 6,540</u>

(1) The purchase obligations of \$3.7 billion included \$570 million of purchase obligations related to cost-plus type contracts where our costs are fully reimbursable.

(2) Amount includes fiscal 2021 minimum contributions to non-U.S. pension plans. Contributions beyond fiscal 2021 have not been determined. During the two quarters ended January 3, 2020, we made voluntary contributions of \$302 million to our U.S. qualified defined benefit pension plans. As a result of this voluntary contribution, as well as \$700 million of voluntary contributions made in fiscal 2018 and 2017, we made no material contributions to our U.S. qualified defined benefit pension plans in fiscal 2020 and are not required to make any contributions to these plans during fiscal 2021.

(3) The above table does not include unrecognized tax benefits of \$542 million.

Off-Balance Sheet Arrangements

In accordance with the definition under SEC rules, any of the following qualify as off-balance sheet arrangements:

- Any obligation under certain guarantee contracts;
- A retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- Any obligation, including a contingent obligation, under certain derivative instruments; and
- Any obligation, including a contingent obligation, arising out of a variable interest in an unconsolidated entity that is held by, and material to, the registrant, where such entity provides financing, liquidity, market risk or credit risk support to the registrant, or engages in leasing, hedging or R&D services with the registrant.

As of January 1, 2021, we were not participating in any material transactions that generated relationships with unconsolidated entities or financial partnerships, including variable interest entities, and we did not have any material retained or contingent interest in assets as defined above. As of January 1, 2021, we did not have material financial guarantees or other contractual commitments that are reasonably likely to adversely affect our financial condition, results of operations, cash flows or equity, and we were not a party to any related party transactions that materially affect our financial condition, results of operations, cash flows or equity.

We have, from time to time, divested certain of our businesses and assets. In connection with these divestitures, we often provide representations, warranties and/or indemnities to cover various risks and unknown liabilities, such as environmental liabilities and tax liabilities. We cannot estimate the potential liability from such representations, warranties and indemnities because they relate to unknown conditions. We do not believe, however, that the liabilities relating to these representations, warranties and indemnities will have a material adverse effect on our financial condition, results of operations, cash flows or equity.

Due to our downsizing of certain operations pursuant to acquisitions, divestitures, restructuring plans or otherwise, certain properties leased by us have been sublet to third parties. If any of these third parties vacates any of these premises, we would be legally obligated under master lease arrangements. We believe that the financial risk of default by such sub lessees is individually and in the aggregate not material to our financial condition, results of operations, cash flows or equity.

Commercial Commitments

We have entered into commercial commitments in the normal course of business including surety bonds, standby letter of credit agreements and other arrangements with financial institutions and customers primarily relating to the guarantee of future performance on certain contracts to provide products and services to customers or to obtain insurance policies with our insurance carriers. At January 1, 2021, we had commercial commitments on outstanding surety bonds, standby letters of credit and other arrangements, as follows:

(In millions)	Total	Expiration of Commitments			
		Less than 1 Year	Year 2	Year 3	After 3 years
Surety bonds used for:					
Bids	\$ 3	\$ 3	\$ —	\$ —	\$ —
Performance	488	354	17	109	8
	<u>491</u>	<u>357</u>	<u>17</u>	<u>109</u>	<u>8</u>
Standby letters of credit used for:					
Down payments	351	172	83	37	59
Performance	305	147	65	14	79
Warranty	72	67	4	—	1
	<u>728</u>	<u>386</u>	<u>152</u>	<u>51</u>	<u>139</u>
Total commitments	<u>\$ 1,219</u>	<u>\$ 743</u>	<u>\$ 169</u>	<u>\$ 160</u>	<u>\$ 147</u>

The surety bonds and standby letters of credit used for performance are primarily related to our Public Safety business sector. As is customary in bidding for and completing network infrastructure projects for public safety systems, contractors are required to procure surety bonds and/or standby letters of credit for bids, performance, warranty and other purposes (collectively, "Performance Bonds"). Such Performance Bonds normally have maturities of up to three years and are standard in the industry as a way to provide customers a mechanism to seek redress if a contractor does not satisfy performance requirements under a contract. Typically, a customer is permitted to draw on a Performance Bond if we do not fulfill all terms of a project contract. In such an event, we would be obligated to reimburse the financial institution that issued the Performance Bond for the amounts paid. It has been rare for our Public Safety business sector to have a Performance Bond drawn upon. In addition, pursuant to the terms under which we procure Performance Bonds, if our credit ratings are lowered to below "investment grade," we may be required to provide collateral to support a portion of the outstanding amount of Performance Bonds. Such a downgrade could

increase the cost of the issuance of Performance Bonds and could make it more difficult to procure Performance Bonds, which would adversely impact our ability to compete for contract awards. Such collateral requirements could also result in less liquidity for other operational needs or corporate purposes. In addition, any future disruptions, uncertainty or volatility in financial and insurance markets could also adversely affect our ability to obtain Performance Bonds and may result in higher funding costs.

Financial Risk Management

In the normal course of business, we are exposed to risks associated with foreign currency exchange rates and changes in interest rates. We employ established policies and procedures governing the use of financial instruments to manage our exposure to such risks.

Foreign Exchange and Currency: Our U.S. and foreign businesses enter into contracts with customers, subcontractors or vendors that are denominated in currencies other than functional currencies of such businesses. We use foreign currency forward contracts and options to hedge both balance sheet and off-balance sheet future foreign currency commitments. Factors that could impact the effectiveness of our hedging programs for foreign currency include accuracy of sales estimates, volatility of currency markets and the cost and availability of hedging instruments. A 10 percent change in currency exchange rates for our foreign currency derivatives held at January 1, 2021 would not have had a material impact on the fair value of such instruments or our results of operations or cash flows. This quantification of exposure to the market risk associated with foreign currency financial instruments does not take into account the offsetting impact of changes in the fair value of our foreign denominated assets, liabilities and firm commitments. See *Note 20: Derivative Instruments and Hedging Activities* in the Notes for additional information.

Interest Rates: As of January 1, 2021, we had long-term fixed-rate debt obligations. The fair value of these obligations is impacted by changes in interest rates; however, a 10 percent change in interest rates for our long-term fixed-rate debt obligations at January 1, 2021 would not have had a material impact on the fair value of these obligations. There is no interest-rate risk associated with long-term fixed-rate debt obligations on our results of operations and cash flows unless existing obligations are refinanced upon maturity at then-current interest rates, because the interest rates are fixed until maturity, and because our long-term fixed-rate debt is not puttable to us (i.e., not required to be redeemed by us prior to maturity). We can give no assurances, however, that interest rates will not change significantly or have a material effect on the fair value of our long-term fixed-rate debt obligations over the next twelve months. See *Note 14: Debt* in the Notes for information regarding the maturities of our long-term fixed-rate debt obligations.

We use derivative instruments from time to time to manage our exposure to interest rate risk associated with our anticipated issuance of new long-term fixed-rate notes to repay at maturity our existing long-term fixed-rate debt obligations. If the derivative instrument is designated as a cash flow hedge, gains and losses from changes in the fair value of such instrument are deferred and included as a component of accumulated other comprehensive loss and reclassified to interest expense in the period in which the hedged transaction affects earnings. See *Note 20: Derivative Instruments and Hedging Activities* in the Notes for additional information.

At January 1, 2021, we had no outstanding treasury lock agreements (“treasury locks”). In connection with the L3Harris Merger, we assumed two treasury locks that had been initiated in January 2019 to hedge against fluctuations in interest payments due to changes in the benchmark interest rate (10-year U.S. Treasury rate) associated with the anticipated issuance of debt to redeem or repay our 4.95% 2021 Notes. These treasury locks were terminated as planned in connection with our issuance of our 1.80% 2031 Notes during the fourth quarter of 2020, and because interest rates decreased during the period of the treasury locks, we made a \$113 million cash payment to our counterparty and recorded an after-tax loss of \$58 million in the “Accumulated other comprehensive loss” line item of our Consolidated Balance Sheet. The accumulated other comprehensive loss balance will be amortized to interest expense over the life of the 1.80% 2031 Notes. We classified the cash outflow from the termination of these treasury locks as cash used in financing activities in our Consolidated Statement of Cash Flows. See *Note 20: Derivative Instruments and Hedging Activities* in the Notes for additional information.

At January 1, 2021, we also had long-term variable-rate debt obligations of \$250 million of Floating Rate Notes due March 10, 2023. These debt obligations bear interest that is variable based on certain short-term indices, thus exposing us to interest-rate risk; however, a 10 percent change in interest rates for these debt obligations at January 1, 2021 would not have had a material impact on our results of operations or cash flows. See *Note 14: Debt* in the Notes for further information.

We have also used short-term variable-rate debt borrowings, primarily under our commercial paper program, which are subject to interest rate risk. We utilize our commercial paper program to satisfy short-term cash requirements, including bridge financing for strategic acquisitions until longer-term financing arrangements are put in place, temporarily funding repurchases under our share repurchase programs and temporarily funding redemption of long-term debt. The interest rate risk associated with such debt on our results of operations and cash flows is not material due to its temporary nature.

Impact of Foreign Exchange

In fiscal 2020, 32 percent of our international business was transacted in local currency environments compared with 40 percent in the two quarters ended January 3, 2020, 18 percent in fiscal 2019 and 22 percent in fiscal 2018. The impact of translating the assets and liabilities of these operations to U.S. Dollars is included as a component of shareholders' equity. As of January 1, 2021, the cumulative foreign currency translation adjustment included in shareholders' equity was a \$58 million loss compared with a \$81 million loss at January 3, 2020. We utilize foreign currency hedging instruments to minimize the currency risk of international transactions. Gains and losses resulting from currency rate fluctuations did not have a material effect on our results in fiscal 2020, the two quarters ended January 3, 2020 or fiscal 2019 or 2018.

Impact of Inflation

To the extent feasible, we have consistently followed the practice of adjusting our prices to reflect the impact of inflation on salaries and fringe benefits for employees and the cost of purchased materials and services. Inflation and changing prices did not materially adversely impact our gross margin, revenue or operating income in fiscal 2020, the two quarters ended January 3, 2020 or fiscal 2019 or 2018.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following is not intended to be a comprehensive list of our accounting policies or estimates. Our significant accounting policies are more fully described in *Note 1: Significant Accounting Policies* in the Notes. In preparing our financial statements and accounting for the underlying transactions and balances, we apply our accounting policies and estimates as disclosed in the Notes. We consider the policies and estimates discussed below as critical to an understanding of our financial statements because their application places the most significant demands on our judgment, with financial reporting results dependent on estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Specific risks for these critical accounting estimates are described in the following paragraphs. The impact and any associated risks related to these estimates on our business operations are discussed throughout this MD&A where such estimates affect our reported and expected financial results. Senior management has discussed the development and selection of the critical accounting policies and estimates and the related disclosure included herein with the Audit Committee of our Board of Directors. Preparation of this Report requires us to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue, expenses and backlog as well as disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Besides estimates that meet the "critical" accounting estimate criteria, we make many other accounting estimates in preparing our financial statements and related disclosures. All estimates, whether or not deemed "critical," affect reported amounts of assets, liabilities, revenue and expenses as well as disclosures of contingent assets and liabilities. Estimates are based on experience and other information available prior to the issuance of the financial statements. Materially different results can occur as circumstances change and additional information becomes known, including for estimates that we do not deem "critical."

Revenue Recognition

A significant portion of our business is derived from development and production contracts. Revenue and profit related to development and production contracts are generally recognized over time, typically using the percentage of completion ("POC") cost-to-cost method of revenue recognition, whereby we measure our progress towards completion of the performance obligation based on the ratio of costs incurred to date to estimated costs at completion under the contract. Because costs incurred represent work performed, we believe this method best depicts the transfer of control of the asset to the customer. Under the POC cost-to-cost method of revenue recognition, a single estimated profit margin is used to recognize profit for each performance obligation over its period of performance. Recognition of profit on a contract requires estimates of the total cost at completion and transaction price and the measurement of progress towards completion. Due to the long-term nature of many of our contracts, developing the estimated total cost at completion and total transaction price often requires judgment. Factors that must be considered in estimating the cost of the work to be completed include: the nature and complexity of the work to be performed, subcontractor performance and the risk and impact of delayed performance. Factors that must be considered in estimating the total transaction price include contractual cost or performance incentives (such as incentive fees, award fees and penalties) and other forms of variable consideration as well as our historical experience and our expectation for performance on the contract. These variable amounts generally are awarded upon achievement of certain negotiated performance metrics, program milestones or cost targets and can be based upon customer discretion. We include such estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

At the outset of each contract, we gauge its complexity and perceived risks and establish an estimated total cost at completion in line with these expectations. After establishing the estimated total cost at completion, we follow a standard estimate at completion ("EAC") process in which we review the progress and performance on our ongoing contracts at least quarterly and, in many cases, more frequently. If we successfully retire risks associated with the technical, schedule and cost aspects of a contract, we may lower our estimated total cost at completion commensurate with the retirement of these risks. Conversely, if we

are not successful in retiring these risks, we may increase our estimated total cost at completion. Additionally, as the contract progresses, our estimates of total transaction price may increase or decrease if, for example, we receive award fees that are higher or lower than expected. When adjustments in estimated total costs at completion or in estimated total transaction price are determined, the related impact on operating income is recognized using the cumulative catch-up method, which recognizes in the current period the cumulative effect of such adjustments for all prior periods. Any anticipated losses on these contracts are fully recognized in the period in which the losses become evident.

EAC adjustments had the following impacts to operating income for the periods presented:

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Favorable adjustments	\$ 714	\$ 303	\$ 138	\$ 127
Unfavorable adjustments	(314)	(166)	(121)	(146)
Net operating income adjustments	\$ 400	\$ 137	\$ 17	\$ (19)

There were no individual impacts to operating income due to EAC adjustments in fiscal 2020, the two quarters ended January 3, 2020 or fiscal 2019 or 2018 that were material to our results of operations on a consolidated or segment basis for such periods.

We recognize revenue from numerous contracts with multiple performance obligations. For these contracts, we allocate the transaction price to each performance obligation based on the relative standalone selling price of the good or service underlying each performance obligation. The standalone selling price represents the amount for which we would sell the good or service to a customer on a standalone basis (i.e., not sold as bundled sale with any other products or services). The allocation of transaction price among separate performance obligations may impact the timing of revenue recognition but will not change the total revenue recognized on the contract.

A substantial majority of our revenue is derived from contracts with the U.S. Government, including foreign military sales contracts. These contracts are subject to the FAR and the prices of our contract deliverables are typically based on our estimated or actual costs plus a reasonable profit margin. As a result, the standalone selling prices of the goods and services in these contracts are typically equal to the selling prices stated in the contract, thereby eliminating the need to allocate (or reallocate) the transaction price to the multiple performance obligations. In our non-U.S. Government contracts, when standalone selling prices are not directly observable, we also generally use the expected cost plus a margin approach to determine standalone selling price. In determining the appropriate margin under the cost plus margin approach, we consider historical margins on similar products sold to similar customers or within similar geographies where objective evidence is available. We may also consider our cost structure and profit objectives, the nature of the proposal, the effects of customization of pricing, our practices used to establish pricing of bundled products, the expected technological life of the product, margins earned on similar contracts with different customers and other factors to determine the appropriate margin.

Postretirement Benefit Plans

Certain of our current and former employees participate in defined benefit pension and other postretirement defined benefit plans (collectively, referred to as “defined benefit plans”) in the United States, Canada, United Kingdom and Germany, which are sponsored by L3Harris. The determination of projected benefit obligations and the recognition of expenses related to defined benefit plans are dependent on various assumptions. These major assumptions primarily relate to discount rates, long-term expected rates of return on plan assets, rate of future compensation increases, mortality, termination and other factors (some of which are disclosed in *Note 15: Pension and Other Postretirement Benefits* in the Notes). Actual results that differ from our assumptions are accumulated and generally amortized for each plan to the extent required over the estimated future life expectancy or, if applicable, the future working lifetime of the plan’s active participants.

As part of our accounting for the L3Harris Merger, we completed a valuation and re-measurement of all L3 pension and other postretirement benefit (“OPEB”) plans as of the June 29, 2019 closing date of the L3Harris Merger and we recorded a \$233 million increase to L3’s pension and OPEB liability as of June 29, 2019 based on the results of this valuation. The total L3 pension and OPEB liability assumed by L3Harris was \$1.4 billion at June 29, 2019. The discount rate assumption used was a yield curve rather than a single interest rate. For the pension plans, the average June 29, 2019 discount rate used was 3.54 percent for U.S. plans and 2.95 percent for Canadian plans. For OPEB plans, the average June 29, 2019 discount rate used was 3.31 percent for U.S. plans and 2.92 percent for Canadian plans.

Significant Assumptions. We develop assumptions using relevant experience, in conjunction with market-related data for each plan. Assumptions are reviewed annually with third party consultants and adjusted as appropriate. The table included below provides the weighted average assumptions used to estimate projected benefit obligations and net periodic benefit cost as they pertain to our defined benefit pension plans.

Obligation assumptions as of:	January 1, 2021	January 3, 2020
Discount rate	2.31%	3.14%
Rate of future compensation increase	3.01%	2.80%
Cash balance interest crediting rate	3.50%	3.50%

Cost assumptions for fiscal periods ended:	January 1, 2021	January 3, 2020
Discount rate to determine service cost	2.87%	3.11%
Discount rate to determine interest cost	2.74%	2.94%
Expected return on plan assets	7.68%	7.68%
Rate of future compensation increase	2.80%	2.97%
Cash balance interest crediting rate	3.50%	3.50%

Key assumptions for the Salaried Pension Plan (our largest defined benefit plan, with 85% of the total projected benefit obligation as of January 1, 2021) included a discount rate for obligation assumptions of 2.32%, a cash balance interest crediting rate of 3.50% and expected return on plan assets of 7.75% for fiscal 2020, which is being decreased to 7.50% for fiscal 2021. There is also a frozen pension equity benefit that assumes a 3.25% interest crediting rate.

Expected Return on Plan Assets. Substantially all of our plan assets are managed on a commingled basis in a master investment trust. We determine our expected return on plan assets by evaluating both historical returns and estimates of future returns. Specifically, we consider the plan's actual historical annual return on assets over the past 15, 20 and 25 years and historical broad market returns over long-term time frames based on our strategic allocation, which is detailed in *Note 15: Pension and Other Postretirement Benefits* in the Notes. Future returns are based on independent estimates of long-term asset class returns. Based on this approach, the weighted average long-term annual rate of return on assets was estimated to be 7.68% for fiscal 2020 and is estimated to be 25 basis points lower for fiscal 2021.

Discount Rate. The discount rate is used to calculate the present value of expected future benefit payments at the measurement date. A decrease in the discount rate increases the present value of benefit obligations and generally decreases pension expense. The discount rate assumption is based on current investment yields of high-quality fixed income investments during the retirement benefits maturity period. The pension discount rate is determined by considering an interest rate yield curve comprising AAA/AA bonds, with maturities between zero and thirty years, developed by the plan's actuaries. Annual benefit payments are then discounted to present value using this yield curve to develop a single discount rate matching the plan's characteristics.

Sensitivity Analysis

Pension Expense. A 25 basis point change in the long-term expected rate of return on plan assets and discount rate would have the following effect on the combined U.S. defined benefit pension plans' pension expense for the next twelve months:

(In millions)	Increase/(Decrease) in Pension Expense	
	25 Basis Point Increase	25 Basis Point Decrease
Long-term rate of return on assets used to determine net periodic benefit cost	\$ (20)	\$ 20
Discount rate used to determine net periodic benefit cost	\$ 3	\$ (3)

Projected Benefit Obligation. Funded status is derived by subtracting the respective year-end values of the projected benefit obligations ("PBO") from the fair value of plan assets. The sensitivity of the PBO to changes in the discount rate varies depending on the magnitude and direction of the change in the discount rate. We estimate that a decrease of 25 basis points in the discount rate of the combined U.S. defined benefit pension plans would increase the PBO by approximately \$320 million and an increase of 25 basis points would decrease the PBO by approximately \$303 million.

Fair Value of Plan Assets. The plan assets of our defined benefit plans comprise a broad range of investments, including domestic and international equity securities, fixed income investments, interests in private equity and hedge funds and cash and cash equivalents.

A portion of our defined benefit plans asset portfolio is comprised of investments in private equity and hedge funds. The private equity and hedge fund investments are generally measured using the valuation of the underlying investments or at net asset value. However, in certain instances, the values reported by the asset managers were not current at the measurement date. Consequently, we have estimated adjustments to the last reported value where necessary to measure the assets at fair value at the

measurement date. These adjustments consider information received from the asset managers, as well as general market information. Asset values for other positions were generally measured using market observable prices. See *Note 15: Pension and Other Postretirement Benefits* in the Notes for further information.

Goodwill

Goodwill in our Consolidated Balance Sheet as of January 1, 2021 and January 3, 2020 was \$18.9 billion and \$20.0 billion, respectively. Goodwill is not amortized. We perform annual (or under certain circumstances, more frequent) impairment tests of our goodwill. We identify potential impairment by comparing the fair value of each of our reporting units with its carrying amount, including goodwill, which is adjusted for allocations of Corporate assets and liabilities as appropriate. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

L3Harris Merger Goodwill Allocation. As discussed in more detail in *Note 25: Business Segments* in the Notes, after the completion of the L3Harris Merger, we adjusted our segment reporting to reflect our new organizational structure effective June 29, 2019. Immediately before and after our goodwill assignments, we completed an assessment of any potential goodwill impairment under our former and new segment reporting structure and determined that no impairment existed. See *Note 5: Business Combination* and *Note 10: Goodwill* in the Notes for additional information.

Airport Security and Automation Business Goodwill Allocation. As described in more detail in *Note 3: Business Divestitures and Asset Sales* in the Notes, we entered into a definitive agreement to sell our airport security and automation business on February 4, 2020 and completed the sale on May 4, 2020. Because the divestiture of the airport security and automation business represented the disposal of a portion of a reporting unit within our Aviation Systems segment, we assigned \$531 million of goodwill to the airport security and automation business disposal group on a relative fair value basis. In conjunction with the relative fair value allocation, we tested goodwill assigned to the airport security and automation business disposal group and goodwill assigned to the retained businesses of the reporting unit for impairment and concluded that no goodwill impairment existed at the time the held for sale criteria were met in late January 2020.

EOTech Business Goodwill Allocation. As described in more detail in *Note 3: Business Divestitures and Asset Sales* in the Notes, we entered into a definitive agreement to sell our EOTech business on March 20, 2020 and completed the sale on July 31, 2020. Because the divestiture of the EOTech business represented the disposal of a portion of a reporting unit within our Communication Systems segment, we assigned \$9 million of goodwill to the EOTech business disposal group on a relative fair value basis. In conjunction with the relative fair value allocation, we tested goodwill assigned to the EOTech business disposal group and goodwill assigned to the retained businesses of the reporting unit for impairment and concluded that no goodwill impairment existed.

VSE Disposal Group Goodwill Allocation and Impairment. As described in more detail in *Note 3: Business Divestitures and Asset Sales* in the Notes, during the second quarter of fiscal 2020, we determined the criteria to be classified as held for sale were met with respect to certain portions of our Voice Switch Enterprise business that we planned to divest ("VSE disposal group"). The income before income taxes of the VSE disposal group was not material for fiscal 2020. Because the divestiture of the VSE disposal group represented the disposal of a portion of a reporting unit within our Aviation Systems segment, we assigned \$14 million of goodwill to the VSE disposal group on a relative fair value basis. In conjunction with the relative fair value allocation, we tested goodwill assigned to the VSE disposal group and goodwill assigned to the retained businesses of the reporting unit for impairment and concluded that goodwill related to the VSE disposal group was impaired. As a result, we recorded a non-cash impairment charge of \$14 million, which is included in the "Impairment of goodwill and other assets" line item in our Consolidated Statement of Income for fiscal 2020.

Harris Night Vision Goodwill Allocation. As described in more detail in *Note 3: Business Divestitures and Asset Sales* in the Notes, we entered into a definitive agreement to sell the Harris Night Vision business on April 4, 2019 and completed the sale on September 13, 2019. Because the divestiture of the Harris Night Vision business represented the disposal of a portion of a reporting unit within our former Communication System segment, we assigned \$30 million of goodwill to the Harris Night Vision business disposal group on a relative fair value basis. In conjunction with the relative fair value allocation, we tested goodwill assigned to the Harris Night Vision business disposal group and goodwill assigned to the retained businesses of the reporting unit for impairment and concluded that no goodwill impairment existed.

For purposes of allocating goodwill to the disposal groups above, we determined the fair value of each disposal group based on the respective negotiated selling price (or estimated net cash proceeds, in the case of no negotiated selling price), and the fair value of the retained businesses of the respective reporting unit based on a combination of market-based valuation techniques, utilizing quoted market prices and comparable publicly reported transactions, and projected discounted cash flows. These fair value determinations are categorized as Level 3 in the fair value hierarchy due to their use of internal projections and unobservable measurement inputs. See *Note 1: Significant Accounting Policies* in the Notes for additional information regarding the fair value hierarchy.

Fiscal 2020 Impairment Tests. We perform an annual impairment test of our goodwill as of the first day of our fourth quarter of each fiscal year, and more frequently if we believe indicators of impairment exist. Following our fiscal year end change, we made a corresponding change to our annual impairment assessment date and continued to perform our annual impairment test on the first day of our fourth quarter, which for the Fiscal Transition Period was September 28, 2019 (the first day of the last quarter of the Fiscal Transition Period) and was October 3, 2020 for fiscal 2020.

We test goodwill for impairment at a level within the Company referred to as the reporting unit, which is our business segment level or one level below the business segment. Some of our segments are comprised of several reporting units. Allocation of goodwill to several reporting units could make it more likely that we will have an impairment charge in the future. An impairment charge to one of our reporting units could have a material impact on our financial condition and results of operations.

The process of evaluating the potential impairment of goodwill is highly subjective and requires significant judgment. To test goodwill for impairment, we may perform both qualitative and quantitative assessments. If we elect to perform a qualitative assessment for a certain reporting unit, we evaluate events and circumstances impacting the reporting unit to determine the probability that goodwill is impaired. If we determine it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, we perform a quantitative assessment.

Our qualitative assessment of the recoverability of goodwill, whether performed annually or based on specific events or circumstances, considers various macroeconomic, industry-specific and company-specific factors. These factors include: (i) deterioration in the general economy; (ii) deterioration in the environment in which the company operates; (iii) increase in raw materials, labor or other costs; (iv) negative or declining cash flows; (v) changes in management, changes in strategy, or significant litigation; (vi) change in the composition or carrying amount of net assets or an expectation of disposing all or a portion of the reporting unit; or (vii) a sustained decrease in share price.

If we perform a quantitative assessment for a certain reporting unit, we calculate the fair value of that reporting unit and compare the fair value to the reporting unit's net book value. We estimate fair values of our reporting units based on projected cash flows, and sales and/or earnings multiples applied to the latest twelve months' sales and earnings of our reporting units. Projected cash flows are based on our best estimate of future sales, operating costs and balance sheet metrics reflecting our view of the financial and market conditions of the underlying business; and the resulting cash flows are discounted using an appropriate discount rate that reflects the risk in the forecasted cash flows. The sales and earnings multiples applied to the sales and earnings of our reporting units are based on current multiples of sales and earnings for similar businesses, and based on sales and earnings multiples paid for recent acquisitions of similar businesses made in the marketplace. We then assess whether any implied control premium, based on a comparison of fair value based purely on our stock price and outstanding shares with fair value determined by using all of the above-described models, is reasonable.

Indications of potential impairment of goodwill related to our Commercial Aviation Solutions reporting unit (which is part of our Aviation Systems segment) were present at April 3, 2020 due to COVID and its impact on global air traffic and customer operations, resulting in a decrease in fiscal 2020 outlook for the reporting unit, which we considered to be a triggering event requiring an interim impairment test. Consequently, in connection with the preparation of our financial statements for the quarter ended April 3, 2020, we performed a quantitative impairment test. To test for potential impairment of goodwill related to our Commercial Aviation Solutions reporting unit, we prepared an estimate of the fair value of the reporting unit based on a combination of market-based valuation techniques, utilizing quoted market prices and comparable publicly reported transactions, and projected discounted cash flows. Given the level of uncertainty in the outlook for the commercial aviation industry caused by the impact of COVID on global air traffic, our methodology for determining the fair value of the reporting unit placed the greatest weight on the expected fair value technique, and was dependent on our best estimates of future sales, operating costs and balance sheet metrics under a range of scenarios for future economic conditions. We assigned a probability to each scenario to calculate a set of probability-weighted projected cash flows, and an appropriate discount rate reflecting the risk in the projected cash flows was used to discount the expected cash flows to present value.

As a result of this impairment test, we concluded that goodwill related to our Commercial Aviation Solutions reporting unit was impaired as of April 3, 2020 and recorded non-cash goodwill impairment charges of \$296 million in the first quarter of 2020.

As adverse global economic and market conditions attributable to COVID, including projected declines and subsequent recovery in commercial air traffic and original equipment manufacturer production volumes, continued to develop during fiscal 2020, we continued to monitor for facts and circumstances that could negatively impact key valuation assumptions in determining the fair value of our Commercial Aviation Solutions reporting unit, including recent valuations, expectations regarding the timing of a return to pre-COVID commercial flight activity and the associated level of uncertainty, long-term revenue and profitability projections, discount rates and general industry, market and macroeconomic conditions. As a result, we determined indications of further impairment of assets related to our Commercial Aviation Solutions reporting unit existed as of July 3, 2020 and again as of early December 2020 and recorded \$54 million and \$368 million of additional non-cash charges for the impairment of goodwill and other assets during the second and fourth quarters of 2020, respectively. These charges are included in the "Impairment of goodwill and other assets" line item in our Consolidated Statement of Income for fiscal 2020 and are primarily not deductible for

tax purposes.

We also performed our annual impairment test of all of our other reporting units goodwill as of October 3, 2020 and concluded that the estimated fair values for each of our other reporting units exceeded their carrying values by greater than 10 percent. As of January 1, 2021, the Commercial Aviation Solutions reporting unit has \$847 million of goodwill and the estimated fair value approximates the carrying value of the reporting unit.

We are continuing to monitor the impacts of COVID on the fair value of our reporting units and do not currently anticipate any further material goodwill impairment charges as a result of COVID. However, an impairment of goodwill could result from a number of circumstances, including different assumptions used in determining the fair value of the reporting units, future deterioration in the business, including from the impact of COVID, or a sharp increase in interest rates without a corresponding increase in future revenue.

See *Note 10: Goodwill* in the Notes for additional information.

Accounting for Business Combinations

We follow the acquisition method of accounting to record identifiable assets acquired, liabilities assumed and noncontrolling interests recognized in connection with acquired businesses at their estimated fair value as of the date of acquisition.

Identifiable intangible assets from business combinations are recognized at their estimated fair values as of the date of acquisition and generally consist of customer relationships, trade names, developed technology and in-process R&D. Determination of the estimated fair value of identifiable intangible assets requires judgment. The fair value of customer contractual relationships is determined based on estimates and judgments regarding future after-tax earnings and cash flows arising from follow-on sales on contract renewals expected from customer contractual relationships over their estimated lives, including the probability of expected future contract renewals and sales, less a contributory asset charge, all of which is discounted to present value. The fair value of trade name identifiable intangible assets is determined utilizing the relief from royalty method. Under this form of the income approach, a royalty rate based on observed market royalties is applied to projected revenue supporting the trade name and discounted to present value using an appropriate discount rate. Identifiable intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment testing. Finite-lived identifiable intangible assets are amortized to expense over their useful lives, generally ranging from three to twenty years. The fair value of identifiable intangible assets acquired in connection with the L3Harris Merger was \$8.5 billion.

We assess the recoverability of finite-lived identifiable intangible assets whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. We evaluate the recoverability of such assets based on the expectations of undiscounted cash flows of the assets. If the sum of expected future undiscounted cash flows were less than the carrying amount of the asset, a loss would be recognized for the difference between the fair value and the carrying amount. See *Note 5: Business Combination* and *Note 11: Intangible Assets* in the Notes for additional information.

Income Taxes

We record the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in our Consolidated Balance Sheet, as well as operating loss and tax credit carryforwards. We follow very specific and detailed guidelines in each tax jurisdiction regarding the recoverability of any tax assets recorded on the balance sheet and provide necessary valuation allowances as required. Future realization of deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryback or carryforward periods available under the tax law. We regularly review our deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. We have not made any material changes in the methodologies used to determine our tax valuation allowances during fiscal 2020, the Fiscal Transition Period or the previous two fiscal years.

Our Consolidated Balance Sheet as of January 1, 2021 included deferred tax assets of \$119 million and deferred tax liabilities of \$1.24 billion. This compares with deferred tax assets of \$102 million and deferred tax liabilities of \$1.48 billion as of January 3, 2020. For all jurisdictions for which we have net deferred tax assets, we expect that our existing levels of pre-tax earnings are sufficient to generate the amount of future taxable income needed to realize these tax assets. Our valuation allowance related to deferred income taxes, which is reflected in our Consolidated Balance Sheet, was \$165 million as of January 1, 2021 compared with \$185 million as of January 3, 2020. Although we make reasonable efforts to ensure the accuracy of our deferred tax assets, if we continue to operate at a loss in certain jurisdictions or are unable to generate sufficient future taxable income, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, or if the potential impact of tax planning strategies changes, we could be required to increase the valuation allowance against all or a significant portion of our deferred tax assets resulting in a substantial increase in our effective tax rate and a material adverse impact on our operating results.

The evaluation of tax positions taken in a filed tax return, or planned to be taken in a future tax return or claim, involves inherent uncertainty and requires the use of judgment. We evaluate our income tax positions and record tax benefits for all years

subject to examination based on our assessment of the facts and circumstances as of the reporting date. For tax positions where it is more likely than not that a tax benefit will be realized, we record the largest amount of tax benefit with a greater than 50 percent probability of being realized upon ultimate settlement with the applicable taxing authority, assuming the taxing authority has full knowledge of all relevant information. For income tax positions where it is not more likely than not that a tax benefit will be realized, we do not recognize a tax benefit in our Consolidated Financial Statements.

As of January 1, 2021, we had \$542 million of unrecognized tax benefits, of which \$453 million would favorably impact our future tax rates in the event that the tax benefits are eventually recognized. As of January 3, 2020, we had \$438 million of unrecognized tax benefits, of which \$313 million would favorably impact our future tax rates in the event that the tax benefits are eventually recognized.

It is reasonably possible that there could be a significant decrease or increase to our unrecognized tax benefits during the course of the next twelve months as ongoing tax examinations continue, other tax examinations commence or various statutes of limitations expire. However, an estimate of the range of possible changes cannot be made for remaining unrecognized tax benefits because of the significant number of jurisdictions in which we do business and the number of open tax periods. See *Note 23: Income Taxes* in the Notes for additional information.

Impact of Recently Issued Accounting Pronouncements

Accounting pronouncements that have recently been issued but have not yet been implemented by us are described in *Note 2: Accounting Changes or Recent Accounting Pronouncements* in the Notes, which describes the potential impact that these pronouncements are expected to have on our financial condition, results of operations, cash flows or equity.

FORWARD-LOOKING STATEMENTS AND FACTORS THAT MAY AFFECT FUTURE RESULTS

The following are some of the factors we believe could cause our actual results to differ materially from our historical results or our current expectations or projections. Other factors besides those listed here also could adversely affect us. See “Item 1A. Risk Factors” of this Report for more information regarding factors that might cause our results to differ materially from those expressed in or implied by the forward-looking statements contained in this Report.

- COVID and ongoing attempts to contain and reduce its spread could have a material adverse effect on our business operations, financial condition, results of operations, cash flows and equity.
- We depend on U.S. Government customers for a significant portion of our revenue, and the loss of these relationships, a reduction in U.S. Government funding or a change in U.S. Government spending priorities could have an adverse impact on our business, financial condition, results of operations, cash flows and equity.
- We depend significantly on U.S. Government contracts, which often are only partially funded, subject to immediate termination, and heavily regulated and audited. The termination or failure to fund, or negative audit findings for, one or more of these contracts could have an adverse impact on our business, financial condition, results of operations, cash flows and equity.
- The U.S. Government’s budget deficit and the national debt, as well as any inability of the U.S. Government to complete its budget process for any government fiscal year and consequently having to shut down or operate on funding levels equivalent to its prior fiscal year pursuant to a “continuing resolution,” could have an adverse impact on our business, financial condition, results of operations, cash flows and equity.
- Our results of operations and cash flows are substantially affected by our mix of fixed-price, cost-plus and time-and-material type contracts. In particular, our fixed-price contracts could subject us to losses in the event of cost overruns or a significant increase in inflation.
- Our commercial aviation products, systems and services businesses are affected by global demand and economic factors that could negatively impact our financial results.
- We participate in markets that are often subject to uncertain economic conditions, which makes it difficult to estimate growth in our markets and, as a result, future income and expenditures.
- We cannot predict the consequences of future geo-political events, but they may adversely affect the markets in which we operate, our ability to insure against risks, our operations or our profitability.
- We derive a significant portion of our revenue from international operations and are subject to the risks of doing business internationally, including fluctuations in currency exchange rates.
- We are subject to government investigations, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity.
- We could be negatively impacted by a security breach, through cyber attack, cyber intrusion, insider threats or otherwise, or other significant disruption of our IT networks and related systems or of those we operate for certain of our customers.
- Our future success will depend on our ability to develop new products, systems, services and technologies that achieve market acceptance in our current and future markets.

- We must attract and retain key employees, and any failure to do so could seriously harm us.
- Some of our workforce is represented by labor unions, so a prolonged work stoppage could harm our business.
- Disputes with our subcontractors or key suppliers, or their inability to perform or timely deliver our components, parts or services, could cause our products, systems or services to be produced or delivered in an untimely or unsatisfactory manner.
- We have significant operations in locations that could be materially and adversely impacted in the event of a natural disaster or other significant disruption.
- Changes in estimates we use in accounting for many of our programs could adversely affect our future financial results.
- Our level of indebtedness and our ability to make payments on or service our indebtedness and our unfunded defined benefit plans liability may materially adversely affect our financial and operating activities or our ability to incur additional debt.
- A downgrade in our credit ratings could materially adversely affect our business.
- The level of returns on defined benefit plan assets, changes in interest rates and other factors could materially adversely affect our financial condition, results of operations, cash flows and equity in future periods.
- Changes in our effective tax rate may have an adverse effect on our results of operations.
- We may not be successful in obtaining the necessary export licenses to conduct certain operations abroad, and Congress may prevent proposed sales to certain foreign governments.
- Our reputation and ability to do business may be impacted by the improper conduct of our employees, agents or business partners.
- The outcome of litigation or arbitration in which we are involved from time to time is unpredictable, and an adverse decision in any such matter could have a material adverse effect on our financial condition, results of operations, cash flows and equity.
- Third parties have claimed in the past and may claim in the future that we are infringing directly or indirectly upon their intellectual property rights, and third parties may infringe upon our intellectual property rights.
- We face certain significant risk exposures and potential liabilities that may not be covered adequately by insurance or indemnity.
- Unforeseen environmental issues could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity.
- Strategic transactions, including mergers, acquisitions and divestitures, involve significant risks and uncertainties that could adversely affect our business, financial condition, results of operations, cash flows and equity.
- Changes in future business or other market conditions could cause business investments and/or recorded goodwill or other long-term assets to become impaired, resulting in substantial losses and write-downs that would materially adversely affect our results of operations and financial condition.
- We may fail to realize all of the anticipated benefits of the L3Harris Merger or those benefits may take longer to realize than expected. We may also encounter significant difficulties in integrating the businesses.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In the normal course of business, we are exposed to the risks associated with foreign currency exchange rates and changes in interest rates. We employ established policies and procedures governing the use of financial instruments to manage our exposure to such risks. For a discussion of such policies and procedures and the related risks, see “Financial Risk Management” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Report, which is incorporated by reference into this Item 7A.

In addition, we are exposed to market return fluctuations on our defined benefit plans. A material adverse decline in the value of these assets and/or the discount rate for projected benefit obligations would result in a decrease in the funded status of the defined benefit plans, an increase in net periodic benefit cost and an increase in required funding. To protect against declines in the discount rate (i.e., interest rates), we will continue to monitor the performance of these assets and market conditions as we evaluate the amount of future contributions. For further information, see *Note 15: Pension and Other Postretirement Benefits* in the Notes, which information is incorporated by reference into this Item 7A.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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**MANAGEMENT’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING**

The management of L3Harris Technologies, Inc. (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company’s internal control over financial reporting is designed to provide reasonable assurance, based on an appropriate cost-benefit analysis, regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company’s internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company’s internal control over financial reporting as of January 1, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013 framework). Based on management’s assessment and those criteria, management concluded that the Company maintained effective internal control over financial reporting as of January 1, 2021.

The Company’s independent registered public accounting firm, Ernst & Young LLP, has issued a report on the effectiveness of the Company’s internal control over financial reporting. This report appears on page 75 of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of L3Harris Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of L3Harris Technologies, Inc. (the Company) as of January 1, 2021 and January 3, 2020, the related consolidated statements of income, comprehensive income, cash flows and equity for the year ended January 1, 2021, the two quarters ended January 3, 2020 and for each of the two years in the period ended June 28, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 1, 2021 and January 3, 2020 and the results of its operations and its cash flows for the year ended January 1, 2021, the two quarters ended January 3, 2020 and each of the two years in the period ended June 28, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 1, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 1, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Cost estimation for revenue recognition on development and production contracts

Description of the Matter

As described in Note 1 of the consolidated financial statements, the Company recognized revenue for certain of its development and production contracts over time, typically using a percentage of completion cost-to-cost method, which required estimates of the total cost to be incurred for each contract at completion. At the outset of the contract, the Company establishes an estimated total cost to complete, taking into consideration the complexity and perceived risks associated with the technical, schedule, and cost aspects of the contract. After establishing the estimated total cost to complete, the Company reviews the progress and performance on its ongoing development and production contracts at least quarterly and updates the estimated total cost to complete as needed. Such estimates are subject to change during the performance of the contract and significant changes in estimates could have a material effect on the Company's results of operations. Auditing the cost estimation for development and production contracts involved subjective auditor judgment because the Company's development of the estimated total cost at completion required estimates of the cost of the work to be completed based on the Company's assumptions around achieving the technical, schedule and cost aspects of its development and production contracts. In determining the estimates of the cost of the work to be completed, the Company considered the nature and complexity of the work to be performed, subcontractor performance and the risk and impact of delayed performance. Estimates of total cost at completion were also affected by management's assessment of the current status of the contract and expectation for performance on the contract, as well as historical experience.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of certain internal controls over the Company's accounting for cost estimation for development and production contracts. For example, we tested certain controls over management's review of the estimate at completion analyses and the significant assumptions underlying the estimated total costs to complete. We also tested certain of management's controls to validate that the data used in the estimate at completion analyses was complete and accurate.

To test the cost estimation for development and production contracts, our audit procedures included, among others, obtaining an understanding of the contract, meeting with program management to confirm our understanding of the risks associated with the arrangement and the current contract performance, review of customer correspondence and contractual milestones, and comparing cost estimates to historical cost experience with similar contracts, when applicable. Additionally, we obtained an understanding of the Company's past performance of estimating total costs to complete by reviewing changes in the cost estimates from previous periods and reviewing the overall accuracy of management's cost to completion estimations through lookback analyses.

Description of the Matter

Valuation of Goodwill

At January 1, 2021, the Company's goodwill was \$19 billion. As discussed in Note 1 to the consolidated financial statements, the Company tests goodwill for impairment annually (or under certain circumstances, more frequently) at the reporting unit level using either a qualitative or quantitative approach. Under the quantitative approach to test for goodwill impairment, the Company compares the fair value of a reporting unit to its carrying amount, including goodwill. Generally, the Company estimates the fair value of its reporting units using a combination of a discounted cash flows analysis and market-based valuation methodologies. As further discussed in Note 10, during the year ended January 1, 2021, the Company recorded a \$475 million goodwill impairment charge at a reporting unit within the Aviation Systems segment.

Auditing the Company's quantitative goodwill impairment tests involved subjective auditor judgment due to the significant estimation required in management's determination of the fair value of the reporting units. The significant estimation was primarily due to the sensitivity of the underlying assumptions including changes in the weighted average cost of capital, projected revenue growth rates, projected operating margins, and terminal growth rate. These assumptions relate to the expected future operating performance of the Company's reporting units, are forward-looking, and are sensitive to and affected by economic, industry and company-specific qualitative factors.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of relevant internal controls over the Company's goodwill impairment review process, including controls over management's review of the valuation models and significant assumptions described above. We also tested management's controls to validate that the data used in the valuation models was complete and accurate.

To test the estimated fair value of the Company's reporting units, we performed audit procedures that included, among others, assessing the valuation methodologies used by the Company, involving our valuation specialists to assist in testing the significant assumptions discussed above, and testing the completeness and accuracy of the underlying data the Company used in its valuation analyses. For example, we compared the significant assumptions used by management to current industry, market and economic trends, the historical results of the reporting units, and other relevant factors. We also assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions used in the annual impairment test to evaluate the change in the fair value of the reporting unit resulting from changes in the significant assumptions.

In addition, we reviewed the reconciliation of the fair value of the reporting units based on the annual impairment test to the market capitalization of the Company.

We have served as the Company's auditor since at least 1932, but we are unable to determine the specific year.

/s/ Ernst & Young LLP

Orlando, Florida
March 1, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of L3Harris Technologies, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited L3Harris Technologies, Inc.'s internal control over financial reporting as of January 1, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, L3Harris Technologies, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 1, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of January 1, 2021 and January 3, 2020, the related consolidated statements of income, comprehensive income, cash flows and equity for the year ended January 1, 2021, the two quarters ended January 3, 2020 and for each of the two years in the period ended June 28, 2019, and the related notes and our report dated March 1, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Orlando, Florida
March 1, 2021

CONSOLIDATED STATEMENT OF INCOME

(In millions, except per share amounts)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Revenue from product sales and services				
Revenue from product sales	\$ 13,581	\$ 6,908	\$ 5,638	\$ 5,038
Revenue from services	4,613	2,355	1,163	1,130
	<u>18,194</u>	<u>9,263</u>	<u>6,801</u>	<u>6,168</u>
Cost of product sales and services				
Cost of product sales	(9,464)	(4,996)	(3,615)	(3,239)
Cost of services	(3,422)	(1,730)	(852)	(827)
	<u>(12,886)</u>	<u>(6,726)</u>	<u>(4,467)</u>	<u>(4,066)</u>
Engineering, selling and administrative expenses	(3,315)	(1,881)	(1,242)	(1,182)
Business divestiture-related (losses) gains	(51)	229	—	—
Impairment of goodwill and other assets	(767)	(46)	—	—
Non-operating income	401	192	188	156
Interest income	16	12	2	2
Interest expense	(270)	(135)	(169)	(170)
Income from continuing operations before income taxes	1,322	908	1,113	908
Income taxes	(234)	(73)	(160)	(206)
Income from continuing operations	1,088	835	953	702
Discontinued operations, net of income taxes	(2)	(1)	(4)	(3)
Net income	1,086	834	949	699
Noncontrolling interests, net of income taxes	33	(12)	—	—
Net income attributable to L3Harris Technologies, Inc.	<u>\$ 1,119</u>	<u>\$ 822</u>	<u>\$ 949</u>	<u>\$ 699</u>

Amount attributable to L3Harris Technologies, Inc. common shareholders

Income from continuing operations	\$ 1,121	\$ 823	\$ 953	\$ 702
Discontinued operations, net of income taxes	(2)	(1)	(4)	(3)
Net income	<u>\$ 1,119</u>	<u>\$ 822</u>	<u>\$ 949</u>	<u>\$ 699</u>

Net income per common share attributable to L3Harris Technologies, Inc. common shareholders

Basic				
Continuing operations	\$ 5.24	\$ 3.72	\$ 8.06	\$ 5.90
Discontinued operations	(0.01)	—	(0.03)	(0.02)
	<u>\$ 5.23</u>	<u>\$ 3.72</u>	<u>\$ 8.03</u>	<u>\$ 5.88</u>
Diluted				
Continuing operations	\$ 5.19	\$ 3.68	\$ 7.89	\$ 5.78
Discontinued operations	—	(0.01)	(0.03)	(0.02)
	<u>\$ 5.19</u>	<u>\$ 3.67</u>	<u>\$ 7.86</u>	<u>\$ 5.76</u>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Net income	\$ 1,086	\$ 834	\$ 949	\$ 699
Other comprehensive (loss) income:				
Foreign currency translation gain (loss), net of income taxes	16	25	(7)	15
Net unrealized (loss) gain on hedging derivatives, net of income taxes	(31)	(17)	(18)	1
Net unrecognized (loss) gain on postretirement obligations, net of income taxes	(313)	178	(480)	93
Other comprehensive (loss) income, recognized during the period	(328)	186	(505)	109
Less: reclassification adjustments for (gains) losses included in net income	(3)	13	—	—
Other comprehensive (loss) income, net of income taxes	(331)	199	(505)	109
Total comprehensive income	755	1,033	444	808
Comprehensive loss (income) attributable to noncontrolling interests	33	(12)	—	—
Total comprehensive income attributable to L3Harris Technologies, Inc.	\$ 788	\$ 1,021	\$ 444	\$ 808

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

(In millions, except shares)

	January 1, 2021	January 3, 2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,276	\$ 824
Receivables	1,344	1,216
Contract assets	2,437	2,459
Inventories	973	1,219
Income taxes receivable	295	202
Other current assets	307	392
Assets of disposal group held for sale	35	—
Total current assets	6,667	6,312
Non-current Assets		
Property, plant and equipment	2,102	2,117
Operating lease right-of-use assets	766	837
Goodwill	18,876	20,001
Other intangible assets	7,908	8,458
Deferred income taxes	119	102
Other non-current assets	522	509
Total non-current assets	30,293	32,024
	<u>\$ 36,960</u>	<u>\$ 38,336</u>
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 2	\$ 3
Accounts payable	1,406	1,261
Contract liabilities	1,198	1,214
Compensation and benefits	496	460
Other accrued items	1,068	790
Income taxes payable	49	24
Current portion of long-term debt, net	8	257
Liabilities of disposal group held for sale	13	—
Total current liabilities	4,240	4,009
Non-current Liabilities		
Defined benefit plans	1,906	1,819
Operating lease liabilities	734	781
Long-term debt, net	6,908	6,694
Deferred income taxes	1,237	1,481
Other long-term liabilities	1,094	808
Total non-current liabilities	11,879	11,583
Equity		
Shareholders' Equity:		
Preferred stock, without par value; 1,000,000 shares authorized; none issued	—	—
Common stock, \$1.00 par value; 500,000,000 shares authorized; issued and outstanding 208,230,353 and 218,226,614 shares at January 1, 2021 and January 3, 2020, respectively	208	218
Other capital	19,008	20,694
Retained earnings	2,347	2,183
Accumulated other comprehensive loss	(839)	(508)
Total shareholders' equity	20,724	22,587
Noncontrolling interests	117	157
Total equity	20,841	22,744
	<u>\$ 36,960</u>	<u>\$ 38,336</u>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Operating Activities				
Net income	\$ 1,086	\$ 834	\$ 949	\$ 699
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of acquisition-related intangibles	709	289	115	117
Depreciation and other amortization	323	153	143	142
Share-based compensation	94	125	58	51
Share-based matching contributions under defined contribution plans	216	102	83	31
Qualified pension plan contributions	(8)	(328)	(1)	(301)
Pension and other postretirement benefit plan income	(321)	(129)	(150)	(144)
Gain on pension plan curtailment	—	(23)	—	—
Impairment of goodwill and other assets	767	46	—	—
Business divestiture-related losses (gains)	51	(229)	—	—
Gain on sale of property, plant and equipment	(22)	—	—	—
Gain on sale of asset group	—	(12)	—	—
(Gain) loss on extinguishment of debts	(2)	2	—	24
Deferred income taxes	(215)	—	44	320
(Increase) decrease in:				
Accounts receivable	(250)	74	(9)	(101)
Contract assets	(116)	15	(25)	(76)
Inventories	60	158	(1)	(19)
Increase (decrease) in:				
Accounts payable	173	(148)	(84)	82
Contract liabilities	14	—	124	81
Compensation and benefits	43	(28)	19	2
Other accrued items	19	(128)	(78)	(38)
Income taxes	61	47	(23)	(117)
Other	108	119	21	(2)
Net cash provided by operating activities	2,790	939	1,185	751
Investing Activities				
Net cash acquired in L3Harris Merger	—	1,130	—	—
Additions to property, plant and equipment	(368)	(173)	(161)	(136)
Proceeds from sale of property, plant and equipment, net	91	—	—	—
Proceeds from sales of businesses, net	1,040	343	—	—
Proceeds from sale of asset group	—	20	—	—
Other investing activities	(12)	—	2	(5)
Net cash provided by (used in) investing activities	751	1,320	(159)	(141)
Financing Activities				
Net proceeds from borrowings	901	396	27	1,387
Repayments of borrowings	(931)	(505)	(308)	(1,658)
Payments of interest rate derivative obligations	(113)	(32)	—	—
Proceeds from exercises of employee stock options	56	109	50	34
Repurchases of common stock	(2,290)	(1,500)	(200)	(272)
Cash dividends	(725)	(337)	(325)	(272)
Tax withholding payments associated with vested share-based awards	(4)	(86)	(24)	(17)
Other financing activities	(6)	(16)	(1)	(7)
Net cash used in financing activities	(3,112)	(1,971)	(781)	(805)
Effect of exchange rate changes on cash and cash equivalents	23	6	(3)	(1)
Net increase (decrease) in cash and cash equivalents	452	294	242	(196)
Cash and cash equivalents, beginning of period	824	530	288	484
Cash and cash equivalents, end of period	\$ 1,276	\$ 824	\$ 530	\$ 288

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF EQUITY

(In millions, except per share amounts)	Common Stock	Other Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Equity
Balance at June 30, 2017	\$ 120	\$ 1,741	\$ 1,318	\$ (276)	\$ —	\$ 2,903
Reclassifications due to adoption of accounting standards update	—	—	35	(35)	—	—
Net income	—	—	699	—	—	699
Other comprehensive income	—	—	—	109	—	109
Shares issued under stock incentive plans	—	33	—	—	—	33
Shares issued under defined contribution plans	—	31	—	—	—	31
Share-based compensation expense	—	49	—	—	—	49
Tax withholding payments on share-based awards	—	(17)	—	—	—	(17)
Repurchases and retirement of common stock	(2)	(161)	(132)	—	—	(295)
Forward contract component of accelerated share repurchase	—	38	—	—	—	38
Cash dividends (\$2.28 per share)	—	—	(272)	—	—	(272)
Balance at June 29, 2018	118	1,714	1,648	(202)	—	3,278
Net income	—	—	949	—	—	949
Other comprehensive income	—	—	—	(505)	—	(505)
Shares issued under stock incentive plans	1	49	—	—	—	50
Shares issued under defined contribution plans	1	82	—	—	—	83
Share-based compensation expense	—	57	—	—	—	57
Tax withholding payments on share-based awards	—	(24)	—	—	—	(24)
Repurchases and retirement of common stock	(1)	(100)	(99)	—	—	(200)
Cash dividends (\$2.74 per share)	—	—	(325)	—	—	(325)
Balance at June 28, 2019	119	1,778	2,173	(707)	—	3,363
Net income	—	—	822	—	12	834
Other comprehensive income	—	—	—	199	—	199
Shares issued for L3Harris Merger	104	19,696	—	—	—	19,800
Shares issued under stock incentive plans	2	107	—	—	—	109
Shares issued under defined contribution plans	—	101	—	—	—	101
Share-based compensation expense	—	122	—	—	—	122
Tax withholding payments on share-based awards	—	(86)	—	—	—	(86)
Repurchases and retirement of common stock	(7)	(1,018)	(475)	—	—	(1,500)
Cash dividends (\$1.50 per share)	—	—	(337)	—	—	(337)
Fair value of noncontrolling interest recognized in purchase accounting	—	—	—	—	155	155
Other, including distributions to noncontrolling interests	—	(6)	—	—	(10)	(16)
Balance at January 3, 2020	218	20,694	2,183	(508)	157	22,744
Net income	—	—	1,119	—	(33)	1,086
Other comprehensive income	—	—	—	(331)	—	(331)
Shares issued under stock incentive plans	1	55	—	—	—	56
Shares issued under defined contribution plans	1	215	—	—	—	216
Share-based compensation expense	—	93	—	—	—	93
Tax withholding payments on share-based awards	—	(4)	—	—	—	(4)
Repurchases and retirement of common stock	(12)	(2,046)	(232)	—	—	(2,290)
Cash dividends (\$3.40 per share)	—	—	(725)	—	—	(725)
Other, including distributions to noncontrolling interests	—	1	2	—	(7)	(4)
Balance at January 1, 2021	\$ 208	\$ 19,008	\$ 2,347	\$ (839)	\$ 117	\$ 20,841

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Organization — L3Harris Technologies, Inc., together with its subsidiaries, is an agile global aerospace and defense technology innovator, delivering end-to-end solutions that meet customers' mission-critical needs. We provide advanced defense and commercial technologies across air, land, sea, space and cyber domains. We support government and commercial customers in more than 100 countries, with our largest customers being various departments and agencies of the U.S. Government and their prime contractors. Our products, systems and services have defense and civil government applications, as well as commercial applications. As of January 1, 2021, we had approximately 48,000 employees, including approximately 19,000 engineers and scientists.

Principles of Consolidation — Our Consolidated Financial Statements include the accounts of L3Harris Technologies, Inc. and its consolidated subsidiaries. As used in these Notes to Consolidated Financial Statements (these "Notes"), the terms "L3Harris," "Company," "we," "our" and "us" refer to L3Harris Technologies, Inc. and its consolidated subsidiaries. Intracompany transactions and accounts have been eliminated.

Amounts contained in this Report may not always add to totals due to rounding.

L3Harris Merger — See *Note 5: Business Combination* in these Notes for information related to the business combination in which Harris Corporation ("Harris") and L3 Technologies, Inc. ("L3") combined their respective businesses in an all-stock merger that resulted in our combined Company, L3Harris Technologies, Inc.

Due to the L3Harris Merger (as defined in *Note 5: Business Combination* in these Notes), which closed on June 29, 2019, the fiscal year ended January 1, 2021 and two quarters ended January 3, 2020 reflect the results of the combined Company, while fiscal years ended June 28, 2019 and June 29, 2018 reflect the results of only Harris operating businesses.

Organizational Structure — We implemented a new organizational structure effective on June 29, 2019, which resulted in changes to our operating segments, which are also reportable segments and referred to as our business segments. During the quarter ended April 3, 2020, we further adjusted our segment reporting to better align our businesses and transferred two businesses between our Integrated Mission Systems and Space and Airborne Systems segments. The historical results, discussion and presentation of our business segments as set forth in the accompanying Consolidated Financial Statements and these Notes reflect the impact of these changes for all periods presented in order to present segment information on a comparable basis. There is no impact on our previously reported consolidated statements of income, balance sheets, statements of cash flows or statements of equity resulting from these changes.

Divestitures — See *Note 3: Business Divestitures and Asset Sales* in these Notes for information regarding the following and other divestitures by us in 2019 and 2020: the divestiture of the Harris Night Vision business completed on September 13, 2019; the divestiture of the Security & Detection Systems and MacDonald Humfrey Automation solutions business completed on May 4, 2020; the divestiture of the Applied Kilovolts and Analytical Instrumentation business completed on May 15, 2020; and the divestiture of the EOTech business completed on July 31, 2020.

Fiscal Year — Through fiscal 2019, our fiscal year ended on the Friday nearest June 30. Commencing with the period from June 29, 2019 through January 3, 2020 ("Fiscal Transition Period"), our fiscal year ends on the Friday nearest December 31. Our fiscal year ended January 1, 2021 included 52 weeks, our Fiscal Transition Period included 27 weeks, and each of our fiscal years ended June 28, 2019 and June 29, 2018 included 52 weeks. The unaudited prior four quarter period results for the comparative period ended January 3, 2020 included 53 weeks and the unaudited prior two quarters period results for the comparative period ended December 28, 2018 included 26 weeks. See *Note 27: Transition Period Comparative Data (Unaudited)* in these Notes for additional information.

Use of Estimates — The preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") requires us to make estimates and assumptions that affect the amounts reported in the accompanying Consolidated Financial Statements and these Notes and related disclosures. These estimates and assumptions are based on experience and other information available prior to issuance of the accompanying Consolidated Financial Statements and these Notes. Materially different results can occur as circumstances change and additional information becomes known.

Cash and Cash Equivalents — Cash equivalents are temporary cash investments with a maturity of three or fewer months when purchased. These investments include accrued interest and are carried at the lower of cost or market.

Fair Value of Financial Instruments — The carrying amounts reflected in our Consolidated Balance Sheet for cash and cash equivalents, accounts receivable, non-current receivables, notes receivable, accounts payable, short-term debt and long-term variable-rate debt approximate their fair values. Fair values for long-term fixed-rate debt are primarily based on quoted market prices for those or similar instruments. See *Note 14: Debt* in these Notes for additional information regarding fair values for our

long-term fixed-rate debt. A discussion of fair values for our derivative financial instruments is included under the caption “Financial Instruments and Risk Management” in this *Note 1: Significant Accounting Policies*.

Fair Value Measurements — Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal market (or most advantageous market, in the absence of a principal market) for the asset or liability in an orderly transaction between market participants at the measurement date. Entities are required to maximize the use of observable inputs and minimize the use of unobservable inputs in measuring fair value, and to utilize a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included within Level 1, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable or are derived principally from, or corroborated by, observable market data by correlation or other means.
- Level 3 — Unobservable inputs that are supported by little or no market activity, are significant to the fair value of the assets or liabilities, and reflect our own assumptions about the assumptions market participants would use in pricing the asset or liability developed using the best information available in the circumstances.

In certain instances, fair value is estimated using quoted market prices obtained from external pricing services. In obtaining such data from the pricing service, we have evaluated the methodologies used to develop the estimate of fair value in order to assess whether such valuations are representative of fair value, including net asset value (“NAV”). Additionally, in certain circumstances, the NAV reported by an asset manager may be adjusted when sufficient evidence indicates NAV is not representative of fair value.

Accounts Receivable — We record receivables at net realizable value and they generally do not bear interest. This value includes an allowance for estimated uncollectible accounts to reflect any loss anticipated on the accounts receivable balances which is charged to the provision for doubtful accounts. We calculate this allowance at inception based on expected loss over the life of the receivable. We consider historical write-offs by customer, level of past due accounts and economic status of the customers. A receivable is considered delinquent if it is unpaid after the term of the related invoice has expired. Write-offs are recorded at the time a customer receivable is deemed uncollectible. See *Note 6: Receivables* in these Notes for additional information regarding accounts receivable.

Contract Assets and Liabilities — The timing of revenue recognition, customer billings and cash collections results in accounts receivable, contract assets and contract liabilities at the end of each reporting period. Contract assets include unbilled amounts typically resulting from revenue recognized exceeding amounts billed to customers for contracts utilizing the percentage of completion (“POC”) cost-to-cost revenue recognition method. We bill customers as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals, upon achievement of contractual milestones or upon deliveries and, in certain arrangements, the customer may withhold payment of a small portion of the contract price until contract completion. Contract liabilities include advance payments and billings in excess of revenue recognized, including deferred revenue. Contract assets and liabilities are reported on a contract-by-contract basis at the end of each reporting period. The non-current portion of contract liabilities is included within the “Other long-term liabilities” line item in our Consolidated Balance Sheet.

Contract assets related to amounts withheld by customers until contract completion are not considered a significant financing component of our contracts because the intent is to protect the customers from our failure to satisfactorily complete our performance obligations. Payments received from customers in advance of revenue recognition are not considered a significant financing component of our contracts because they are utilized to pay for contract costs within a one-year period or are requested by us to ensure the customers meet their payment obligations. See *Note 7: Contract Assets and Contract Liabilities* in these Notes for additional information.

Inventories — Inventories are valued at the lower of cost (determined by average and first-in, first-out methods) or net realizable value. We regularly review inventory quantities on hand and record a provision for excess and obsolete inventory primarily based on our estimated forecast of product demand, anticipated end of product life and production requirements. See *Note 8: Inventories* in these Notes for additional information regarding inventories.

Costs to Obtain or Fulfill a Contract — Costs to obtain a contract are incremental direct costs incurred to obtain a contract with a customer, including sales commissions and dealer fees, and are capitalized if material. Costs to fulfill a contract include costs directly related to a contract or specific anticipated contract (for example, mobilization, set-up and certain design costs) that generate or enhance our ability to satisfy our performance obligations under these contracts. These costs are capitalized to the extent they are expected to be recovered from the associated contract. Capitalized costs to obtain or fulfill a contract are amortized to expense over the expected period of benefit for contracts with terms greater than one year on a systematic basis that is consistent with the pattern of transfer of the associated goods and services to the customer. As a practical expedient, capitalized costs to obtain or fulfill a contract with a term of one year or less are expensed as incurred. Capitalized costs to obtain or fulfill a

contract included in the “Other current assets” and “Other non-current assets” line items in our Consolidated Balance Sheet were \$14 million and \$35 million, respectively, at January 1, 2021 and \$14 million and \$48 million, respectively, at January 3, 2020.

Property, Plant and Equipment — Property, plant and equipment are carried on the basis of cost and include software capitalized for internal use. Depreciation of buildings, machinery and equipment is computed by the straight-line and accelerated methods. The estimated useful lives of buildings, including leasehold improvements, generally range between 2 and 45 years. The estimated useful lives of machinery and equipment generally range between 2 and 10 years. Amortization of internal-use software begins when the software is put into service and is based on the expected useful life of the software. The useful lives over which we amortize internal-use software generally range between 3 and 10 years. See *Note 9: Property, Plant and Equipment* in these Notes for additional information regarding property, plant and equipment.

Goodwill — We follow the acquisition method of accounting to record the assets and liabilities of acquired businesses at their estimated fair value at the date of acquisition. We initially record goodwill for the amount the consideration transferred exceeds the acquisition-date fair value of net identifiable assets acquired.

We test goodwill for impairment at a level within the Company referred to as the reporting unit, which is our business segment level or one level below the business segment. We test our goodwill for impairment annually as of the first day of our fourth fiscal quarter, or under certain circumstances, more frequently, such as when events or circumstances indicate there may be impairment. Such events or circumstances may include a significant deterioration in overall economic conditions, changes in the business climate of our industry, a decline in our market capitalization, operating performance indicators, competition, reorganizations of our business or the disposal of all or a portion of a reporting unit.

To test goodwill for impairment, we may perform both qualitative and quantitative assessments. If we elect to perform a qualitative assessment for a certain reporting unit, we evaluate events and circumstances impacting the reporting unit to determine the probability that goodwill is impaired. If we determine it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, we measure any loss from an impairment by comparing the fair value of each reporting unit to its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, goodwill is considered impaired, and an impairment loss is recognized in an amount equal to that excess. See *Note 3: Business Divestitures and Asset Sales*, *Note 5: Business Combination* and *Note 10: Goodwill* in these Notes for additional information regarding goodwill.

Long-Lived Assets, Including Intangible Assets — Long-lived assets, including finite-lived intangible assets, are amortized to expense over their useful lives either according to the underlying economic benefit as reflected by future net cash inflows or on a straight-line basis depending on the nature of the asset. We assess the recoverability of the carrying value of our long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. We evaluate the recoverability of such assets based on the expectations of undiscounted cash flows from such assets. If the sum of the expected future undiscounted cash flows were less than the carrying amount of the asset, a loss would be recognized for the difference between the fair value and the carrying amount. Indefinite-lived intangible assets are not amortized, but are tested annually for impairment. This testing compares the fair value of the asset to its carrying amount, and, when appropriate, the carrying amount of these assets is reduced to its fair value. See *Note 9: Property, Plant and Equipment* and *Note 11: Intangible Assets* in these Notes for additional information regarding long-lived assets and intangible assets.

Leases — We recognize right-of-use (“ROU”) assets and lease liabilities in our balance sheet for operating and finance leases under which we are the lessee. As a practical expedient, leases with a term of twelve months or less (including reasonably expected extension periods) and leases with expected lease payments of less than \$250 thousand are expensed as incurred. Also as a practical expedient, we did not reassess lease classification for contracts in existence or expired prior to our adoption of Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842), as amended (“ASC 842”) on June 29, 2019, and we continue to account for these leases in accordance with Topic 840.

Operating lease assets and finance lease assets, respectively, are included in the “Operating lease right-of-use assets” and “Property, plant and equipment” line items in our Consolidated Balance Sheet. Operating lease liabilities and finance lease liabilities for obligations due within twelve months are included in the “Other accrued items” line item in our Consolidated Balance Sheet. Operating lease liabilities and finance lease liabilities for obligations due longer than twelve months are included in the “Operating lease liabilities” and “Other long-term liabilities” line items, respectively, in our Consolidated Balance Sheet.

ROU assets and lease liabilities are recognized based on the present value of future lease payments. Lease payments primarily include base rent. We have some lease payments that are based on an index and changes to the index are treated as variable lease payments and recognized in the period in which the obligation for those payments is incurred. Our lease payments also include non-lease components such as real estate taxes and common-area maintenance costs. As a practical expedient, we account for lease and non-lease components as a single component. In certain of our leases, the non-lease components are variable and are therefore excluded from lease payments to determine the ROU asset. The present value of future lease payments is determined using our incremental borrowing rate at lease commencement over the expected lease term. We use our incremental borrowing rate because our leases do not provide an implicit lease rate. The expected lease term represents the number of years

we expect to lease the property, including options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

Operating lease expense is recognized as an operating cost on a straight-line basis over the expected lease term in our Consolidated Statement of Income. For finance leases, the asset is amortized on a straight-line basis over the lease term, and interest on the lease liability is recognized in interest expense.

We are a lessor for certain flight simulators. These leases meet the criteria for operating lease classification. Lease income associated with these leases was not material in fiscal 2020 or in the two quarters ended January 3, 2020.

See *Note 19: Lease Commitments* in these Notes for additional information regarding leases.

Other Assets and Liabilities — No assets within the “Other current assets” or “Other non-current assets” line items in our Consolidated Balance Sheet exceeded 5 percent of our total current assets or total assets, respectively, at January 1, 2021 or January 3, 2020. No accrued liabilities or expenses within the “Other accrued items” or “Other long-term liabilities” line items in our Consolidated Balance Sheet exceeded 5 percent of our total current liabilities or total liabilities, respectively, at January 1, 2021 or January 3, 2020.

Income Taxes — We follow the liability method of accounting for income taxes. We record the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in our Consolidated Balance Sheet, as well as operating loss and tax credit carryforwards. We follow very specific and detailed guidelines in each tax jurisdiction regarding the recoverability of any tax assets recorded on the balance sheet and provide necessary valuation allowances as required. We regularly review our deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. See *Note 23: Income Taxes* in these Notes for additional information regarding income taxes.

Standard Warranties — We record estimated standard warranty costs in the period in which the related products are delivered. Factors that affect the estimated cost for warranties include the terms of the contract, the type and complexity of the delivered product, number of installed units, historical experience and management’s assumptions regarding anticipated rates of warranty claims and cost per claim. Our standard warranties start from the shipment, delivery or customer acceptance date and continue as follows:

Segment	Average Warranty Period
Integrated Mission Systems	One to three years
Space and Airborne Systems	One to three years
Communication Systems	One to five years
Aviation Systems	One to two years

Because our products are manufactured, in many cases, to customer specifications and their acceptance is based on meeting those specifications, we historically have experienced minimal warranty costs. Factors that affect our warranty liability include the number of installed units, historical experience, anticipated delays in delivery of products to end customers, in-country support for international sales and our assumptions regarding anticipated rates of warranty claims and cost per claim. We assess the adequacy of our recorded warranty liabilities every quarter and make adjustments to the liability as necessary. See *Note 12: Accrued Warranties* in these Notes for additional information regarding warranties.

Foreign Currency Translation — The functional currency for most international subsidiaries is the local currency. Assets and liabilities are translated at current rates of exchange and income and expense items are translated at the weighted average exchange rate for the year. The resulting translation adjustments are recorded as a separate component of shareholders’ equity.

Stock Options and Other Share-Based Compensation — We measure compensation cost for all share-based payments (including employee stock options) at fair value and recognize cost over the vesting period, with forfeitures recognized as they occur. It is our practice to issue shares when options are exercised. See *Note 16: Stock Options and Other Share-Based Compensation* in these Notes for additional information regarding share-based compensation.

Restructuring and Other Exit Costs — We record restructuring and other exit costs at their fair value when incurred. In cases where employees are required to render service until they are terminated in order to receive the termination benefits and will be retained beyond the minimum retention period, we record the expense ratably over the future service period. These costs are included as a component of the “Engineering, selling and administrative expenses” line items in our Consolidated Statement of Income. See *Note 4: Restructuring and Other Exit Costs* in these Notes for additional information regarding restructuring and other exit costs.

Revenue Recognition — We account for a contract when it has approval and commitment from all parties, the rights and payment terms of the parties can be identified, the contract has commercial substance and the collectability of the consideration, or transaction price, is probable. Our contracts are often subsequently modified to include changes in specifications, requirements

or price that may create new or change existing enforceable rights and obligations. We do not account for contract modifications (including unexercised options) or follow-on contracts until they meet the requirements noted above to account for a contract.

At the inception of each contract, we evaluate the promised goods and services to determine whether the contract should be accounted for as having one or more performance obligations. A performance obligation is a promise to transfer a distinct good or service to a customer and represents the unit of accounting for revenue recognition. A substantial majority of our revenue is derived from long-term development and production contracts involving the design, development, manufacture or modification of aerospace and defense products and related services according to the customers' specifications. Due to the highly interdependent and interrelated nature of the underlying goods and services and the significant service of integration that we provide, which often result in the delivery of multiple units, we account for these contracts as one performance obligation. For contracts that include both development/production and follow-on support services (for example, operations and maintenance), we generally consider the follow-on services distinct in the context of the contract and account for them as separate performance obligations. Additionally, a significant amount of our revenue is derived from contracts to provide multiple distinct goods to a customer where the goods can readily be sold to other customers based on their commercial nature and, accordingly, these goods are accounted for as separate performance obligations. Shipping and handling costs incurred after control of a product has transferred to the customer (for example, in free on board shipping arrangements) are treated as fulfillment costs and, therefore, are not accounted for as separate performance obligations. Also, we record taxes collected from customers and remitted to governmental authorities on a net basis in that they are excluded from revenue.

As noted above, our contracts are often subsequently modified to include changes in specifications, requirements or price. Depending on the nature of the modification, we consider whether to account for the modification as an adjustment to the existing contract or as a separate contract. Often, the deliverables in our contract modifications are not distinct from the existing contract due to the significant integration and interrelated tasks provided in the context of the contract. Therefore, such modifications are accounted for as if they are part of the existing contract, and we may be required to recognize a cumulative catch-up adjustment to revenue at the date of the contract modification.

We determine the transaction price for each contract based on our best estimate of the consideration we expect to receive, which includes assumptions regarding variable consideration, such as award and incentive fees. These variable amounts are generally awarded upon achievement of certain negotiated performance metrics, program milestones or cost targets and can be based upon customer discretion. We include such estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. We estimate variable consideration primarily using the most likely amount method.

For contracts with multiple performance obligations, we allocate the transaction price to each performance obligation based on the relative standalone selling price of the good or service underlying each performance obligation. The standalone selling price represents the amount for which we would sell the good or service to a customer on a standalone basis (i.e., not sold as a bundle with any other products or services). Our contracts with the U.S. Government, including foreign military sales contracts, are subject to the Federal Acquisition Regulations ("FAR") and the prices of our contract deliverables are typically based on our estimated or actual costs plus a reasonable profit margin. As a result, the standalone selling prices of the goods and services in these contracts are typically equal to the selling prices stated in the contract, thereby, eliminating the need to allocate (or reallocate) the transaction price to the multiple performance obligations. In our non-U.S. Government contracts, we also generally use the expected cost plus a reasonable profit margin approach to determine standalone selling price. In addition, we determine standalone selling price for certain contracts that are commercial in nature based on observable selling prices.

We recognize revenue for each performance obligation when (or as) the performance obligation is satisfied by transferring control of the promised goods or services underlying the performance obligation to the customer. The transfer of control can occur over time or at a point in time.

Point in Time Revenue Recognition: Our performance obligations are satisfied at a point in time unless they meet at least one of the following criteria, in which case they are satisfied over time:

- The customer simultaneously receives and consumes the benefits provided by our performance as we perform;
- Our performance creates or enhances an asset (for example, work in process) that the customer controls as the asset is created or enhanced; or
- Our performance does not create an asset with an alternative use to us, and we have an enforceable right to payment for performance completed to date.

As noted above, a significant amount of our revenue is derived from contracts to provide multiple distinct goods to a customer that are commercial in nature and can readily be sold to other customers. These performance obligations do not meet any of the three criteria listed above to recognize revenue over time; therefore, we recognize revenue at a point in time, generally when the goods are received and accepted by the customer.

Over Time Revenue Recognition: For U.S. Government development and production contracts, there is a continuous transfer of control of the asset to the customer as it is being produced based on FAR clauses in the contract that provide the customer with lien rights to work in process and allow the customer to unilaterally terminate the contract for convenience, pay us for costs incurred plus a reasonable profit and take control of any work in process. This also typically applies to our contracts with prime contractors for U.S. Government development and production contracts, when the above-described FAR clauses are flowed down to us by the prime contractors.

Our non-U.S. Government development and production contracts, including international direct commercial contracts and U.S. contracts with state and local agencies, utilities, commercial and transportation organizations, often do not include the FAR clauses described above. However, over time revenue recognition is typically supported either through our performance creating or enhancing an asset that the customer controls as it is created or enhanced or based on other contractual provisions or relevant laws that provide us with an enforceable right to payment for our work performed to date plus a reasonable profit if our customer were permitted to and did terminate the contract for reasons other than our failure to perform as promised.

Revenue for our development and production contracts is recognized over time, typically using the POC cost-to-cost method, whereby we measure our progress towards completion of the performance obligation based on the ratio of costs incurred to date to estimated costs at completion under the contract. Because costs incurred represent work performed, we believe this method best depicts transfer of control of the asset to the customer.

For performance obligations to provide services that are satisfied over time, we recognize revenue either on a straight-line basis, the POC cost-to-cost method, or based on the right-to-invoice method (i.e., based on our right to bill the customer), depending on which method best depicts transfer of control to the customer.

Contract Estimates: Under the POC cost-to-cost method of revenue recognition, a single estimated profit margin is used to recognize profit for each performance obligation over its period of performance. Recognition of profit on a contract requires estimates of the total cost at completion and transaction price and the measurement of progress towards completion. Due to the long-term nature of many of our contracts, developing the estimated total cost at completion and total transaction price often requires judgment. Factors that must be considered in estimating the cost of the work to be completed include the nature and complexity of the work to be performed, subcontractor performance and the risk and impact of delayed performance. Factors that must be considered in estimating the total transaction price include contractual cost or performance incentives (such as incentive fees, award fees and penalties) and other forms of variable consideration as well as our historical experience and our expectation for performance on the contract. At the outset of each contract, we gauge its complexity and perceived risks and establish an estimated total cost at completion in line with these expectations. After establishing the estimated total cost at completion, we follow a standard Estimate at Completion (“EAC”) process in which we review the progress and performance on our ongoing contracts at least quarterly and, in many cases, more frequently. If we successfully retire risks associated with the technical, schedule and cost aspects of a contract, we may lower our estimated total cost at completion commensurate with the retirement of these risks. Conversely, if we are not successful in retiring these risks, we may increase our estimated total cost at completion. Additionally, as the contract progresses, our estimates of total transaction price may increase or decrease if, for example, we receive award fees that are higher or lower than expected. When adjustments in estimated total costs at completion or in estimated total transaction price are determined, the related impact on operating income is recognized using the cumulative catch-up method, which recognizes in the current period the cumulative effect of such adjustments for all prior periods. Any anticipated losses on these contracts are fully recognized in the period in which the losses become evident.

Net EAC adjustments had the following impact to earnings for the periods presented:

(In millions, except per share amounts)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Net EAC adjustments, before income taxes	\$ 400	\$ 137	\$ 17	\$ (19)
Net EAC adjustments, net of income taxes	\$ 300	\$ 103	\$ 13	\$ (13)
Net EAC adjustments, net of income taxes, per diluted share	\$ 1.39	\$ 0.46	\$ 0.10	\$ (0.11)

Revenue recognized from performance obligations satisfied in prior periods was \$493 million, \$170 million, \$59 million and \$43 million in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively.

Bill-and-Hold Arrangements: For certain of our contracts, the finished product may temporarily be stored at our location under a bill-and-hold arrangement. Revenue is recognized on bill-and-hold arrangements at the point in time when the customer obtains control of the product and all of the following criteria have been met: the arrangement is substantive (for example, the customer has requested the arrangement); the product is identified separately as belonging to the customer; the product is ready for physical transfer to the customer; and we do not have the ability to use the product or direct it to another customer. In determining when the customer obtains control of the product, we consider certain indicators, including whether we have a

present right to payment from the customer, whether title and/or significant risks and rewards of ownership have transferred to the customer and whether customer acceptance has been received (in the case of arrangements with customer acceptance provisions).

Backlog: Backlog, which is the equivalent of our remaining performance obligations, represents the future revenue we expect to recognize as we perform on our current contracts. Backlog comprises both funded backlog (i.e., firm orders for which funding is authorized and appropriated) and unfunded backlog. Backlog excludes unexercised contract options and potential orders under ordering-type contracts, such as indefinite delivery, indefinite quantity (“IDIQ”) contracts.

Retirement and Post-Employment Benefits — Defined benefit plans that we sponsor are accounted for as defined benefit pension and other postretirement defined benefit plans (collectively referred to as “defined benefit plans”). Accordingly, the funded or unfunded position of each defined benefit plan is recorded in our Consolidated Balance Sheet. Actuarial gains and losses and prior service costs or credits that have not yet been recognized through income are recorded in the “Accumulated other comprehensive loss” line item within equity in our Consolidated Balance Sheet, net of taxes, until they are amortized as a component of net periodic benefit cost. The determination of benefit obligations and the recognition of expenses related to defined benefit plans are dependent on various assumptions. The major assumptions primarily relate to discount rates, long-term expected rates of return on plan assets, the rate of future compensation increases, mortality, termination, and health care cost trend rates. We develop each assumption using relevant Company experience in conjunction with market-related data. Actuarial assumptions are reviewed annually with third-party consultants and adjusted as appropriate. For the recognition of net periodic benefit cost, the calculation of the long-term expected return on plan assets is generally derived using a market-related value of plan assets based on yearly average asset values at the measurement date over the last five years, to be phased in over five years. Actual results that differ from our assumptions are accumulated and generally amortized for each plan to the extent required over the estimated future life expectancy or, if applicable, the future working lifetime of the plan’s active participants. The fair value of plan assets is determined based on market prices or estimated fair value at the measurement date. The measurement date for valuing defined benefit plan assets and obligations is the end of the month closest to our fiscal year end.

We record the service cost component of net periodic benefit income in the “Cost of product sales and services” and “Engineering, selling and administrative expenses” line items in our Consolidated Statement of Income. The non-service cost components of net periodic benefit income are included in the “Non-operating income” line item in our Consolidated Statement of Income.

We also provide retirement benefits to many of our U.S.-based employees through defined contribution retirement plans, including 401(k) plans and certain non-qualified deferred compensation plans. The defined contribution retirement plans have matching and savings elements. Company contributions to the retirement plans are based on employees’ savings with no other funding requirements. We may make additional contributions to the retirement plans at our discretion. Retirement and postretirement benefits also include unfunded limited healthcare plans for U.S.-based retirees and employees on long-term disability. We estimate benefits for these plans using actuarial valuations that are based in part on certain key assumptions we make, including the discount rate, the expected long-term rate of return on plan assets, the rate of future compensation increases, healthcare cost trend rates and employee turnover and mortality, each appropriately based on the nature of the plans. We accrue the cost of these benefits during an employee’s active service life, except in the case of our healthcare plans for disabled employees, the costs of which we accrue when the disabling event occurs.

See *Note 15: Pension and Other Postretirement Benefits* in these Notes for additional information regarding our defined benefit plans.

Environmental Expenditures — We capitalize environmental expenditures that increase the life or efficiency of property or that reduce or prevent environmental contamination. We accrue environmental expenses resulting from existing conditions that relate to past or current operations. Our accruals for environmental expenses are recorded on a site-by-site basis when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies available to us. Our accruals for environmental expenses represent the best estimates related to the investigation and remediation of environmental media such as water, soil, soil vapor, air and structures, as well as related legal fees, and are reviewed periodically, at least annually at the year-end balance sheet date, and updated for progress of investigation and remediation efforts and changes in facts and legal circumstances. If the timing and amount of future cash payments for environmental liabilities are fixed or reliably determinable, we generally discount such cash flows in estimating our accrual.

As of January 1, 2021, we were named, and continue to be named, as a potentially responsible party at 84 sites where future liabilities could exist. These sites included 9 sites owned by us, 65 sites associated with our former and current locations or operations and 10 hazardous waste treatment, storage or disposal facility sites not owned by us that contain hazardous substances allegedly attributable to us from past operations.

Based on an assessment of relevant factors, we estimated that our liability under applicable environmental statutes and regulations for identified sites was \$117 million. The current portion of our estimated environmental liability is included in the “Other accrued items” line item and the non-current portion is included in the “Other long-term liabilities” line item in our Consolidated Balance Sheet.

The relevant factors we considered in estimating our potential liabilities under applicable environmental statutes and regulations included some or all of the following as to each site: incomplete information regarding particular sites and other potentially responsible parties; uncertainty regarding the extent of investigation or remediation; our share, if any, of liability for such conditions; the selection of alternative remedial approaches; changes in environmental standards and regulatory requirements; potential insurance proceeds; cost-sharing agreements with other parties and potential indemnification from successor and predecessor owners of these sites. We do not believe that any uncertainties regarding these relevant factors will materially affect our potential liability under applicable environmental statutes and regulations. We believe the total amount accrued is appropriate based on existing facts and circumstances, although we note the total amount accrued may increase or decrease in future years.

Financial Guarantees and Commercial Commitments — Financial guarantees are contingent commitments issued to guarantee the performance of a customer to a third party in borrowing arrangements, such as commercial paper issuances, bond financings and similar transactions. As of January 1, 2021, we did not have material financial guarantees and there were no such contingent commitments accrued for in our Consolidated Balance Sheet.

We have entered into commercial commitments in the normal course of business including surety bonds, standby letter of credit agreements and other arrangements with financial institutions and customers primarily relating to the guarantee of future performance on certain contracts to provide products and services to customers and to obtain insurance policies with our insurance carriers.

Financial Instruments and Risk Management — In the normal course of business, we are exposed to global market risks, including the effect of changes in foreign currency exchange rates. We use derivative instruments to manage our exposure to such risks and formally document all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking hedge transactions. We may also enter into derivative instruments that are not designated as hedges and do not qualify for hedge accounting. We recognize all derivatives in our Consolidated Balance Sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative are either offset against the change in fair value of assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. We do not hold or issue derivatives for speculative trading purposes. See *Note 20: Derivative Instruments and Hedging Activities* in these Notes for additional information regarding our use of derivative instruments.

Income From Continuing Operations Per Share — For all periods presented in our Consolidated Financial Statements and these Notes, income from continuing operations per share is computed using the two-class method. The two-class method of computing income from continuing operations per share is an earnings allocation formula that determines income from continuing operations per share for common stock and any participating securities according to dividends paid and participation rights in undistributed earnings. Historically, our restricted stock awards and restricted stock unit awards generally have met the definition of participating securities and were included in the computations of income from continuing operations per basic and diluted common share. However, restricted stock awards and restricted stock unit awards granted during fiscal 2020 and the two quarters ended January 3, 2020 did not meet the definition of participating securities. Under the two-class method, income from continuing operations per common share is computed by dividing the sum of earnings distributed to common shareholders and undistributed earnings allocated to common shareholders by the weighted-average number of common shares outstanding for the period. Income from continuing operations per diluted common share is computed using the more dilutive of the two-class method or the treasury stock method. In applying the two-class method, undistributed earnings are allocated to both common shares and participating securities based on the weighted-average shares outstanding during the period. See *Note 17: Income From Continuing Operations Per Share* in these Notes for additional information.

Business Segments — We evaluate each business segment's performance based on its operating income or loss, which we define as profit or loss from operations before income taxes, including pension income and excluding interest income and expense, royalties and related intellectual property expenses, equity method investment income or loss and gains or losses from securities and other investments. Intersegment sales are generally transferred at cost to the buying segment, and the sourcing segment recognizes a profit that is eliminated. The "Corporate eliminations" line item in *Note 25: Business Segments* in these Notes represents the elimination of intersegment sales. Corporate expenses are primarily allocated to our business segments using an allocation methodology prescribed by U.S. Government regulations for government contractors. The "Unallocated corporate expenses and corporate eliminations" line item in *Note 25: Business Segments* in these Notes represents the portion of corporate expenses not allocated to our business segments and elimination of intersegment profits. The "Pension adjustment" line item in *Note 25: Business Segments* in these Notes represents the reconciliation of the non-service components of net periodic pension and postretirement benefit costs, which are a component of segment operating income but are included in the "Non-operating income" line item in our Consolidated Statement of Income. The non-service components of net periodic pension and postretirement benefit costs include interest cost, expected return on plan assets, amortization of net actuarial gain or loss and effect of curtailments or settlements.

NOTE 2: ACCOUNTING CHANGES OR RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Standards

Effective January 3, 2020, we adopted Accounting Standards Update 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* on a modified retrospective basis. The new standard replaces the existing impairment model, under which impairment of financial instruments, including accounts receivable and contract assets, is recognized when it becomes probable a loss has been incurred, with a model that requires recognition of expected credit losses over the estimated life of an asset at inception and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Adopting this standard did not have a material impact on our financial condition, results of operations, cash flows or equity.

NOTE 3: BUSINESS DIVESTITURES AND ASSET SALES

Divestitures

EOTech business. On July 31, 2020, we completed the divestiture of our EOTech business for \$42 million (net cash proceeds of \$40 million after selling costs and estimated purchase price adjustments), subject to final customary purchase price adjustments as set forth in the definitive sale agreement, and recognized a pre-tax gain of \$2 million, which is included in the “Business divestiture-related (losses) gains” line item in our Consolidated Statement of Income for fiscal 2020. The EOTech business, which was acquired in connection with the L3Harris Merger on June 29, 2019, manufactures holographic sighting systems, magnified field optics and accessories for military, law enforcement and commercial markets around the world. The operating results of the EOTech business through the date of divestiture are reported as part of our Communication Systems segment. Income before income taxes of the EOTech business through the date of divestiture was not material for fiscal 2020 or the two quarters ended January 3, 2020.

In connection with the preparation of our financial statements for the quarter ended April 3, 2020, we tested goodwill assigned to the EOTech business disposal group and goodwill assigned to the retained businesses of the reporting unit for impairment and concluded that no goodwill impairment existed at the time the held for sale criteria were met.

Applied Kilovolts and Analytical Instrumentation business. On May 15, 2020, we completed the divestiture of our Applied Kilovolts and Analytical Instrumentation business for net cash proceeds of \$12 million, after selling costs and purchase price adjustments as set forth in the definitive sale agreement. The operating results of the Applied Kilovolts and Analytical Instrumentation business through the date of divestiture are reported as part of our Space and Airborne Systems segment. Income before income taxes of the Applied Kilovolts and Analytical Instrumentation business through the date of divestiture was not material in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018.

In connection with the preparation of our financial statements for the quarter ended April 3, 2020, we tested goodwill assigned to the Applied Kilovolts and Analytical Instrumentation business disposal group and goodwill assigned to the retained businesses of the reporting unit for impairment and concluded that goodwill related to the disposal group was impaired. As a result, we recorded a non-cash impairment charge of \$5 million, which is included in the “Impairment of goodwill and other assets” line item in our Consolidated Statement of Income for fiscal 2020.

Airport security and automation business. On May 4, 2020, we completed the divestiture of the Security & Detection Systems and MacDonald Humfrey Automation solutions business (“airport security and automation business”) to Leidos, Inc. for \$1 billion (net cash proceeds of \$987 million after selling costs and purchase price adjustments as set forth in the definitive sale agreement, and recognized a pre-tax loss of \$23 million, which is included in the “Business divestiture-related (losses) gains” line item in our Consolidated Statement of Income for fiscal 2020. The airport security and automation business, which was acquired in connection with the L3Harris Merger on June 29, 2019, provides solutions used by the aviation and transportation industries, regulatory and customs authorities, government and law enforcement agencies and commercial and other high-security facilities. The operating results of the airport security and automation business through the date of divestiture are reported as part of our Aviation Systems segment. Income before income taxes of the airport security and automation business through the date of divestiture was not material in fiscal 2020, and was \$27 million in the two quarters ended January 3, 2020.

Because the then-pending divestiture of the airport security and automation business would represent the disposal of a portion of a reporting unit within our Aviation Systems segment, we assigned \$531 million of goodwill to the airport security and automation business disposal group on a relative fair value basis during the quarter ended April 3, 2020, when the held for sale criteria were met. In connection with the preparation of our financial statements for the quarter ended April 3, 2020, we tested goodwill assigned to the disposal group and goodwill assigned to the retained businesses of the reporting unit for impairment and concluded that no goodwill impairment existed at the time the held for sale criteria were met in late January 2020. However, indicators of potential impairment of goodwill related to the retained businesses of the reporting unit were present at April 3, 2020 and July 3, 2020 due to the downturn in the commercial aviation market that resulted from the novel COVID-19 strain of coronavirus pandemic (“COVID”) and its impact on global air traffic and customer demand. See *Note 10: Goodwill* in these Notes for additional information regarding goodwill impairment.

VSE Disposal Group. During the quarter ended July 3, 2020, we determined the criteria to be classified as held for sale were met with respect to certain portions of our Voice Switch Enterprise business that we planned to divest (“VSE disposal group”); consequently, the assets and liabilities of the VSE disposal group are classified as held for sale in our Consolidated Balance Sheet as of January 1, 2021. Income before income taxes of the VSE disposal group was not material in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018. The VSE disposal group is part of our Aviation Systems segment and provides voice over internet protocol systems for air traffic management communications.

Because the potential divestiture of the VSE disposal group would represent the disposal of a portion of a reporting unit within our Aviation Systems segment, we assigned \$14 million of goodwill to the VSE disposal group on a relative fair value basis during the quarter ended July 3, 2020, when the held for sale criteria were met. In connection with the preparation of our financial statements for fiscal 2020, we recognized a \$32 million pre-tax loss to reduce the assets of the VSE disposal group to fair value, which included a non-cash goodwill impairment charge of \$14 million (based on the excess of the carrying value of the business over estimated net cash proceeds, after estimated purchase price adjustments) and a \$18 million non-cash remeasurement loss to reduce the remaining assets to fair value. These charges are included in the “Impairment of goodwill and other assets” and “Business divestiture-related (losses) gains” line items in our Consolidated Statement of Income for fiscal 2020. The carrying amounts of assets and liabilities of the VSE disposal group that were classified as held for sale in our Consolidated Balance Sheet at January 1, 2021 were \$35 million and \$13 million, respectively. We expect to complete the sale of the VSE disposal group by the end of the first half of 2021.

Harris Night Vision. On September 13, 2019, we completed the sale of the Harris Night Vision business, a global supplier of high-performance, vision-enhancing products for U.S. and allied military and security forces and commercial customers, to Elbit Systems of America, LLC, a subsidiary of Elbit Systems, Ltd., for \$350 million (net cash proceeds of \$343 million after selling costs and estimated purchase price adjustments), subject to final customary purchase price adjustments pursuant to a definitive agreement we entered into on April 4, 2019 as part of the regulatory process in connection with the L3Harris Merger and recognized a pre-tax gain of \$229 million in the “Business divestiture-related (losses) gains” line item in our Consolidated Statement of Income during the two quarters ended January 3, 2020. During the quarter ended July 3, 2020, we finalized the purchase price adjustments and recognized a \$12 million non-cash adjustment related to working capital, which decreased the gain initially recognized and is included in the “Business divestiture-related (losses) gains” line item in our Consolidated Statement of Income for fiscal 2020.

Through fiscal 2019, the Harris Night Vision business was reported as part of our former Communication Systems segment. As a result of the then-pending divestiture, the Harris Night Vision business was not included in any of our new business segments and, consequently, the operating results of the Harris Night Vision business are included in “Other non-reportable business segments” for the two quarters ended January 3, 2020 and fiscal 2019 and 2018 in this Report. Income before income taxes for the Harris Night Vision business was not material for the two quarters ended January 3, 2020 and was \$27 million and \$20 million for fiscal 2019 and 2018, respectively.

For purposes of allocating goodwill to the disposal groups above, we determined the fair value of each disposal group based on the respective negotiated selling price (or estimated net cash proceeds, in the case of no negotiated selling price), and the fair value of the retained businesses of the respective reporting unit based on a combination of market-based valuation techniques, utilizing quoted market prices and comparable publicly reported transactions, and projected discounted cash flows. These fair value determinations are categorized as Level 3 in the fair value hierarchy due to their use of internal projections and unobservable measurement inputs. See *Note 1: Significant Accounting Policies* in these Notes for additional information regarding the fair value hierarchy.

Asset Sales

Stormscope. On August 30, 2019, we completed the sale of the Stormscope product line for \$20 million in cash and recorded a pre-tax gain of \$12 million in the “Engineering, selling and administrative expenses” line item of our Consolidated Statement of Income for the two quarters ended January 3, 2020.

NOTE 4: RESTRUCTURING AND OTHER EXIT COSTS

We record charges for restructuring and other exit activities related to sales or terminations of product lines, closures or relocations of business activities, changes in management structure, and fundamental reorganizations that affect the nature and focus of operations. Such charges include termination benefits, contract termination costs and costs to consolidate facilities or relocate employees. We record these charges at their fair value when incurred. In cases where employees are required to render service until they are terminated in order to receive the termination benefits and will be retained beyond the minimum retention period, we record the expense ratably over the future service period. These charges are included as a component of the “Engineering, selling and administrative expenses” line item in our Consolidated Statement of Income.

L3Harris Merger-Related Restructuring Costs. We recorded restructuring charges of \$10 million during fiscal 2020 and \$117 million during the two quarters ended January 3, 2020 in connection with the L3Harris Merger. We had liabilities of \$26

million and \$58 million at January 1, 2021 and January 3, 2020, respectively, associated with these restructuring activities. We expect that the majority of the remaining liabilities as of January 1, 2021 will be paid in the next twelve months.

During the quarter ended January 3, 2020, we finalized our plan to close L3's former headquarters offices located at 600 Third Avenue in New York City. On December 3, 2019, we entered into an amended lease agreement with the landlord, which reduced the number of leased floors from six to five effective October 1, 2020 through the expiration of the lease on October 31, 2031. We recorded a \$2 million lease modification and a \$46 million impairment charge for ROU and other assets in connection with the modification of the lease. These charges are included in the "Engineering, selling and administrative expenses" and "Impairment of goodwill and other assets" line items in our Consolidated Statement of Income for the two quarters ended January 3, 2020. During 2020 we exited the facility and executed agreements to sublease three floors to multiple tenants and plan to sublease the remaining floors. We evaluated the lease for further impairment as commercial real estate conditions in New York City deteriorated due to COVID, but determined no further impairment was necessary.

COVID Restructuring Costs. During fiscal 2020, we recorded \$15 million of restructuring charges, including workforce reductions and other exit costs within our Aviation Systems segment associated with the COVID-related downturn in our commercial aviation businesses and its impact on global air traffic and customer operations. In addition, during fiscal 2020, we recorded \$1 million of restructuring charges for workforce reductions in our Communication Systems segment associated with the COVID impact to local and state government customers of our Public Safety business sector. At January 1, 2021, we had liabilities of \$8 million associated with COVID-related restructuring actions, of which substantially all will be paid in the next twelve months.

Other Restructuring and Exit Costs. In fiscal 2018, we recorded \$5 million for integration and other costs in connection with our acquisition of Exelis Inc., which we acquired in fiscal 2015 ("Exelis"). At January 1, 2021, we had liabilities of \$5 million associated with these integration activities and previous restructuring actions, which represent lease obligations associated with exited facilities with remaining terms of three years or less.

In fiscal 2018, we also recorded \$45 million of charges in connection with our decision to transition and exit a commercial line of business that had been developing an air-to-ground radio access network for the business aviation market based on the Long Term Evolution ("LTE") standard operating in the unlicensed spectrum. The liability associated with this exit activity was paid in fiscal 2019.

Our liabilities for restructuring and other exit costs are included in the "Compensation and benefits," "Other accrued items" and "Other long-term liabilities" line items in our Consolidated Balance Sheet. Changes to our restructuring and other exit costs liabilities in fiscal 2020 and the two quarters ended January 3, 2020 were as follows:

(In millions)	Employee severance- related costs	Facilities consolidation and other exit costs ⁽¹⁾	Total
Balance at June 28, 2019	\$ —	\$ 16	\$ 16
Additional provisions	117	—	117
Payments	(62)	(1)	(63)
Other	3	(8)	(5)
Balance at January 3, 2020	58	7	65
Additional provisions	26	—	26
Payments	(52)	(2)	(54)
Other	2	—	2
Balance at January 1, 2021	<u>\$ 34</u>	<u>\$ 5</u>	<u>\$ 39</u>

(1) Excludes our operating lease liability related to L3's former headquarter offices.

NOTE 5: BUSINESS COMBINATION

On October 12, 2018, Harris Corporation, a Delaware corporation, entered into an Agreement and Plan of Merger (the "Merger Agreement") with L3 Technologies, Inc., a Delaware corporation, and Leopard Merger Sub Inc., a Delaware corporation and a newly formed, direct wholly-owned subsidiary of Harris ("Merger Sub"), pursuant to which Harris and L3 agreed to combine their respective businesses in an all-stock merger, at the closing of which Merger Sub would merge with and into L3, with L3 continuing as the surviving corporation and a direct wholly-owned subsidiary of Harris (the "L3Harris Merger").

The closing of the L3Harris Merger occurred on June 29, 2019 ("Closing Date"), the first day of our Fiscal Transition Period. Upon completion of the L3Harris Merger, Harris was renamed "L3Harris Technologies, Inc." and each share of L3

common stock converted into the right to receive 1.30 shares (“Exchange Ratio”) of L3Harris common stock. Shares of L3Harris common stock, which previously traded under ticker symbol “HRS” on the New York Stock Exchange prior to completion of the L3Harris Merger, are traded under ticker symbol “LHX” following completion of the L3Harris Merger. L3Harris was owned on a fully diluted basis 54 percent by Harris shareholders and 46 percent by L3 shareholders immediately following the completion of the L3Harris Merger.

L3 was a prime contractor in intelligence, surveillance and reconnaissance (“ISR”) systems, aircraft sustainment (including modifications and fleet management of special mission aircraft), simulation and training, night vision and image intensification equipment, and security and detection systems. L3 also was a leading provider of a broad range of communication, electronic and sensor systems used on military, homeland security and commercial platforms. L3 employed approximately 31,000 employees and its customers included the U.S. Department of Defense and its prime contractors, the U.S. Intelligence Community, the U.S. Department of Homeland Security, foreign governments and domestic and foreign commercial customers. L3 generated calendar 2018 revenue of approximately \$10 billion.

In connection with completion of the L3Harris Merger, we issued to L3 shareholders 104 million shares of L3Harris common stock, the trading price of which was \$189.13 per share as of the Closing Date. In addition, we issued L3Harris share-based awards in replacement of certain outstanding L3 share-based awards held by employees.

We accounted for the L3Harris Merger under the acquisition method of accounting, which required us to measure identifiable assets acquired, liabilities assumed and any noncontrolling interests in the acquiree at their fair values as of the Closing Date, with the excess of the consideration transferred over those fair values recorded as goodwill.

Our calculation of consideration transferred is as follows:

(In millions, except exchange ratio and per share amounts)	June 29, 2019
Outstanding shares of L3 common stock as of June 28, 2019	79.63
L3 restricted stock unit awards settled in shares of L3Harris common stock	0.41
L3 performance unit awards settled in shares of L3Harris common stock	0.04
	80.08
Exchange Ratio	1.30
Shares of L3Harris common stock issued for L3 outstanding common stock	104.10
Price per share of L3Harris common stock as of June 28, 2019	\$ 189.13
Fair value of L3Harris common stock issued for L3 outstanding common stock	\$ 19,689
Fair value of replacement restricted stock units attributable to merger consideration	10
Fair value of L3Harris stock options issued to replace L3 outstanding stock options	101
Withholding tax liability incurred for converted L3 share-based awards	45
Fair value of replacement award consideration	156
Fair value of total consideration	19,845
Less cash acquired	(1,195)
Total net consideration transferred	\$ 18,650

Our preliminary fair value estimates and assumptions to measure the assets acquired, liabilities assumed and noncontrolling interests in L3 were subject to change as we obtained additional information during the measurement period. We completed our accounting for the L3Harris Merger during the quarter ended July 3, 2020. The following table summarizes the initial fair value amounts recognized during the quarter ended September 27, 2019 for each major class of assets acquired or liability assumed and noncontrolling interests, as well as adjustments during the measurement period:

(In millions)	Preliminary Fair Value as of September 27, 2019	Measurement Period Adjustments	Adjusted Fair Value as of July 3, 2020
Receivables	\$ 849	\$ (20)	\$ 829
Contract assets	1,708	(57)	1,651
Inventories	1,056	(73)	983
Other current assets	517	(16)	501
Property, plant and equipment	1,176	43	1,219
Operating lease right-of-use assets	704	108	812
Goodwill	15,423	(841)	14,582
Other intangible assets	6,768	1,690	8,458
Other non-current assets	327	(13)	314
Total assets acquired	\$ 28,528	\$ 821	\$ 29,349
Accounts payable	\$ 898	\$ (13)	\$ 885
Contract liabilities	722	4	726
Other current liabilities	772	301	1,073
Operating lease liabilities	715	45	760
Defined benefit plans	1,411	—	1,411
Long-term debt, net	3,548	—	3,548
Other long-term liabilities	1,661	480	2,141
Total liabilities assumed	9,727	817	10,544
Net assets acquired	18,801	4	18,805
Noncontrolling interests	(151)	(4)	(155)
Total net consideration transferred	\$ 18,650	\$ —	\$ 18,650

Additionally, we acquired certain off-market customer contracts in connection with the L3Harris Merger, and we have recorded liabilities as well as separate identifiable intangible assets for the acquisition-date fair value of the off-market components of these customer contracts. In aggregate, the acquisition-date fair value of the off-market components was a net liability of \$139 million. We measured the fair value of these components as the present value of the amount by which the terms of the contract with the customer deviated from the terms that a market participant could have achieved at the Closing Date. The off-market components of these contracts will be recognized as an increase to, or reduction of, revenue as we incur costs to satisfy the associated performance obligations. We recognized \$58 million of revenue in fiscal 2020 for amortization of net off-market contract liabilities (including the cumulative effect of amortization that would have been recognized in the Fiscal Transition Period). We recognized \$13 million for amortization of net off-market contract liabilities in the Fiscal Transition Period. Future estimated revenue from the amortization of net off-market contract liabilities (based on the estimated pattern of cash flows to be incurred to satisfy associated performance obligations) is as follows: \$20 million in 2021, \$15 million in 2022, \$10 million in 2023 and \$23 million thereafter.

The goodwill resulting from the L3Harris Merger was primarily associated with L3's market presence and leading positions, growth opportunities in the markets in which L3 businesses operate, experienced work force and established operating infrastructures. Most of the goodwill related to the L3Harris Merger is nondeductible for tax purposes.

See *Note 10: Goodwill* in these Notes for more information regarding the allocation of goodwill by business segment.

The following table provides further detail of the fair value and weighted-average amortization period of identified intangible assets acquired by major intangible asset class:

	Weighted Average Amortization Period	Total
	(In years)	(In millions)
Identifiable intangible assets acquired:		
Customer relationships — government	14	\$ 5,082
Customer relationships — commercial	15	860
Contract backlog	3	19
Trade names — divisions	9	123
Developed technologies	7	550
Total identifiable intangible assets subject to amortization	13	6,634
Trade names — corporate	indefinite	1,803
In-process research and development	n/a	21
Total identifiable intangible assets		\$ 8,458

L3Harris Merger-related charges were as follows:

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Year Ended
	January 1, 2021	January 3, 2020	June 28, 2019
Equity award acceleration charges, recognized upon change in control	\$ —	\$ 70	\$ —
Transaction costs, recognized as incurred	—	83	31
Additional cost of sales related to the fair value step-up in inventory sold	31	142	—
Restructuring charges, recognized as incurred	10	117	—
Facility consolidation costs	—	48	—
Integration costs, recognized as incurred	130	72	34
Total L3Harris Merger-related charges	\$ 171	\$ 532	\$ 65

See Note 4: *Restructuring and Other Exit Costs* in these Notes for additional information regarding severance and facility consolidation costs.

Because the L3Harris Merger benefited the entire Company as opposed to any individual business segment, the above costs were not allocated to any business segment. Most of the costs above were recorded in the “Engineering, selling and administrative expenses” line item in our Consolidated Statement of Income, except for additional cost of sales related to the fair value step-up in inventory sold, which is included in the “Cost of product sales and services” line item in our Consolidated Statement of Income and facility consolidation costs, the majority of which is included in the “Impairment of goodwill and other assets” line item in our Consolidated Statement of Income.

Pro Forma Results

The following unaudited consolidated pro forma results of operations for the four quarters ended January 3, 2020 combines reported results for the two quarters ended January 3, 2020 with the pro forma results for the two quarters ended June 28, 2019. The pro forma results for the two quarters ended June 28, 2019 were prepared on a pro forma basis, as if the L3Harris Merger had been completed on June 30, 2018, the first day of Harris’ fiscal 2019, after including any post-merger adjustments directly attributable to the L3Harris Merger, such as the sale of the Harris Night Vision business, and after including the impact of adjustments such as amortization of identifiable intangible assets, as well as the related income tax effects. This pro forma presentation does not include any impact of transaction synergies. The pro forma results are not necessarily indicative of our results of operations that actually would have been obtained had the L3Harris Merger been completed on the assumed date or for the period presented, or which may be realized in the future.

(In millions)	Four Quarters Ended		Two Quarters Ended	
	January 3, 2020		December 28, 2018	
Revenue from product sales and services — as reported	\$	12,856	\$	3,208
Revenue from product sales and services — pro forma		18,097		8,404
Income from continuing operations — as reported		1,347		441
Income from continuing operations — pro forma		1,652		760

NOTE 6: RECEIVABLES

Receivables are summarized below:

(In millions)	January 1, 2021		January 3, 2020	
Accounts receivable	\$	1,369	\$	1,228
Less allowances for collection losses		(25)		(12)
	\$	1,344	\$	1,216

We have a receivables sale agreement (“RSA”) with a third-party financial institution that permits us to sell, on a nonrecourse basis, up to \$100 million of outstanding receivables at any given time. From time to time, we have sold certain customer receivables under the RSA, which we continue to service and collect on behalf of the third-party financial institution. Receivables sold pursuant to the RSA meet the requirements for sales accounting under Accounting Standards Codification 860, *Transfers and Servicing*, and accordingly, are derecognized from our Consolidated Balance Sheet at the time of sale. We had no outstanding accounts receivable sold pursuant to the RSA at January 1, 2021 or January 3, 2020.

NOTE 7: CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets include unbilled amounts typically resulting from revenue recognized exceeding amounts billed to customers for contracts utilizing the POC cost-to-cost revenue recognition method. We bill customers as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals, upon achievement of contractual milestones or upon deliveries and, in certain arrangements, the customer may withhold payment of a small portion of the contract price until contract completion. Contract liabilities include advance payments and billings in excess of revenue recognized, including deferred revenue associated with extended product warranties. Contract assets and liabilities are reported on a contract-by-contract basis at the end of each reporting period.

Contract assets and liabilities in fiscal 2020 were impacted primarily by divestitures, reclassifications to assets and liabilities of disposal group held for sale, accelerated progress payments due to the U.S. Government's increase in the progress payment rate from 80 percent to 90 percent and the timing of contractual billing milestones. See *Note 3: Business Divestitures and Asset Sales* in these Notes for additional information regarding assets and liabilities held for sale.

Contract assets and contract liabilities are summarized below:

(In millions)	January 1, 2021		January 3, 2020	
Contract assets	\$	2,437	\$	2,459
Contract liabilities, current		(1,198)		(1,214)
Contract liabilities, noncurrent ⁽¹⁾		(73)		(87)
Net contract assets	\$	1,166	\$	1,158

(1) The non-current portion of contract liabilities is included as a component of the “Other long-term liabilities” line item in our Consolidated Balance Sheet.

The components of contract assets are summarized below:

(In millions)	January 1, 2021		January 3, 2020	
Unbilled contract receivables, gross	\$	4,192	\$	3,690
Progress payments		(1,755)		(1,231)
	\$	2,437	\$	2,459

Impairment losses related to our contract assets were not material in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018. In fiscal 2020, we recognized \$961 million of revenue related to contract liabilities that were outstanding at January 3, 2020. In the two quarters ended January 3, 2020 and in fiscal 2019 and 2018, we recognized \$776 million, \$287

million and \$204 million, respectively, of revenue related to contract liabilities that were outstanding at the end of the respective prior fiscal year.

NOTE 8: INVENTORIES

Inventories are summarized below:

(In millions)	January 1, 2021	January 3, 2020
Finished products	\$ 136	\$ 216
Work in process	367	386
Raw materials and supplies	470	617
	<u>\$ 973</u>	<u>\$ 1,219</u>

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarized below:

(In millions)	January 1, 2021	January 3, 2020
Land	\$ 90	\$ 90
Software capitalized for internal use	417	287
Buildings	1,097	1,073
Machinery and equipment	2,265	2,194
	<u>3,869</u>	<u>3,644</u>
Less accumulated depreciation and amortization	(1,767)	(1,527)
	<u>\$ 2,102</u>	<u>\$ 2,117</u>

Depreciation and amortization expense related to property, plant and equipment was \$318 million, \$157 million, \$138 million and \$143 million in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively.

As discussed in more detail in *Note 11: Intangible Assets* in these Notes, in conjunction with, and in advance of, the tests of goodwill related to our Commercial Aviation Solutions reporting unit, we recorded a \$257 million non-cash impairment charge for long-lived assets, including a \$103 million impairment charge for property, plant and equipment, which is included in the "Impairment of goodwill and other assets" line item in our Consolidated Statement of Income for fiscal 2020.

NOTE 10: GOODWILL

As discussed in *Note 25: Business Segments* in these Notes, after the completion of the L3Harris Merger, we adjusted our segment reporting to reflect our new organizational structure effective June 29, 2019. Immediately before and after our goodwill assignments, we completed an assessment of any potential goodwill impairment under our former and new segment reporting structure and determined that no impairment existed.

The assignment of goodwill by business segment, and changes in the carrying amount of goodwill, by business segment, for fiscal 2020 and the two quarters ended January 3, 2020 were as follows:

(In millions)	Integrated Mission Systems	Space and Airborne Systems	Communication Systems	Aviation Systems	Total
Balance at June 28, 2019	\$ 64	\$ 3,737	\$ 927	\$ 612	\$ 5,340
Goodwill acquired	5,704	1,390	3,316	4,239	14,649
Currency translation adjustments	1	4	—	7	12
Balance at January 3, 2020	5,768	5,131	4,243	4,859	20,001
Goodwill decrease from divestitures ⁽¹⁾	—	(2)	(9)	(530)	(541)
Impairment of goodwill	—	(5)	—	(475)	(480)
Currency translation adjustments	(10)	(4)	1	(1)	(14)
Other (including adjustments to previously estimated fair value of assets acquired and liabilities assumed) ⁽²⁾	741	112	(82)	(861)	(90)
Balance at January 1, 2021	<u>\$ 6,499</u>	<u>\$ 5,232</u>	<u>\$ 4,153</u>	<u>\$ 2,992</u>	<u>\$ 18,876</u>

- (1) During fiscal 2020, we completed the divestiture of three businesses (airport security and automation business, Applied Kilovolts and Analytical Instrumentation business and EOTech business) and derecognized \$541 million of goodwill as part of determining the gain or loss on these divestitures. See *Note 3: Business Divestitures and Asset Sales* in these Notes for additional information.
- (2) See *Note 5: Business Combination* in these Notes for additional information regarding adjustments to previously estimated fair values of assets acquired and liabilities assumed.

Commercial Aviation Solutions Impairments. Indications of potential impairment of goodwill related to our Commercial Aviation Solutions reporting unit (which is part of our Aviation Systems segment) were present at April 3, 2020 due to COVID and its impact on global air traffic and customer operations, resulting in a decrease in fiscal 2020 outlook for the reporting unit, which we considered to be a triggering event requiring an interim impairment test. Consequently, in connection with the preparation of our financial statements for the quarter ended April 3, 2020, we performed a quantitative impairment test. To test for potential impairment of goodwill related to our Commercial Aviation Solutions reporting unit, we prepared an estimate of the fair value of the reporting unit based on a combination of market-based valuation techniques, utilizing quoted market prices and comparable publicly reported transactions, and projected discounted cash flows. Given the level of uncertainty in the outlook for the commercial aviation industry caused by the impact of COVID on global air traffic, our methodology for determining the fair value of the reporting unit placed the greatest weight on the expected fair value technique, and was dependent on our best estimates of future sales, operating costs and balance sheet metrics under a range of scenarios for future economic conditions. We assigned a probability to each scenario to calculate a set of probability-weighted projected cash flows, and an appropriate discount rate reflecting the risk in the projected cash flows was used to discount the expected cash flows to present value.

As adverse global economic and market conditions attributable to COVID, including projected declines and subsequent recovery in commercial air traffic and original equipment manufacturer production volumes, continued to develop during fiscal 2020, we continued to monitor for facts and circumstances that could negatively impact key valuation assumptions in determining the fair value of our Commercial Aviation Solutions reporting unit, including recent valuations, expectations regarding the timing of a return to pre-COVID commercial flight activity and the associated level of uncertainty, long-term revenue and profitability projections, discount rates and general industry, market and macroeconomic conditions. As a result, we determined indications of further impairment of assets related to our Commercial Aviation Solutions reporting unit existed as of July 3, 2020 and again as of early December 2020.

As a result of these impairment tests, we concluded that goodwill and other assets related to our Commercial Aviation Solutions reporting unit were impaired as of April 3, 2020, July 3, 2020 and January 1, 2021, and we recorded the following non-cash impairment charges:

- \$461 million (including \$34 million attributable to noncontrolling interests) for impairment of goodwill during fiscal 2020, including \$111 million recognized in the fourth quarter of fiscal 2020; and
- \$257 million for impairment of long-lived assets recognized during the fourth quarter of fiscal 2020, including \$113 million for identifiable intangibles assets, \$103 million for property, plant and equipment, \$31 million for ROU assets and \$10 million for marketable software.

These charges are included in the "Impairment of goodwill and other assets" line item in our Consolidated Statement of Income for fiscal 2020 and are primarily not deductible for tax purposes.

VSE Disposal Group Impairment. During the quarter ended July 3, 2020, we determined the criteria to be classified as held for sale were met with respect to the VSE disposal group within our Aviation Systems segment and assigned \$14 million of goodwill to the VSE disposal group on a relative fair value basis. In connection with the preparation of our financial statements for the quarter ended July 3, 2020, we concluded that goodwill related to the VSE disposal group was impaired and recorded a non-cash impairment charge \$14 million, which is included in the "Impairment of goodwill and other assets" line item in our Consolidated Statement of Income for fiscal 2020.

NOTE 11: INTANGIBLE ASSETS

The most significant identifiable intangible asset that is separately recognized for our business combinations is customer relationships. Our customer relationships are established through written customer contracts (revenue arrangements). The fair value for customer relationships is determined, as of the date of acquisition, based on estimates and judgments regarding expectations for the estimated future after-tax earnings and cash flows arising from the follow-on sales expected from the customer relationships over the estimated lives, including the probability of expected future contract renewals and sales, less a contributory assets charge, all of which is discounted to present value. We assess the recoverability of the carrying value of our finite-lived identifiable intangible assets whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. We assess the recoverability of the carrying value of indefinite-lived identifiable intangible assets annually, or under certain circumstances more frequently, such as when events and circumstances indicate there may be an impairment.

In conjunction with, and in advance of, the tests of goodwill related to our Commercial Aviation Solutions reporting unit, we also performed recoverability tests of the long-lived assets of our Commercial Aviation Solutions reporting unit, including identifiable intangible assets and property, plant and equipment. To test these long-lived assets for recoverability, we compared the estimated future cash flows (on an undiscounted basis) to be generated from the use and hypothetical eventual disposition of the asset group to its carrying value. As a result, we concluded that the long-lived assets of our Commercial Aviation Solutions reporting unit were impaired as of January 1, 2021 and we recorded a \$257 million non-cash impairment charge, including \$113 million for impairment of identifiable intangible assets in the fourth quarter of fiscal 2020, which is included in the "Impairment of goodwill and other assets" line item in our Consolidated Statement of Income for fiscal 2020.

Identifiable intangible assets are summarized below:

(In millions)	January 1, 2021			January 3, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount ⁽¹⁾	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 6,863	\$ 1,257	\$ 5,606	\$ 6,518	\$ 653	\$ 5,865
Developed technologies	653	261	392	768	183	585
Contract backlog	19	17	2	—	—	—
Trade names — divisions	129	45	84	165	35	130
Other	3	3	—	10	4	6
Total identifiable intangible assets subject to amortization	7,667	1,583	6,084	7,461	875	6,586
In-process research and development	21	—	21	69	—	69
Trade names — corporate	1,803	—	1,803	1,803	—	1,803
Total identifiable intangible assets	\$ 9,491	\$ 1,583	\$ 7,908	\$ 9,333	\$ 875	\$ 8,458

(1) During fiscal 2020, we completed the divestiture of three businesses and derecognized \$296 million of intangibles as part of the gain or loss on these divestitures. Additionally, in connection with a pending divestiture, we reclassified \$5 million of identifiable intangible assets to "Assets of disposal group held for sale" in our Consolidated Balance Sheet at January 1, 2021. See Note 3: Business Divestitures and Asset Sales in these Notes for additional information regarding divestitures.

Amortization expense for identifiable intangible assets was \$729 million and \$290 million in fiscal 2020 and the two quarters ended January 3, 2020, respectively, and primarily related to the L3Harris Merger and our acquisition of Exelis. Amortization expense for identifiable intangible assets was \$115 million and \$117 million in fiscal 2019 and 2018, respectively, and primarily related to our acquisition of Exelis.

Future estimated amortization expense for identifiable intangible assets is as follows:

	(In millions)
2021	\$ 669
2022	673
2023	663
2024	623
2025	573
Thereafter	2,883
Total	\$ 6,084

NOTE 12: ACCRUED WARRANTIES

Our liability for standard product warranties is included as a component of the “Other accrued items” and “Other long-term liabilities” line items in our Consolidated Balance Sheet. Changes in our liability for standard product warranties in fiscal 2020 and the two quarters ended January 3, 2020 were as follows:

(In millions)	January 1, 2021	January 3, 2020
Balance at the beginning of the period	\$ 112	\$ 25
Acquisitions during the period	—	83
Adjustments to previously estimated fair value of warranty liabilities assumed	19	—
Decrease from divestitures	(9)	—
Accruals for product warranties issued during the period	72	23
Settlements made during the period	(61)	(23)
Other, including foreign currency translation adjustments	—	4
Balance at the end of the period	\$ 133	\$ 112

NOTE 13: CREDIT ARRANGEMENTS

On June 28, 2019, we established a new \$2 billion, 5-year senior unsecured revolving credit facility (the “2019 Credit Facility”) by entering into a Revolving Credit Agreement (the “2019 Credit Agreement”) with a syndicate of lenders. The 2019 Credit Facility replaced our prior \$1 billion, 5-year senior unsecured revolving credit facility established under the Revolving Credit Agreement, dated as of June 26, 2018 (the “2018 Credit Agreement”). No loans or letters of credit under the 2018 Credit Agreement were outstanding at the time of, or were repaid in connection with, such termination, and we incurred no early termination penalties as a result of such termination.

The 2019 Credit Agreement provides for the extension of credit to us in the form of revolving loans, including swingline loans and letters of credit, at any time and from time to time during the term of the 2019 Credit Agreement, in an aggregate principal amount at any time outstanding not to exceed \$2 billion for both revolving loans and letters of credit, with a sub-limit of \$140 million for swingline loans and a sub-limit of \$350 million for letters of credit. Borrowings under the 2019 Credit Agreement may be denominated in U.S. Dollars, Euros, Sterling and any other currency acceptable to the administrative agent and the lenders, with a foreign currency sub-limit of \$400 million. The 2019 Credit Agreement includes a provision pursuant to which, from time to time, we may request that the lenders in their discretion increase the maximum amount of commitments under the 2019 Credit Agreement by an amount not to exceed \$1 billion. Only consenting lenders (including new lenders reasonably acceptable to the administrative agent) will participate in any increase. In no event will the maximum amount of credit extensions available under the 2019 Credit Agreement exceed \$3 billion. The proceeds of loans or letters of credit borrowings under the 2019 Credit Agreement are restricted from being used for hostile acquisitions (as defined in the 2019 Credit Agreement) or for any purpose in contravention of applicable laws. We are not otherwise restricted under the 2019 Credit Agreement from using the proceeds of loans or letters of credit borrowings under the 2019 Credit Agreement for working capital and other general corporate purposes or from using the 2019 Credit Facility to refinance existing debt and to repay maturing commercial paper issued by us from time to time. Subject to certain conditions stated in the 2019 Credit Agreement (including the absence of any default and the accuracy of certain representations and warranties), we may borrow, prepay and re-borrow amounts under the 2019 Credit Agreement at any time during the term of the 2019 Credit Agreement.

The 2019 Credit Agreement provides that we may designate wholly-owned subsidiaries organized in the United States, Canada or the United Kingdom (or such other jurisdictions as all lenders shall approve) as borrowers under the 2019 Credit Agreement. The obligations of any such subsidiary borrower shall be guaranteed by us.

The 2019 Credit Agreement provides that we may from time to time designate certain of our subsidiaries as unrestricted subsidiaries, which means certain of the representations and covenants in the 2019 Credit Agreement do not apply in respect of such subsidiaries.

At our election, borrowings under the 2019 Credit Agreement denominated in U.S. Dollars will bear interest either at (i) the eurocurrency rate for the applicable interest period plus an applicable margin, or (ii) the base rate plus an applicable margin. The eurocurrency rate for an interest period is the rate per annum equal to (a) the London interbank offered rate (“LIBOR”) for such interest period, divided by (b) a percentage equal to 1.00 minus the daily average eurocurrency reserve rate for such interest period. The applicable interest rate margin over the eurocurrency rate is currently equal to 1.250%, but may increase (to a maximum amount of 1.875%) or decrease (to a minimum amount of 1.125%) based on changes in the ratings of our senior unsecured long-term debt securities (“Senior Debt Ratings”). The base rate for any day is a rate per annum equal to the greatest of (i) the prime lending rate published in the Wall Street Journal, (ii) the Federal Reserve Bank of New York (“NYFRB”) Rate (“NYFRB Rate”) plus 0.500% (the NYFRB Rate is the greater of (a) the federal funds rate and (b) the overnight bank funding rate

published by the NYFRB), and (iii) the eurocurrency rate for a one month interest period (as defined in the 2019 Credit Agreement) plus 1.000%. The applicable interest rate margin over the base rate is initially equal to 0.375%, but may increase (to a maximum amount of 0.875%) or decrease (to a minimum amount of 0.125%) based on changes in our Senior Debt Ratings.

Borrowings under the 2019 Credit Agreement denominated in a currency other than U.S. Dollars will bear interest at the eurocurrency rate for the applicable interest period plus an applicable margin, as described above, plus, in some cases, additional costs. Letter of credit fees are also determined based on our Senior Debt Ratings.

In addition to interest payable on the principal amount of indebtedness outstanding from time to time under the 2019 Credit Agreement and letter of credit fees, we are required to pay a quarterly unused commitment fee, which shall accrue at an applicable rate per annum multiplied by the actual daily amount of the lenders' aggregate unused commitments under the 2019 Credit Agreement. The applicable rate per annum for the unused commitment fee is currently equal to 0.150%, but may increase (to a maximum amount of 0.300%) or decrease (to a minimum amount of 0.125%) based on changes in our Senior Debt Ratings.

The 2019 Credit Agreement contains certain representations and warranties for the benefit of the administrative agent and the lenders, including but not limited to representations relating to: due incorporation and good standing; due authorization of the 2019 Credit Agreement documentation; absence of any requirement for governmental or third party authorization for the due execution, delivery and performance of the 2019 Credit Agreement documentation; enforceability of the 2019 Credit Agreement documentation; accuracy of financial statements; no material adverse effect since June 29, 2018; absence of material undisclosed litigation as of June 28, 2019; compliance with the Employee Retirement Income Security Act of 1974 ("ERISA") and environmental, anti-money laundering, sanctions, anti-corruption and certain other laws; payment of taxes; and solvency.

The 2019 Credit Agreement contains certain affirmative covenants, including but not limited to covenants relating to: reporting obligations; maintenance of corporate existence and good standing; compliance with laws; maintenance of properties and insurance; payment of taxes; compliance with ERISA and environmental, anti-money laundering, sanctions, export controls, anti-corruption and certain other laws; maintenance of accurate books and records; and visitation and inspection by the administrative agent and the lenders. The 2019 Credit Agreement also contains certain negative covenants, including covenants: limiting certain liens on assets; limiting certain mergers, consolidations or sales of assets; limiting certain sale and leaseback transactions; limiting certain vendor financing investments; limiting certain investments in unrestricted subsidiaries; and limiting certain hedging arrangements. The 2019 Credit Agreement also requires that we not permit our ratio of consolidated total indebtedness (excluding defined benefit plan liabilities) to total capital, each as defined in the 2019 Credit Agreement, to be greater than 0.65:1.00. We were in compliance with the covenants in the 2019 Credit Agreement at January 1, 2021.

The 2019 Credit Agreement contains certain events of default, including: failure to make payments under the 2019 Credit Agreement; failure to perform or observe terms, covenants or agreements contained in the 2019 Credit Agreement; material inaccuracy of any representation or warranty under the 2019 Credit Agreement; payment default by us or certain of our subsidiaries under other indebtedness with a principal amount in excess of \$200 million or acceleration of or ability to accelerate such other indebtedness; occurrence of one or more final judgments or orders for the payment by us or certain of our subsidiaries of money in excess of \$200 million that remain unsatisfied; incurrence by us or certain of our subsidiaries of certain ERISA liability in excess of \$200 million; any bankruptcy or insolvency of L3Harris or any material subsidiary; invalidity of 2019 Credit Agreement documentation; or a change of control (as defined in the 2019 Credit Agreement) of L3Harris. If an event of default occurs, then the lenders may, among other things, terminate their commitments and declare all outstanding borrowings to be immediately due and payable together with accrued interest and fees.

All principal amounts borrowed or outstanding under the 2019 Credit Agreement are due on June 28, 2024, unless (i) the commitments are terminated earlier either at our request or if certain events of default described in the 2019 Credit Agreement occur or (ii) the maturity date is extended pursuant to provisions allowing us, from time to time after June 28, 2020, but at least 45 days prior to the scheduled maturity date then in effect, to request that the scheduled maturity date then in effect be extended by one calendar year (with no more than one such extension permitted in any calendar year and no more than two such extensions during the term of the 2019 Credit Agreement), subject to approval by lenders holding a majority of the commitments under the 2019 Credit Agreement and satisfaction of certain conditions stated in the 2019 Credit Agreement (including the absence of any default and the accuracy of certain representations and warranties); provided, however, that all revolving loans of those lenders declining to participate in the requested extension and whose commitments under the 2019 Credit Agreement have not been replaced pursuant to customary replacement rights in our favor shall remain due and payable in full, and all commitments under the 2019 Credit Agreement of such declining lenders shall terminate, on the maturity date in effect prior to the requested extension. At January 1, 2021, we had no borrowings outstanding under the 2019 Credit Facility.

NOTE 14: DEBT**Long-Term Debt**

Long-term debt is summarized below:

(In millions)	January 1, 2021	January 3, 2020
Variable-rate debt:		
Floating rate notes, due April 30, 2020	\$ —	\$ 250
Floating rate notes, due March 10, 2023	250	—
Total variable-rate debt	250	250
Fixed-rate debt:		
4.95% notes, due February 15, 2021	—	650
3.85% notes, due June 15, 2023	800	800
3.95% notes, due May 28, 2024	350	350
3.832% notes, due April 27, 2025	600	600
7.00% debentures, due January 15, 2026	100	100
3.85% notes, due December 15, 2026	550	550
6.35% debentures, due February 1, 2028	26	26
4.40% notes, due June 15, 2028	1,850	1,850
2.90% notes, due December 15, 2029	400	400
1.80% notes, due January 15, 2031	650	—
4.854% notes, due April 27, 2035	400	400
6.15% notes, due December 15, 2040	300	300
5.054% notes, due April 27, 2045	500	500
Other	56	49
Total fixed-rate debt	6,582	6,575
Total debt	6,832	6,825
Plus: unamortized bond premium	116	154
Less: unamortized discounts and issuance costs	(32)	(28)
Total debt, net	6,916	6,951
Less: current portion of long-term debt, net	(8)	(257)
Total long-term debt, net	\$ 6,908	\$ 6,694

The potential maturities of long-term debt, including the current portion, for the five years following the end of fiscal 2020 and, in total, thereafter are: \$8 million in fiscal 2021; \$6 million in fiscal 2022; \$1,056 million in fiscal 2023; \$353 million in fiscal 2024; \$602 million in fiscal 2025; and \$4,807 million thereafter.

Long-Term Debt Repaid in Fiscal 2020

Fixed-rate Debt. On December 14, 2020, we completed our optional redemption of the entire outstanding \$650 million aggregate principal amount of our 4.95% 2021 Notes (as defined below under “Debt Exchange”) for a redemption price of \$650 million as set forth in the 4.95% 2021 Notes. After adjusting for the carrying value of our unamortized premium, we recorded a \$2 million gain on the extinguishment of the 4.95% 2021 Notes, which is included as a component of the “Non-operating income” line item in our Consolidated Statement of Income for fiscal 2020.

Variable-rate Debt. During the second quarter of fiscal 2020, we repaid at maturity the entire outstanding \$250 million aggregate principal amount of our Floating Rate Notes due April 30, 2020.

Long-Term Debt Issued in Fiscal 2020

Fixed-rate Debt. On November 25, 2020, in order to fund the optional redemption of the 4.95% 2021 Notes as described above under “Long-Term Debt Repaid in Fiscal 2020”, we completed the issuance of \$650 million in aggregate principal amount of 1.80% notes due January 15, 2031 (the “1.80% 2031 Notes”). Interest on the 1.80% 2031 Notes is payable semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2021. At any time prior to October 15, 2030, we may redeem the 1.80% 2031 Notes, in whole or in part, at our option, at a “make-whole” redemption price equal to the greater of 100 percent of the principal amount of the 1.80% 2031 Notes or the sum of the present values of the remaining scheduled payments of the principal plus accrued interest (other than interest accruing to the date of redemption) on the notes being redeemed, discounted

to the redemption date on a semi-annual basis at the “Treasury Rate”, as defined in the 1.80% 2031 Notes, plus 15 basis points. We will pay accrued interest on the principal amount of notes being redeemed to, but not including, the redemption date. At any time on or after October 15, 2030, we may redeem the 1.80% 2031 Notes, in whole or in part, at our option, at a redemption price equal to 100 percent of the principal amount of the notes being redeemed, plus accrued interest on the principal amount of the notes being redeemed to, but not including, the redemption date. In addition, upon change of control combined with a below-investment-grade rating event, we may be required to make an offer to repurchase the 1.80% 2031 Notes at a price equal to 101 percent of the aggregate principal amount of the notes being repurchased, plus accrued interest on the notes being repurchased to, but not including, the date of repurchase. We incurred \$6 million of debt issuance costs related to the issuance of the 1.80% 2031 Notes, which are being amortized using the effective interest rate method over the life of the 1.80% 2031 Notes, and such amortization is included as a component of the “Interest expense” line item in our Consolidated Statement of Income.

Variable-rate Debt. During the first quarter of 2020, we completed the issuance and sale of \$250 million in aggregate principal amount of Floating Rate Notes due March 10, 2023 (the “Floating Rate Notes 2023”). The Floating Rate Notes 2023 bear interest at a floating rate, reset quarterly, equal to three-month LIBOR plus 0.75% per year. Interest on the Floating Rate Notes 2023 is payable quarterly in arrears on March 10, June 10, September 10 and December 10 of each year, commencing on June 10, 2020. The Floating Rate Notes 2023 are unsecured and unsubordinated and rank equally in right of payment with all other unsecured and unsubordinated indebtedness. The Floating Rate Notes 2023 are not redeemable at our option prior to maturity. Debt issuance costs related to the issuance of the Floating Rate Notes 2023 were not material. We used the net proceeds from the sale of the Floating Rate Notes 2023 to repay at maturity the aggregate principal amount of our Floating Rate Notes due April 30, 2020 as described above under “Long-Term Debt Repaid in Fiscal 2020”.

Debt Exchange

In connection with the L3Harris Merger, on July 2, 2019, we settled our previously announced debt exchange offers in which eligible holders of L3 senior notes (“L3 Notes”) could exchange such outstanding notes for (1) up to \$3.35 billion aggregate principal amount of new notes issued by L3Harris (“New L3Harris Notes”) and (2) one dollar in cash for each \$1,000 of principal amount. Each series of the New L3Harris Notes issued has an interest rate and maturity date that is identical to the L3 Notes.

(In millions)	Aggregate Principal Amount of L3 Notes (prior to debt exchange)	Aggregate Principal Amount of New L3Harris Notes Issued	Aggregate Principal Amount of Remaining L3 Notes
4.95% notes due February 15, 2021 (“4.95% 2021 Notes”)	\$ 650	\$ 501	\$ 149
3.85% notes due June 15, 2023 (“3.85% 2023 Notes”)	800	741	59
3.95% notes due May 28, 2024 (“3.95% 2024 Notes”)	350	326	24
3.85% notes due December 15, 2026 (“3.85% 2026 Notes”)	550	535	15
4.40% notes due June 15, 2028 (“4.40% 2028 Notes”)	1,000	918	82
Total	\$ 3,350	\$ 3,021	\$ 329

Following the settlement of the exchange offers, there was \$329 million of existing L3 Notes outstanding, which remained the senior unsecured obligations of L3.

On December 14, 2020, we redeemed the 4.95% 2021 Notes, as described above under “Long-Term Debt Repaid in Fiscal 2020.” Interest on the remaining New L3Harris Notes is payable semi-annually in arrears on June 15 and December 15, commencing on December 15, 2019, in the case of the 3.85% 2023 Notes, 3.85% 2026 Notes and 4.40% 2028 Notes; and on May 28 and November 28, commencing on November 28, 2019, in the case of the 3.95% 2024 Notes. The New L3Harris Notes are unsecured senior obligations and rank equally in right of payment with all other L3Harris senior unsecured debt.

The New L3Harris Notes are redeemable in whole or in part at any time or in part from time to time, at our option, until three months prior to the maturity date, in the case of the 3.95% 2024 Notes, 3.85% 2026 Notes and 4.40% 2028 Notes, and until one month prior to the maturity date, in the case of the 3.85% 2023 Notes, at a redemption price equal to the greater of 100 percent of the principal amount of the notes to be redeemed or the sum of the present values of the principal amount and the remaining scheduled payments of interest on the notes to be redeemed, discounted from the scheduled payment dates to the date of redemption at the “treasury rate” as defined in the note, plus 20 basis points, in the case of the 3.85% 2023 Notes and 3.95% 2024 Notes, or 25 basis points, in the case of the 3.85% 2026 Notes and 4.40% 2028 Notes, plus, in each case, accrued and unpaid interest due at the date of redemption.

On March 31, 2020, we commenced offers to eligible holders (“Exchange Offers”) to exchange any and all outstanding New L3Harris Notes issued by L3Harris as set forth in the table above (the “Original Notes”), which were previously issued pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), for an equal principal amount of new notes registered under the Securities Act (the “Exchange Notes”).

The Exchange Notes were offered to satisfy L3Harris' obligations under the registration rights agreement entered into as part of the issuance of the Original Notes, which occurred in exchange for the L3 Notes as described above.

The terms of the Exchange Notes issued in the Exchange Offers are substantially identical to the terms of the corresponding series of the Original Notes, except that the Exchange Notes are registered under the Securities Act and the transfer restrictions, registration rights and related special interest provisions applicable to the Original Notes do not apply to the Exchange Notes. Each series of Exchange Notes is part of the same corresponding series of the Original Notes and were issued under the same base indenture.

The Exchange Offers expired at 5:00p.m., New York City time, on May 1, 2020. On May 5, 2020, we settled the Exchange Offers and Issued Exchange Notes for validly tendered Original Notes for over 99.9 percent of the 4.95% 2021 Notes, 3.85% 2023 Notes, 3.95% 2024 Notes and 3.85% 2026 Notes and 98.9 percent of the 4.40% 2028 Notes.

Long-Term Debt Repaid in the Two Quarters Ended January 3, 2020

On December 16, 2019, we completed our optional redemption of the entire outstanding \$400 million aggregate principal amount of our 2.7% Notes due April 27, 2020 (the "2.7% 2020 Notes") at a "make-whole" redemption price as set forth in the 2.7% 2020 Notes. The "make-whole" redemption price for the 2.7% 2020 Notes was \$403 million, and after adjusting for the carrying value of our unamortized issuance costs, we recorded a \$2 million loss on the extinguishment of the 2.7% 2020 Notes in the two quarters ended January 3, 2020, which is included as a component of the "Non-operating income" line item in our Consolidated Statement of Income.

Long-Term Debt Issued in the Two Quarters Ended January 3, 2020

Fixed-rate Debt: On November 27, 2019, in order to fund our optional redemption of the 2.7% 2020 Notes as described above under "Long-Term Debt Repaid in the Two Quarters Ended January 3, 2020," we completed the issuance of \$400 million in aggregate principal amount of 2.90% notes due December 15, 2029 (the "2.90% 2029 Notes"). Interest on the 2.90% 2029 Notes is payable semi-annually in arrears on June 15 and December 15 of each year, commencing on June 15, 2020. At any time prior to September 15, 2029, we may redeem the 2.90% 2029 Notes, in whole or in part, at our option, at a "make-whole" redemption price equal to the greater of 100 percent of the principal amount of the 2.90% 2029 Notes or the sum of the present values of the remaining scheduled payments of the principal plus accrued interest (other than interest accruing to the date of redemption) on the notes being redeemed, discounted to the redemption date on a semi-annual basis at the "Treasury Rate", as defined in the 2.90% 2029 Notes, plus 20 basis points. We will pay accrued interest on the principal amount of notes being redeemed to, but not including, the redemption date. At any time on or after September 15, 2029, we may redeem the 2.90% 2029 Notes, in whole or in part, at our option, at a redemption price equal to 100 percent of the principal amount of the notes being redeemed, plus accrued interest on the principal amount of the notes being redeemed to, but not including, the redemption date. In addition, upon change of control combined with a below-investment-grade rating event, we may be required to make an offer to repurchase the 2.90% 2029 Notes at a price equal to 101 percent of the aggregate principal amount of the notes being repurchased, plus accrued interest on the notes being repurchased to, but not including, the date of repurchase. We incurred \$3 million of debt issuance costs related to the issuance of the 2.90% 2029 Notes, which are being amortized using the effective interest rate method over the life of the 2.90% 2029 Notes, and such amortization is included as a component of the "Interest expense" line item in our Consolidated Statement of Income.

Long-Term Debt Repaid in Fiscal 2019

During the third quarter of fiscal 2019, we repaid at maturity the entire outstanding \$300 million aggregate principal amount of our Floating Rate Notes due February 27, 2019.

Long-Term Debt Repaid in Fiscal 2018

On June 22, 2018, we completed our optional redemption of the entire outstanding \$400 million aggregate principal amount of our 4.40% notes due December 15, 2020 (the "4.40% 2020 Notes") and \$400 million aggregate principal amount of our 5.55% notes due October 1, 2021 (the "2021 Notes" and collectively with the 4.40% 2020 Notes, the "2018 Redeemed Notes") at a "make-whole" redemption price as set forth in the 2018 Redeemed Notes. The combined "make-whole" redemption price for the 2018 Redeemed Notes was \$844 million, and after adjusting for the carrying value of our bond premium, discounts and issuance costs, we recorded a combined \$22 million loss on the extinguishment of the 2018 Redeemed Notes in the fourth quarter of fiscal 2018, which is included as a component of the "Non-operating income (loss)" line item in our Consolidated Statement of Income.

During the fourth quarter of fiscal 2018, we also repaid at maturity the entire outstanding \$500 million aggregate principal amount of the 1.999% notes due April 27, 2018.

During the second quarter of fiscal 2018, we repaid in full the \$253 million in remaining outstanding indebtedness under the 5-year tranche of our \$1.3 billion senior unsecured term loan facility pursuant to our Term Loan Agreement, dated as of March 16, 2015, and recognized a \$1 million extinguishment loss, which is included as a component of the "Non-operating income (loss)" line item in our Consolidated Statement of Income, as a result of associated unamortized debt issuance costs. During the fourth quarter of fiscal 2018, we also repaid in full the \$36 million in remaining indebtedness under the 3-year tranche (for a total

of \$305 million in term loan indebtedness repaid during fiscal 2018), and as a result, our \$1.3 billion senior unsecured term loan facility pursuant to our Term Loan Agreement, dated as of March 16, 2015, was terminated.

Long-Term Debt Issued in Fiscal 2018

On June 4, 2018, in order to fund our optional redemption of the 2018 Redeemed Notes as described above under “Long-Term Debt Repaid in Fiscal 2018,” we completed the issuance of \$850 million in aggregate principal amount of 4.40% notes due June 15, 2028 (the “New 2028 Notes”). Interest on the New 2028 Notes is payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2018. At any time prior to March 15, 2028, we may redeem the New 2028 Notes, in whole or in part, at our option, at a “make-whole” redemption price equal to the greater of 100 percent of the principal amount of the New 2028 Notes or the sum of the present values of the remaining scheduled payments of the principal and interest (other than interest accruing to the date of redemption) on the notes being redeemed, discounted to the redemption date on a semi-annual basis at the “Treasury Rate”, as defined in the New 2028 Notes, plus 25 basis points. We will pay accrued interest on the principal amount of notes being redeemed to, but not including, the redemption date. At any time on or after March 15, 2028, we may redeem the New 2028 Notes, in whole or in part, at our option, at a redemption price equal to 100 percent of the principal amount of the notes being redeemed, plus accrued interest on the principal amount of the notes being redeemed to, but not including, the redemption date. In addition, upon change of control combined with a below-investment-grade rating event, we may be required to make an offer to repurchase the New 2028 Notes at a price equal to 101 percent of the aggregate principal amount of the notes being repurchased, plus accrued interest on the notes being repurchased to, but not including, the date of repurchase. We incurred \$8 million of debt issuance costs related to the issuance of the New 2028 Notes, which are being amortized using the effective interest rate method over the life of the New 2028 Notes, and such amortization is included as a component of the “Interest expense” line item in our Consolidated Statement of Income.

Long-Term Debt Issued Prior to Fiscal 2018 that Remained Outstanding at January 1, 2021

On April 27, 2015, in connection with the then-pending acquisition of Exelis, to fund a portion of the cash consideration and other amounts payable under the terms of the merger agreement and to redeem certain of our existing notes, we issued long-term fixed-rate debt securities in the aggregate amount of \$2.4 billion. The principal amounts, interest rates and maturity dates of these securities that remained outstanding at January 1, 2021 were as follows:

- \$600 million in aggregate principal amount of 3.832% notes due April 27, 2025 (the “2025 Notes”),
- \$400 million in aggregate principal amount of 4.854% notes due April 27, 2035 (the “2035 Notes”), and
- \$500 million in aggregate principal amount of 5.054% notes due April 27, 2045 (the “2045 Notes” and collectively with the 2025 Notes and 2035 Notes, the “Exelis Notes”).

Interest on each series of the Exelis Notes is payable semi-annually in arrears on April 27 and October 27 of each year, commencing October 27, 2015. The Exelis Notes are redeemable at our option up to one month prior to the scheduled maturity date at a price equal to the greater of 100 percent of the principal amount of the notes being redeemed or the sum of the present values of the remaining scheduled payments, plus accrued interest, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, as defined, plus (i) 30 basis points in the case of the 2025 Notes, (ii) 35 basis points in the case of the 2035 Notes, and (iii) 40 basis points in the case of the 2045 Notes. In addition, upon a change of control combined with a below-investment-grade rating event, we may be required to make an offer to repurchase the Exelis Notes at a price equal to 101 percent of the aggregate principal amount of the notes being repurchased, plus accrued interest on the notes being repurchased to, excluding the date of repurchase.

On December 3, 2010, we completed the issuance of \$300 million in aggregate principal amount of 6.150% notes due December 15, 2040 (the “2040 Notes”). The 2040 Notes are redeemable at our option at a price equal to the greater of 100 percent of the principal amount of the notes being redeemed or the sum of the present values of the remaining scheduled payments, plus accrued interest, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, as defined, plus 35 basis points. In addition, upon a change of control combined with a below-investment-grade rating event, we may be required to make an offer to repurchase the notes at a price equal to 101 percent of the aggregate principal amount of the notes being repurchased, plus accrued interest on the notes being repurchased to, but not including, the date of repurchase.

In January 1996, we completed the issuance of \$100 million in aggregate principal amount of 7.00% debentures due January 15, 2026. The debentures are not redeemable prior to maturity.

In February 1998, we completed the issuance of \$150 million in aggregate principal amount of 6.35% debentures due February 1, 2028. On December 5, 2007, we repurchased and retired \$25 million in aggregate principal amount of the debentures. On February 1, 2008, we redeemed \$99 million in aggregate principal amount of the debentures pursuant to the procedures for redemption at the option of the holders of the debentures. We may redeem the remaining \$26 million in aggregate principal amount of the debentures in whole, or in part, at any time at a pre-determined redemption price.

The following table presents the carrying amounts and estimated fair values of our long-term debt:

(In millions)	January 1, 2021		January 3, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt (including current portion) ⁽¹⁾	\$ 6,916	\$ 7,948	\$ 6,951	\$ 7,536

(1) The fair value was estimated using a market approach based on quoted market prices for our debt traded in the secondary market. If our long-term debt in our balance sheet were measured at fair value, it would be categorized in Level 2 of the fair value hierarchy.

Short-Term Debt

Our short-term debt at January 1, 2021 and January 3, 2020 was \$2 million and \$3 million, respectively. Interest expense incurred on our short-term debt was not material in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018.

Interest Paid

Total interest paid was \$313 million, \$144 million, \$170 million and \$175 million in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively.

NOTE 15: PENSION AND OTHER POSTRETIREMENT BENEFITS

Defined Contribution Plan

As of January 1, 2021, we sponsor numerous defined contribution savings plans, which allow our eligible employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. The plans include several match contribution formulas which requires us to match a percentage of the employee contributions up to certain limits, generally totaling between 2.0% to 6.0% of employee eligible pay. Matching contributions, net of forfeitures, charged to expense were \$225 million, \$105 million, \$85 million and \$83 million in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively.

Deferred Compensation Plan

We also sponsor the L3Harris Excess Retirement Savings Plan (as amended and restated effective January 1, 2020), which is a nonqualified deferred compensation arrangement for highly compensated employees (within the meaning of section 201(2) of ERISA). The plan obligations are funded by investments held in a Rabbi Trust.

The following table provides the fair value of our deferred compensation plan investments and liabilities by category and by fair value hierarchy level:

(In millions)	January 1, 2021		January 3, 2020	
	Total	Level 1	Total	Level 1
Assets				
Deferred compensation plan assets: ⁽¹⁾				
Equity and fixed income securities	\$ 67	\$ 67	\$ 58	\$ 58
Investments measured at NAV:				
Corporate-owned life insurance	31		29	
Total fair value of deferred compensation plan assets	<u>\$ 98</u>		<u>\$ 87</u>	
Liabilities				
Deferred compensation plan liabilities: ⁽²⁾				
Equity securities and mutual funds	\$ 4	\$ 4	\$ 2	\$ 2
Investments measured at NAV:				
Common/collective trusts and guaranteed investment contracts	116		69	
Total fair value of deferred compensation plan liabilities	<u>\$ 120</u>		<u>\$ 71</u>	

(1) Represents diversified assets held in a "rabbi trust" associated with our non-qualified deferred compensation plans, which we include in the "Other current assets" and "Other non-current assets" line items in our Consolidated Balance Sheet, and which are measured at fair value.

(2) Primarily represents obligations to pay benefits under certain non-qualified deferred compensation plans, which we include in the "Compensation and benefits" and "Other long-term liabilities" line items in our Consolidated Balance Sheet. Under these plans, participants designate investment options (including stock and fixed-income funds), which serve as the basis for measurement of the notional value of their accounts.

Defined Benefit Plans

We sponsor numerous defined benefit pension plans for eligible employees. Benefits for most participants under the terms of these plans are based on the employee's years of service and compensation. We fund these plans as required by statutory regulations and through voluntary contributions. Some of our employees also participate in other postretirement defined benefit plans such as health care and life insurance plans.

Our Salaried Pension Plan ("SPP") is our largest defined benefit pension plan, with assets valued at \$7.9 billion and a projected benefit obligation of \$9.4 billion as of January 1, 2021. Effective December 31, 2020, several U.S. defined benefit pension plans that we sponsor were merged into the SPP.

Balance Sheet Information

Amounts recognized in our Consolidated Balance Sheet for defined benefit pension plans and other postretirement defined benefit plans (collectively, "defined benefit plans") reflect the funded status of our plans. The following table provides a summary of the funded status of our defined benefit plans and the presentation of such balances within our Consolidated Balance Sheet:

(In millions)	January 1, 2021			January 3, 2020		
	Pension	Other Benefits	Total	Pension	Other Benefits	Total
Fair value of plan assets	\$ 9,301	\$ 299	\$ 9,600	\$ 8,618	\$ 274	\$ 8,892
Projected benefit obligation	(11,045)	(387)	(11,432)	(10,268)	(369)	(10,637)
Funded status	<u>\$ (1,744)</u>	<u>\$ (88)</u>	<u>\$ (1,832)</u>	<u>\$ (1,650)</u>	<u>\$ (95)</u>	<u>\$ (1,745)</u>
<i>Consolidated Balance Sheet line item amounts:</i>						
Other non-current assets	\$ 88	\$ 8	\$ 96	\$ 91	\$ 1	\$ 92
Compensation and benefits	(10)	(8)	(18)	(10)	(8)	(18)
Liabilities of disposal group held for sale	(4)	—	(4)	—	—	—
Defined benefit plans	(1,818)	(88)	(1,906)	(1,731)	(88)	(1,819)

A portion of our projected benefit obligation includes amounts that have not yet been recognized as expense (or reductions of expense) in our results of operations. Such amounts are recorded within accumulated other comprehensive loss until they are amortized as a component of net periodic benefit cost. The following table provides a summary of pre-tax amounts recorded within accumulated other comprehensive loss:

(In millions)	January 1, 2021			January 3, 2020		
	Pension	Other Benefits	Total	Pension	Other Benefits	Total
Net actuarial loss (gain)	\$ 1,215	\$ (28)	\$ 1,187	\$ 819	\$ (34)	\$ 785
Net prior service (credit) cost	(253)	7	(246)	(282)	(1)	(283)
	<u>\$ 962</u>	<u>\$ (21)</u>	<u>\$ 941</u>	<u>\$ 537</u>	<u>\$ (35)</u>	<u>\$ 502</u>

The following table provides a roll-forward of the projected benefit obligations for our defined benefit plans:

(In millions)	January 1, 2021			January 3, 2020		
	Pension	Other Benefits	Total	Pension	Other Benefits	Total
Change in benefit obligation						
Benefit obligation at beginning of fiscal year	\$ 10,268	\$ 369	\$ 10,637	\$ 6,123	\$ 221	\$ 6,344
Benefit obligation assumed in L3Harris Merger	—	—	—	4,474	156	4,630
Service cost	65	2	67	42	1	43
Interest cost	273	10	283	149	5	154
Actuarial loss	1,035	24	1,059	301	7	308
Amendments	1	8	9	(292)	—	(292)
Benefits paid	(569)	(26)	(595)	(342)	(21)	(363)
Settlements	—	—	—	(5)	—	(5)
Special termination benefits	1	—	1	—	—	—
Expenses paid	(42)	—	(42)	(43)	—	(43)
Curtailments	—	—	—	(35)	—	(35)
Foreign currency exchange rate changes	11	—	11	3	—	3
Plan participants' contributions	2	—	2	1	—	1
Divestiture	—	—	—	(108)	—	(108)
Benefit obligation at end of fiscal year	<u>\$ 11,045</u>	<u>\$ 387</u>	<u>\$ 11,432</u>	<u>\$ 10,268</u>	<u>\$ 369</u>	<u>\$ 10,637</u>

Actuarial losses in the projected benefit obligation as of January 1, 2021 and January 3, 2020 were primarily the result of the decrease in the discount rate. Other sources of gains and losses such as plan experience, updated census data, mortality updates and minor adjustments to actuarial assumptions generated combined gains and losses of less than 1% of expected year end obligations.

The following table provides a roll-forward of the assets and the ending funded status of our defined benefit plans:

(In millions)	January 1, 2021			January 3, 2020		
	Pension	Other Benefits	Total	Pension	Other Benefits	Total
Change in plan assets						
Plan assets at beginning of fiscal year	\$ 8,618	\$ 274	\$ 8,892	\$ 4,958	\$ 201	\$ 5,159
Plan assets acquired in L3Harris Merger	—	—	—	3,183	68	3,251
Actual return on plan assets	1,263	40	1,303	548	18	566
Employer contributions	20	11	31	406	8	414
Benefits paid	(569)	(26)	(595)	(342)	(21)	(363)
Settlements	—	—	—	(5)	—	(5)
Expenses paid	(42)	—	(42)	(43)	—	(43)
Foreign currency exchange rate changes	9	—	9	4	—	4
Plan participants' contributions	2	—	2	1	—	1
Divestiture	—	—	—	(92)	—	(92)
Plan assets at end of fiscal year	<u>\$ 9,301</u>	<u>\$ 299</u>	<u>\$ 9,600</u>	<u>\$ 8,618</u>	<u>\$ 274</u>	<u>\$ 8,892</u>
Funded status at end of fiscal year	<u>\$ (1,744)</u>	<u>\$ (88)</u>	<u>\$ (1,832)</u>	<u>\$ (1,650)</u>	<u>\$ (95)</u>	<u>\$ (1,745)</u>

The accumulated benefit obligation for all defined benefit pension plans was \$11.0 billion at January 1, 2021. The following tables provide information for benefit plans with accumulated benefit obligations in excess of plan assets and benefit plans with projected benefit obligations in excess of plan assets:

(In millions)	January 1, 2021		January 3, 2020	
	Pension	Other Benefits	Pension	Other Benefits
Accumulated benefit obligation	\$ 10,469	N/A	\$ 9,656	N/A
Fair value of plan assets	8,658	N/A	7,931	N/A

(In millions)	January 1, 2021		January 3, 2020	
	Pension	Other Benefits	Pension	Other Benefits
Projected benefit obligation	\$ 10,522	\$ 181	\$ 9,700	\$ 322
Fair value of plan assets	8,689	\$ 85	7,959	224

Income Statement Information

The following table provides the components of net periodic benefit income and other amounts recognized in other comprehensive income in fiscal 2020, the two quarters ended January 3, 2020, and in fiscal 2019 and 2018 as they pertain to our defined benefit plans:

(In millions)	Pension			
	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Net periodic benefit income				
Service cost	\$ 65	\$ 42	\$ 36	\$ 39
Interest cost	273	149	209	195
Expected return on plan assets	(630)	(314)	(382)	(369)
Amortization of net actuarial loss	10	1	—	—
Amortization of prior service credit	(28)	(5)	—	—
Cost for special termination benefits	1	—	—	—
Effect of curtailments or settlements ⁽¹⁾	—	(18)	1	—
Net periodic benefit income	\$ (309)	\$ (145)	\$ (136)	\$ (135)
Other changes in plan assets and benefit obligations recognized in other comprehensive loss				
Net actuarial loss (gain)	\$ 403	\$ 55	\$ 625	\$ (106)
Prior service cost (credit)	1	(292)	3	2
Amortization of net actuarial loss	(10)	(5)	—	—
Amortization of prior service credit (cost)	28	5	(1)	—
Currency translation adjustment	2	—	—	—
Recognized net loss due to divestiture	—	(13)	—	—
Total change recognized in other comprehensive loss	424	(250)	627	(104)
Total impact from net periodic benefit cost and changes in other comprehensive loss	\$ 115	\$ (395)	\$ 491	\$ (239)

(1) Effective January 1, 2020, for certain acquired L3 U.S. defined benefit pension plans, benefit accruals were frozen and replaced with a 1% cash balance benefit formula for certain employees who were not considered highly compensated on December 31, 2018. During the two quarters ended January 3, 2020, we recognized a \$23 million curtailment gain as a result of this change, and a \$5 million settlement loss resulting from the payout of the liabilities of a non-qualified benefit plan due to the change in control provisions.

(In millions)	Other Benefits			
	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Net periodic benefit income				
Service cost	\$ 2	\$ 1	\$ —	\$ 1
Interest cost	10	5	8	7
Expected return on plan assets	(21)	(10)	(16)	(16)
Amortization of net actuarial gain	(3)	(3)	(6)	(1)
Net periodic benefit income	\$ (12)	\$ (7)	\$ (14)	\$ (9)
Other changes in plan assets and benefit obligations recognized in other comprehensive loss				
Net actuarial loss (gain)	\$ 4	\$ (1)	\$ 4	\$ (20)
Prior service cost	8	—	—	—
Amortization of net actuarial gain	3	3	6	1
Total change recognized in other comprehensive loss	15	2	10	(19)
Total impact from net periodic benefit cost and changes in other comprehensive loss	\$ 3	\$ (5)	\$ (4)	\$ (28)

Defined Benefit Plan Assumptions

The determination of the assumptions related to defined benefit plans are based on the provisions of the applicable accounting pronouncements, review of various market data and discussions with our actuaries. We develop each assumption using relevant Company experience in conjunction with market-related data. Assumptions are reviewed annually and adjusted as appropriate.

The following tables provide the weighted-average assumptions used to determine projected benefit obligations and net periodic benefit cost, as they pertain to our defined benefit pension plans:

Obligation assumptions as of:	January 1, 2021	January 3, 2020
Discount rate	2.31 %	3.14 %
Rate of future compensation increase	3.01 %	2.80 %
Cash balance interest crediting rate	3.50 %	3.50 %

Cost assumptions for fiscal periods ended:	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Discount rate to determine service cost	2.87 %	3.11 %	3.89 %	3.48 %
Discount rate to determine interest cost	2.74 %	2.94 %	3.75 %	3.28 %
Expected return on plan assets	7.68 %	7.68 %	7.66 %	7.66 %
Rate of future compensation increase	2.80 %	2.97 %	2.76 %	2.76 %
Cash balance interest crediting rate	3.50 %	3.50 %	3.50 %	3.50 %

Key assumptions for the SPP (our largest defined benefit pension plan with 85% of the total projected benefit obligation) included a discount rate for obligation assumptions of 2.32%, a cash balance interest crediting rate of 3.50% and expected return on plan assets of 7.75% for fiscal 2020, which is being reduced to 7.50% for fiscal 2021. There is also a frozen pension equity benefit that assumes a 3.25% interest crediting rate.

The following table provides the weighted-average assumptions used to determine projected benefit obligations and net periodic benefit cost, as they pertain to our other postretirement defined benefit plans:

Obligation assumptions as of:	January 1, 2021	January 3, 2020		
Discount rate	2.10 %	2.97 %		
Rate of future compensation increase	N/A	N/A		
Cost assumptions for fiscal periods ended:				
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Discount rate to determine service cost	3.25 %	3.47 %	4.14 %	3.62 %
Discount rate to determine interest cost	2.55 %	2.74 %	3.62 %	3.04 %
Rate of future compensation increase	N/A	N/A	N/A	N/A

The expected long-term rate of return on plan assets reflects the expected returns for each major asset class in which the plans invest, the weight of each asset class in the strategic allocation, the correlations among asset classes and their expected volatilities. Our expected rate of return on plan assets is estimated by evaluating both historical returns and estimates of future returns. Specifically, the determination of the expected long-term rate of return takes into consideration: (1) the plan's actual historical annual return on assets over the past 15-, 20- and 25-year time periods, (2) historical broad market returns over long-term timeframes weighted by the plan's strategic allocation, and (3) independent estimates of future long-term asset class returns, weighted by the plan's strategic allocation. Based on this approach, the long-term expected annual rate of return on assets is estimated at 7.50% for fiscal 2021 for the U.S. defined benefit pension plans. The weighted average long-term expected annual rate of return on assets for all defined benefit pension plans is estimated to be 7.43% for fiscal 2021. In fiscal 2020, we adopted updated mortality tables, which resulted in a decrease in the defined benefit plans' projected benefit obligation as of January 1, 2021 and estimated net periodic benefit cost beginning with fiscal 2021.

The assumed composite rate of future increases in the per capita healthcare costs (the healthcare trend rate) was 6.50% for fiscal 2021, decreasing ratably to 4.70% by fiscal 2030. To the extent that actual experience differs from these assumptions, the effect will be accumulated and generally amortized for each plan to the extent required over the estimated future life expectancy or, if applicable, the future working lifetime of the plan's active participants.

Investment Policy

The investment strategy for managing defined benefit plan assets is to seek an optimal rate of return relative to an appropriate level of risk. We manage substantially all defined benefit plan assets on a commingled basis in a master investment trust. In making these asset allocation decisions, we take into account recent and expected returns and volatility of returns for each asset class, the expected correlation of returns among the different investments, as well as anticipated funding and cash flows. To enhance returns and mitigate risk, we diversify our investments by strategy, asset class, geography and sector and engage a large number of managers to gain broad exposure to the markets.

The following table provides the current strategic target asset allocation ranges by asset category:

	Target Asset Allocation		
Equity investments	40 %	—	60%
Fixed income investments	25 %	—	35%
Alternative investments	10 %	—	25%
Cash and cash equivalents	0 %	—	10%

Fair Value of Plan Assets

The following is a description of the valuation techniques and inputs used to measure fair value for major categories of investments as reflected in the table that follows such description:

- Domestic and international equities, which include common and preferred shares, domestic listed and foreign listed equity securities, open-ended and closed-ended mutual funds, real estate investment trusts and exchange traded funds, are generally valued at the closing price reported on the major market exchanges on which the individual securities are traded at the measurement date. Because these assets are traded predominantly on liquid, widely traded public exchanges, equity securities are categorized as Level 1 assets.
- Private equity funds, which include buy-out, mezzanine, venture capital, distressed asset and secondary funds, are typically limited partnership investment structures. Private equity funds are valued using a market approach based on NAV calculated by the funds and are not publicly available. Private equity funds generally have liquidity restrictions that extend for ten or more years. At January 1, 2021 and January 3, 2020, our defined benefit plans had future unfunded commitments totaling \$518 million and \$325 million, respectively, related to private equity fund investments.

- Hedge funds, which include equity long/short, event-driven, fixed-income arbitrage and global macro strategies, are typically limited partnership investment structures. Limited partnership interests in hedge funds are valued using a market approach based on NAV calculated by the funds and are not publicly available. Hedge funds generally permit redemption on a quarterly or more frequent basis with 90 or fewer days-notice. At each of January 1, 2021 and January 3, 2020, our defined benefit plans had no future unfunded commitments related to hedge fund investments.
- Fixed income investments, which include U.S. Government securities, investment and non-investment grade corporate bonds and securitized bonds are generally valued using pricing models that use verifiable, observable market data such as interest rates, benchmark yield curves and credit spreads, bids provided by brokers or dealers, or quoted prices of securities with similar characteristics. Fixed income investments are generally categorized as Level 2 assets. Fixed income funds valued at the closing price reported on the major market exchanges on which the individual fund is traded are categorized as Level 1 assets.
- Other is comprised of guaranteed insurance contracts valued at book value, which approximates fair value, calculated using the prior-year balance adjusted for investment returns and changes in cash flows and corporate owned life insurance policies valued at the accumulated benefit.
- Cash and cash equivalents are primarily comprised of short-term money market funds valued at cost, which approximates fair value, or valued at quoted market prices of identical instruments. Cash and currency are categorized as Level 1 assets; cash equivalents, such as money market funds or short-term commingled funds, are categorized as Level 2 assets.
- Certain investments that are valued using the NAV per share (or its equivalent) as a practical expedient are not categorized in the fair value hierarchy and are included in the table to permit reconciliation of the fair value hierarchy to the aggregate postretirement benefit plan assets.

The following tables provide the fair value of plan assets held by our defined benefit plans by asset category and by fair value hierarchy level:

(In millions)	January 1, 2021			
	Total	Level 1	Level 2	Level 3
Asset Category				
Equities:				
Domestic equities	\$ 1,513	\$ 1,513	\$ —	\$ —
International equities	1,280	1,280	—	—
Real Estate Investment Trusts	197	197	—	—
Fixed income:				
Corporate bonds	1,447	—	1,422	25
Government securities	485	—	485	—
Securitized assets	150	—	150	—
Fixed income funds	119	119	—	—
Other	2	—	—	2
Cash and cash equivalents	202	20	182	—
Total	5,395	\$ 3,129	\$ 2,239	\$ 27
Investments Measured at NAV				
Equity funds	3,088			
Fixed income funds	532			
Hedge funds	321			
Private equity funds	312			
Other	1			
Total Investments Measured at NAV	4,254			
Payables, net	(49)			
Total fair value of plan assets	\$ 9,600			

(In millions)	January 3, 2020			
	Total	Level 1	Level 2	Level 3
Asset Category				
Equities:				
Domestic equities	\$ 2,968	\$ 2,968	\$ —	\$ —
International equities	1,217	1,217	—	—
Real Estate Investment Trusts	211	211	—	—
Fixed income:				
Corporate bonds	1,176	—	1,159	17
Government securities	489	—	489	—
Securitized assets	131	—	131	—
Fixed income funds	101	101	—	—
Other	2	—	—	2
Cash and cash equivalents	691	17	674	—
Total	6,986	\$ 4,514	\$ 2,453	\$ 19
Investments Measured at NAV				
Equity funds	933			
Fixed income funds	323			
Hedge funds	342			
Private equity funds	302			
Other	1			
Total Investments Measured at NAV	1,901			
Receivables, net	5			
Total fair value of plan assets	\$ 8,892			

Contributions

Funding requirements under Internal Revenue Service (“IRS”) rules are a major consideration in making contributions to our postretirement benefit plans. With respect to U.S. qualified pension plans, we intend to contribute annually not less than the required minimum funding thresholds.

The Highway and Transportation Funding Act of 2014 and the Bipartisan Budget Act of 2015 (“BBA 2015”) further extended the interest rate stabilization provision of MAP-21 until 2020. We made a \$302 million voluntary contribution to our U.S. qualified defined benefit pension plans during the two quarters ended January 3, 2020. As a result of this voluntary contribution, as well as \$300 million and \$400 million of voluntary contributions in fiscal 2018 and 2017, respectively, we made no material contributions to our U.S. qualified defined benefit pension plans during fiscal 2020 or 2019. Furthermore, we are not required to make any contributions to our U.S. qualified defined benefit pension plans in fiscal 2021.

Estimated Future Benefit Payments

The following table provides the projected timing of payments for benefits earned to date and benefits expected to be earned for future service by current active employees under our defined benefit plans.

(In millions)	Pension	Other Benefits ⁽¹⁾	Total
Fiscal Years:			
2021	\$ 581	\$ 31	\$ 612
2022	584	30	614
2023	585	29	614
2024	585	28	613
2025	583	26	609
2026 — 2030	2,872	111	2,983

(1) Projected payments for Other Benefits reflect net payments from the Company, which include subsidies that reduce the gross payments by less than 10 percent.

Multi-employer Benefit Plans

Certain of our businesses acquired in connection with the L3Harris Merger participate in multi-employer defined benefit pension plans. We make cash contributions to these plans under the terms of collective-bargaining agreements that cover union

employees based on a fixed rate per hour of service worked by the covered employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and (3) if we choose to stop participating in some of our multi-employer plans, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Cash contributed and expenses recorded for our multi-employer plans were not material in fiscal 2020 or in the two quarters ended January 3, 2020.

See Note 5: *Business Combination* in these Notes for information regarding postretirement benefit plan liabilities assumed in connection with the L3Harris Merger.

NOTE 16: STOCK OPTIONS AND OTHER SHARE-BASED COMPENSATION

At January 1, 2021, we had options or other share-based compensation outstanding under two Harris shareholder-approved employee stock incentive plans (“SIPs”), the Harris Corporation 2005 Equity Incentive Plan (As Amended and Restated Effective August 27, 2010) and the L3Harris Technologies, Inc. 2015 Equity Incentive Plan (As Amended and Restated Effective August 28, 2020) (the “2015 EIP”), as well as under employee stock incentive plans of L3 assumed by L3Harris (collectively, “L3Harris SIPs”). We believe that share-based awards more closely align the interests of participants with those of shareholders.

Harris equity awards granted prior to October 12, 2018, in accordance with the terms and conditions that were applicable to such awards prior to the L3Harris Merger, generally automatically vested upon closing of the L3Harris Merger and settled in L3Harris Common Stock, except stock options which automatically vested and remained outstanding. Harris equity awards granted on or after October 12, 2018 did not automatically vest upon closing of the L3Harris Merger, and instead remained outstanding as an award with respect to L3Harris common stock in accordance with the terms that were applicable to such award prior to the L3Harris Merger.

L3’s equity awards granted prior to October 12, 2018, in accordance with the terms and conditions that were applicable to such awards prior to the L3Harris Merger, generally automatically vested upon closing of the L3Harris Merger and settled in L3Harris common stock (except stock options automatically converted into stock options with respect to L3Harris common stock and remained outstanding), in each case, after giving effect to the Exchange Ratio and appropriate adjustments to reflect the consummation of the L3Harris Merger and the terms and conditions applicable to such awards prior to the L3Harris Merger. Any L3 restricted stock unit or L3 restricted stock award granted on or after October 12, 2018 was converted into a corresponding award with respect to L3Harris common stock, with the number of shares underlying such award adjusted based on the Exchange Ratio, and remained outstanding in accordance with the terms that were applicable to such award prior to the L3Harris Merger. Pursuant to the Merger Agreement, L3Harris assumed the converted L3 equity awards.

Summary of Share-Based Compensation Expense

The following table summarizes the amounts and classification of share-based compensation expense:

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020 ⁽¹⁾	June 28, 2019	June 29, 2018
Total expense	\$ 94	\$ 125	\$ 58	\$ 51
Included in:				
Cost of product sales and services	\$ 11	\$ 5	\$ 12	\$ 8
Engineering, selling and administrative expenses	83	120	46	43
Income from continuing operations	94	125	58	51
Tax effect on share-based compensation expense	(24)	(31)	(14)	(16)
Total share-based compensation expense after-tax	\$ 70	\$ 94	\$ 44	\$ 35

(1) Includes acceleration expense recognized in connection with the L3Harris Merger.

Compensation cost related to share-based compensation arrangements that was capitalized as part of inventory or fixed assets was not material in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018.

As of January 1, 2021, a total of 19.4 million shares of common stock remained available under our 2015 EIP for future issuance (excluding shares to be issued in respect of outstanding options and other share-based awards, and with each full-value award (e.g., restricted stock and restricted stock unit awards and performance share and performance share unit awards) counting as 4.6 shares against the total remaining for future issuance). During fiscal 2020, we issued an aggregate of 803 thousand shares of common stock under the terms of our L3Harris SIPs, which is net of shares withheld for tax purposes.

Stock Options

The following information relates to stock options, including performance stock options, that have been granted under shareholder-approved L3Harris SIPs. Option exercise prices are equal to or greater than the fair market value of our common stock on the date the options are granted, using the closing stock price of our common stock. Options may be exercised for a period of ten years after the date of grant, and options, other than performance stock options, generally become exercisable in installments, which are typically 33.3 percent one year from the grant date, 33.3 percent two years from the grant date and 33.3 percent three years from the grant date. In certain instances, vesting and exercisability are also subject to performance criteria.

The fair value as of the grant date of each option award was determined using the Black-Scholes-Merton option-pricing model which uses assumptions noted in the following table. Expected volatility over the expected term of the options is based on implied volatility from traded options on our common stock and the historical volatility of our stock price. The expected term of the options is based on historical observations of our common stock, considering average years to exercise for all options exercised and average years to cancellation for all options canceled, as well as average years remaining for vested outstanding options, which is calculated based on the weighted-average of these three inputs. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

A summary of the significant assumptions used in determining the fair value of stock option grants under our L3Harris SIPs is as follows:

	Fiscal Year Ended	Fiscal Years Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Expected dividends	1.55 %	1.70 %	1.61 %	1.80 %
Expected volatility	22.74 %	22.18 %	19.87 %	19.30 %
Risk-free interest rates	0.89 %	1.68 %	2.72 %	1.80 %
Expected term (years)	5.04	5.65	5.03	5.00

A summary of stock option activity under our L3Harris SIPs as of January 1, 2021 and changes during fiscal 2020 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In millions)
Stock options outstanding January 3, 2020	4,545,978	\$ 110.48		
Granted	583,200	\$ 197.73		
Exercised	(774,458)	\$ 74.98		
Forfeited or expired	(33,084)	\$ 196.83		
Stock options outstanding January 1, 2021	4,321,636	\$ 127.93	6.23	\$ 280.42
Stock options exercisable January 1, 2021	3,032,005	\$ 96.53	5.11	\$ 280.42

The weighted-average grant-date fair value per share was \$34.49, \$38.61, \$30.05 and \$18.60 for options granted in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. The total intrinsic value of options at the time of exercise was \$103 million, \$212 million, \$75 million and \$39 million for options exercised in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively.

A summary of the status of our nonvested stock options at January 1, 2021 and changes during fiscal 2020 is as follows:

	Shares	Weighted-Average Grant-Date Fair Value Per Share
Nonvested stock options January 3, 2020	738,956	\$ 38.61
Granted	583,200	\$ 34.49
Vested	<u>(32,525)</u>	\$ 35.86
Nonvested stock options January 1, 2021	<u>1,289,631</u>	\$ 36.81

As of January 1, 2021, there was \$25 million of total unrecognized compensation expense related to nonvested stock options granted under our L3Harris SIPs. This expense is expected to be recognized over a weighted-average period of 1.87 years. The total fair value of stock options that vested in fiscal 2020 was not material and the total fair value of stock options that vested in the two quarters ended January 3, 2020, and in fiscal 2019 and 2018 was \$17 million, \$14 million and \$18 million, respectively.

Restricted Stock and Restricted Stock Unit Awards

The following information relates to awards of restricted stock and restricted stock units that have been granted to employees and non-employee directors under our L3Harris SIPs. These awards are not transferable until vested and the restrictions generally lapse upon the achievement of continued employment (or board membership) over a specified time period.

The fair value as of the grant date of these awards was based on the closing price of our common stock on the grant date and is amortized to compensation expense over the vesting period. At January 1, 2021, there were 64,059 shares of restricted stock and 634,861 restricted stock units outstanding which were payable in shares.

A summary of the status of these awards at January 1, 2021 and changes during fiscal 2020 is as follows:

	Shares or Units	Weighted-Average Grant Price Per Share or Unit
Restricted stock and restricted stock units outstanding at January 3, 2020	535,767	\$ 196.22
Granted	272,146	\$ 195.66
Vested	(78,828)	\$ 177.23
Forfeited	<u>(30,165)</u>	\$ 186.22
Restricted stock and restricted stock units outstanding at January 1, 2021	<u>698,920</u>	\$ 196.26

As of January 1, 2021, there was \$73 million of total unrecognized compensation expense related to these awards under our L3Harris SIPs. This expense is expected to be recognized over a weighted-average period of 1.63 years. The weighted-average grant date price per share or per unit was \$195.66, \$204.62, \$160.05 and \$141.46 for awards granted in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. The total fair value of these awards was \$9 million, \$75 million, \$16 million and \$11 million for awards that vested in fiscal 2020, in the two quarters ended January 3, 2020, and in fiscal 2019 and 2018, respectively.

Performance Share Unit Awards

The following information relates to awards of performance share units that have been granted to employees under our L3Harris SIPs. Generally, these awards are subject to performance criteria, such as meeting predetermined operating income or earnings per share and return on invested capital targets for a 3-year performance period. These awards also generally vest at the expiration of the same 3-year period. The final determination of the number of shares to be issued in respect of an award is made by our Board of Directors or a committee of our Board of Directors.

The fair value as of the grant date of these awards was based on the closing price of our common stock on the grant date and is amortized to compensation expense over the vesting period if achievement of the performance measures is considered probable. At January 1, 2021, there were 249,695 performance share units outstanding which were payable in shares.

A summary of the status of these awards at January 1, 2021 and changes during fiscal 2020 is as follows:

	Shares or Units	Weighted-Average Grant Price Per Share or Unit
Performance share units outstanding at January 3, 2020	55,020	\$ 204.85
Granted	203,606	\$ 228.29
Forfeited	(8,931)	\$ 228.29
Performance share units outstanding at January 1, 2021	<u>249,695</u>	<u>\$ 223.28</u>

As of January 1, 2021, there was \$51 million of total unrecognized compensation expense related to these awards under our L3Harris SIPs. This expense is expected to be recognized over a weighted-average period of 1.81 years. The weighted-average grant date price per unit was \$228.29, \$204.85, \$155.12 and \$123.13 for awards granted in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. The total fair value of these awards was not material for awards that vested in fiscal 2020, and was \$107 million, \$21 million and \$12 million for awards that vested in the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively.

NOTE 17: INCOME FROM CONTINUING OPERATIONS PER SHARE

The computations of income from continuing operations per common share attributable to L3Harris common shareholders are as follows:

(In millions, except per share amounts)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Income from continuing operations	\$ 1,121	\$ 823	\$ 953	\$ 702
Adjustments for participating securities outstanding	—	—	(2)	(2)
Income from continuing operations used in per basic and diluted common share calculations (A)	<u>\$ 1,121</u>	<u>\$ 823</u>	<u>\$ 951</u>	<u>\$ 700</u>
Basic weighted average common shares outstanding (B)	214.0	221.2	118.0	118.6
Impact of dilutive share-based awards	1.9	2.5	2.5	2.5
Diluted weighted average common shares outstanding (C)	<u>215.9</u>	<u>223.7</u>	<u>120.5</u>	<u>121.1</u>
Income from continuing operations per basic common share (A)/(B)	\$ 5.24	\$ 3.72	\$ 8.06	\$ 5.90
Income from continuing operations per diluted common share (A)/(C)	\$ 5.19	\$ 3.68	\$ 7.89	\$ 5.78

Potential dilutive common shares primarily consist of employee stock options and restricted and performance unit awards. Income from continuing operations per diluted common share excludes the antidilutive impact of 1,300,214, 604,969, 271,892 and 48,590 weighted average share-based awards outstanding in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively.

NOTE 18: RESEARCH AND DEVELOPMENT

Company-sponsored research and development (“R&D”) costs are expensed as incurred and are included in the “Engineering, selling and administrative expenses” line item in our Consolidated Statement of Income. These costs were \$684 million, \$329 million, \$331 million and \$311 million in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. Customer-sponsored R&D costs are incurred pursuant to contractual arrangements, principally U.S. Government-sponsored contracts requiring us to provide a product or service meeting certain defined performance or other specifications (such as designs), and are accounted for principally by the POC cost-to-cost revenue recognition method. Customer-sponsored R&D is included in our revenue and cost of product sales and services.

NOTE 19: LEASE COMMITMENTS

Our operating and finance leases at January 1, 2021 and January 3, 2020 primarily consist of real estate leases for office space, warehouses, manufacturing, research and development facilities, tower space and land, and equipment leases. Finance leases were not material at January 1, 2021 or January 3, 2020 and are not included in the disclosures below.

Operating lease cost was \$176 million and \$88 million for fiscal 2020 and the two quarters ended January 3, 2020, respectively. Other lease expenses, including short-term and equipment lease cost, variable lease cost and sublease income, were not material for fiscal 2020 or the two quarters ended January 3, 2020. Rental expense during fiscal 2019 and 2018 was \$73 million and \$61 million, respectively.

On November 24, 2020, we completed a sale and leaseback transaction of a parcel of land and manufacturing facility located in Los Angeles, California for \$92 million (net cash proceeds of \$66 million after \$2 million of closing costs and \$24 million for a residual value guarantee payment). The lease has a maximum term of sixteen months (including two options to extend the lease by one month). Due to its short term nature relative to the property's remaining economic life, the lease will be accounted for as an operating lease. We recognized a pre-tax gain on this sale and leaseback transaction of \$22 million, which is included in the "Engineering, selling and administrative expenses" line item in our Consolidated Statement of Income for fiscal 2020.

As discussed in more detail in *Note 11: Intangible Assets* in these Notes, in conjunction with, and in advance of, the tests of goodwill related to our Commercial Aviation Solutions reporting unit in fiscal 2020, we recorded a \$257 million non-cash impairment charge for long lived assets, including \$31 million for impairment of ROU assets. Additionally, in connection with COVID restructuring actions, we recognized \$5 million of non-cash impairment charges for ROU assets associated with consolidated facilities. These impairments are included in the "Impairment of goodwill and other assets" line item in our Consolidated Statement of Income for fiscal 2020.

Supplemental operating lease balance sheet information at January 1, 2021 and January 3, 2020 is as follows:

(In millions)	January 1, 2021	January 3, 2020
Operating lease ROU assets	\$ 766	\$ 837
Other accrued items	116	129
Operating lease liabilities	734	781
Total operating lease liabilities	\$ 850	\$ 910

Other supplemental lease information for fiscal 2020 and the two quarters ended January 3, 2020 is as follows:

(In millions, except lease term and discount rate)	Fiscal Year Ended January 1, 2021	Two Quarters Ended January 3, 2020
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 171	\$ 91
ROU assets obtained in exchange for new operating lease liabilities	103	17
Weighted average remaining lease term — operating leases (in years)	8.7	9.4
Weighted average discount rate — operating leases	3.0 %	3.1 %

Future lease payments under non-cancelable operating leases at January 1, 2021 were as follows:

Fiscal Years	(In millions)
2021	\$ 148
2022	131
2023	112
2024	95
2025	86
Thereafter	425
Total future lease payments required	997
Less: imputed interest	147
Total	\$ 850

These commitments do not contain any material rent escalations, rent holidays, contingent rent, rent concessions, leasehold improvement incentives or unusual provisions or conditions. We do not consider any individual lease material to our operations.

At January 1, 2021, we had \$290 million of additional operating lease commitments for real estate leases that have not yet commenced. These leases will commence in 2021 with lease terms of 5 to 25 years.

NOTE 20: DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In the normal course of business, we are exposed to global market risks, including the effect of changes in foreign currency exchange rates and changes in interest rates. We use derivative instruments to manage our exposure to such risks and formally document all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking hedge transactions. We also may enter into derivative instruments that are not designated as hedges and do not qualify for hedge accounting. We recognize all derivatives in our Consolidated Balance Sheet at fair value. We do not hold or issue derivatives for speculative trading purposes.

Exchange Rate Risk — Fair Value Hedges

To manage the exposure in our balance sheet to risks from changes in foreign currency exchange rates, we implement fair value hedges. More specifically, we have used foreign currency forward contracts and options to hedge certain balance sheet items, including foreign currency denominated accounts receivable and inventory. Changes in the value of the derivatives and the related hedged items are reflected in earnings, in the “Cost of product sales and services” line item in our Consolidated Statement of Income.

At January 1, 2021, we had no outstanding foreign currency forward contracts to hedge balance sheet items. The net gains or losses on foreign currency forward contracts designated as fair value hedges were not material in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018. In addition, no amounts were recognized in earnings in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018 related to hedged firm commitments that no longer qualify as fair value hedges.

Exchange Rate Risk — Cash Flow Hedges

To manage our exposure to currency risk and market fluctuation risk associated with anticipated cash flows that are probable of occurring in the future, we implement cash flow hedges. More specifically, we use foreign currency forward contracts and options to hedge off-balance sheet future foreign currency commitments, including purchase commitments to suppliers, future committed sales to customers and intersegment transactions. These derivatives are used to hedge currency exposures from cash flows anticipated across our business segments. We also hedge U.S. Dollar payments to suppliers to maintain our anticipated profit margins in our international operations. These derivatives have only nominal intrinsic value at the time of purchase and have a high degree of correlation to the anticipated cash flows they are designated to hedge. Hedge effectiveness is determined by the correlation of the anticipated cash flows from the hedging instruments and the anticipated cash flows from the future foreign currency commitments through the maturity dates of the derivatives used to hedge these cash flows. These financial instruments are marked-to-market using forward prices and fair value quotes with the offset to other comprehensive income (loss) and are categorized in Level 2 of the fair value hierarchy. Gains and losses in accumulated other comprehensive loss are reclassified to earnings when the related hedged item is recognized in earnings. The cash flow impact of our derivatives is included in the same category in our Consolidated Statement of Cash Flows as the cash flows of the related hedged items. Notional amounts are used to measure the volume of foreign currency forward contracts and do not represent exposure to foreign currency losses. At January 1, 2021, we had open foreign currency forward contracts with an aggregate notional amount of \$488 million, hedging certain forecasted transactions denominated in U.S. Dollars, Canadian Dollars, British Pounds, Euros, Australian Dollars, and New Zealand Dollars. At January 3, 2020, we had open foreign currency forward contracts with an aggregate notional amount of \$511 million, hedging certain forecasted transactions denominated in U.S. Dollars, Euros, British Pounds, Australian Dollars, Canadian Dollars and United Arab Emirates Dirham.

At January 1, 2021, our foreign currency forward contracts had maturities through 2025.

The table below presents the fair values of our derivatives designated as foreign currency hedging instruments in our Consolidated Balance Sheet at January 1, 2021 and January 3, 2020.

(In millions)	January 1, 2021	January 3, 2020
Derivatives designated as hedging instruments:		
Foreign currency forward contracts		
Other current assets	\$ 21	\$ 8
Other non-current assets	3	2
Other accrued items	4	6
Other long-term liabilities	—	2

Net unrealized gains recognized in other comprehensive income (loss) from foreign currency derivatives designated as cash flow hedges were \$12 million in fiscal 2020. Net unrealized gains and losses recognized in other comprehensive income (loss) from foreign currency derivatives designated as cash flow hedges were not material in the two quarters ended January 3, 2020 or in fiscal 2019 or 2018. Net gains and losses reclassified from accumulated other comprehensive loss in to earnings from foreign currency derivatives designated as cash flow hedges were not material in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018.

Gains and losses from foreign currency derivatives designated as cash flow hedges are included in the line item in our Consolidated Statement of Income associated with the hedged transaction, with the exception of the losses resulting from discontinued cash flow hedges, which are included in the “Engineering, selling and administrative expenses” line item in our Consolidated Statement of Income.

At January 1, 2021, the estimated amount of existing gains to be reclassified into earnings within the next twelve months was \$19 million.

Interest-Rate Risk — Cash Flow Hedges

At January 1, 2021, we had no treasury lock agreements (“treasury locks”) classified as cash flow hedges. At January 3, 2020, we had two treasury locks with third-party financial institution counterparties with a combined notional amount of \$650 million that were classified as cash flow hedges.

On November 25, 2020, in order to fund our optional redemption of the 4.95% 2021 Notes as described in *Note 14: Debt* in these Notes, we completed the issuance of \$650 million in aggregate principal amount of the 1.80% 2031 Notes. In connection with the L3Harris Merger, we assumed two treasury locks that were initiated in January 2019 to hedge against fluctuations in interest payments due to changes in the benchmark interest rate (10-year U.S. Treasury rate) associated with the anticipated issuance of debt to redeem or repay the 4.95% 2021 Notes. These treasury locks were terminated as planned in connection with our issuance of the 1.80% 2031 Notes during the quarter ended January 1, 2021, and because interest rates decreased during the period of the treasury locks, we made a cash payment to our counterparty and recorded an after-tax loss of \$58 million in the “Accumulated other comprehensive loss” line item of our Consolidated Balance Sheet. The accumulated other comprehensive loss balance will be amortized to interest expense over the life of the 1.80% 2031 Notes. We classified the cash outflow from the termination of these treasury locks as cash used in financing activities in our Consolidated Statement of Cash Flows.

At January 3, 2020, the combined fair value of these treasury locks was a liability of \$56 million, which was categorized in Level 2 of the fair value hierarchy and recorded in the “Other long-term liabilities” line item in our Consolidated Balance Sheet. The unrealized after-tax loss associated with these treasury locks included in the “Accumulated other comprehensive loss” line item in our Consolidated Balance Sheet was \$16 million at January 3, 2020. We recognized a \$35 million liability for these treasury locks as part of our purchase accounting for the L3Harris Merger.

On November 27, 2019, in order to fund our optional redemption of the 2.7% 2020 Notes as described in *Note 14: Debt* in these Notes, we completed the issuance of \$400 million in aggregate principal amount of the 2.90% 2029 Notes. In January 2019, we initiated a treasury lock to hedge against fluctuations in interest payments due to changes in the benchmark interest rate (10-year U.S. Treasury rate) associated with the anticipated issuance of debt to redeem or repay the 2.7% 2020 Notes. This treasury lock was terminated as planned in connection with our issuance of the 2.90% 2029 notes during the quarter ended January 3, 2020, and because interest rates decreased during the period of the treasury lock, we made a cash payment to our counterparty and recorded an after-tax loss of \$24 million in the “Accumulated other comprehensive loss” line item of our Consolidated Balance Sheet. The accumulated other comprehensive loss balance will be amortized to interest expense over the life of the 2.90% 2029 Notes. We classified the cash outflow from the termination of this treasury lock as cash used in financing activities in our Consolidated Statement of Cash Flows.

The net gains or losses from interest rate derivatives recognized in earnings were not material in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018.

Credit Risk

We are exposed to the risk of credit losses from non-performance by counterparties to the financial instruments discussed above, but we do not expect any of the counterparties to fail to meet their obligations. To manage credit risks, we select counterparties based on credit ratings, limit our exposure to any single counterparty under defined guidelines and monitor the market position with each counterparty.

NOTE 21: NON-OPERATING INCOME

The components of non-operating income were as follows:

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Pension adjustment ⁽¹⁾	\$ 389	\$ 172	\$ 186	\$ 184
Gain on pension plan curtailment	—	23	—	—
Gain (loss) on extinguishment of debt ⁽²⁾	2	(2)	—	(24)
Other	10	(1)	2	(4)
	<u>\$ 401</u>	<u>\$ 192</u>	<u>\$ 188</u>	<u>\$ 156</u>

(1) The non-service components of net periodic pension and postretirement benefit costs include interest cost, expected return on plan assets, amortization of net actuarial gain or loss and effect of curtailments or settlements.

(2) Gain associated with our optional redemption of the entire outstanding \$650 million principal amount of our 4.95% 2021 Notes in fiscal 2020; loss associated with our optional redemption of the entire outstanding \$400 million principal amount of our 2.7% 2020 Notes in the two quarters ended January 3, 2020; and losses associated with our optional redemption of the entire outstanding \$800 million aggregate principal amount of our 2018 Redeemed Notes and the repayment in full of \$253 million in remaining outstanding indebtedness under the 5-year tranche of our \$1.3 billion senior unsecured term loan facility and the termination of our 2015 credit agreement in fiscal 2018. See *Note 14: Debt* in these Notes for additional information.

NOTE 22: ACCUMULATED OTHER COMPREHENSIVE LOSS (“AOCI”)

The components of AOCI are summarized below:

(In millions)	Foreign currency translation	Net unrealized losses on hedging derivatives	Unrecognized postretirement obligations	Total AOCI
Balance at June 28, 2019	\$ (106)	\$ (38)	\$ (563)	\$ (707)
Other comprehensive income (loss), before income taxes	25	(23)	231	233
Income taxes	—	6	(53)	(47)
Other comprehensive income (loss) before reclassifications to earnings, net of income taxes	25	(17)	178	186
Losses reclassified to earnings ⁽¹⁾	—	—	18	18
Income taxes	—	—	(5)	(5)
Losses reclassified to earnings, net of income taxes	—	—	13	13
Other comprehensive income (loss), net of income taxes	25	(17)	191	199
Balance at January 3, 2020	(81)	(55)	(372)	(508)
Other comprehensive income (loss), before income taxes	16	(41)	(418)	(443)
Income taxes	—	10	105	115
Other comprehensive income (loss) before reclassifications to earnings, net of income taxes	16	(31)	(313)	(328)
Losses (gains) reclassified to earnings ⁽¹⁾	7	8	(21)	(6)
Income taxes	—	(2)	5	3
Losses (gains) reclassified to earnings, net of income taxes	7	6	(16)	(3)
Other comprehensive income (loss), net of income taxes	23	(25)	(329)	(331)
Balance at January 1, 2021	\$ (58)	\$ (80)	\$ (701)	\$ (839)

(1) Losses (gains) reclassified to earnings are included in the “Revenue from product sales and services,” “Business divestiture-related (losses) gains,” “Interest expense” and “Non-operating income” line items in our Consolidated Statement of Income.

NOTE 23: INCOME TAXES**Income Tax Provision**

The provisions for current and deferred income taxes are summarized as follows:

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Current:				
United States	\$ 337	\$ 11	\$ 105	\$ (141)
International	76	37	9	12
State and local	45	16	8	(11)
	<u>458</u>	<u>64</u>	<u>122</u>	<u>(140)</u>
Deferred:				
United States	(150)	33	15	324
International	(73)	(15)	(3)	(3)
State and local	(1)	(9)	26	25
	<u>(224)</u>	<u>9</u>	<u>38</u>	<u>346</u>
	<u>\$ 234</u>	<u>\$ 73</u>	<u>\$ 160</u>	<u>\$ 206</u>

The total income tax provision is summarized as follows:

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Continuing operations	\$ 234	\$ 73	\$ 160	\$ 206
Discontinued operations	—	—	(1)	(5)
Total income tax provision	<u>\$ 234</u>	<u>\$ 73</u>	<u>\$ 159</u>	<u>\$ 201</u>

A reconciliation of the U.S. statutory income tax rate to our effective income tax rate follows:

	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
U.S. statutory income tax rate	21.0 %	21.0 %	21.0 %	28.1 %
State taxes	3.2	1.4	2.4	1.9
International income	0.4	0.9	(0.5)	(0.5)
Non-deductible goodwill impairment	5.8	—	—	—
Research and development tax credit	(9.2)	(4.7)	(4.5)	(2.9)
Foreign derived intangibles income deduction	(1.3)	(0.8)	(1.3)	—
Change in valuation allowance	0.5	(4.8)	(1.8)	0.2
U.S. production activity benefit	—	—	—	(0.9)
Equity-based compensation ⁽¹⁾	(1.0)	(5.4)	(2.1)	(1.8)
Settlement of tax audits	(1.8)	—	—	(2.2)
U.S. tax reform	—	—	—	0.4
Other items	0.1	0.4	1.2	0.4
Effective income tax rate	<u>17.7 %</u>	<u>8.0 %</u>	<u>14.4 %</u>	<u>22.7 %</u>

(1) Includes non-deductible equity-based compensation and excess tax benefits from equity-based compensation.

As of January 1, 2021, we estimate our outside basis difference in foreign subsidiaries that are considered indefinitely reinvested to be approximately \$1 billion. The outside basis difference is comprised predominantly of purchase accounting adjustments and to a lesser extent, undistributed earnings and other equity adjustments. In the event of a disposition of the foreign subsidiaries or a distribution, we may be subject to incremental U.S. income taxes, subject to an adjustment for foreign tax credits,

and withholding taxes or income taxes payable to the foreign jurisdictions. As of January 1, 2021, the determination of the amount of unrecognized deferred tax liability related to the outside basis difference is not practicable.

Tax Law Changes

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) was signed into U.S. law. Among other provisions, the Tax Act reduced the U.S. statutory corporate income tax rate from a maximum 35 percent to a flat 21 percent, effective January 1, 2018. Based on our fiscal year end, our blended U.S. statutory corporate income tax rate for fiscal 2018 was 28.1 percent. This drop in the tax rate resulted in a one-time benefit of \$26 million (\$.21 per diluted share) at the date of enactment. Additionally, we recognized expense of \$8 million in fiscal 2018 to revalue our existing net deferred income tax balances.

During the second quarter of fiscal 2019, we completed our accounting for the income tax impact of enactment of the Tax Act and there were no material changes from the estimates reported in our Current Report on Form 8-K filed with the SEC on December 13, 2018.

The implementation of a modified territorial tax system under the Tax Act subjects us to tax on our Global Intangible Low-Taxed Income (“GILTI”) starting with fiscal 2019. The Financial Accounting Standards Board has permitted companies to make an accounting policy decision to either (1) treat taxes due on future GILTI inclusions in U.S. taxable income as a current-period expense when incurred (“period cost method”) or (2) factor such amounts into the measurement of its deferred taxes (“deferred method”). We have elected to use the period cost method.

Deferred Income Tax Assets (Liabilities)

The components of deferred income tax assets (liabilities) were as follows:

(In millions)	January 1, 2021	January 3, 2020
Deferred tax assets:		
Accruals	\$ 315	\$ 240
Tax loss and credit carryforwards	153	177
Share-based compensation	33	27
Capital loss carryforwards	2	44
Pension and other post-employment benefits	457	431
Operating lease obligation	202	213
Other	280	238
Valuation allowance ⁽¹⁾	(165)	(185)
Deferred tax assets, net	1,277	1,185
Deferred tax liabilities:		
Property, plant and equipment	(91)	(159)
Unbilled receivables	(21)	(51)
Acquired intangibles	(1,934)	(2,037)
Operating lease right-of-use asset	(182)	(196)
Other	(167)	(121)
Deferred tax liabilities	(2,395)	(2,564)
Net deferred tax assets (liabilities)	\$ (1,118)	\$ (1,379)

(1) The valuation allowance has been established to offset certain domestic and foreign deferred tax assets due to uncertainty regarding our ability to realize them in the future.

Net deferred tax assets (liabilities) were classified as follows in our Consolidated Balance Sheet:

(In millions)	January 1, 2021	January 3, 2020
Non-current deferred income tax assets	\$ 119	\$ 102
Non-current deferred income tax liabilities	(1,237)	(1,481)
	\$ (1,118)	\$ (1,379)

Tax loss and credit carryforwards at January 1, 2021 have expiration dates ranging from less than one year and no expiration in certain instances. The tax-effected amounts of federal, international, and state and local operating loss carryforwards at January 1, 2021 were \$7 million, \$43 million and \$15 million, respectively. The tax-effected amounts of federal, international, and state and local capital loss carryforwards were not material at January 1, 2021. The amounts of federal, international, and state and local credit carryforwards at January 1, 2021 were \$6 million, \$10 million and \$81 million, respectively.

Loss from continuing operations before income taxes of international subsidiaries was \$101 million in fiscal 2020 and income from continuing operations before income taxes of international subsidiaries was \$96 million, \$37 million and \$43 million in the two quarters ended January 3, 2020, and in fiscal 2019 and 2018, respectively. We paid \$394 million in income taxes, net of refunds received, in fiscal 2020; received \$8 million in income tax refunds, net of income taxes paid, in the two quarters ended January 3, 2020; paid \$137 million in income taxes, net of refunds received, in fiscal 2019; and received \$8 million in income tax refunds, net of income taxes paid, in fiscal 2018.

Tax Uncertainties

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Balance at beginning of period	\$ 438	\$ 204	\$ 102	\$ 90
Additions based on tax positions taken during current period	60	35	31	17
Additions based on tax positions taken during prior periods	21	—	80	23
Additions for tax positions related to acquired entities	116	226	—	—
Decreases based on tax positions taken during prior periods	(82)	(7)	(9)	(28)
Decreases from lapse in statutes of limitations	(3)	(20)	—	—
Decreases from settlements	(8)	—	—	—
Balance at end of period	\$ 542	\$ 438	\$ 204	\$ 102

As of January 1, 2021, we had \$542 million of unrecognized tax benefits, of which \$453 million would favorably impact our future tax rates in the event that the tax benefits are eventually recognized. As of January 3, 2020, we had \$438 million of unrecognized tax benefits, of which \$313 million would favorably impact our future tax rates in the event that the tax benefits are eventually recognized.

We recognize accrued interest and penalties related to unrecognized tax benefits as part of our income tax expense. We recognized interest and penalties of \$14 million and \$2 million in fiscal 2020 and the two quarters ended January 3, 2020, respectively, and none in fiscal 2019. We had accrued \$47 million for the potential payment of interest and penalties as of January 1, 2021 (and this amount was not included in the \$542 million of unrecognized tax benefits balance at January 1, 2021 shown above). We had accrued \$31 million for the potential payment of interest and penalties as of January 3, 2020 (and this amount was not included in the \$438 million of unrecognized tax benefits balance at January 3, 2020 shown above).

We file numerous separate and consolidated income tax returns reporting our financial results and, where appropriate, those of our subsidiaries and affiliates, in the U.S. Federal jurisdiction and various state, local and foreign jurisdictions. Pursuant to the Compliance Assurance Process, the IRS is examining the Harris federal tax returns for fiscal 2017, 2018 and 2019 and refund claims related to fiscal 2010 through 2016. In addition, legacy L3's federal tax returns for calendar years 2017 and 2018 are currently under IRS examination and refund claims related to calendar years 2012, 2013, 2015 and 2016 have been filed with the IRS.

We are currently under examination or contesting proposed adjustments by various state and international tax authorities for fiscal years ranging from 2010 through 2018. It is reasonably possible that there could be a significant decrease or increase to our unrecognized tax benefit balance during the course of the next twelve months as these examinations continue, other tax examinations commence or various statutes of limitations expire. An estimate of the range of possible changes cannot be made for remaining unrecognized tax benefits because of the significant number of jurisdictions in which we do business and the number of open tax periods.

NOTE 24: BACKLOG

Backlog, which is the equivalent of our remaining performance obligations, represents the future revenue we expect to recognize as we perform on our current contracts. Backlog comprises both funded backlog (i.e., firm orders for which funding is authorized and appropriated) and unfunded backlog. Backlog excludes unexercised contract options and potential orders under ordering-type contracts, such as indefinite delivery, indefinite quantity contracts.

At January 1, 2021, our ending backlog was \$21.7 billion. We expect to recognize approximately 54 percent of the revenue associated with this backlog by the end of 2021 and approximately 85 percent by the end of 2023, with the remainder to be recognized thereafter. At January 3, 2020, our ending backlog was \$20.6 billion, including \$380 million of backlog associated with the airport security and automation business, which was divested during the quarter ended July 3, 2020.

NOTE 25: BUSINESS SEGMENTS

We structure our operations primarily around the products, systems and services we sell and the markets we serve, and we report the financial results of our continuing operations in the following four operating segments, which are also our reportable segments and are referred to as our business segments:

- Integrated Mission Systems, including multi-mission ISR and communication systems; integrated electrical and electronic systems for maritime platforms; and advanced electro-optical and infrared solutions;
- Space and Airborne Systems, including space payloads, sensors and full-mission solutions; classified intelligence and cyber defense; mission avionics; and electronic warfare;
- Communication Systems, including tactical communications; broadband communications; integrated vision solutions; and public safety; and
- Aviation Systems, including defense aviation; commercial aviation products; commercial and military pilot training; and mission networks for air traffic management.

During the first quarter of fiscal 2020, we adjusted our segment reporting to better align our businesses and transferred two businesses between our Integrated Mission Systems and Space and Airborne Systems segments. The historical results, discussion and presentation of our business segments as set forth in our Consolidated Financial Statements and these Notes reflect the impact of these adjustments to our segment reporting for all periods presented in order to present the segment information on a comparable basis. There is no impact on our previously reported consolidated statements of income, balance sheets, statements of cash flows or statements of equity resulting from these adjustments.

As described in more detail in *Note 3: Business Divestitures and Asset Sales* and elsewhere in these Notes, during the Fiscal Transition Period and fiscal 2020, we completed the following business divestitures:

- The divestiture of the Harris Night Vision business, completed on September 13, 2019, the results of which are included in “Other non-reportable business segments” through the date of divestiture;
- The divestiture of the airport security and automation business, completed on May 4, 2020, the results of which are reported as part of our Aviation Systems segment through the date of divestiture;
- The divestiture of the Applied Kilovolts and Analytical Instrumentation business, completed on May 15, 2020, the results of which are reported as part of our Space and Airborne Systems segment through the date of divestiture; and
- The divestiture of the EOTech business, completed on July 31, 2020, the results of which are reported as part of our Communication Systems segment through the date of divestiture.

Segment revenue, segment operating income and a reconciliation of segment operating income to total income from continuing operations before income taxes are as follows:

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Revenue				
Integrated Mission Systems	\$ 5,538	\$ 2,758	\$ 52	\$ 55
Space and Airborne Systems	4,946	2,377	3,711	3,294
Communication Systems	4,443	2,151	2,208	2,015
Aviation Systems	3,448	2,038	672	668
Other non-reportable business segments ⁽¹⁾	—	23	165	148
Corporate eliminations	(181)	(84)	(7)	(12)
	<u>\$ 18,194</u>	<u>\$ 9,263</u>	<u>\$ 6,801</u>	<u>\$ 6,168</u>
Income from Continuing Operations before Income Taxes				
<i>Segment Operating Income:</i>				
Integrated Mission Systems	\$ 847	\$ 371	\$ 10	\$ 9
Space and Airborne Systems	932	447	696	626
Communication Systems	1,084	493	637	561
Aviation Systems	(177)	289	76	54
Other non-reportable business segments ⁽¹⁾	—	—	27	20
Unallocated corporate expenses and corporate eliminations ⁽²⁾	(109)	(139)	(2)	(65)
L3Harris Merger-related transaction, integration and other expenses and losses	(130)	(273)	(65)	—
L3Harris Merger-related restructuring costs	(10)	(117)	—	—
Amortization of acquisition-related intangibles ⁽³⁾	(709)	(289)	(101)	(101)
Impairment of identifiable intangible assets	(113)	—	—	—
Business divestiture-related (losses) gains	(51)	229	—	—
Pension adjustment	(389)	(172)	(186)	(184)
Non-operating income	401	192	188	156
Net interest expense	(254)	(123)	(167)	(168)
Total income from continuing operations before income taxes	<u>\$ 1,322</u>	<u>\$ 908</u>	<u>\$ 1,113</u>	<u>\$ 908</u>

- (1) Includes the operating results of the Harris Night Vision business prior to the date of divestiture on September 13, 2019. See Note 3: *Business Divestitures and Asset Sales* in these Notes for more information.
- (2) For fiscal 2020 includes: (i) \$31 million of additional cost of sales related to the fair value step-up in inventory sold (see Note 5: *Business Combination* in these Notes for more information); (ii) a \$22 million gain on sale of property, plant and equipment; (iii) a \$14 million non-cash goodwill impairment charge related to a potential divestiture, (iv) \$13 million of divestiture-related expenses; (v) a \$5 million non-cash goodwill impairment charge related to the divestiture of the Applied Kilovolts and Analytical Instrumentation business; and (vi) a \$2 million non-cash cumulative adjustment to lease expense. For the two quarters ended January 3, 2020 includes: (i) \$142 million of additional cost of sales related to the fair value step-up in inventory sold; (ii) a \$12 million gain on the sale of an asset group; and (iii) a \$10 million non-cash cumulative adjustment to lease expense. For fiscal 2018 includes: (i) \$47 million of charges related to our decision to transition and exit a commercial air-to-ground LTE radio communications line of business and other items; (ii) a \$12 million non-cash adjustment for deferred compensation; and (iii) \$5 million of Exelis acquisition-related and other charges.
- (3) Includes \$609 million and \$239 million of amortization of identifiable intangible assets acquired as a result of the L3Harris Merger for fiscal 2020 and the two quarters ended January 3, 2020, respectively; and \$100 million, \$50 million, \$101 million and \$101 million of amortization of identifiable intangible assets acquired as a result of our acquisition of Exelis for fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. Because the L3Harris Merger and the acquisition of Exelis benefited the entire Company as opposed to any individual segment, the amortization of identifiable intangible assets acquired was not allocated to any segment.

Disaggregation of Revenue

We disaggregate revenue for all four business segments by customer relationship, contract type and geographical region. We believe these categories best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

Integrated Mission Systems: Integrated Mission Systems revenue is primarily derived from U.S. Government development and production contracts and is generally recognized over time using the POC cost-to-cost revenue recognition method.

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Revenue By Customer Relationship				
Prime contractor	\$ 3,718	\$ 1,892	\$ 27	\$ 26
Subcontractor	1,820	866	25	29
	<u>\$ 5,538</u>	<u>\$ 2,758</u>	<u>\$ 52</u>	<u>\$ 55</u>
Revenue By Contract Type				
Fixed-price ⁽¹⁾	\$ 4,179	\$ 2,121	\$ 52	\$ 54
Cost-reimbursable	1,359	637	—	1
	<u>\$ 5,538</u>	<u>\$ 2,758</u>	<u>\$ 52</u>	<u>\$ 55</u>
Revenue By Geographical Region				
United States	\$ 4,389	\$ 2,146	\$ 30	\$ 40
International	1,149	612	22	15
	<u>\$ 5,538</u>	<u>\$ 2,758</u>	<u>\$ 52</u>	<u>\$ 55</u>

(1) Includes revenue derived from time-and-materials contracts.

Space and Airborne Systems: Space and Airborne Systems revenue is primarily derived from U.S. Government development and production contracts and is generally recognized over time using the POC cost-to-cost revenue recognition method.

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Revenue By Customer Relationship				
Prime contractor	\$ 2,684	\$ 1,348	\$ 2,244	\$ 2,152
Subcontractor	2,262	1,029	1,467	1,142
	<u>\$ 4,946</u>	<u>\$ 2,377</u>	<u>\$ 3,711</u>	<u>\$ 3,294</u>
Revenue By Contract Type				
Fixed-price ⁽¹⁾	\$ 2,838	\$ 1,384	\$ 2,093	\$ 1,625
Cost-reimbursable	2,108	993	1,618	1,669
	<u>\$ 4,946</u>	<u>\$ 2,377</u>	<u>\$ 3,711</u>	<u>\$ 3,294</u>
Revenue By Geographical Region				
United States	\$ 4,195	\$ 2,043	\$ 3,255	\$ 2,936
International	751	334	456	358
	<u>\$ 4,946</u>	<u>\$ 2,377</u>	<u>\$ 3,711</u>	<u>\$ 3,294</u>

(1) Includes revenue derived from time-and-materials contracts.

Communication Systems: Communication Systems revenue is primarily derived from fixed-price contracts and is generally recognized at the point in time when products are received and accepted by the customer for standard products offered to multiple customers and over time for customer-specific products, systems and services.

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Revenue By Customer Relationship⁽¹⁾				
Prime contractor	\$ 3,102	\$ 1,406		
Subcontractor	1,341	745		
	<u>\$ 4,443</u>	<u>\$ 2,151</u>		
Revenue By Contract Type⁽¹⁾				
Fixed-price ⁽²⁾	\$ 3,805	\$ 1,849		
Cost-reimbursable	638	302		
	<u>\$ 4,443</u>	<u>\$ 2,151</u>		
Revenue By Geographical Region				
United States	\$ 3,204	\$ 1,518	\$ 1,281	\$ 1,031
International	1,239	633	927	984
	<u>\$ 4,443</u>	<u>\$ 2,151</u>	<u>\$ 2,208</u>	<u>\$ 2,015</u>

(1) Prior to the L3Harris Merger, Communication Systems did not recognize significant revenue for customer-specific products and systems, and currently, such customer arrangements primarily exist at operating businesses acquired in connection with the L3Harris Merger. The "Revenue by Customer Relationship" and "Revenue by Contract Type" disaggregation categories were added beginning in the Fiscal Transition Period to best depict how the nature, amount, timing and uncertainty of revenue and cash flows from these types of customer arrangements are affected by economic factors.

(2) Includes revenue derived from time-and-materials contracts.

Aviation Systems: Aviation Systems revenue is primarily derived from fixed-price contracts and is generally recognized at the point in time when products are received and accepted by the customer for standard products offered to multiple customers and over time for customer-specific products, systems and services.

(In millions)	Fiscal Year Ended	Two Quarters Ended	Fiscal Years Ended	
	January 1, 2021	January 3, 2020	June 28, 2019	June 29, 2018
Revenue By Customer Relationship				
Prime contractor	\$ 2,258	\$ 1,246	\$ 654	\$ 656
Subcontractor	1,190	792	18	12
	<u>\$ 3,448</u>	<u>\$ 2,038</u>	<u>\$ 672</u>	<u>\$ 668</u>
Revenue By Contract Type				
Fixed-price ⁽¹⁾	\$ 2,809	\$ 1,688	\$ 587	\$ 582
Cost-reimbursable	639	350	85	86
	<u>\$ 3,448</u>	<u>\$ 2,038</u>	<u>\$ 672</u>	<u>\$ 668</u>
Revenue By Geographical Region				
United States	\$ 2,843	\$ 1,514	\$ 644	\$ 627
International	605	524	28	41
	<u>\$ 3,448</u>	<u>\$ 2,038</u>	<u>\$ 672</u>	<u>\$ 668</u>

(1) Includes revenue derived from time-and-materials contracts.

Total assets by business segment is as follows:

(In millions)	January 1, 2021	January 3, 2020
Total Assets		
Integrated Mission Systems	\$ 8,906	\$ 7,888
Space and Airborne Systems	6,943	6,837
Communication Systems	5,746	5,930
Aviation Systems	5,026	7,569
Corporate ⁽¹⁾	10,339	10,112
	<u>\$ 36,960</u>	<u>\$ 38,336</u>

(1) Identifiable intangible assets acquired in connection with the L3Harris Merger in the two quarters ended January 3, 2020 and our acquisition of Exelis in fiscal 2015 were recorded as Corporate assets because they benefited the entire Company as opposed to any individual segment. Identifiable intangible asset balances recorded as Corporate assets were \$7.9 billion and \$8.5 billion at January 1, 2021 and January 3, 2020, respectively. Corporate assets also consisted of cash, income taxes receivable, deferred income taxes, deferred compensation plan investments, buildings and equipment, as well as any assets of discontinued operations and divestitures. See *Note 3: Business Divestitures and Asset Sales* in these Notes for additional information.

Other selected financial information by business segment and geographical area is summarized below:

(In millions)	Fiscal Year Ended January 1, 2021	Two Quarters Ended January 3, 2020	Fiscal Years Ended	
			June 28, 2019	June 29, 2018
Capital Expenditures				
Integrated Mission Systems	\$ 67	\$ 29	\$ 1	\$ 1
Space and Airborne Systems	92	36	48	49
Communication Systems	58	22	29	25
Aviation Systems	87	64	54	37
Other non-reportable business segments ⁽¹⁾	—	—	6	4
Corporate	64	22	23	20
	<u>\$ 368</u>	<u>\$ 173</u>	<u>\$ 161</u>	<u>\$ 136</u>
Depreciation and Amortization				
Integrated Mission Systems	\$ 70	\$ 37	\$ 2	\$ 2
Space and Airborne Systems	66	31	50	54
Communication Systems	61	32	49	54
Aviation Systems	103	53	29	22
Other non-reportable business segments ⁽¹⁾	—	—	3	5
Corporate	732	289	125	122
	<u>\$ 1,032</u>	<u>\$ 442</u>	<u>\$ 258</u>	<u>\$ 259</u>
Geographical Information for Continuing Operations				
U.S. operations:				
Revenue	\$ 16,998	\$ 8,485	\$ 6,530	\$ 5,854
Long-lived assets ⁽²⁾	\$ 1,949	\$ 1,865	\$ 866	\$ 892
International operations:				
Revenue	\$ 1,196	\$ 778	\$ 271	\$ 314
Long-lived assets ⁽²⁾	\$ 153	\$ 252	\$ 28	\$ 8

(1) Includes capital expenditures and depreciation and amortization of the Harris Night Vision business prior to the date of divestiture on September 13, 2019. See *Note 3: Business Divestitures and Asset Sales* in these Notes for more information.

(2) Long-lived assets are net fixed assets attributed to the respective geographic regions.

In addition to depreciation and amortization expense related to property, plant and equipment, "Depreciation and Amortization" in the table above also includes \$714 million \$285 million, \$120 million and \$116 million of amortization related to identifiable intangible assets, debt premium, debt discount, debt issuance costs and other items in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively.

Our products and systems are produced principally in the U.S. with international revenue derived primarily from exports. No revenue earned from any individual foreign country exceeded 5 percent of our total revenue in fiscal 2020, the two quarters ended January 3, 2020, or fiscal 2019 or 2018.

Sales made to U.S. Government customers, including foreign military sales funded through the U.S. Government, whether directly or through prime contractors, by all segments as a percentage of total revenue were 78 percent, 73 percent, 77 percent and 75 percent in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. Revenue from services in fiscal 2020 was 34 percent, 16 percent, 15 percent and 38 percent of total revenue in our Integrated Mission Systems, Space and Airborne Systems, Communication Systems and Aviation Systems segments, respectively.

Revenue from products and services where the end consumer is located outside the U.S., including foreign military sales through the U.S. Government, was \$3.7 billion (20 percent of our revenue), \$2.0 billion (21 percent of our revenue), \$1.5 billion (22 percent of our revenue) and \$1.4 billion (23 percent of our revenue) in fiscal 2020, the two quarters ended January 3, 2020, and fiscal 2019 and 2018, respectively. Export revenue and revenue from international operations in fiscal 2020 was principally from the EMEA (Europe, Middle East and Africa) and APAC (Asia-Pacific) regions and Canada.

NOTE 26: LEGAL PROCEEDINGS AND CONTINGENCIES

From time to time, as a normal incident of the nature and kind of businesses in which we are or were engaged, various claims or charges are asserted and litigation or arbitration is commenced by or against us arising from or related to matters, including but not limited to: product liability; personal injury; patents, trademarks, trade secrets or other intellectual property; labor and employee disputes; commercial or contractual disputes; strategic acquisitions or divestitures; the prior sale or use of former products allegedly containing asbestos or other restricted materials; breach of warranty; or environmental matters. Claimed amounts against us may be substantial, but may not bear any reasonable relationship to the merits of the claim or the extent of any real risk of court or arbitral awards. We record accruals for losses related to those matters against us that we consider to be probable and that can be reasonably estimated. Gain contingencies, if any, are recognized when they are realized and legal costs generally are expensed when incurred. At January 1, 2021, our accrual for the potential resolution of lawsuits, claims or proceedings that we consider probable of being decided unfavorably to us was not material. Although it is not feasible to predict the outcome of these matters with certainty, it is reasonably possible that some lawsuits, claims or proceedings may be disposed of or decided unfavorably to us and in excess of the amounts currently accrued. Based on available information, in the opinion of management, settlements, arbitration awards and final judgments, if any, that are considered probable of being rendered against us in litigation or arbitration in existence at January 1, 2021 are reserved against or would not have a material adverse effect on our financial condition, results of operations, cash flows or equity.

Tax Audits

Our tax filings are subject to audit by taxing authorities in jurisdictions where we conduct or conducted business. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities or ultimately through legal proceedings. We believe we have adequately accrued for any ultimate amounts that are likely to result from these audits; however, final assessments, if any, could be different from the amounts recorded in our Consolidated Financial Statements. Additional information regarding audits and examinations by taxing authorities of our tax filings is set forth in *Note 23: Income Taxes* in these Notes.

International

As an international company, we are, from time to time, the subject of investigations relating to our international operations, including under U.S. export control laws (such as ITAR), the FCPA and other similar U.S. and international laws.

In September 2019, we reached an administrative settlement with the Department of State to resolve alleged U.S. export control regulation violations. Under the terms of the settlement we have committed to strengthen our trade compliance program under the supervision of a special compliance officer and will pay a civil penalty of \$13 million over three years (with \$6.5 million suspended on the condition of use for qualified remedial compliance measures). The settlement did not result in any debarment or limitation on export licensing.

Environmental Matters

We are subject to numerous U.S. Federal, state, local and international environmental laws and regulatory requirements and are involved from time to time in investigations or litigation of various potential environmental issues. We or companies we have acquired are responsible, or alleged to be responsible, for environmental investigation and/or remediation of multiple sites. These sites are in various stages of investigation and/or remediation and in some cases our liability is considered de minimis. Notices from the U.S. Environmental Protection Agency (“EPA”) or equivalent state or international environmental agencies allege that a number of sites formerly or currently owned and/or operated by us or companies we have acquired, and other properties or water supplies that may be or have been impacted from those operations, contain disposed or recycled materials or wastes and require environmental investigation and/or remediation. These sites include instances of being identified as a potentially responsible party.

under the Comprehensive Environmental Response, Compensation and Liability Act (commonly known as the “Superfund Act”) and/or equivalent state and international laws. For example, in June 2014, the U.S. Department of Justice, Environment and Natural Resources Division, notified several potentially responsible parties, including Exelis, of potential responsibility for contribution to the environmental investigation and remediation of multiple locations in Alaska. In addition, in March 2016, the EPA notified over 100 potentially responsible parties, including Exelis, of potential liability for the cost of remediation for the 8.3-mile stretch of the Lower Passaic River, estimated by the EPA to be \$1.38 billion, but the parties’ respective allocations have not been determined. Although it is not feasible to predict the outcome of these environmental claims made against us, based on available information, in the opinion of our management, any payments we may be required to make as a result of environmental claims made against us in existence at January 1, 2021 are reserved against, covered by insurance or would not have a material adverse effect on our financial condition, results of operations, cash flows or equity.

NOTE 27: TRANSITION PERIOD COMPARATIVE DATA (UNAUDITED)

The following table presents certain comparative financial information for fiscal 2020 compared with the four quarters ended January 3, 2020 (Unaudited) and two quarters ended January 3, 2020 compared with the two quarters ended December 28, 2018 (Unaudited). Due to the L3Harris Merger on June 29, 2019, fiscal 2020 and the two quarters ended January 3, 2020 reflect the results of the combined Company, while the four quarters ended January 3, 2020 reflect the results of only Harris operating businesses for the two quarters ended June 28, 2019 and the results of the combined Company for the two quarters ended January 3, 2020. The two quarters ended December 28, 2018 reflect the results of only Harris operating businesses. Due to the significance of the L3 operating businesses included in the combined Company results following the L3Harris Merger, the reported results for fiscal 2020 and the two quarters ended January 3, 2020 generally are not comparable to the four quarters ended January 3, 2020 and two quarters ended December 28, 2018, respectively.

(In millions, except per share amounts)	Fiscal Year Ended	Four Quarters Ended	Two Quarters Ended	
	January 1, 2021	January 3, 2020 (Unaudited)	January 3, 2020	December 28, 2018 (Unaudited)
Revenue from product sales and services	\$ 18,194	\$ 12,856	\$ 9,263	\$ 3,208
Cost of product sales and services	(12,886)	(9,088)	(6,726)	(2,105)
Engineering, selling and administrative expenses	(3,315)	(2,540)	(1,881)	(583)
Business divestiture-related (losses) gains	(51)	229	229	—
Impairment of goodwill and other assets	(767)	(46)	(46)	—
Non-operating income	401	286	192	94
Interest income	16	13	12	1
Interest expense	(270)	(217)	(135)	(87)
Income from continuing operations before income taxes	1,322	1,493	908	528
Income taxes	(234)	(146)	(73)	(87)
Income from continuing operations	1,088	1,347	835	441
Discontinued operations, net of income taxes	(2)	(2)	(1)	(3)
Net income	1,086	1,345	834	438
Noncontrolling interests, net of income taxes	33	(12)	(12)	—
Net income attributable to L3Harris Technologies, Inc.	\$ 1,119	\$ 1,333	\$ 822	\$ 438
Net income per common share attributable to L3Harris Technologies, Inc. common shareholders				
Net income per common share				
Basic				
Continuing operations	\$ 5.24	\$ 8.04	\$ 3.72	\$ 3.74
Discontinued operations	(0.01)	—	—	(0.03)
	\$ 5.23	\$ 8.04	\$ 3.72	\$ 3.71
Diluted				
Continuing operations	\$ 5.19	\$ 7.90	\$ 3.68	\$ 3.66
Discontinued operations	—	(0.01)	(0.01)	(0.02)
	\$ 5.19	\$ 7.89	\$ 3.67	\$ 3.64
Basic weighted average common shares outstanding	214.0	166.0	221.2	117.8
Diluted weighted average common shares outstanding	215.9	169.0	223.7	120.3

NOTE 28: SUBSEQUENT EVENTS**Share Repurchase Authorization**

On January 28, 2021, we announced that our Board of Directors approved a new \$6 billion share repurchase authorization under our repurchase program that was in addition to the remaining unused authorization of \$210 million, for a total unused authorization of \$6.2 billion. Although our repurchase program does not have a stated expiration date, we announced that we currently expect to repurchase up to \$2.3 billion in shares in fiscal 2021, exclusive of any proceeds from divestitures that we may complete, but we can give no assurances regarding the level and timing of shares repurchases. Repurchases under our repurchase program may be made through open-market transactions, private transactions, transactions structured through investment banking institutions or any combination thereof. The level of our repurchases depends on a number of factors, including our financial

condition, capital requirements, cash flows, results of operations, future business prospects and other factors our Board and management may deem relevant. The timing, volume and nature of repurchases are subject to market conditions, applicable securities laws and other factors and are at our discretion and may be suspended or discontinued at any time.

Pending Divestitures

Subsequent to the end of fiscal 2020, we entered into definitive agreements to divest two businesses in connection with our process to reshape our business portfolio to focus on core technologies following the L3Harris Merger. Each divestiture is subject to regulatory review and other customary closing conditions, and we expect to close the divestitures in the second half of fiscal 2021 and to use proceeds from the divestitures to repurchase shares of our common stock; however, there can be no assurances that the conditions will be satisfied (or waived, if applicable) or that closing will occur in the second half of fiscal 2021 or at all or regarding the use of proceeds. Because the two businesses did not meet the held for sale criteria as of January 1, 2021, the assets and liabilities of the businesses were not classified as held for sale in our Consolidated Balance Sheet at January 1, 2021.

Military training business. On February 27, 2021, we entered into a definitive agreement to sell our military training business to CAE USA Inc., a subsidiary of CAE Inc., for \$1.05 billion in cash, subject to adjustments set forth in the definitive agreement. The military training business provides flight simulation solutions and training services to DoD and foreign military agencies. The military training business is part of our Aviation Systems segment and had approximately \$500 million in fiscal 2020 revenue.

CPS business. On March 1, 2021, we entered into a definitive agreement to sell our Combat Propulsion Systems and related businesses (“CPS business”) to RENK AG for approximately \$400 million in cash, subject to adjustments set forth in the definitive agreement. The CPS business engineers, designs, manufactures and remanufactures engines, transmissions, suspensions and turret drive systems for tracked and wheeled combat vehicle systems. The CPS business is part of our Aviation Systems segment and had approximately \$230 million in fiscal 2020 revenue.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

(a) *Evaluation of Disclosure Controls and Procedures:* We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives, and management necessarily is required to use its judgment in evaluating the cost-benefit relationship of possible controls and procedures. As required by Rule 13a-15 under the Exchange Act, as of January 1, 2021, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based on this work and other evaluation procedures, our management, including our Chief Executive Officer and our Chief Financial Officer, has concluded that as of January 1, 2021 our disclosure controls and procedures were effective.

(b) *Changes in Internal Control:* We periodically review our internal control over financial reporting as part of our efforts to ensure compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. In addition, we routinely review our system of internal control over financial reporting to identify potential changes to our processes and systems that may improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating the activities of business units, migrating certain processes to our shared services organizations, formalizing policies and procedures, improving segregation of duties and increasing monitoring controls. In addition, when we acquire new businesses, we incorporate our controls and procedures into the acquired business as part of our integration activities. We evaluated the impacts of COVID on our ability to maintain effective internal controls and concluded that our internal control environment was not materially affected during fiscal 2020. Other than changes related to incorporating our controls and procedures with respect to L3’s operations, there have been no changes in our internal control over financial reporting that occurred during the fourth quarter of fiscal 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(c) *Evaluation of Internal Control over Financial Reporting*: Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of January 1, 2021. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013 framework). Based on our management’s assessment and those criteria, our management concluded that our internal control over financial reporting was effective as of January 1, 2021. “Management’s Report on Internal Control Over Financial Reporting” is included within “Item 8. Financial Statements and Supplementary Data” of this Report. The effectiveness of our internal control over financial reporting was audited by Ernst & Young LLP, our independent registered public accounting firm, whose unqualified report is included within “Item 8. Financial Statements and Supplementary Data” of this Report.

ITEM 9B. OTHER INFORMATION.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding our directors, executive officers and corporate governance is included in our Proxy Statement for our 2021 Annual Meeting of Shareholders scheduled to be held on April 23, 2021 (our “2021 Proxy Statement”), which is expected to be filed within 120 days after the end of our fiscal 2020.

(a) *Identification of Directors*: The information required by this Item with respect to our directors is incorporated herein by reference to the discussion under the headings *Proposal 1: Election of Directors* and *Nominees for Election* in our 2021 Proxy Statement.

(b) *Identification of Executive Officers*: Certain information regarding our executive officers is included in Part I of this Report under the heading “Information about our Executive Officers” in accordance with General Instruction G(3) of Form 10-K.

(c) *Audit Committee Information; Financial Expert*: The information required by this Item with respect to the Audit Committee of our Board of Directors and “audit committee financial experts” is incorporated herein by reference to the discussions under the headings *Corporate Governance* and *Board Committees, Audit Committee* in our 2021 Proxy Statement.

(d) *Delinquent Section 16(a) Reports*: Information related to compliance with Section 16(a) of the Exchange Act is incorporated herein by reference to the discussion under the heading *Delinquent Section 16(a) Reports* in our 2021 Proxy Statement.

(e) *Code of Ethics*: All of our directors and employees, including our Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and other senior accounting and financial officers, are required to abide by our Code of Conduct. Our Code of Conduct is posted on our website at <https://www.l3harris.com/content/code-of-conduct> and is also available free of charge by written request to our Director of Ethics and Compliance, L3Harris Technologies, Inc., 1025 West NASA Boulevard, Melbourne, Florida 32919. We intend to disclose on the Code of Conduct section of our website at <https://www.l3harris.com/content/code-of-conduct> any amendment to, or waiver from, our Code of Conduct that is required to be disclosed to shareholders, within four business days following such amendment or waiver. The information required by this Item with respect to codes of ethics is incorporated herein by reference to the discussion under the heading *Code of Conduct* in our 2021 Proxy Statement.

(f) *Policy for Nominees*: The information required under Item 407(c)(3) of Regulation S-K is incorporated herein by reference to the discussion contained under the heading *Director Nomination Process* in our 2021 Proxy Statement concerning procedures by which shareholders may recommend nominees to our Board of Directors, submit nominees for inclusion in our proxy materials pursuant to our “proxy access” provision of our By-Laws or directly propose nominees for consideration pursuant to our By-Laws but not pursuant to the proxy access provision. No material changes to those procedures have occurred since the disclosure regarding those procedures in our Proxy Statement for our 2020 Annual Meeting of Shareholders.

Additional information concerning requirements and procedures for shareholders directly nominating directors is contained under the heading *Shareholder Nominations and Proposals* in our 2021 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item with respect to compensation of our directors and executive officers is incorporated herein by reference to the discussions under the headings *Director Compensation and Benefits*, *Compensation Discussion and Analysis* and *Compensation Committee Report* in our 2021 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table provides information as of January 1, 2021 about our common stock that may be issued, whether upon the exercise of options, warrants and rights or otherwise, under our existing equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)(2)	Weighted-average exercise price of outstanding options, warrants and rights (b)(2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders ⁽¹⁾	5,206,192	\$127.93	19,402,884
Equity compensation plans not approved by shareholders	—	—	—
Total	5,206,192	\$127.93	19,402,884

(1) Consists of the Harris Corporation 2005 Equity Incentive Plan (As Amended and Restated Effective August 27, 2010) (the “2005 EIP”) and the L3Harris Technologies, Inc. 2015 Equity Incentive Plan (As Amended and Restated Effective August 28, 2020) (the “2015 EIP”), as well as employee stock incentive plans of L3 assumed by L3Harris (collectively with the 2005 EIP and the 2015 EIP, the “L3Harris SIPs”). No additional awards may be granted under the 2005 EIP.

(2) Under the L3Harris SIPs, in addition to options, we have granted share-based compensation awards in the form of performance shares, shares of restricted stock, performance share units, restricted stock units, shares of immediately vested common stock and other similar types of share-based awards. As of January 1, 2021, there were awards outstanding under those plans with respect to 948,615 shares, consisting of (i) awards of 64,059 shares of restricted stock, for which all 64,059 shares were issued and outstanding; and (ii) awards of 884,556 performance share units and restricted stock units, for which all 884,556 were payable in shares but for which no shares were yet issued and outstanding. The 5,206,192 shares to be issued upon exercise of outstanding options, warrants and rights as listed in column (a) consisted of shares to be issued in respect of the exercise of 4,321,636 outstanding options and in respect of awards of 884,556 performance share units and restricted stock units payable in shares. Because there is no exercise price associated with awards of shares of restricted stock, performance share units or restricted stock units, all of which are granted to employees at no cost, such awards are not included in the weighted-average exercise price calculation in column (b).

See *Note 16: Stock Options and Other Share-Based Compensation* in the Notes for a general description of our share-based incentive plans.

The other information required by this Item with respect to security ownership of certain of our beneficial owners and management is incorporated herein by reference to the discussions under the headings *Principal Shareholders* and *Shares Owned By Directors, Nominees and Executive Officers* in our 2021 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item is incorporated herein by reference to the discussions under the headings *Director Independence Standards* and *Related Person Transaction Policy* in our 2021 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item is incorporated herein by reference to the discussion under the heading *Proposal 3: Ratification of Appointment of Independent Registered Public Accounting Firm* in our 2021 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as a part of this Report:

	<u>Page</u>
(1) List of Financial Statements Filed as Part of this Report:	
The following financial statements and reports of L3Harris Technologies, Inc. and its consolidated subsidiaries are included in Item 8 of this Report at the page numbers referenced below:	
Management's Report on Internal Control Over Financial Reporting	71
Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements	72
Report of Independent Registered Public Accounting Firm on the Effectiveness of Internal Control Over Financial Reporting	75
Consolidated Statement of Income — Fiscal Year Ended January 1, 2021; Two Quarters Ended January 3, 2020; and Fiscal Years Ended June 28, 2019 and June 29, 2018	76
Consolidated Statement of Comprehensive Income — Fiscal Year Ended January 1, 2021; Two Quarters Ended January 3, 2020; and Fiscal Years Ended June 28, 2019 and June 29, 2018	77
Consolidated Balance Sheet — January 1, 2021 and January 3, 2020	78
Consolidated Statement of Cash Flows — Fiscal Year Ended January 1, 2021; Two Quarters ended January 3, 2020; and Fiscal Years Ended June 28, 2019 and June 29, 2018	79
Consolidated Statement of Equity — Fiscal Year ended January 1, 2021; Two Quarters ended January 3, 2020 and Fiscal Years ended June 28, 2019; June 29, 2018	80
Notes to Consolidated Financial Statements	81
(2) Financial Statement Schedules:	
All schedules are omitted because they are not applicable, the amounts are not significant or the required information is shown in the Consolidated Financial Statements or the Notes thereto.	
(3) Exhibits:	
The following exhibits are filed herewith or are incorporated herein by reference to exhibits previously filed with the SEC:	
<u>***</u> (2)(a) <u>Agreement and Plan of Merger, dated as of October 12, 2018, by and among Harris Corporation, L3 Technologies, Inc. and Leopard Merger Sub, Inc., incorporated herein by reference to Exhibit 2.1 to Harris Corporation's Current Report on Form 8-K filed with the SEC on October 16, 2018. (Commission File Number 1-3863)</u>	
(2)(b) <u>First Amendment to Agreement and Plan of Merger, dated as of June 28, 2019, among L3 Technologies, Inc., Harris Corporation and Leopard Merger Sub Inc., incorporated herein by reference to Exhibit 2.2 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 1, 2019. (Commission File Number 1-3863)</u>	
(3)(a) <u>Restated Certificate of Incorporation of L3Harris Technologies, Inc. (1995), as amended, incorporated herein by reference to Exhibit 3(a) to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 7, 2020. (Commission File Number 1-3863)</u>	
(3)(b) <u>Amended and Restated By-Laws of L3Harris Technologies, Inc., incorporated herein by reference to Exhibit 3.1 to L3Harris Technologies Inc.'s Current Report on Form 8-K filed with the SEC on April 7, 2020. (Commission File Number 1-3863)</u>	
(4)(a) <u>Specimen Stock Certificate for L3Harris Technologies, Inc.'s common stock, incorporated herein by reference to Exhibit 4 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 1, 2019. (Commission File Number 1-3863)</u>	
(4)(b)(i) <u>Indenture, dated as of May 1, 1996, between Harris Corporation and The Bank of New York, as Trustee, relating to unlimited amounts of debt securities which may be issued from time to time by Harris Corporation when and as authorized by Harris Corporation's Board of Directors or a Committee of the Board, incorporated herein by reference to Exhibit 4 to Harris Corporation's Registration Statement on Form S-3, Registration Statement No. 333-03111, filed with the SEC on May 3, 1996.</u>	

- [\(ii\) Instrument of Resignation from Trustee and Appointment and Acceptance of Successor Trustee, dated as of November 1, 2002 \(effective November 15, 2002\), among Harris Corporation, JP Morgan Chase Bank, as Resigning Trustee, and The Bank of New York, as Successor Trustee, incorporated herein by reference to Exhibit 99.4 to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2002. \(Commission File Number 1-3863\)](#)
- [\(iii\) Supplemental Indenture, dated June 2, 2015, among Harris Corporation, Exelis Inc. and The Bank of New York Mellon \(as successor to Chemical Bank\), to the Indenture dated as of May 1, 1996 between Harris Corporation and The Bank of New York \(as successor to Chemical Bank\), incorporated herein by reference to Exhibit 4.2 to Harris Corporation's Current Report on Form 8-K filed with the SEC on June 2, 2015. \(Commission File Number 1-3863\)](#)
- **[\(4\)\(c\) \(i\) Indenture, dated as of October 1, 1990, between Harris Corporation and U.S. Bank National Association \(as successor to National City Bank\), as Trustee, relating to unlimited amounts of debt securities which may be issued from time to time by Harris Corporation when and as authorized by Harris Corporation's Board of Directors or a Committee of the Board, incorporated herein by reference to Exhibit 4 to Harris Corporation's Registration Statement on Form S-3, Registration Statement No. 33-35315, filed with the SEC on June 8, 1990.](#)
- [\(ii\) Supplemental Indenture, dated June 2, 2015, among Harris Corporation, Exelis Inc. and U.S. Bank National Association \(as successor to National City Bank\), to the Indenture dated as of October 1, 1990 between Harris Corporation and U.S. National Association \(as successor to National City Bank\), incorporated herein by reference to Exhibit 4.1 to Harris Corporation's Current Report on Form 8-K filed with the SEC on June 2, 2015. \(Commission File Number 1-3863\)](#)
- [\(4\)\(d\)\(i\) Indenture, dated as of September 3, 2003, between Harris Corporation and The Bank of New York Mellon Trust Company, N.A., as successor to The Bank of New York, as Trustee, relating to unlimited amounts of debt securities which may be issued from time to time by Harris Corporation when and as authorized by Harris Corporation's Board of Directors or a Committee of the Board, incorporated herein by reference to Exhibit 4\(b\) to Harris Corporation's Registration Statement on Form S-3, Registration Statement No. 333-108486, filed with the SEC on September 3, 2003](#)
- [\(ii\) Instrument of Resignation of Trustee, Appointment and Acceptance of Successor Trustee, dated as of June 2, 2009, among Harris Corporation, The Bank of New York Mellon \(formerly known as The Bank of New York\) and The Bank of New York Mellon Trust Company, N.A., as to Indenture dated as of September 3, 2003, incorporated herein by reference to Exhibit 4\(m\) to Harris Corporation's Registration Statement on Form S-3, Registration Statement No. 333-159688, filed with the SEC on June 3, 2009](#)
- [\(iii\) Supplemental Indenture, dated June 2, 2015, among Harris Corporation, Exelis Inc. and The Bank of New York Mellon Trust Company, N.A. \(as successor to The Bank of New York\), to the Indenture dated as of September 3, 2003 between Harris Corporation and The Bank of New York Mellon Trust Company, N.A. \(as successor to The Bank of New York\), incorporated herein by reference to Exhibit 4.3 to Harris Corporation's Current Report on Form 8-K filed with the SEC on June 2, 2015. \(Commission File Number 1-3863\)](#)
- [\(4\)\(e\)\(i\) Subordinated Indenture, dated as of September 3, 2003, between Harris Corporation and The Bank of New York Mellon Trust Company, N.A., as successor to The Bank of New York, as Trustee, relating to unlimited amounts of debt securities which may be issued from time to time by Harris Corporation when and as authorized by the Harris Corporation's Board of Directors or a Committee of the Board, incorporated herein by reference to Exhibit 4\(c\) to the Harris Corporation's Registration Statement on Form S-3, Registration Statement No. 333-108486, filed with the SEC on September 3, 2003](#)
- [\(ii\) Instrument of Resignation of Trustee, Appointment and Acceptance of Successor Trustee, dated as of June 2, 2009, among Harris Corporation, The Bank of New York Mellon \(formerly known as The Bank of New York\) and The Bank of New York Mellon Trust Company, N.A., as to Subordinated Indenture dated as of September 3, 2003, incorporated herein by reference to Exhibit 4\(n\) to Harris Corporation's Registration Statement on Form S-3, Registration Statement No. 333-159688, filed with the SEC on June 3, 2009](#)
- [\(4\)\(f\) Form of Floating Rate Global Note due March 2023, incorporated herein by reference to Exhibit 4.1 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on March 13, 2020. \(Commission File Number 1-3863\)](#)
- [\(4\)\(g\) Form of 3.832% Global Note due 2025, incorporated herein by reference to Exhibit 4.3 to Harris Corporation's Current Report on Form 8-K filed with the SEC on April 27, 2015. \(Commission File Number 1-3863\)](#)
- [\(4\)\(h\) Form of 4.400% Global Note due 2028, incorporated herein by reference to Exhibit 4.1 to Harris Corporation's Current Report on Form 8-K filed with the SEC on June 4, 2018. \(Commission File Number 1-3863\)](#)

- (4)(i) [Form of 2.90% Global Note due 2029, incorporated herein by reference to Exhibit 4.1 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on November 27, 2019. \(Commission File Number 1-3863\)](#)
- (4)(j) [Form of 1.80% Global Note due 2031, incorporated herein by reference to Exhibit 4.1 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on November 25, 2020. \(Commission File Number 1-3863\)](#)
- (4)(k) [Form of 4.854% Global Note due 2035, incorporated herein by reference to Exhibit 4.4 to Harris Corporation's Current Report on Form 8-K filed with the SEC on April 27, 2015. \(Commission File Number 1-3863\)](#)
- (4)(l) [Form of 6.15% Global Note due 2040, incorporated herein by reference to Exhibit 4.2 to Harris Corporation's Current Report on Form 8-K filed with the SEC on December 3, 2010. \(Commission File Number 1-3863\)](#)
- (4)(m) [Form of 5.054% Global Note due 2045, incorporated herein by reference to Exhibit 4.5 to Harris Corporation's Current Report on Form 8-K filed with the SEC on April 27, 2015. \(Commission File Number 1-3863\)](#)
- (4)(n) [Registration Rights Agreement, dated as of July 2, 2019, by and among L3Harris Technologies, Inc. \(f/k/a Harris Corporation\), BofA Securities, Inc. and Morgan Stanley & Co. LLC, incorporated herein by reference to Exhibit 4.1 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019. \(Commission File Number 1-3863\)](#)
- (4)(o) [Form of New L3Harris 3.850% 2023 Rule 144A Note, incorporated herein by reference to Exhibit 4.4 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019. \(Commission File Number 1-3863\)](#)
- (4)(p) [Form of New L3Harris 3.850% 2023 Regulation S Note, incorporated herein by reference to Exhibit 4.5 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019. \(Commission File Number 1-3863\)](#)
- (4)(q) [Form of New L3Harris 3.950% 2024 Rule 144A Note, incorporated herein by reference to Exhibit 4.6 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019. \(Commission File Number 1-3863\)](#)
- (4)(r) [Form of New L3Harris 3.950% 2024 Regulation S Note, incorporated herein by reference to Exhibit 4.7 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019. \(Commission File Number 1-3863\)](#)
- (4)(s) [Form of New L3Harris 3.850% 2026 Rule 144A Note, incorporated herein by reference to Exhibit 4.8 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019. \(Commission File Number 1-3863\)](#)
- (4)(t) [Form of New L3Harris 3.850% 2026 Regulation S Note, incorporated herein by reference to Exhibit 4.9 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019. \(Commission File Number 1-3863\)](#)
- (4)(u) [Form of New L3Harris 4.400% 2028 Rule 144A Note, incorporated herein by reference to Exhibit 4.10 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019. \(Commission File Number 1-3863\)](#)
- (4)(v) [Form of New L3Harris 4.400% 2028 Regulation S Note, incorporated herein by reference to Exhibit 4.11 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019. \(Commission File Number 1-3863\)](#)
- (4)(w) Pursuant to Regulation S-K, Item 601(b)(4)(iii)(A), L3Harris Technologies, Inc. by this filing agrees, upon request, to furnish to the SEC a copy of other instruments defining the rights of holders of long-term debt of L3Harris Technologies, Inc. or L3 Technologies, Inc.
- (4)(x) [Description of L3Harris Technologies, Inc.'s Securities, incorporated by reference to Exhibit \(4\)\(z\) to L3Harris Technologies, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 28, 2019. \(Commission File Number 1-3863\)](#)
- *[\(10\)\(a\) Form of Director and Officer Indemnification Agreement, for use on or after June 29, 2019, incorporated herein by reference to Exhibit 10.5 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 1, 2019. \(Commission File Number 1-3863\)](#)
- *[\(10\)\(b\) Form of Executive Change in Control Severance Agreement, effective as of, and for use after, April 22, 2010, incorporated herein by reference to Exhibit 10\(e\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 1, 2010. \(Commission File Number 1-3863\)](#)

- [*\(10\)\(c\) L3Harris Technologies, Inc. Executive Change in Control Severance Plan, effective as of March 1, 2020, incorporated herein by reference to Exhibit 10.1 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on March 4, 2020. \(Commission File Number 1-3863\)](#)
- [*\(10\)\(d\) L3Harris Technologies, Inc. Severance Pay Plan, effective as of March 1, 2020, incorporated herein by reference to Exhibit 10.2 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on March 4, 2020. \(Commission File Number 1-3863\)](#)
- [*\(10\)\(e\) L3Harris Technologies, Inc. Annual Incentive Plan \(Amended and Restated Effective as of August 28, 2020\), incorporated herein by reference to Exhibit 10.1 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on September 1, 2020. \(Commission File Number 1-3863\)](#)
- [*\(10\)\(f\)\(i\) 2005 Equity Incentive Plan \(As Amended and Restated Effective August 27, 2010\), incorporated herein by reference to Exhibit 10.4 to Harris Corporation's Current Report on Form 8-K filed with the SEC on September 2, 2010. \(Commission File Number 1-3863\)](#)
- [\(ii\) Form of Stock Option Award Agreement Terms and Conditions \(as of July 3, 2010\) for grants under the 2005 Equity Incentive Plan \(As Amended and Restated Effective August 27, 2010\), incorporated herein by reference to Exhibit 10\(c\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 1, 2010. \(Commission File Number 1-3863\)](#)
- [\(iii\) Form of Stock Option Award Agreement Terms and Conditions \(as of August 26, 2011\) for grants under the 2005 Equity Incentive Plan \(As Amended and Restated Effective August 27, 2010\), incorporated herein by reference to Exhibit 10.1 to Harris Corporation's Current Report on Form 8-K filed with the SEC on August 31, 2011. \(Commission File Number 1-3863\)](#)
- [\(iv\) Form of Stock Option Award Agreement Terms and Conditions \(as of June 29, 2013\) for grants under the 2005 Equity Incentive Plan \(As Amended and Restated Effective August 27, 2010\), incorporated herein by reference to Exhibit 10\(a\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2013. \(Commission File Number 1-3863\)](#)
- [\(v\) Form of Performance Stock Option Award Agreement Terms and Conditions \(as of May 27, 2015\) for grants under the 2005 Equity Incentive Plan \(As Amended and Restated Effective August 27, 2010\), incorporated herein by reference to Exhibit 10\(e\)\(xi\) to Harris Corporation's Annual Report on Form 10-K for the fiscal year ended July 3, 2015. \(Commission File Number 1-3863\)](#)
- [*\(10\)\(g\)\(i\) 2015 Equity Incentive Plan, incorporated herein by reference to Exhibit 10.1 to Harris Corporation's Current Report on Form 8-K filed with the SEC on October 28, 2015. \(Commission File Number 1-3863\)](#)
- [\(ii\) 2015 Equity Incentive Plan Stock Option Award Agreement Terms and Conditions \(as of October 23, 2015\), incorporated herein by reference to Exhibit 10\(f\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016. \(Commission File Number 1-3863\)](#)
- [\(iii\) Performance Unit Award Agreement Terms and Conditions \(August 1, 2019 CEO-COO Award\), incorporated herein by reference to Exhibit 10.3 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2019. \(Commission File Number 1-3863\)](#)
- [\(iv\) Performance Unit Award Agreement Terms and Conditions \(August 1, 2019 Momentum Award\), incorporated herein by reference to Exhibit 10.4 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2019. \(Commission File Number 1-3863\)](#)
- [\(v\) Performance Stock Option Award Agreement Terms and Conditions \(August 1, 2019 CEO-COO Award\), incorporated herein by reference to Exhibit 10.5 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2019. \(Commission File Number 1-3863\)](#)
- [\(vi\) Performance Stock Option Award Agreement Terms and Conditions \(August 1, 2019 Momentum Award\), incorporated herein by reference to Exhibit 10.6 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2019. \(Commission File Number 1-3863\)](#)
- [\(vii\) Performance Stock Option Award Agreement Terms and Conditions \(August 1, 2019 Integration Award\), incorporated herein by reference to Exhibit 10.7 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2019. \(Commission File Number 1-3863\)](#)
- [\(viii\) Restricted Unit Award Agreement Terms and Conditions \(August 1, 2019 Integration/Retention/Fiscal Transition Period Award\), incorporated herein by reference to Exhibit 10.8 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2019. \(Commission File Number 1-3863\)](#)

- [\(ix\) Restricted Unit Award Agreement Terms and Conditions \(New Hire/Other Award as of August 1, 2019\), incorporated herein by reference to Exhibit 10.9 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2019. \(Commission File Number 1-3863\)](#)
- [\(x\) Non-Employee Director Share Unit Agreement Terms and Conditions \(as of June 29, 2019\), incorporated herein by reference to Exhibit 10\(f\)\(x\) to L3Harris Technologies, Inc.'s Transition Report on Form 10-KT for the fiscal year ended January 3, 2020. \(Commission File Number 1-3863\)](#)
- [\(xi\) L3Harris Technologies, Inc. Restricted Unit Award Agreement Terms and Conditions \(as of February 5, 2020\), incorporated herein by reference to Exhibit 10.3 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2020. \(Commission File Number 1-3863\)](#)
- [\(xii\) L3Harris Technologies, Inc. Performance Unit Award Agreement Terms and Conditions \(as of February 28, 2020\), incorporated herein by reference to Exhibit 10.4 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2020. \(Commission File Number 1-3863\)](#)
- [\(xiii\) L3Harris Technologies, Inc. Stock Option Award Agreement Terms and Conditions \(as of February 28, 2020\), incorporated herein by reference to Exhibit 10.5 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2020. \(Commission File Number 1-3863\)](#)
- [*\(10\)\(h\) L3Harris Technologies, Inc. 2015 Equity Incentive Plan \(Amended and Restated Effective as of August 28, 2020\), incorporated herein by reference to Exhibit 10.2 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on September 1, 2020. \(Commission File Number 1-3863\)](#)
- [*10\(i\)\(i\) L3Harris Retirement Savings Plan \(Amended and Restated Effective January 1, 2020\), incorporated herein by reference to Exhibit 10\(g\) to L3Harris Technologies, Inc.'s Transition Report on Form 10-KT for the fiscal year ended January 3, 2020. \(Commission File Number 1-3863\)](#)
- [\(ii\) Amendment One to the L3Harris Retirement Savings Plan \(amended and restated as of January 1, 2020\), dated February 19, 2020 and effective February 1, 2020, incorporated herein by reference to Exhibit 10.6 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2020. \(Commission File Number 1-3863\)](#)
- [\(iii\) Amendment Two to the L3Harris Retirement Savings Plan \(amended and restated as of January 1, 2020\), dated February 28, 2020 and effective March 1, 2020, incorporated herein by reference to Exhibit 10.7 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2020. \(Commission File Number 1-3863\)](#)
- [\(iv\) Amendment Three to the L3Harris Retirement Savings Plan \(amended and restated as of January 1, 2020\), dated May 1, 2020, incorporated herein by reference to Exhibit 10.1 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 2020. \(Commission File Number 1-3863\)](#)
- [\(v\) Amendment Four to the L3Harris Retirement Savings Plan \(amended and restated as of January 1, 2020\), dated July 8, 2020, incorporated herein by reference to Exhibit 10.2 to L3Harris Technologies, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 2020. \(Commission File Number 1-3863\)](#)
- [*\(10\)\(j\) L3Harris Excess Retirement Savings Plan, as amended and restated effective January 1, 2020, incorporated herein by reference to Exhibit 10\(h\) to L3Harris Technologies, Inc.'s Transition Report on Form 10-KT for the fiscal year ended January 3, 2020. \(Commission File Number 1-3863\)](#)
- [*\(10\)\(k\) L3Harris Technologies, Inc. 2019 Non-Employee Director Deferred Compensation Plan, incorporated herein by reference to Exhibit 10\(j\) to L3Harris Technologies, Inc.'s Transition Report on Form 10-KT for the fiscal year ended January 3, 2020. \(Commission File Number 1-3863\)](#)
- [*\(10\)\(l\)\(i\) Amended and Restated Master Trust Agreement and Declaration of Trust, made as of December 2, 2003, by and between Harris Corporation and The Northern Trust Company, incorporated herein by reference to Exhibit 10\(c\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2004. \(Commission File Number 1-3863\)](#)
- [\(ii\) Amendment to the Harris Corporation Master Trust, dated May 21, 2009, incorporated herein by reference to Exhibit 10\(m\)\(ii\) to Harris Corporation's Annual Report on Form 10-K for the fiscal year ended July 3, 2009. \(Commission File Number 1-3863\)](#)
- [\(iii\) Amendment to the Harris Corporation Master Trust, dated December 8, 2009 and effective December 31, 2009, incorporated herein by reference to Exhibit 4\(e\)\(iii\) to Harris Corporation's Registration Statement on Form S-8, Registration Statement No. 333-163647, filed with the SEC on December 10, 2009](#)

- [\(iv\) Amendment to the Harris Corporation Master Trust, dated and effective May 3, 2010, incorporated herein by reference to Exhibit 4\(e\)\(iv\) to Harris Corporation's Registration Statement on Form S-8, Registration Statement No. 333-222821, filed with the SEC on February 1, 2018](#)
- *[\(10\)\(m\)\(i\) Master Rabbi Trust Agreement, amended and restated as of December 2, 2003, by and between Harris Corporation and The Northern Trust Company, incorporated herein by reference to Exhibit 10\(d\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2004. \(Commission File Number 1-3863\)](#)
- [\(ii\) First Amendment to the Harris Corporation Master Rabbi Trust Agreement, dated September 24, 2004, incorporated herein by reference to Exhibit 10\(b\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 1, 2004. \(Commission File Number 1-3863\)](#)
- [\(iii\) Second Amendment to the Harris Corporation Master Rabbi Trust Agreement, dated as of December 8, 2004, incorporated herein by reference to Exhibit 10.5 to Harris Corporation's Current Report on Form 8-K filed with the SEC on December 8, 2004. \(Commission File Number 1-3863\)](#)
- [\(iv\) Third Amendment to the Harris Corporation Master Rabbi Trust Agreement, dated January 15, 2009 and effective January 1, 2009, incorporated herein by reference to Exhibit 10\(i\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended January 2, 2009. \(Commission File Number 1-3863\)](#)
- [\(v\) Fourth Amendment to the Harris Corporation Master Rabbi Trust Agreement, dated October 27, 2010 and effective as of August 28, 2010, incorporated herein by reference to Exhibit 10\(n\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 1, 2010. \(Commission File Number 1-3863\)](#)
- [\(vi\) Fifth Amendment to the Harris Corporation Master Rabbi Trust Agreement, dated and effective as of February 28, 2019, incorporated herein by reference to Exhibit 10 to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2019. \(Commission File Number 1-3863\)](#)
- [\(10\)\(n\) Commercial Paper Issuing and Paying Agent Agreement, dated as of March 30, 2005, between Citibank, N.A. and Harris Corporation, incorporated herein by reference to Exhibit 99.2 to Harris Corporation's Current Report on Form 8-K filed with the SEC on April 5, 2005. \(Commission File Number 1-3863\)](#)
- [\(10\)\(o\) Commercial Paper Dealer Agreement, dated as of June 12, 2007, between Citigroup Global Markets Inc. and Harris Corporation, incorporated herein by reference to Exhibit 10.1 to Harris Corporation's Current Report on Form 8-K filed with the SEC on June 18, 2007. \(Commission File Number 1-3863\)](#)
- [\(10\)\(p\) Commercial Paper Dealer Agreement, dated June 13, 2007, between Banc of America Securities LLC and Harris Corporation, incorporated herein by reference to Exhibit 10.2 to Harris Corporation's Current Report on Form 8-K filed with the SEC on June 18, 2007. \(Commission File Number 1-3863\)](#)
- [\(10\)\(q\) Commercial Paper Dealer Agreement, dated as of June 14, 2007, between SunTrust Capital Markets, Inc. and Harris Corporation, incorporated herein by reference to Exhibit 10.3 to Harris Corporation's Current Report on Form 8-K filed with the SEC on June 18, 2007. \(Commission File Number 1-3863\)](#)
- *[\(10\)\(r\)\(i\) Employment Agreement, dated October 8, 2011 and effective November 1, 2011, by and between Harris Corporation and William M. Brown, incorporated herein by reference to Exhibit 10.1 to Harris Corporation's Current Report on Form 8-K filed with the SEC on October 11, 2011. \(Commission File Number 1-3863\)](#)
- [\(ii\) Employment Agreement Amendment, dated October 12, 2018, by and between Harris Corporation and William M. Brown, incorporated herein by reference to Exhibit 10.1 to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2018. \(Commission File Number 1-3863\)](#)
- *[\(10\)\(s\) Letter Agreement with Christopher E. Kubasik, dated as of November 5, 2018, incorporated herein by reference to Exhibit 10.4 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 1, 2019. \(Commission File Number 1-3863\)](#)
- *[\(10\)\(t\) Offer Letter Agreement with Jesus Malave Jr., dated as of June 6, 2019, incorporated herein by reference to Exhibit 10.3 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 1, 2019. \(Commission File Number 1-3863\)](#)
- *[\(10\)\(u\) Offer Letter Agreement, dated March 6, 2015, between Harris Corporation and Todd Taylor, incorporated herein by reference to Exhibit 10\(e\) to Harris Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2015. \(Commission File Number 1-3863\)](#)

[*\(10\)\(v\) Summary of Annual Compensation of Non-Employee Directors of L3Harris Technologies, Inc., effective as of June 29, 2019, incorporated herein by reference to Exhibit 10.2 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 1, 2019. \(Commission File Number 1-3863\)](#)

[*** \(10\)\(w\) Revolving Credit Agreement, dated June 28, 2019, among Harris Corporation and certain of its Subsidiaries from time to time, as the Borrowers, the Lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, L/C Issuer and Swingline Lender, Citibank, N.A., Bank of America, N.A., Morgan Stanley MUFG Loan Partners, LLC and Wells Fargo Bank, National Association, as Co-Syndication Agents and JPMorgan Chase Bank, N.A., Citibank, N.A., Bank of America Securities, Inc., Morgan Stanley MUFG Loan Partners, LLC and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners, incorporated herein by reference to Exhibit 10.1 to L3Harris Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on July 1, 2019. \(Commission File Number 1-3863\)](#)

[*\(10\)\(x\) \(i\) L3Harris Salaried Pension Plan \(as amended and restated as of August 31, 2020\)](#)

[\(ii\) Amendment Number One to the L3Harris Salaried Pension Plan, dated December 22, 2020](#)

[*\(10\)\(y\) \(i\) L3Harris Link Simulation and Training Pension Plan \(restated effective as of August 31, 2020\)](#)

[\(ii\) Amendment Number One to the L3Harris Link Simulation and Training Pension Plan, dated December 22, 2020](#)

[*\(10\)\(z\) L3Harris Supplemental Executive Retirement Plan \(restated January 2, 2020\)](#)

[\(21\) Subsidiaries of the Registrant.](#)

[\(23\) Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.](#)

[\(24\) Power of Attorney.](#)

[\(31.1\) Rule 13a-14\(a\)/15d-14\(a\) Certification of Chief Executive Officer.](#)

[\(31.2\) Rule 13a-14\(a\)/15d-14\(a\) Certification of Chief Financial Officer.](#)

[\(32.1\) Section 1350 Certification of Chief Executive Officer.](#)

[\(32.2\) Section 1350 Certification of Chief Financial Officer.](#)

(101) The financial information from L3Harris Technologies, Inc.'s Annual Report on Form 10-K for the period from January 4, 2020 to January 1, 2021 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheet, (ii) the Consolidated Statement of Operations, (iii) the Consolidated Statement of Comprehensive Income, (iv) the Consolidated Statement of Changes in Stockholders Equity, (v) the Consolidated Statement of Cash Flows, and (vi) the Notes to the Consolidated Financial Statements.

(104) Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101.

* Management contract or compensatory plan or arrangement.

** Paper filing.

*** Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. L3Harris Technologies, Inc. hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the SEC.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

L3HARRIS TECHNOLOGIES, INC.

(Registrant)

Date: March 1, 2021

By:

/s/ WILLIAM M. BROWN

William M. Brown
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ WILLIAM M. BROWN _____ William M. Brown	Chairman and Chief Executive Officer (Principal Executive Officer)	March 1, 2021
/s/ CHRISTOPHER E. KUBASIK _____ Christopher E. Kubasik	Vice Chairman, President and Chief Operating Officer	March 1, 2021
/s/ JESUS MALAVE JR. _____ Jesus Malave Jr.	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 1, 2021
/s/ TODD A. TAYLOR _____ Todd A. Taylor	Vice President, Principal Accounting Officer (Principal Accounting Officer)	March 1, 2021
/s/ SALLIE B. BAILEY* _____ Sallie B. Bailey	Director	March 1, 2021
/s/ PETER W. CHIARELLI* _____ Peter W. Chiarelli	Director	March 1, 2021
/s/ THOMAS A. CORCORAN* _____ Thomas A. Corcoran	Director	March 1, 2021
/s/ THOMAS A. DATTILO* _____ Thomas A. Dattilo	Director	March 1, 2021
/s/ ROGER B. FRADIN* _____ Roger B. Fradin	Director	March 1, 2021
/s/ LEWIS HAY III* _____ Lewis Hay III	Director	March 1, 2021
/s/ LEWIS KRAMER* _____ Lewis Kramer	Director	March 1, 2021
/s/ RITA S. LANE* _____ Rita S. Lane	Director	March 1, 2021
/s/ ROBERT B. MILLARD* _____ Robert B. Millard	Director	March 1, 2021
/s/ LLOYD W. NEWTON* _____ Lloyd W. Newton	Director	March 1, 2021

*By: /s/ SCOTT T. MIKUEN

Scott T. Mikuen
Attorney-in-Fact
pursuant to a power of attorney

L3HARRIS
SALARIED PENSION PLAN
(Amended and Restated as of August 31, 2020)

L3HARRIS SALARIED PENSION PLAN

FOREWORD

The Plan as set forth in this document is known as the L3Harris Salaried Pension Plan (the “Plan”). The Plan has previously been known as the Harris Corporation Salaried Retirement Plan, the Exelis Salaried Retirement Plan and the ITT Salaried Retirement Plan.

ITT Corporation adopted the International Telephone Pension and Benefit Plan to be effective January 1, 1929. That Plan has been subsequently amended from time to time and the Plan contained therein constituted an amendment to and restatement of the Plan, effective December 19, 1995. Except as provided therein, events occurring prior to December 19, 1995, are governed by the terms of the Plan in effect at the time the event occurred. As of December 19, 1995, ITT Corporation, a Delaware corporation, distributed to the holders of shares of ITT Corporation common stock, all the outstanding shares of common stock of ITT Destinations, Inc., and all the outstanding shares of common stock of ITT Hartford Group, Inc., ITT Corporation, formerly known as ITT Industries, Inc., an Indiana corporation, was the successor to ITT Corporation.

The Plan was amended and restated, effective as of January 1, 2000, to reflect certain design and administrative changes and to conform the Plan to certain legislative and regulatory changes that went into effect since the date of the last restatement of the Plan.

Effective July 1, 2006, the Plan was renamed the ITT Salaried Retirement Plan.

The Plan was amended and restated, generally effective January 1, 2010, and that restatement incorporated all amendments adopted to the Plan since its last restatement and was intended to reflect current law and regulations, including but not limited to: the Economic Growth and Tax Relief Reconciliation Act of 2002; the Pension Protection Act of 2006; the Heroes Earnings Assistance and Relief Tax Act of 2008; and the Worker, Retiree, and Employer Recovery Act of 2008, to the extent applicable and effective as of the date of that restatement.

Effective August 16, 2011 and October 1, 2011, ITT Corporation amended the Plan to reflect certain design changes, including freezing the Plan to new entrants for salaried employees first hired on or after October 1, 2011, as well as those employees first transferred to salaried status at ITT Corporation on or after October 1, 2011, eliminating the choice between accruing benefits in the pension equity plan formula or the applicable traditional pension plan formula, and ceasing future accruals under the Plan’s pension equity formula, and ceasing accruals under the Plan’s traditional pension formula for active members, other than eligible active members who affirmatively elected to continue to participate in the Plan and receive compensation and benefit service accruals under the traditional pension plan formula. ITT Corporation also amended the Plan in anticipation of the split-up of ITT Corporation into three separate, publically traded companies.

Effective October 31, 2011, ITT Corporation restructured into three separate, publicly-traded companies named ITT Corporation, Exelis Inc., and Xylem Inc. In connection with this restructuring, the Plan was amended, effective October 31, 2011, to reflect the restructuring and to transfer the sponsorship of the Plan to Exelis Inc. (“Exelis”). Effective October 31, 2011, Exelis amended the Plan pursuant to, and in accordance with, Resolutions of the Board of Directors of Exelis adopted by Written Consent on October 11, 2011, and changed the name of the Plan to the Exelis Salaried Retirement Plan. Effective October 31, 2011, Exelis further amended the Plan to designate the individuals who would serve on the Administrative Committee and the Investment Committee.

Effective January 1, 2012, the Plan was amended and restated to reflect certain design change amendments made by ITT Corporation in anticipation of the restructuring of ITT Corporation and amendments to the Plan adopted by Exelis. The Plan, as amended and restated, effective January 1, 2012, constituted a successor plan to the ITT Salaried Retirement Plan and was intended to reflect current law and regulations. The Plan was further amended and restated effective January 1, 2014, to incorporate five amendments into the Plan adopted since its prior amendment and restatement and to cease all future accruals effective December 31, 2016, unless otherwise provided in an Appendix hereto.

Effective January 1, 2017, the Plan was amended and restated, in part to reflect the transfer of Plan sponsorship, effective January 1, 2016, from Exelis to Harris Corporation. On June 29, 2019, Harris Corporation was renamed L3Harris Technologies, Inc.

Effective August 31, 2020, the Plan was amended and restated to incorporate six amendments to the Plan adopted since its prior amendment and restatement.

The provisions of the Plan are conditioned upon the Plan's qualification under Section 401(a) of the Code (as herein defined) and Employer (as herein defined) contributions being deductible under Section 404 of the Code. It is further intended that the Plan conform to the requirements of Title I of ERISA (as herein defined) and that the L3Harris Pension Master Trust be qualified under Section 501 of the Code.

Subject to the preceding sentence, the Plan shall be construed, regulated and administered under the laws of the State of Florida; to the extent such laws are not superseded by applicable Federal law. Unless otherwise expressly provided in this Plan and consistent with applicable law, (i) the rights and benefits of any Member who retires, or whose employment is terminated, whichever first occurs, are determined in accordance with the provisions of the Plan in effect at the time of such retirement, or termination, and (ii) no revision to the Plan shall deprive any Member (as herein defined) who retires, or whose employment is terminated prior to such revision, of any rights and benefits which theretofore had accrued under the Plan.

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L3HARRIS SALARIED PENSION PLAN

ARTICLE 1 - DEFINITIONS

1.01 Accrued Benefit shall mean, as of any date of determination, a Member's retirement allowance computed under Section 4.01(d).

1.02 Administrative Committee shall mean, effective May 29, 2015, the Employee Benefits Committee of the Company, or successor thereto, appointed pursuant to Section 5.02 to administer the Plan. Reference herein to the Administrative Committee also shall include any person or entity to whom the Administrative Committee has delegated any of its authority pursuant to Section 5.03 to the extent of the delegation.

1.03 Annual Dollar Limit shall mean the compensation limit set forth in Section 401(a)(17) of the Code, as adjusted from time to time by the Secretary of the Treasury in accordance with Section 401(a)(17) of the Code.

1.04 Annuity Starting Date shall mean the first day of the first period for which an amount is due on behalf of a Member or former Member as an annuity or any other form of payment under the Plan.

1.05 Appendix shall mean (a) those special provisions, attached to the Plan as appendices, which are applicable to certain persons covered by the Plan or (b) the tables of factors which are used in determining the amount of the various forms of benefits payable under the Plan.

1.06 Associated Company shall mean any division, subsidiary or affiliated company of the Company not participating in the Plan and designated by the Administrative Committee as an Associated Company for purposes of the Plan during the period for which such designation exists; provided, however, that any such division, subsidiary or affiliated company not participating in the Plan which is (a) a component member of a controlled group of corporations (as defined in Section 414(b) of the Code), which controlled group of corporations includes as a component member the Company, (b) any trade or business under common control (as defined in Section 414(c) of the Code) with the Company, (c) any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Company, or (d) any other entity required to be aggregated with the Company pursuant to regulations under Section 414(o) of the Code, shall automatically be an Associated Company hereunder during the period it is a division, subsidiary or affiliated company of the Company, or during such period as may otherwise be determined by the Administrative Committee. Notwithstanding the foregoing, for purposes of the preceding sentence and Section 4.09, the definitions of Section 414(b) and (c) of the Code shall be modified as provided in Section 415(h) of the Code.

1.07 Beneficiary shall mean any person or entity named by a Member by written designation to receive certain benefits payable in the event of his death as provided under Section 4.07 or 4.08

1.08 Benefit Service shall mean employment recognized as such for the purposes of computing a benefit under the Plan as provided under ARTICLE 2. "TPP Benefit Service" shall mean a Member's Benefit Service prior to January 1, 2017, to be credited under the TPP Formula as defined pursuant to Section 2.02(b). "PEP Benefit Service" shall mean a Member's Benefit Service prior to January 1, 2012, to be credited under the PEP Formula as defined in Section 2.02(b). Notwithstanding anything in the Plan to the contrary, no employment with Harris Corporation prior to May 29, 2015 shall be recognized as Benefit Service for purposes of the Plan.

1.09 Board of Directors shall mean the Board of Directors of the Company, or of any successor by merger, purchase or otherwise.

1.10 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.11 Company shall mean, (i) effective as of January 1, 2016, L3Harris Technologies, Inc. (known until June 29, 2019 as Harris Corporation) or any successor by merger, purchase or otherwise (ii) for the period of time beginning October 31, 2011 and ending December 31, 2015, Exelis Inc. and (iii) for the period prior to October 31, 2011, ITT Corporation, and, in each case, any Participating Unit thereof, with respect to its Employees.

1.12 Compensation shall mean, except as otherwise provided below or in an Appendix hereto, the total remuneration paid to a Member prior to January 1, 2012, (whether before or during membership in the Plan) for services rendered to the Company or any Associated Company, including annual base salary, overtime, and shift differential (determined prior to any elective deferrals as defined in Section 402(g)(3) of the Code and including amounts contributed by the Company or an Associated Company pursuant to a salary reduction agreement which are not includible in the gross income of the Employee under Section 125 or 132(f)(4) of the Code), but excluding foreign service pay, automobile allowance, separation pay or other special pay or allowances of similar nature, and unless heretofore or hereafter specifically designated as being included in Compensation for purposes of the Plan by the Administrative Committee under rules or regulations uniformly applicable to all Members similarly situated, all bonuses, commissions and incentive pay and excluding the cost of any public or private employee benefit plan, including the Plan. For the period beginning January 1, 2009, and ending December 31, 2011, Compensation shall include differential wage payments (as defined in Section 3401(h)(2) of the Code) paid by the Company or an Associated Company with respect to any period during which an individual is performing service in the uniformed services (as defined in Section 3401(h)(2)(A) of the Code).

Except as otherwise provided below or in an Appendix hereto, effective on and after January 1, 2012, with respect to a Member who is a Participating Employee, Compensation shall include the total remuneration paid on or after January 1, 2012, and prior to January 1, 2017, to such Member for services rendered to the Company while accruing Benefit Service, including annual base salary, overtime, and shift differential (determined prior to any elective deferrals as defined in Section 402(g)(3) of the Code and including amounts contributed by the Company pursuant to a salary reduction agreement which are not includible in the gross income of the Employee under Section 125 or 132(f)(4) of the Code) but excluding foreign service pay, automobile allowance, separation pay or other special pay or allowances of similar nature, and unless heretofore or hereafter specifically designated as being included in Compensation for purposes of the Plan by the Administrative Committee under rules or regulations uniformly applicable to all Members similarly situated, all bonuses, commissions and incentive pay and excluding the cost of any public or private employee benefit plan, including the Plan.

Effective as of January 1, 2012, Compensation shall also include differential wage payments (as defined in Section 3401(h)(2) of the Code) paid by the Company or an Associated Company with respect to any period during which a Member is accruing Benefit Service, while performing service in the uniformed services (as defined in Section 3401(h)(2)(A) of the Code).

Except as otherwise provided in an Appendix and notwithstanding any Plan provision to the contrary, on or after January 1, 2012, and prior to January 1, 2017, Compensation shall only include remuneration as described above paid by the Company to a Member while such Member is a Participating Employee accruing Benefit Service under the provisions of this Plan.

With respect to any Plan Year commencing on or after January 1, 2002, annual Compensation taken into account for any purpose under the Plan shall not exceed the Annual Dollar Limit.

Notwithstanding the above, any Appendix hereto, or any other provision herein to the contrary, compensation which is attributable to the conversion, effective as of December 25, 2015 or such later date as determined from time to time, of certain accrued vacation and paid time off to a deferred lump sum amount, shall be excluded for all purposes of this Plan.

The Administrative Committee shall resolve any questions arising hereunder as to the meaning of Compensation on a basis uniformly applicable to all Employees similarly situated.

1.13 Early Retirement Date shall mean the date as determined in the manner set forth in Section 4.04 or Section 4.05.

1.14 Effective Date of the Plan shall mean January 1, 1976.

1.15 Eligibility Service shall mean any employment recognized as such for the purposes of meeting the eligibility requirements for membership in the Plan and for eligibility for benefits under the Plan as provided under Article 2. Notwithstanding anything in the Plan to the contrary, no employment with Harris Corporation prior to May 29, 2015 shall be recognized as Eligibility Service for purposes of the Plan.

1.16 Employee shall mean any U.S. citizen or resident alien (as defined in Section 7701(b) of the Code) regularly employed by the Company who is considered a salaried employee for purposes of the Company's employee benefit plans, who is paid from a payroll maintained in the continental United States, Hawaii, Puerto Rico, or the U.S. Virgin Islands, and who receives regular and stated compensation other than a pension or retainer. However, no person shall be an Employee for purposes of the Plan who is (a) classified as a consultant by the Company, (b) a non-resident alien, (c) paid on an hourly basis and who, under the Company's employment classification practices, is considered as an hourly-rated employee for purposes of the Company's employee benefit plans, (d) accruing benefits (or eligible to accrue benefits) in respect of current service under any other pension, retirement, qualified profit-sharing or other similar plan of the Company (other than the Harris Corporation Retirement Plan or any other plan specified by the Administrative Committee from time to time) or of any Associated Company or of any other direct or lower tier subsidiary or affiliated company of the Company, (e) on the payroll of a third party with whom the Company has contracted for the provision of said person's services, (f) a Leased Employee, or (g) hired by the Company on or after September 1, 2007, and (1) who is regularly employed in a permanent position (as distinguished from a temporary assignment); (2) whose primary place of employment with the Company is outside of the United States; and (3) who has his primary residence outside of the United States and provided further, that no person shall be an Employee for purposes of the Plan whose terms and conditions of employment are determined by a collective-bargaining agreement with the Company which does not make this Plan applicable to him. In addition, any person who is engaged by the Company to perform services for the Company in a relationship (a) that the Company characterizes as other than an employment relationship, or (b) that the individual has agreed is not an employment relationship, such as where the Company engages the individual to perform services as an independent contractor, even if a determination is made by the Internal Revenue Service or other governmental agency or court after the individual is engaged to perform such services that the individual is an employee of the Company for purposes of the Code shall not be an Employee for purposes of this Plan. The term "employee" as used in this Plan means any individual who is employed by the Company or an Associated Company as a common law employee of the Company or an Associated Company regardless of whether the individual is an "Employee."

1.17 Equivalent Actuarial Value shall mean equivalent value of a benefit under the Plan determined on the basis of the applicable factors set forth in Appendix A, except as otherwise specified in the Plan, Appendix E or Appendix F. In any other event, Equivalent Actuarial Value shall be determined on the same actuarial basis utilized to compute the factors set forth in Appendix A.

Notwithstanding any Plan provision to the contrary, except as otherwise specified in Appendix E of the Plan, when determining the Equivalent Actuarial Value of a Member's retirement allowance or vested benefit based on the IRS Interest Rate and IRS Mortality Table in effect on an Annuity Starting Date on or after January 1, 2005, and prior to January 1, 2006, the Equivalent Actuarial Value of such retirement allowance or vested benefit shall not be less than the amount determined on the basis of the IRS Mortality Table and IRS Interest Rate as defined under the provisions of the Plan as in effect on December 31, 2004.

1.18 ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.19 Final Average Compensation shall mean, except as otherwise provided below, with respect to:

(a) a Post-1999 Member and Pre-2000 Member, the sum of:

(i) The average of that portion of the Member's Compensation equal to his annual base salary earned in any five calendar years of (i) Eligibility Service, for calendar years ending prior to January 1, 2012, and (ii) Benefit Service, for calendar years beginning on and after January 1, 2012, and ending prior to January 1, 2017, in which such annual base salary was highest; plus

(ii) The average of that portion of the Member's Compensation in excess of his annual base salary earned in any five calendar years of (i) Eligibility Service, for calendar years ending prior to January 1, 2012, and (ii) Benefit Service, for calendar years beginning on and after January 1, 2012, and ending prior to January 1, 2017, in which such excess Compensation was highest; provided, however, that the calendar years on which such averages are based shall be any five calendar years during the last 120 calendar months of the Member's Eligibility Service (earned prior to January 1, 2012) and Benefit Service (earned on and after January 1, 2012, and ending prior to January 1, 2017), as applicable, or, if the sum of a Member's Eligibility Service (earned prior to January 1, 2012) and Benefit Service (earned on and after January 1, 2012, and ending prior to January 1, 2017) is less than five years, all of his calendar years of such service; provided, further, however, that beginning on and after January 1, 1989 (a) the annual base salary earned in any calendar year and taken into account for purposes of "Final Average Compensation," and (b) the amount in excess of base annual salary earned in any calendar year and taken into account for purposes of "Final Average Compensation," and (c) the sum of (a) and (b) taken into account for any calendar year, each shall not exceed the Annual Dollar Limit. In applying the Annual Dollar Limit to a Member's Total Compensation for the applicable calendar year, the Annual Dollar Limit shall first be applied to the annual base salary earned by the Member in that calendar year, with any remainder then applied to the amount of the Member's Compensation in excess of his base annual salary earned in that calendar year.

(b) a Post-2004 Member, the average of the Member's Compensation earned in any five consecutive years of Eligibility Service (earned prior to January 1, 2012) and Benefit Service (earned on or after January 1, 2012, and ending prior to January 1, 2017) in which such Compensation was highest. However, the calendar years on which such average is based shall be any five calendar years during the last 120 calendar months of the Member's Eligibility Service (for calendar years ending prior to

January 1, 2012) and Benefit Service (for calendar years beginning on and after January 1, 2012, and ending prior to January 1, 2017) or, if the sum of a Post-2004 Member's Eligibility Service (earned prior to January 1, 2012) and Benefit Service (earned on and after January 1, 2012, and ending prior to January 1, 2017) is less than five years, all of his years of such service. Except as otherwise provided by the Administrative Committee under rules uniformly applicable to all Members similarly situated, Compensation paid or received after a Member's Severance Date shall not be taken into account for purposes of determining Final Average Compensation hereunder.

If the Member terminates employment before the last day of the calendar year or otherwise experiences an interruption in Eligibility Service (with respect to calendar years beginning January 1, 2012) or Benefit Service (with respect to calendar years beginning on and after January 1, 2012, and ending prior to January 1, 2017), the Administrative Committee shall, in accordance with rules uniformly applicable to all persons similarly situated, determine the amount of the Member's Final Average Compensation. Unless otherwise provided in an Appendix hereto, (i) the term Eligibility Service as used in this Section shall include all service rendered prior to January 1, 2012, recognized as Eligibility Service for purposes of eligibility requirements under Article 2 and (ii) the term Benefit Service as used in this Section shall include all service rendered on and after January 1, 2012, and ending prior to January 1, 2017, recognized as Benefit Service under the provisions of Article 2 for purposes of determining a Member's Traditional Pension Plan Benefit.

Except as otherwise provided in an Appendix hereto, in no event shall any Compensation paid to a Member (i) prior to January 1, 2012, for services rendered while other than as an employee of the Company or an Associated Company) or (ii) on or after January 1, 2012, and ending prior to January 1, 2017, for services rendered while accruing Eligibility Service but not Benefit Service be taken into account for purposes of determining Final Average Compensation hereunder.

Notwithstanding the foregoing, if an Employee was employed by a Participating Unit when all or part of the Participating Unit was divested by ITT Corporation, and which divestiture included the transfer of pension benefits and related assets from this Plan to the pension plan sponsored by the purchaser of the divested former Participating Unit, only Compensation paid during (i) Eligibility Service rendered on and after such Employee's subsequent date of rehire by the Company or an Associated Company and prior to January 1, 2012, or (ii) Benefit Service rendered on or after January 1, 2012, and ending prior to January 1, 2017, shall be recognized for determining such Employee's Final Average Compensation.

Notwithstanding any Plan provision to the contrary, a Member's Final Average Compensation for purposes of determining a Member's PEP Formula Benefit under Section 4.01(c) shall be frozen as of December 31, 2011.

Except as otherwise provided above, in Appendix B, or by the Administrative Committee under rules uniformly applicable to all Members similarly situated, Final Average Compensation shall be frozen as of December 31, 2011, with respect to all Members other than Members who are Participating Employees receiving Benefit Service accruals on or after January 1, 2012.

Notwithstanding any Plan provision to the contrary, a Member's Final Average Compensation for purposes of determining a Member's TPP Formula Benefit under Section 4.01(b) shall be frozen as of December 31, 2016.

The determination of Final Average Compensation shall be subject to the provisions of Section 401(a)(17) of the Code.

1.20 Former Pension Plan shall mean, except as otherwise provided in an Appendix hereto, any pension or retirement plan or plans which shall have been designated as Former Pension Plans by the Administrative Committee, as such plans were in effect and applicable to salaried Employees of a

Participating Unit on the day immediately preceding the date the Employees became Members of the Plan and as such Former Pension Plans are amended to continue as and under the Plan.

1.21 Hours of Service shall mean hours of employment as defined pursuant to the provisions of Section 2.01(c).

1.22 Investment Committee shall mean the Investment Committee of the Company or any successor thereto that is appointed pursuant to Section 5.04. Reference herein to the Investment Committee also shall include any person or entity to whom the Investment Committee has delegated any of its authority pursuant to Section 5.05 to the extent of the delegation.

1.23 ITT Corporation shall mean ITT Corporation as in existence prior to October 31, 2011, which was formerly known as ITT Industries, Inc., or any predecessor thereof.

1.24 IRS Interest Rate means, with respect to determining the amount of a benefit with an Annuity Starting Date:

(a) prior to January 1, 2005, the annual rate of interest on 30-Year Treasury Securities published by the Commissioner in the calendar month preceding the Stability Period,

(b) on or after January 1, 2005, and prior to January 1, 2008, the annual rate of interest on 30-Year Treasury Securities published by the Commissioner in the fourth calendar month preceding the Stability Period, and

(c) on or after January 1, 2008, for purposes of Sections 4.01(c)(i), 4.01(c)(ii)(2), 4.07(b)(v), 4.08(a)(iii), 4.08(b)(iii), 4.09 and 4.11(b) the interest rate prescribed under Section 417(e)(3)(C) of the Code (as it reads effective on or after January 1, 2008) published by the Commissioner of Internal Revenue in the fourth calendar month immediately preceding the applicable Stability Period, subject to the provisions of the last paragraph of Section 4.01(c)(i), Appendix E and Appendix F.

1.25 IRS Mortality Table means, with respect to determining the amount of a benefit with an Annuity Starting Date:

(a) prior to December 31, 2002, the mortality table prescribed under Section 417(e)(3)(A)(ii)(I) of the Code (as it read prior to the first day of the 2008 Plan Year) as in effect on the first day of the applicable Stability Period;

(b) on or after December 31, 2002, and prior to January 1, 2008, the mortality table prescribed by Revenue Ruling 2001-62 as in effect on the first day of the applicable Stability Period, subject to the provisions of the last paragraph of Section 4.01(c)(i) and Appendix E and

(c) on or after January 1, 2008, for purposes of Sections 4.01(c)(i), 4.01(c)(ii)(2), 4.07(b)(v), 4.08(a)(iii), 4.08(b)(iii), 4.09 and 4.11(b), the mortality table prescribed under Section 417(e)(3)(B) of the Code (as it reads effective on and after the first day of the 2008 Plan Year), subject to the provisions of the last paragraph of Section 4.01(c)(i), Appendix E and Appendix F.

1.26 Leased Employee shall mean any person (other than a common law employee of the Company or an Associated Company) who, pursuant to an agreement between the Company and any other person ("leasing organization") has performed services for the Company or an Associated Company or any related persons determined in accordance with Section 414(n)(6) of the Code on a substantially

full-time basis for a period of at least one year and such services are performed under the primary direction of or control by the Company or an Associated Company.

1.27 Member shall mean any person included in the membership of the Plan as provided in Article 3. The pronoun he, his or him is used in this document solely for convenience and does not in any way connote a limit or restriction to persons of the masculine gender. In all cases, when he, his or him is used it means with equal effect persons of the feminine gender. A "Pre-2000 Member" shall mean, a person who first becomes a Member prior to January 1, 2005, and (a) has an original date of employment with (i) the Company or (ii) an entity while such entity is designated as an Associated Company, which is prior to January 1, 2000, and (b) who was employed, on the date of acquisition, by an entity acquired by the Company prior to February 1, 1999. A "Post-1999 Member" shall mean, a person who first becomes a Member prior to January 1, 2005, and (a) has an original date of hire with (i) the Company or (ii) an entity while such entity is designated as an Associated Company, which is on or after January 1, 2000, and prior to January 1, 2005, or (b) was employed by an entity acquired by the Company on or after February 1, 1999, and prior to January 1, 2005, regardless of his original date of hire with such acquired entity. A "Post-2004 Member" shall mean, a person who first becomes a Member on or after January 1, 2005, and (a) has an original date of hire with (i) the Company or (ii) an entity while such entity is designated as an Associated Company, which is on or after January 1, 2005, (b) first becomes an Employee on or after January 1, 2005, regardless of his original date of hire with the Company, or (c) was employed by an entity acquired by the Company on or after January 1, 2005, regardless of his original date of hire with such acquired entity.

1.28 Normal Retirement Date shall mean the first day of the calendar month coincident with or next following the date the employee attains age 65, which is his Normal Retirement Age.

1.29 Parental Leave shall mean a period in which a person is absent from work because of the person's pregnancy, the birth of a person's child, the adoption by a person of a child, or, for purposes of caring for that child, for a period beginning immediately following such birth or adoption.

1.30 Participating Employee shall mean, effective as of January 1, 2012, a person who is an Employee on January 1, 2012, and either (i) was a Member of the Plan on December 31, 2011, or (ii) was hired by the Company on or prior to October 1, 2011, and, in accordance with the procedures established by the Administrative Committee, affirmatively elected to continue to accrue Benefit Service under the provisions of Section 2.02 on and after January 1, 2012, in lieu of participating in the enhanced employer contribution portion of the Exelis Salaried Investment and Savings Plan.

In the event a person who is an Employee on January 1, 2012, and who was a Plan Member on December 31, 2011, was not provided a timely election, as determined by the Administrative Committee, to continue to accrue Benefit Service under the provisions of Section 2.02 on and after January 1, 2012, in lieu of participating in the enhanced employer contribution portion of the Exelis Salaried Investment and Savings Plan, such Member shall be provided an opportunity to make such an election in accordance with the procedures established by the Administrative Committee. During the period January 1, 2012, through the effective date of such election, said Member shall be deemed a Participating Employee and on and after the effective date of such election said Member shall be a Participating Employee only if said Member affirmatively elects to continue to accrue Benefit Service under the provisions of Section 2.02 in lieu of participating in the enhanced employer contribution portion of the Exelis Salaried Investment and Savings Plan.

A Member who became a Participating Employee on or after January 1, 2012, pursuant to the foregoing provisions of this Section 1.29 shall cease to be a Participating Employee on the earliest of (i)

the date he ceases to be an Employee, (ii) his Severance Date, (iii) the effective date of his election made in accordance with rules established by the Administrative Committee, to participate in the enhanced employer contribution portion of the Exelis Investment and Savings Plan in lieu of continuing to receive future Benefit Service accruals under this Plan or (iv) unless otherwise provided in an Appendix hereto, December 31, 2016.

A Participating Employee shall also include, in accordance with rules established by the Administrative Committee and uniformly applied to all Employees similarly situated, a person who was a Member on December 31, 2011, is not covered under Appendix B and is (1) absent from active employment with the Company during the election period established by the Administrative Committee due to a military leave or a Company approved unpaid leave of absence, other than a long term disability leave, and (2) accruing Benefit Service under the provisions of Section 2.02(f)(i), (ii), (iv) and (v) during such leave. Upon return to active employment as an Employee, such Member shall be granted, in accordance with procedures established by the Administrative Committee, the right to affirmatively elect to continue to accrue Benefit Service under the provisions of Section 2.02 after his return to active employment on and after January 1, 2012, and prior to January 1, 2017, in lieu of participating in the enhanced employer contribution portion of the Exelis Investment and Savings Plan. Such Member shall become a Participating Employee on January 1, 2012, and shall continue to be a Participating Employee until the earliest of (i) the date he ceases to be an Employee, (ii) his Severance Date, (iii) the effective date of his election, made in accordance with rules established by the Benefits Administrative Committee, to participate in the enhanced employer contribution portion of the Exelis Investment and Savings Plan in lieu of continuing to receive future Benefit Service accruals under this Plan or (iv) unless otherwise provided in an Appendix hereto, December 31, 2016.

For the avoidance of doubt, no person employed by Harris Corporation on May 28, 2015 who was not previously a Member shall be a Participating Employee.

1.31 Participating Unit shall mean the Company and any subsidiary, division or affiliated company of the Company, any designated division(s) only of such subsidiary or affiliated company or any designated unit(s) only of such subsidiary, division or affiliated company which has by appropriate action of the Administrative Committee been designated as a Participating Unit and the board of directors of any such subsidiary or affiliated company shall have taken appropriate action to adopt the Plan.

If persons in a certain group are not already Members of the Plan but are transferred to or assigned to a Participating Unit or are hired by a Participating Unit as the result of the opening or purchase of a plant or the merger of one unit into another, such persons shall not be deemed to be Employees for purposes of the Plan until further action by the Administrative Committee including the determination that such persons are Employees for purposes of the Plan and the establishment of the terms and conditions under which such Employees are to be included in the Plan.

To the extent that the Administrative Committee shall have authorized and established the basis for recognition under the Plan of service with a predecessor corporation(s), if any, reference in this Plan to service with a Participating Unit shall include service with the predecessor corporation(s) of such Participating Unit, provided that all or part of the business and assets of any such corporation shall have been acquired by the Company or by a Participating Unit.

1.32 Plan shall mean the L3Harris Salaried Pension Plan, as set forth herein or as hereafter amended. The Plan was previously known as the Harris Corporation Salaried Retirement Plan (January 1, 2016 – June 28, 2019), the Exelis Salaried Retirement Plan (October 31, 2011 – December 31, 2015) and the ITT Salaried Retirement Plan (prior to October 31, 2011). The Plan is an

amendment to and continuation of the Plan as in effect on August 30, 2020, and of any Prior Salaried Plans and of any Former Pension Plans and certain other plans of the Company.

1.33 Plan Year shall mean the calendar year.

1.34 Postponed Retirement Date shall mean, with respect to an employee who does not retire at Normal Retirement Date but who continues in the employ of the Company or an Associated Company after such date, the first day of the calendar month coincident with or next following his subsequent Severance Date. No retirement allowance shall be paid to the employee until his Postponed Retirement Date, except as otherwise provided in Article 4.

1.35 Prior Salaried Plan shall mean the International Telephone Pension Plan for Salaried Employees as in effect on December 31, 1964, and any other plan or plans for a Participating Unit which shall have been designated as such by the Board of Directors and as such plans were in effect and applicable to salaried Employees on the day immediately preceding the date the Employees became Members of this Plan.

1.36 Registered Domestic Partner shall mean the person who is in a Spouse-like relationship with the Member, provided all of the following requirements are met for at least 12 consecutive months immediately preceding the date as of which the Member registers such person as a Domestic Partner on the form designated by the Administrative Committee for this purpose:

- (a) Intend to remain each other's domestic partner indefinitely;
- (b) Reside together in the same permanent residence;
- (c) Are not legally married or separated and are not the domestic partner of anyone else;
- (d) Are not related by blood closer than would bar marriage under applicable law; and
- (e) Are both at least 18 years of age and mentally competent to enter into a legal contract.

An individual will be treated as a Registered Domestic Partner under the Plan only if he is so registered with the Administrative Committee on or after January 1, 2006.

1.37 Section 401(a)(17) Employee shall mean an employee whose retirement allowance or vested benefit under the Plan accrued as of any date on or after January 1, 1989, is affected by the Annual Dollar Limit.

1.38 Severance Date shall mean the date an Employee is considered to have severed his employment as defined pursuant to the provisions of Section 2.01(b).

1.39 Social Security Benefit shall mean the amount of annual old age or disability insurance benefit under Title II of the Federal Social Security Act as determined by the Administrative Committee under reasonable rules uniformly applied, on the basis of such Act as in effect at the time of retirement or termination to which a Member or former Member is or would upon application be entitled, even though the Member does not receive such benefit because of his failure to apply therefor or he is ineligible therefor by reason of earnings he may be receiving in excess of any limit on earnings for full entitlement to such benefit. In computing the Member's Social Security Benefit, no wage index adjustment or cost of living adjustment shall be assumed with respect to any period after the end of the calendar year in which the Member retires or terminates service with the Company and all Associated Companies. Notwithstanding any Plan provision to the contrary, in computing a Member's Social Security Benefit, no

wage index adjustment or cost of living adjustment shall be assumed with respect to any period after (a) the earlier of (i) December 31, 2016, or (ii) the end of the calendar year in which the Member first becomes eligible for early retirement under Section 4.04 or 4.05, with respect to a Member who is employed by the Company or an Associated Company on January 1, 2012, as other than a Participating Employee, or (b) the end of the calendar year in which the Member ceases to accrue Benefit Service, with respect to a Member who is employed by the Company or an Associated Company on January 1, 2012, as a Participating Employee. For all years prior to the earlier of (i) the retirement or other termination of employment with the Company and all Associated Companies, or (ii) the date earnings ceased to be recognized for Social Security purposes as set forth in Section 4.04, 4.05 or 4.06 or Appendix B, where actual earnings are not available, the Member's Social Security Benefit shall be determined on the basis of the Member's actual earnings in conjunction with a salary increase assumption based on the actual yearly change in national average wages as determined by the Social Security Administration. If, within a reasonable time after the later of (a) the date of retirement or other termination of employment or (b) the date on which a Member is notified of the retirement allowance or vested benefit to which he is entitled, the Member provides documentation from the Social Security Administration as to his actual earnings history with respect to those prior years, his Social Security Benefit shall be redetermined using the actual earnings history. If this recalculation results in a different Social Security Benefit, his retirement allowance or vested benefit shall be adjusted to reflect this change. Any adjustment to his retirement allowance or vested benefit shall be made retroactive to the date his payments commenced. The Administrative Committee shall resolve any questions arising under this Section on a basis uniformly applicable to all Employees similarly situated.

1.40 Social Security Retirement Age shall mean age 65 with respect to a Member who was born before January 1, 1938; age 66 with respect to a Member who was born after December 31, 1937, and before January 1, 1955; and age 67 with respect to a Member who was born after December 31, 1954.

1.41 Spousal Consent shall mean written consent given by a Member's or former Member's Spouse to an election made by the Member or former Member which specifies the form of retirement allowance, vested benefit, Beneficiary, or contingent annuitant designated by the Member or former Member. The specified form or specified Beneficiary or contingent annuitant shall not be changed unless further Spousal Consent is given. Spousal Consent shall be duly witnessed by a notary public or, in accordance with uniform rules of the Administrative Committee, by a Plan representative and shall acknowledge the effect on the Spouse of the Member's or former Member's election. The requirement for Spousal Consent may be waived by the Administrative Committee in the event that the Member establishes to its satisfaction that the Member is legally separated and the Member has a court order to such effect, or under such other circumstances as may be permitted under applicable Treasury Department regulations. Spousal Consent shall be applicable only to the particular Spouse who provides such consent.

1.42 Spouse shall mean the person to whom the Member is lawfully married as of any applicable date.

1.43 Stability Period shall mean, except as otherwise provided in Appendix F, (i) with respect to an Annuity Starting Date prior to January 1, 2005, the Plan Year in which occurs the Annuity Starting Date for the distribution and (ii) with respect to an Annuity Starting Date on or after January 1, 2005, the calendar month in which occurs the Annuity Starting Date for the distribution.

1.44 Statutory Compensation means compensation from the Company or any Associated Company, as defined in Treas. Reg. § 1.415(c)-2(d)(4) (*i.e.*, information required to be reported under Sections 6041, 6051 and 6052 of the Code ("W-2 Pay")) plus amounts that would be included in wages

but for an election under Sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b) of the Code). For purposes of applying the maximum benefit limitations and the top-heavy provisions under Sections 4.09 and 4.15, Statutory Compensation shall not exceed the Annual Dollar Limit.

For purposes of applying the limitation of Section 415 of the Code, for Plan Years beginning on and after January 1, 2008, "compensation" shall also include:

- (a) salary continuation payments for military service as described in Treas. Reg. § 1.415(c)-2(e)(4);
- (b) compensation paid after severance from employment as described in Treas. Reg. §§ 1.415(c)-2(e)(3)(i), (ii) and (iii)(A);
- (c) foreign income as described in Treas. Reg. § 1.415(c)-2(g)(5)(i), excluding amounts described in Treas. Reg. § 1.415(c)-2(g)(5)(ii); and
- (d) differential wage payments for military service as described in Section 414(u)(12) of the Code.

Payments not described above, including, but not limited to, amounts described in Treas. Reg. § 1.415(c)-2(e)(3)(iii)(B) and (iv), shall not be considered Statutory Compensation if paid after severance from employment, even if such amounts are paid by the later of 2½ months after the date of severance from employment or the end of the Plan Year that includes the date of severance from employment. Effective for Plan Years beginning on and after January 1, 2008, "compensation" shall not exceed the Annual Dollar Limit.

Effective January 1, 2009, Statutory Compensation shall include differential wage payments (as defined in Section 3401(h)(2) of the Code) paid by the Company or an Associated Company with respect to any period during which an individual is performing service in the uniformed services (as defined in Section 3401(h)(2)(A) of the Code).

1.45 Trustee shall mean the trustee or trustees by which the funds of the Plan are held as provided in Article 7.

ARTICLE 2 - SERVICE

2.01 Eligibility Service

(a) *Eligibility Service prior to October 31, 2011*

Eligibility Service for determining eligibility for benefits shall include any employment rendered by a Member prior to October 31, 2011, to the extent such employment was recognized or would have been recognized for such purposes under the provisions of the Plan (including any Appendix thereto) as in effect as of October 30, 2011, or of any Former Pension Plan.

(b) *Eligibility Service on and after October 31, 2011*

Except as otherwise provided in this Article 2 or an Appendix hereto, all uninterrupted employment with the Company or with an Associated Company rendered on and after (i) October 31, 2011, or (ii) date of employment, if later, and prior to a Member's Severance Date, shall be recognized as Eligibility Service for all Plan purposes. "Severance Date" shall mean, except as otherwise provided in an Appendix hereto, the earlier of (i) the date a Member resigns, is discharged, retires from

service with the Company and all Associated Companies or dies or (ii) one year from the date the Member is continuously absent from service for any other reason as provided in this Article 2.

(c) *Eligibility Service for Plan membership by Employees hired on other than a full-time basis*

With respect to any Employee whose employment with the Company or with an Associated Company is on a temporary or less than full-time basis, "one year of Eligibility Service" for purposes of meeting the requirements for membership in the Plan as provided in Article 3 shall mean a period of twelve consecutive months of employment and measured from the date on which he first completes an Hour of Service or from any subsequent anniversary thereof and during which he has completed at least 1,000 Hours of Service with the Company or with an Associated Company. After such an Employee has met the requirements for membership in the Plan as provided in Article 3, Eligibility Service for purposes of meeting the eligibility requirements for benefits and for vesting shall be determined in accordance with Section 2.01(a) or (b), whichever is applicable.

"Hours of Service" shall include hours worked and hours for which a person is compensated by the Company or by an Associated Company for the performance of duties for the Company or an Associated Company, although he has not worked (such as: paid holidays, paid vacation, paid sick leave, paid time off, and back pay for the period for which it was awarded), and each such hour shall be computed as only one hour, even though he is compensated at more than the straight time rate. This definition of "Hours of Service" shall be applied in a consistent and non-discriminatory manner in compliance with 29 Code of Federal Regulations, Section 2530.200b-2(b) and (c) as promulgated by the United States Department of Labor and as may hereafter be amended.

Solely for purposes of this paragraph (c), if a temporary or less than full-time Employee does not complete more than 500 Hours of Service in the twelve month period beginning on the date on which he first completes an Hour of Service or beginning on any subsequent anniversary thereof (which for purposes of this paragraph (c) shall be known as the "computation period"), he shall incur a one-year break in service. Solely for purposes of determining whether such an Employee has incurred a break in service, hours completed on and after January 1, 1985, shall include each Hour of Service for which such Employee would otherwise have been credited under this paragraph (c) were it not for the Employee's absence due to Parental Leave. Hours of Service credited under the preceding sentence shall not exceed the number of hours needed to avoid a break in service in the computation period in which the Parental Leave first began and shall not exceed 501 hours in any event; if no hours are needed to avoid a break in service in such computation period, then the provisions of the preceding sentence shall apply as though the Parental Leave began in the immediately following computation period. If such an Employee has had a break in service before becoming eligible for membership, Eligibility Service shall begin from the date of his return to the employ of the Company or an Associated Company. Except as otherwise provided in this Article 2, his Eligibility Service before the break in service shall be restored only upon completion of one year of Eligibility Service within the twelve-month period following his break in service.

Hours of Service shall be credited for any period of leave taken under the Family and Medical Leave Act of 1993 solely for purposes of determining whether an Employee has incurred a one-year Break in Service. Hours of Service credited under the immediately preceding sentence will be based on the customary work week of such Employee.

(d) *Employment with the Company or an Associated Company but not as an Employee*

Eligibility Service with respect to prior employment rendered by any employee who, on or after October 31, 2011, and prior to the date on which he becomes an Employee, is or was in the employ of the Company or an Associated Company but not as an Employee shall, subject to the provisions of Section 2.01(f) and Section 2.01(g), be equal to:

(i) the number of years credited to him, if any, on the basis of the “1,000 hour rule” under a pension plan maintained by the Company or an Associated Company applicable to him for the period of such prior employment ending on the last day of the calendar year preceding the date on which he becomes an Employee or the date on which such prior employment terminated, plus

(ii) the greater of (1) the service credited to him, if any, on the basis of the “1,000 hour rule” for the portion of the calendar year ending on the date immediately preceding the date he becomes an Employee or the date on which such prior employment terminated, or (2) the Eligibility Service he would be credited with under this Plan for the entire calendar year in which the transfer or termination of employment took place.

Notwithstanding the foregoing provisions of this paragraph (d), in the event an employee’s prior employment was not covered by or credited under a pension plan which recognized employment on the basis of the “1,000 hour rule,” any such prior employment with the Company or an Associated Company shall be recognized in accordance with the terms of this Article 2 and subject to any limitations set forth in writing by the Board of Directors or Administrative Committee on a basis uniformly applicable to all persons similarly situated.

(e) *Certain absences to be recognized as Eligibility Service*

Except as otherwise indicated in this Article 2, the following periods of approved absence shall be recognized as Eligibility Service under the Plan and shall not be considered as breaks in Eligibility Service:

(i) Pursuant to Section 414(u) of the Code, if a Member who is an Employee immediately preceding commencement of a military leave of absence is granted a “Qualified Military Leave” in respect of service in the uniformed services (as defined in chapter 43 of title 38, United States Code) (“Qualified Military Service”), the period of Qualified Military Leave actually served, provided the Employee shall have returned to the service of the Company or an Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment. Effective January 1, 2007, if an individual who was an Employee dies while performing qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected by the Uniformed Services Employment and Reemployment Rights Act of 1994 and any related legislation or guidance, such individual’s period of time in Qualified Military Service through the date he died shall be counted as Eligibility Service.

(ii) Except as provided by law, the period of any leave of absence granted in respect of service, not exceeding two years, with any other agency or department of the United States Government.

(iii) The period of any total and permanent disability during which an Employee becomes entitled to a disability benefit under Title II of the Federal Social Security Act as amended from time to time or the period of total and permanent disability during which the Employee is entitled to receive disability benefits under the Company’s applicable long-term disability plan or would have been entitled to receive disability benefits under such long-term disability plan had he participated in such plan.

(iv) The period of any leave of absence during which Company sickness or accident benefits are payable.

(v) The period of any leave of absence approved by the Company during which an Employee is paid Compensation at a rate which is at least one-half of the Employee’s rate of base

pay in effect immediately prior to such leave or the period of any unpaid leave of absence approved by the Company but not in excess of 12 consecutive months.

(vi) In any event, Eligibility Service shall include the period, with or without Compensation, immediately preceding the Employee's Severance Date but not in excess of 12 consecutive months inclusive of those periods of approved absences already included in sub-paragraphs (i) through (v) above, during which an Employee is continuously absent from service.

(vii) The period between an Employee's Severance Date and his reemployment if he returns to the employ of the Company or an Associated Company before the first anniversary date of his Severance Date; provided, however, that the combined periods recognized under sub-paragraph (vi) above and under this sub-paragraph (vii) shall not exceed 12 consecutive months.

Except to the extent provided under sub-paragraph (vi) and, if applicable, under sub-paragraph (vii) above, if an Employee fails to return to active employment upon expiration of the approved absences specified in sub-paragraphs (i) and (ii) above, such periods of approved absence shall not be considered as Eligibility Service under the Plan.

(f) *Breaks in Service*

All absences from the Company or from an Associated Company, other than the absences specified in paragraph (e) above, shall be considered as breaks in Eligibility Service; provided, however, that in no event shall there be a break in Eligibility Service if an Employee (i) is continuously absent from service with the Company or with an Associated Company and returns to the employ of the Company or an Associated Company before the first anniversary of his Severance Date or (ii) is absent from work because of a Parental Leave and returns to the employ of the Company or an Associated Company within two years of his Severance Date. If the provisions of clause (ii) above are applicable, the first year of such absence for Parental Leave, measured from an Employee's Severance Date, shall not be considered in determining the Employee's period of break in service for purposes of Section 2.01(g) below.

(g) *Bridging breaks in service*

(i) If an Employee has a break in service and such Employee was eligible for a vested benefit under Section 4.05 at the time of his break in service, except as otherwise provided in Section 4.12, employment both before and after the Employee's absence shall be immediately recognized as Eligibility Service under the Plan upon his return to the employ of the Company or an Associated Company, excluding any Eligibility Service disregarded under this paragraph (g) by reason of any earlier break in service.

(ii) If an Employee has a break in service and such Employee was not eligible for a vested benefit under Section 4.05 at the time of his break in service, Eligibility Service shall begin from the date of his return to the employ of the Company or an Associated Company. If such Employee returns to the employ of the Company or an Associated Company and the period of the Employee's break is less than the greater of (1) five years or (2) the service rendered prior to such break, the service prior to such break shall be included as Eligibility Service only upon completion of at least twelve months of Eligibility Service following his break in service, excluding any Eligibility Service disregarded under this paragraph (g) by reason of any earlier break in service. However, if the period of the Employee's break in service equals or exceeds the greater of (1) five years or (2) the service rendered prior to such break, the service rendered prior to such break shall be included as Eligibility Service only upon completion of a period of Eligibility Service equal to the lesser of the period of his break in service or ten years.

(iii) If an employee who has a break in service is restored to service with the Company or an Associated Company as an Employee after incurring a break in service, except as otherwise provided in Section 4.12, service rendered with the Company or an Associated Company prior to said break in service shall be included as Eligibility Service if at the time of his break in service he would have been entitled to a nonforfeitable benefit under the Plan if he were then a Member, or otherwise if his period of break in service does not equal or exceed the greater of (a) five years or (b) his period of Eligibility Service determined at the time of the break in service, excluding any Eligibility Service disregarded under this paragraph (g) by reason of any earlier break in service.

(h) *Eligibility Service for Employees rehired from a divested Participating Unit or Associated Company prior to October 31, 2011*

If an Employee (i) was employed with a Participating Unit or an Associated Company when all or part of the Participating Unit or Associated Company was divested by ITT Corporation prior to October 31, 2011, the divestiture of which included (1) the transfer of pension benefits and related assets from this Plan or a qualified salaried defined benefit plan maintained by the Associated Company immediately prior to its divestiture to the pension plan sponsored by the purchaser of the divested Participating Unit or Associated Company or (2) the assumption of the salaried defined benefit plan sponsored by said Associated Company by the purchaser of the Associated Company, and (ii) is subsequently rehired by the Company or an Associated Company prior to October 31, 2011, any employment with the Company or an Associated Company rendered by the Employee prior to the date of such divestiture shall be recognized as Eligibility Service to the extent such employment was recognized or would have been recognized in accordance with the terms of this Article 2, subject, however, to any limitations set forth in writing by the Board of Directors or the Administrative Committee for the Participating Unit at which the Employee was first employed and subject to the further limitation that no period of employment prior to the date of divestiture shall be recognized as Eligibility Service for purposes of Section 1.15

2.02 Benefit Service

(a) *Benefit Service; Generally*

(i) *Benefit Service prior to October 31, 2011* – Except as otherwise provided in this Article 2 or in an Appendix hereto, Benefit Service shall include any employment rendered by a Member prior to October 31, 2011, to the extent such employment was recognized or would have been recognized for purposes of computing the retirement allowance, vested benefit or other benefit to which a Member, former Member or other person is or would become entitled under the provisions of the Plan (including any Appendix thereto) as in effect as of October 30, 2011.

(ii) *Benefit Service on and after October 31, 2011, and prior to January 1, 2012* – Except as hereinafter otherwise provided in this Article 2 or in an Appendix hereto, all uninterrupted employment with the Company rendered by a Member as an Employee (a) on and after the later of October 31, 2011, or his date of employment, and (b) prior to the earlier of January 1, 2012, or his Severance Date, shall be recognized as Benefit Service under the Plan.

(iii) Benefit Service rendered prior to January 1, 2012, by an Employee who first becomes a Member after October 30, 2011, and on or prior to January 1, 2012 – Except as otherwise provided in this Article 2 or in an Appendix hereto, Benefit Service shall include any employment rendered by a Member as an Employee prior to January 1, 2012, to the extent such employment would have been recognized for purposes of computing the retirement allowance, vested benefit or other benefit to which such Member, is or would become entitled under the provisions of the Plan (including any Appendix thereto) as in effect as of December 31, 2011.

(iv) *Benefit Service on and after January 1, 2012, and prior to January 1, 2017* – Except as hereinafter otherwise provided in an Appendix hereto, all uninterrupted employment with the Company rendered by a Member as a Participating Employee on or after January 1, 2012, and prior to the earlier of his Severance Date or January 1, 2017, shall be recognized as Benefit Service under the Plan.

(v) *Benefit Service on and after January 1, 2017* – Except as hereinafter otherwise provided in an Appendix hereto, there shall be no Benefit Service recognized on or after January 1, 2017.

(b) *TPP and PEP Benefit Service*

(i) “TPP Benefit Service” shall mean the sum of the Member’s (1) Benefit Service accrued during a Plan Year commencing on or after January 1, 2000, in which his Plan benefit formula election was the TPP Formula, (2) Benefit Service accrued prior to January 1, 2000, as set forth in Section 4.01(a)(v), and (3) Benefit Service accrued under the provisions of Section 2.02(c), Section 2.02(d), or Section 2.02(e) as set forth in Section 4.01(a)(vii). Notwithstanding any Plan provisions to the contrary and unless otherwise provided in an Appendix hereto, effective as of December 31, 2016, all TPP Benefit Service accruals shall cease.

(ii) “PEP Benefit Service” shall mean the balance of the Member’s Benefit Service not in excess of 40 years which is not recognized as TPP Benefit Service under subparagraph (i) above and accrued during a Plan Year commencing on or after January 1, 2000, and prior to January 1, 2012, in which his Plan benefit formula choice was the PEP Formula. Notwithstanding any Plan provisions to the contrary, effective as of December 31, 2011, all PEP Benefit Service accruals shall cease.

(iii) Notwithstanding any Plan provision to the contrary, the combined maximum years of TPP Benefit Service used to compute any Member’s TPP Formula Benefit and PEP Benefit Service used to compute his PEP Formula Benefit, including years of Benefit Service rendered prior to January 1, 2000, shall not exceed 40 years.

(c) *Employment with an Associated Company*

No employment with an Associated Company rendered by a Member shall be recognized as Benefit Service under the Plan; except, however, if a Member becomes an Employee and completes 36 consecutive months of Eligibility Service as an Employee, any employment rendered at an Associated Company as an employee located outside the United States before classification as an Employee shall be recognized as Benefit Service subject to any limitations set forth in writing by the Administrative Committee for the Associated Company at which the Member was employed. If a Member ceases to be an Employee and is again employed at an Associated Company located outside the United States, such future employment will not be recognized as Benefit Service unless and until the Member (i) again becomes an Employee and (ii) again completes 36 consecutive months of Eligibility Service as an Employee. Notwithstanding any Plan provision to the contrary, with respect to an employee who becomes an Employee on or after January 1, 2005, any employment rendered at an Associated Company as an employee located within the United States before classification as an Employee shall not be recognized as Benefit Service.

(d) *Employment with the Company but not as an Employee*

Persons reclassified as Employees - Except as otherwise provided in Section 3.03 or in an Appendix hereto, with respect to any employee (i) who first becomes an Employee prior to January 1, 2005, and immediately prior to the date on which he first becomes an Employee is in the employ of the Company but not as an Employee, or (ii) who ceases to be an Employee but remains in the

employ of the Company as an employee and, again becomes an Employee prior to January 1, 2005, his uninterrupted employment with the Company rendered otherwise than as an Employee shall be recognized, provided such person is a Member of the Plan, as Benefit Service, subject to the limitations set forth in writing by the Board of Directors or the Administrative Committee for the Participating Unit at which such person was first employed, upon the Member's subsequent completion of 36 consecutive months of Eligibility Service as an Employee. Notwithstanding any Plan provision to the contrary, if an employee transfers to salaried status as an Employee on or after January 1, 2005, and becomes a Member as a result of such transfer, the period of his employment rendered as other than an Employee shall not be recognized as Benefit Service.

(e) *Benefit Service for Members rehired from a divested Participating Unit or divested Associated Company*

(i) If a Member (1) was employed with a Participating Unit when all or part of the Participating Unit was divested by ITT Corporation prior to October 31, 2011, the divestiture of which included the transfer of pension benefits and related assets from this Plan to the pension plan sponsored by the purchaser of the divested Participating Unit, (2) is subsequently rehired by the Company or an Associated Company prior to January 1, 2005, and (3) completes 60 consecutive months of Eligibility Service after his reemployment, any employment with the Company rendered by the Member prior to the date such Participating Unit was divested shall be recognized as Benefit Service to the extent such employment was recognized or would have been recognized in accordance with the terms of this Article 2 absent the divestiture of such Participating Unit, subject to any limitations set forth in writing by the Board of Directors or the Administrative Committee with respect to the Participating Unit at which the Member was first employed.

(ii) If a Member (1) was employed with an Associated Company when all or part of the Associated Company was divested by ITT Corporation prior to October 31, 2011, the divestiture of which included (A) the assumption of said Associated Company's qualified salaried defined benefit plan (its liabilities and related assets) by the purchaser of said Associated Company, or (B) the transfer of the pension benefits and related assets from a qualified salaried defined benefit plan maintained by the Associated Company immediately prior to the divestiture to a pension plan sponsored by the purchaser of the divested Associated Company, (2) is subsequently rehired by the Company prior to January 1, 2005, and (3) completes 60 consecutive months of Eligibility Service after his reemployment, any employment with such divested Associated Company as defined above rendered by the Member prior to the date such Associated Company was divested shall be recognized as Benefit Service to the extent such employment would have been recognized for benefit accrual purposes in accordance with the terms of this Article 2 had such service been rendered while employed by the Company, subject to any limitations set forth in writing by the Board of Directors or the Administrative Committee with respect to the Associated Company at which the Member was first employed.

(f) *Certain absences to be recognized as Benefit Service*

Except as the Board of Directors or the Administrative Committee may otherwise determine, the following periods of approved absence shall be recognized as Benefit Service and shall not be considered as breaks in Benefit Service:

(i) Pursuant to Section 414(u) of the Code, if, before January 1, 2012, a Member who is an Employee immediately preceding commencement of a military leave of absence is granted a "Qualified Military Leave" (as defined in chapter 43 of title 38, United States Code) in respect of service in the uniformed services, the period of Qualified Military Leave actually served, provided the Employee shall have returned to the service of the Company or an

Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment. Effective as of January 1, 2012, pursuant to Section 414(u) of the Code, if a Member who is a Participating Employee immediately preceding the commencement of a military leave of absence is granted a Qualified Military Leave commencing on or after January 1, 2012, the period of Qualified Military Leave actually served, provided the Employee shall have returned to the service of the Company or an Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment. Notwithstanding anything in this clause (i) to the contrary and unless otherwise provided in an Appendix hereto, effective as of January 1, 2017, there shall be no further accruals of Benefit Service under this clause (i).

(ii) Except as provided by law, the period of any leave of absence commencing prior to January 1, 2012, granted to an Employee in respect of service, not exceeding two years, with any other agency or department of the United States Government. Effective on and after January 1, 2012, except as provided by law, the period of any leave of absence commencing on or after January 1, 2012, granted to a Participating Employee in respect of service, not exceeding two years, with any other agency or department of the United States Government. Notwithstanding anything in this clause (ii) to the contrary and unless otherwise provided in an Appendix hereto, effective as of January 1, 2017, there shall be no further accruals of Benefit Service under this clause (ii).

(iii) The period, prior to January 1, 2012, of any total and permanent disability during which an Employee becomes entitled to a disability benefit under Title II of the Federal Social Security Act as amended from time to time; provided, however, that, if such disability benefit ceases to be paid solely due to the Employee's age, Benefit Service shall include the period of total and permanent disability prior to January 1, 2012, during which the Employee is entitled to receive disability benefits under the Company's applicable long-term disability plan or would have been entitled to receive disability benefits under such long-term disability plan had he participated in such plan. Notwithstanding any Plan provision to the contrary, effective as of January 1, 2012, any period on or after January 1, 2012, of any total and permanent disability during which an Employee (including a Participating Employee) becomes entitled to a disability benefit under Title II of the Federal Social Security Act or is entitled to receive disability benefits under the Company's applicable long-term disability plan or would have been entitled to receive disability benefits under such long-term disability plan had he participated in such plan shall not count as Benefit Service.

(iv) The period of any leave of absence commencing prior to January 1, 2012, during which Company sickness or accident benefits are payable to an Employee. Effective as of January 1, 2012, the period of any leave of absence commencing on or after January 1, 2012, during which Company sickness or accident benefits are payable to a Participating Employee. Notwithstanding any Plan provision to the contrary and unless otherwise provided in an Appendix hereto, Benefit Service shall only be credited for a period on or after January 1, 2012, and prior to January 1, 2017, during which Company sickness or accident benefits are payable to an Employee who is a Participating Employee.

(v) The period of any leave of absence commencing prior to January 1, 2012, approved by the Company during which an Employee is paid Compensation at a rate which is at least one-half of the Employee's rate of base pay in effect immediately prior to such leave or the period of any unpaid leave of absence approved by the Company not in excess of 12 consecutive months. Effective as of January 1, 2012, the period of any Company-approved leave of absence commencing on or after January 1, 2012, and prior to January 1, 2017, during which a

Participating Employee is paid Compensation at a rate which is at least one-half of the Participating Employee's rate of base pay in effect immediately prior to such leave or the period of any unpaid leave of absence approved by the Company not in excess of 12 consecutive months.

(vi) In any event, Benefit Service shall include the period prior to January 1, 2012, with or without Compensation, immediately preceding the Employee's Severance Date not in excess of 12 consecutive months inclusive of those periods of approved absences already included in sub-paragraphs (i) through (v) above, during which an Employee is continuously absent from service. Effective as of January 1, 2012, Benefit Service shall in any event include the period on and after January 1, 2012, and prior to January 1, 2017, with or without Compensation, immediately preceding the Participating Employee's Severance Date not in excess of 12 consecutive months inclusive of those periods of approved absences already included in sub-paragraphs (i) through (v) above, during which a Participating Employee is continuously absent from service.

Except to the extent provided under sub-paragraph (vi) above, if (a) an Employee who did not become a Participating Employee on January 1, 2012, fails to return to active employment upon expiration of the approved absences specified in sub-paragraphs (i) and (ii) above before January 1, 2012, or (b) a Participating Employee fails to return to active employment upon expiration of the approved absences specified in sub-paragraphs (i) and (ii) above that commenced on or after January 1, 2012, such periods of approved absence shall not be considered as Benefit Service under the Plan.

The Compensation of a Member during the periods of absence covered by sub-paragraph (ii), (iv), (v), or (vi) above shall be the Compensation the Member actually receives during such period; provided, however, effective as of January 1, 1998, with respect to a Member who terminates employment with the Company after January 1, 1998, any short-term disability benefits or workers compensation benefits payable during the first six months of a member's disability during a period of absence specified in subparagraph (iv) regardless of whether or not such payments were made from a Company payroll or from a third party vendor shall be deemed Compensation. The Compensation of a Member during the period of absence covered by sub-paragraph (iii) above shall be deemed to be the Member's Final Average Compensation based on his Eligibility Service up to such absence. The Compensation of a Member during the period of absence covered by subparagraph (i) above shall be determined in accordance with Section 414(u) of the Code.

Unless the Administrative Committee determines otherwise on a basis uniformly applicable to all persons similarly situated, the Social Security Benefit of a Member covered by sub-paragraph (iii) above shall be based on the benefit awarded by the Social Security Administration at the date of his total and permanent disability.

(g) *All Other Absences*

(i) No period of absence approved by the Company other than those specified in Section 2.02(f) above shall be recognized as Benefit Service.

(ii) No other absence, other than the absence covered by the exception in clause (i) above, shall be recognized as Benefit Service and any such absence shall be considered as a break in Benefit Service. However, subject to the applicable limitations on Benefit Service described in sub-paragraph (f) above, in no event shall there be a break in Benefit Service if an Employee is continuously absent from service with the Company or with an Associated Company for a period not in excess of 12 months and returns as an Employee to the employ of the Company before the first anniversary date of his Severance Date. Further provided, any period between a Severance Date and a reemployment date which is counted as Eligibility Service under Section 2.01(e)(vii) shall not be counted as Benefit Service.

(1) If the Employee was eligible for a vested benefit under Section 4.06 at the time of a break in service, the Benefit Service credited to such Employee immediately prior to such break in service shall, subject to the provisions of Section 4.12, be immediately recognized as Benefit Service under the Plan upon his return to service prior to January 1, 2017; provided, however, that unless otherwise provided in an Appendix hereto, no such Benefit Service shall be credited for periods beginning on or after January 1, 2017.

(2) If the Employee was not eligible for a vested benefit under Section 4.06 at the time of a break in service, Benefit Service shall begin from the date of the Employee's return to the employ of the Company prior to January 1, 2012; provided, however, that, unless otherwise provided in an Appendix hereto, no such Benefit Service shall be credited for periods beginning on or after January 1, 2017. However, any Benefit Service rendered prior to such break in service shall be included as Benefit Service only at the time that he bridges his Eligibility Service in accordance with the provisions of Section 2.01(g).

2.03 Questions Relating to Service under the Plan

If any question shall arise hereunder as to an Employee's or Participating Employee's Eligibility Service or Benefit Service, such question shall be resolved in writing by the Administrative Committee on a basis uniformly applicable to all Employee(s) similarly situated. The Administrative Committee may determine whether the employment of such person(s) with the Company or any Associated Company shall be recognized under the Plan as Eligibility Service or Benefit Service. Such further documentation is hereby incorporated into the Plan by reference.

ARTICLE 3 - MEMBERSHIP

3.01 Persons Employed on December 31, 2013

Every Member of the Plan on December 31, 2013, shall continue to be a Member of the Plan on and after December 31, 2013, subject to the provisions of Section 3.06.

3.02 Persons First Employed as Employees after December 31, 2011

(a) Unless otherwise provided below or in an Appendix hereto, any person who is first employed as an Employee after December 31, 2011, shall not become a Member of the Plan.

(b) Unless otherwise provided below, membership in the Plan was frozen as of January 1, 2012.

3.03 Persons Employed as Leased Employees with the Company or an Associated Company

Any person who is a Leased Employee shall not be eligible to participate in the Plan. However, notwithstanding any other Plan provisions to the contrary, if (i) a Leased Employee subsequently becomes an Employee as defined in Section 1.16 or (ii) an Employee as defined in Section 1.16 subsequently becomes employed as a Leased Employee, all uninterrupted employment with the Company or an Associated Company as a Leased Employee, shall be counted for determining Eligibility Service for purposes of determining eligibility for Plan membership and vesting but not for the purpose of determining eligibility for early retirement or determining Benefit Service or Final Average Compensation; provided, however, that Eligibility Service shall not be counted for any Leased Employee for any period of his employment during which the requirements of Section 414(n)(5) of the Code are met.

3.04 Persons Employed as other than Employees by the Company

Unless otherwise provided in this Article 3, every person employed as other than an Employee by a Participating Unit and who becomes employed as an Employee prior to January 1, 2012, shall become a Member of the Plan as of (a) the first day of the calendar month coincident with or next following the date on which he first becomes an Employee, but not unless and until he satisfies the same terms and conditions which would have been applicable had he always been an Employee at such Participating Unit or (b) January 1, 2012, if earlier, provided he is an Employee on that date.

Unless otherwise provided in this Article 3, any person employed as other than an Employee by a Participating Unit on January 1, 2012, shall be not eligible to become a Member of the Plan on or after January 1, 2012.

3.05 Reemployment of Former Employees, Former Members and Retired Members

(a) Any person reemployed by the Company as an Employee shall be considered a new Employee for membership purposes under the Plan if such Employee was not previously a Member of the Plan, except as provided in paragraph (b) below.

(b) The membership of any person reemployed by the Company as an Employee shall be immediately resumed if such Employee was previously a Member of the Plan or was a former Employee who (i) was absent from service on January 1, 2012, due to a military leave and (ii) returns to the service of the Company as an Employee after January 1, 2005, in accordance with all of the requirements to retain reemployment rights under applicable law. Provided however, if such person is reemployed on or after January 1, 2012, such Member shall not be eligible to accrue Benefit Service for the period of his employment as an Employee rendered on or after January 1, 2012, except as otherwise provided in the foregoing provisions of the Plan with respect to a former Employee or Member who was (i) absent from service on January 1, 2012, due to a military leave or a Company approved unpaid leave of absence, other than a long-term disability leave, and (ii) accruing Benefit Service under the provisions of Section 2.02(f)(i), (ii), (iv) and (v) during such leave.

(c) Unless otherwise provided in an Appendix hereto, if a retired Member or a former Member is reemployed as an employee by the Company or by an Associated Company, his membership in the Plan shall be immediately resumed and any payment of a retirement allowance with respect to his original retirement or any payment of a vested benefit with respect to his original employment shall cease in accordance with the provisions of Section 4.11.

3.06 Termination of Membership

Unless otherwise provided in an Appendix hereto, an Employee's membership in the Plan shall terminate if he ceases to be an Employee and he is not entitled to either a retirement allowance or vested benefit under Sections 4.02, 4.03, 4.04, 4.05, or 4.06 except that an Employee's membership shall continue (a) during any period while on leave of absence approved by the Company, (b) while absent by reason of temporary disability, (c) during the period of any total and permanent disability which continues to be recognized as Benefit Service and/or Eligibility Service as provided in Article 2, (d) while he is not an Employee as herein defined but is in the employ of the Company or an Associated Company or (e) during a period of employment which continues to be recognized as Eligibility Service as provided in an Appendix hereto. An Employee covered by the Plan may not waive such coverage.

3.07 Questions Relating to Membership in the Plan

If any question shall arise hereunder as to the commencement, duration or termination of the membership of any person or Employee employed by the Company or by an Associated Company, such question shall be resolved by the Administrative Committee in writing under rules uniformly applicable to all persons or Employees similarly situated. Such further documentation is hereby incorporated into the Plan by reference.

ARTICLE 4 - BENEFITS

4.01 Plan Benefit Formulas

(a) *Benefit Formula Elections*

(i) *Annual Benefit Formula Election:* Except as otherwise provided in the following provisions of this Article 4, prior to the beginning of each Plan Year commencing on or after January 1, 2000, and prior to January 1, 2012, a Member who is an Employee may elect during the annual election period established by the Administrative Committee, the Plan benefit formula to be used in determining his Accrued Benefit under the Plan with respect to any Benefit Service earned by such Member in the following Plan Year. Except as otherwise provided below, a Member who is an Employee can elect with respect to Plan Years beginning prior to January 1, 2012, either (1) the Traditional Pension Plan Formula ("TPP Formula") as set forth in Section 4.01(b) or (2) the Pension Equity Plan Formula ("PEP Formula") as set forth in Section 4.01(c). A new Plan benefit formula election received by the Administrative Committee in a timely manner shall be effective as of the subsequent January 1 and will be applicable only to Benefit Service earned by such Member on and after the effective date of the election.

The Plan benefit formula elections will be communicated by the Member to the Administrative Committee or its delegate at such time and in such manner as established by the Administrative Committee but not later than the end of the Plan Year immediately preceding the Plan Year for which the Plan pension formula election is to be effective ("the Election Cutoff Date").

(ii) *Continuation of Prior Election:* With respect to accruals in Plan Years commencing prior to January 1, 2012, if the Administrative Committee does not receive a new Plan benefit formula election from an Employee by the election cutoff date as determined by the Administrative Committee, the Employee's current Plan benefit formula election will remain in effect for the immediately following Plan Year and, subject to the provisions of Sections 4.01(a)(i) and (viii), subsequent Plan Years commencing prior to January 1, 2012. Notwithstanding any Plan provision to the contrary, if an Employee who is a participating Member of the Plan on December 31, 1999, does not file a Pension benefit formula election for the Plan Year beginning January 1, 2000, his Plan benefit formula election will be the TPP Formula for Benefit Service earned for the Plan Year beginning January 1, 2000, and, subject to the provisions of Sections 4.01(a)(i) and (viii), subsequent Plan Years commencing prior to January 1, 2012.

Notwithstanding any Plan provision to the contrary, effective as of August 16, 2011, a Member's right to make a Plan benefit formula election with respect to any Benefit Service earned during the Plan Years beginning on and after January 1, 2012, shall cease and any Benefit Service earned under the Plan provisions with respect to Plan Years beginning on or after January 1, 2012 and ending December 31, 2016, shall be credited under Plan in accordance with the TPP formula.

(iii) *First Year of Benefit Service Election*: If an individual first becomes an Employee on or after January 1 of a Plan Year commencing on or after January 1, 2000, and prior to the earlier of (a) the commencement date of the annual election period established by the Administrative Committee (“the Solicitation Period Commencement Date”) in such year, or (b) August 16, 2011, in accordance with rules established by the Administrative Committee, the Employee will make his or her Plan benefit formula election with respect to any Benefit Service accrued during that Plan Year upon becoming an Employee. Notwithstanding any Plan provision to the contrary, if an individual becomes an Employee after the Solicitation Period Commencement Date in a year and prior to the end of such Plan Year, in accordance with rules established by the Administrative Committee, such Employee will make a Plan benefit formula election with respect to Benefit Service accrued during the remainder of that Plan Year and the following Plan Year upon becoming an Employee.

Notwithstanding any Plan provision to the contrary, effective as of August 16, 2011, an individual who is first employed as an Employee on or after July 12, 2011, shall not be eligible to make a Plan benefit formula election with respect to any Benefit Service earned during the Plan Years beginning on and after January 1, 2011, and any Benefit Service earned under the Plan provisions with respect to Plan Years beginning on or after January 1, 2011 and ending December 31, 2016, shall be credited under the Plan in accordance with the TPP formula.

(iv) *Rehired Employees*: With respect to Plan Years commencing prior to January 1, 2012, if a Member terminates employment or transfers to a status other than an Employee and is then rehired in the same Plan Year as an Employee by the Company or is restored to the status of an Employee in the same Plan Year, the Plan benefit formula election in effect at the time of his termination or transfer will continue as the Employee’s Plan benefit formula election for that Plan Year and subsequent Plan Years commencing prior to January 1, 2012, consistent with the provisions of Section 4.01(a)(i), (ii), and (viii). Except as otherwise provided above, if an Employee terminates from employment with the Company and all Associated Companies and is then rehired as an Employee by the Company in a subsequent Plan Year commencing prior to January 1, 2012, the provisions of Section 4.01(a)(iii) will apply to the Employee in the same manner as if the Employee then first became eligible for the Plan, provided that any election in effect for the Plan Year in which he is reemployed shall apply to all Benefit Service recognized during that Plan Year.

(v) *Benefit Service for a Period of Employment Rendered Prior to January 1, 2000*: Notwithstanding any Plan provisions to the contrary, any Benefit Service rendered by a Member prior to January 1, 2000, will be credited under the TPP Pension Formula as determined under the provisions of Section 4.01(b)(i).

(vi) *Leave of Absence*: Except as otherwise provided in this Section 4.01, with respect to Plan Years beginning prior to January 1 2012, a Member who is on a leave of absence as set forth in Section 2.02(f) shall continue to be eligible to make an annual Plan benefit formula election pursuant to the provisions of Section 4.01(a)(i) with respect to any Benefit Service earned pursuant to the provisions of Section 2.02(f).

(vii) *Special Rules*: Benefit Service accrued by a Member under the provisions of Section 2.02(c), Section 2.02(d), or with respect to service rendered prior to January 1, 2000, Section 2.02(e), shall automatically be credited under the TPP Pension Formula in accordance with the provisions of Section 4.01(b)(i) or Section 4.01(b)(ii), whichever is applicable. Notwithstanding the foregoing, Benefit Service credited for Plan Years commencing on or after January 1, 2000, to a Member who, as of November 30, 1999, was accruing Benefit Service

under the provisions of Section 2.02(f)(iii), shall automatically be credited under the TPP Pension Formula in accordance with the provisions of Section 4.01(b)(i), unless such Member elects otherwise in accordance with the provisions of Section 4.01(a)(i).

(viii) *Benefit Service for a Period of Employment Rendered as a Participating Employee on or after January 1, 2012*: Notwithstanding any Plan provisions to the contrary, any Benefit Service earned by a Member on and after January 1, 2012 and before December 31, 2016, will be credited under the TPP Pension Formula as determined under the provisions of Section 4.01(b).

(ix) *Plan Benefit Formula Choices Maximum*: Notwithstanding any Plan provision to the contrary, once a Member has accrued 40 or more years of Benefit Service under the Plan, including any years of Benefit Service rendered prior to January 1, 2000, he shall no longer be permitted to make a Plan benefit formula election. A Member who, as of January 1, 2000, has completed 40 or more years of Benefit Service shall not be permitted to make an initial Plan benefit formula election, and except as otherwise provided in an Appendix, his retirement allowance accrued with respect to such Benefit Service shall be computed solely under the provisions of Section 4.01(b)(i).

(b) *TPP Formula Benefit*

Prior to any adjustment in accordance with Section 4.07(a) or 4.07(c) and except as otherwise provided in an Appendix, a Member's TPP Pension Formula Benefit shall be an annual pension payable as a single life annuity for the Member's life, commencing on his Normal Retirement Date, equal to the amount determined under clause (i) or (ii) below, whichever is applicable.

(i) The TPP Formula Pension applicable to a Pre-2000 Member shall be equal to:

- (1) two percent of the Member's Final Average Compensation multiplied by the first 25 years of his TPP Benefit Service;
- (2) plus one and one-half percent of the Member's Final Average Compensation multiplied by the next 15 years of his TPP Benefit Service, to a combined maximum of 40 years of Benefit Service;
- (3) reduced by one and one-fourth percent of the Social Security Benefit multiplied by the number of years of his TPP Benefit Service not in excess of 40 years.

The annual normal retirement allowance of a Section 401(a)(17) Employee shall not be less than an amount equal to the sum of (4) and (5):

- (4) the Member's Accrued Benefit on December 31, 1993, under the terms of the Plan as then in effect; and
- (5)
 - (A) two percent of the Member's Final Average Compensation multiplied by the balance of that portion of his first 25 years of his TPP Benefit Service which are rendered on and after January 1, 1994;

- (B) plus one and one-half percent of the Member's Final Average Compensation multiplied by the next 15 years of the balance of that portion of his TPP Benefit Service which are rendered on and after January 1, 1994; and
- (C) reduced by one and one-fourth percent of the Social Security Benefit multiplied by the balance of that portion of his years of TPP Benefit Service not in excess of 40 years which are rendered on and after January 1, 1994 (the "Social Security Offset").

The combined maximum years of Benefit Service used to compute any Pre-2000 Member's annual retirement allowance or vested benefit shall not exceed 40 years.

Notwithstanding any Plan provision to the contrary and unless otherwise provided in an Appendix hereto, a Member's TPP Benefit applicable to a Pre-2000 Member shall be frozen as of January 1, 2017.

(ii) The TPP Formula Benefit applicable to a Post-1999 Member and a Post-2004 Member shall be equal to:

- (1) one and one-half percent of the Member's Final Average Compensation multiplied by his TPP Benefit Service not in excess of 40 years.
- (2) reduced by one and one-fourth percent of the Social Security Benefit multiplied by his TPP Benefit Service not in excess of 40 years.

The combined maximum years of Benefit Service used to compute any Post-1999 Member's and Post-2004 Member's annual retirement allowance or vested benefit shall not exceed 40 years.

Notwithstanding any Plan provision to the contrary and unless otherwise provided in an Appendix hereto, a Member's TPP Benefit applicable to a Post-1999 Member and a Post-2004 Member shall be frozen as of January 1, 2017.

(c) *PEP Formula*

(i) *PEP Formula Benefit:* A Member participating under the PEP Formula in accordance with Section 4.01(a) shall accrue a PEP Formula Benefit as described in this Section 4.01(c). A Member's PEP Formula Benefit shall be an annual pension payable as a single life annuity for the Member's life, commencing on his Annuity Starting Date, equal to the Equivalent Actuarial Value of the Member's PEP Formula Lump Sum Value (as defined below). For purposes of this paragraph (c), Equivalent Actuarial Value shall be determined on the basis of the IRS Mortality Table and the IRS Interest Rate. Notwithstanding any Plan provisions to the contrary, a Member's PEP Formula Benefit with an Annuity Starting Date on and after January 1, 2008, and prior to July 1, 2008, shall not be less than the Member's PEP Formula Benefit that would have been provided as of that Annuity Starting Date based on the Plan's definition of IRS Interest Rate and IRS Mortality Table as in effect prior to January 1, 2008.

(ii) *PEP Formula Lump Sum Value:* A Member's PEP Formula Lump Sum Value shall equal the sum of the Member's Basic PEP Formula Lump Sum Value and the Member's

Supplemental PEP Lump Sum Value as defined below determined as of the Member's Annuity Starting Date.

(1) Basic PEP Formula Lump Sum Value: A Member's Basic PEP Formula Lump Sum Value shall be equal to the accumulated total of the Pension Equity Plan Percentages (as set forth in the table below) credited to such Member under the provisions of this clause (1) for each Plan Year ("Total Accumulated Percentages") multiplied by the Member's Average Final Compensation determined as of the Member's Severance Date or December 31, 2011, if earlier. For each given year of PEP Benefit Service earned in a Plan Year commencing prior to January 1, 2012, to the combined maximum described below, the Member will be credited with a Pension Equity Plan Percentage for such Plan Year which corresponds to the Member's age determined in accordance with the following table:

Age	Pension Equity Plan Percentage
under 30	3.0%
30-39	4.0%
40-49	5.0%
50 and over	6.0%

Notwithstanding the foregoing, once the sum of a Member's TPP Benefit Service and PEP Benefit Service equals or exceeds 40, the Member, with respect to any Benefit Service he earns thereafter and prior to January 1, 2012, will be credited with a revised Pension Equity Plan Percentage so that the lowest Pension Equity Plan Percentage previously accrued by the Member will be replaced by the Pension Equity Plan Percentage corresponding to the Member's age during such Benefit Service.

A Member's Pension Equity Plan Percentage for a given month will be based on 1/12th of the Pension Equity Plan Percentage applicable to his attained age as of the last day of the immediately preceding month.

Notwithstanding any Plan provision to the contrary, a Member's Basic PEP Formula Lump Sum Value shall be frozen as of December 31, 2011.

(2) Supplemental PEP Lump Sum Value: A Member's Supplemental PEP Lump Sum Value, if any, shall be calculated as follows:

There shall be credited to a Member's Supplemental Lump Sum Value monthly:

- (A) With respect to Plan Years (i) beginning prior to January 1, 2012, interest on a Member's Basic PEP Lump Sum Value determined as of the end of the month in which the Member terminates from service from the Company and all Associated Companies for the period beginning with the month following the Member's termination of employment from the Company and all Associated Companies until his reemployment with the Company or any Associated Company or the end of the month preceding the Annuity Starting Date of his PEP Pension Formula Benefit, whichever occurs first; and (ii) beginning on or after January 1, 2012, interest on a Member's Basic PEP Lump Sum Value determined as of the end of the month for the period

beginning with January 2012, until the end of the month preceding the Annuity Starting Date of his PEP Pension Formula Benefit, and

- (B) Interest on the accumulated total amount credited to the Member's Supplemental PEP Lump Sum Value as of the end of the preceding month, if any, until the end of the month preceding the Member's Annuity Starting Date applicable to such PEP Formula Pension.

Except as otherwise provided herein, with respect to a Member who terminated employment prior to October 31, 2011, the rate of interest credited shall be 1.55 percent per annum.

Except as otherwise provided below or in Appendix B, with respect to a Member who was employed by the Company on October 31, 2011, the rate of interest to be credited shall be (i) with respect to Plan Years beginning prior to January 1, 2012, 1.55 percent per annum and (ii) with respect to Plan Years commencing on or after January 1, 2012, the 10-year Treasury rate as in effect on December 31 of the prior calendar year, but not less than 3.25 percent.

Notwithstanding the foregoing, a Member's PEP Lump Sum Value determined under the preceding provisions of this subparagraph (ii) shall be increased in accordance with the procedures established by the Administrative Committee by an amount equal to the Equivalent Actuarial Value of any increase in the Member's PEP Formula Benefit portion of his Accrued Benefit as determined under the provisions of Section 4.01(d)(ii). For purposes of the preceding sentence Equivalent Actuarial Value shall be determined on the basis of the IRS Mortality Table and the IRS Interest Rate.

(d) *Accrued Benefit*

(i) A Member's Accrued Benefit, as of any date of determination, means the annual benefit payable as a single life annuity for the Member's life commencing on his Normal Retirement Date or his Postponed Retirement Date, as applicable, which is equal to the aggregate of his TPP Formula Benefit computed under Section 4.01(b) and his PEP Formula Benefit computed under Section 4.01(c) on the basis of the Member's Benefit Service not in excess of 40 years and other applicable components of the Plan formula as of such determination date. The Accrued Benefit for a Member eligible for a benefit under Appendix G also shall include the accrued benefit described in Section IV of Appendix G.

(ii) Notwithstanding any Plan provision to the contrary, a Member's Accrued Benefit described in the first sentence of clause (i) above as of any determination date, shall not be less than an annual pension payable as a single life annuity for the Member's life, commencing on his Normal Retirement Date or his Postponed Retirement Date, as applicable, equal to the aggregate of his TPP Formula Benefit computed under Section 4.01(b) and determined as of the last day of the Plan Year immediately preceding such determination date and his PEP Formula Benefit computed under Section 4.01(b) on the basis of the Member's PEP Formula Lump Sum Value as of the last day of the Plan Year immediately preceding such determination date increased by the rate of interest set forth in Section 4.01(c)(ii) for the period beginning with the first day of the

Plan Year in which the determination date occurs and ending on the last day of the calendar month preceding the determination date. For Plan years beginning prior to January 1, 2012, if the amount determined under this clause (ii) exceeds the amount determined under clause (i) above, the difference shall be treated as an increase in the Member's PEP Formula Benefit portion of his Accrued Benefit.

4.02 Normal Retirement Allowance

(a) Eligibility

Except as otherwise provided in Appendix B, the right of a Member to his normal retirement allowance shall be nonforfeitable as of his Normal Retirement Age provided he is employed by the Company or an Associated Company at that time. A Member, upon termination of employment with the Company and all Associated Companies, may retire from active service and receive a normal retirement allowance beginning on his or her Normal Retirement Date, subject to the notice and timing requirements of Section 4.07. If a Member postpones his retirement and continues in active service after his Normal Retirement Date or returns to service after his Normal Retirement Date, the provisions of this Section 4.02 shall be applicable.

(b) Benefit

Prior to adjustment in accordance with Sections 4.07(a) and 4.08(c), but subject to the minimum provision hereinafter set forth in this Section 4.02 and except as otherwise provided in an Appendix hereto, the annual normal retirement allowance payable on a lifetime basis upon retirement at a Member's Normal Retirement Date that is attributable to his TPP Formula Benefit and his PEP Formula Benefit shall be equal to the Member's Accrued Benefit described in the first sentence of Section 4.01(d)(i). In addition, for a Member who is eligible for a benefit under Appendix G, his normal retirement benefit attributable to the benefit under Appendix G shall be the accrued benefit described in Section IV of Appendix G.

The annual normal retirement allowance determined prior to reduction to be made on account of the Social Security Benefit shall be an amount not less than the greatest annual early retirement allowance which would have been payable to a Member had he retired under Section 4.04 or Section 4.05 at any time before his Normal Retirement Date and as such early retirement allowance would have been reduced to commence at such earlier date but without reduction on account of the Social Security Benefit. The reduction to be made on account of the Social Security Benefit shall in any event be based on the Federal Social Security Act in effect at the time as of the Member's actual termination or retirement.

(c) Benefit for Former Pension Plan Member

Unless the Administrative Committee determines otherwise and notwithstanding anything to the contrary herein contained, any Member who immediately prior to his membership in the Plan was accruing benefits under a Former Pension Plan shall, prior to adjustment in accordance with Sections 4.07(a) and 4.07(c), receive an annual normal retirement allowance payable on a lifetime basis upon retirement at such Member's Normal Retirement Date equal to the sum of:

(i) an annual retirement allowance computed in accordance with paragraph (b) above on the basis of the Benefit Service, Social Security Benefit and Final Average Compensation accumulated by him under this Plan, plus

(ii) an amount equal to the annual normal retirement allowance or other benefit accrued to such Member under his Former Pension Plan in respect of service not recognized as

Benefit Service hereunder, with such retirement allowance or other benefit being computed in accordance with the provisions of his Former Pension Plan, as modified by Appendix E hereof.

4.03 Postponed Retirement Allowance

(a) *Eligibility*

Except as otherwise provided in Appendix B, a Member who continues in service with the Company or an Associated Company after his Normal Retirement Date or returns to service with the Company or an Associated Company on or after his Normal Retirement Date shall retire from service and receive a postponed retirement allowance on his Postponed Retirement Date, subject to the notice and timing requirements of Section 4.07.

(b) *Benefit*

Except as hereinafter provided and prior to adjustment in accordance with Sections 4.07(a) and 4.07(c), the annual postponed retirement allowance payable on a lifetime basis upon retirement at a Member's Postponed Retirement Date shall be equal to the greater of:

(i) an annual normal retirement allowance determined in accordance with Section 4.02(b) but based on the Member's Benefit Service, Social Security Benefit and Final Average Compensation as of his Postponed Retirement Date; or

(ii) the annual normal retirement allowance to which the Member would have been entitled under Section 4.02(b) had he retired on his Normal Retirement Date, increased by an amount which is the Equivalent Actuarial Value of the monthly payments which would have been payable with respect to each month in which he worked fewer than eight days as determined under the provisions of Title 29 of the Code of Federal Regulations Section 2530.203-3 as promulgated by the U.S. Department of Labor. Any monthly payment determined under this subparagraph (ii) with respect to any such month in which he worked fewer than eight days shall be computed as if the Member had retired on his Normal Retirement Date and shall reflect additional benefit accruals, if any, recomputed as of the first day of each subsequent Plan Year, during which payment would have been made on the basis of his Final Average Compensation and Benefit Service accrued to such recomputation date.

(c) *Benefit for Former Pension Plan Members*

Unless the Administrative Committee determines otherwise and notwithstanding anything to the contrary herein contained, any Member who immediately prior to his membership in the Plan was accruing benefits under a Former Pension Plan shall, prior to adjustment in accordance with Sections 4.07(a) and 4.08(c), receive an annual postponed retirement allowance payable on a lifetime basis upon retirement at such Member's Postponed Retirement Date equal to the sum of:

(i) an annual retirement allowance computed in accordance with Section 4.02(b) but on the basis of the Benefit Service, Social Security Benefit and Final Average Compensation accumulated by him at his Postponed Retirement Date, plus

(ii) an amount equal to the annual postponed retirement allowance or other benefit accrued to such Member under his Former Pension Plan in respect of service not recognized as Benefit Service hereunder, with such retirement allowance or other benefit being computed in accordance with the provisions of his Former Pension Plan, as modified by Appendix E hereof.

(d) *Benefit for Member in Service after he attains Age 70½*

In the event a Member's retirement allowance is required to begin under Section 4.11 while the Member is in service with the Company or an Associated Company, the January 1 immediately following the calendar year in which the Member attained age 70½ shall be the Member's Annuity Starting Date for purposes of this Article 4 and the Member shall receive a postponed retirement allowance commencing as of that January 1 in an amount determined as if he had retired on such date. As of each succeeding January 1 prior to the Member's actual Postponed Retirement Date and as of his actual Postponed Retirement Date, the Member's retirement allowance shall be:

(i) recomputed to reflect any additional retirement allowance attributable to his Compensation and Benefit Service earned during the immediately preceding calendar year based on his age at each succeeding January 1 or actual Postponed Retirement Date; and

(ii) reduced by the Equivalent Actuarial Value of the total payments of his postponed retirement allowance made with respect to each month of continued employment in which he was credited with at least eight days of service as determined under the provisions of Title 29 of the Code Federal Regulations Section 2530.203-3 as promulgated by the U.S. Department of Labor and which were paid prior to each such recomputation; provided that no such reduction shall reduce the Member's postponed retirement allowance below the amount of postponed retirement allowance payable to the Member immediately prior to the recomputation of such retirement allowance.

Notwithstanding paragraphs (b) and (c) above, in the event a Member remains in service after the April 1 following the calendar year in which he attains age 70½, and does not commence payment of his Pension while in service under the provisions of Section 4.11, then his retirement allowance shall be the excess, if any, of (i) over (ii) where (i) is the greater of (1) his retirement allowance determined at his actual retirement date taking into account the Member's Benefit Service and Average Final Compensation at that date, or (2) the amount of Equivalent Actuarial Value to his retirement allowance determined at the end of the Plan Year preceding such April 1 recomputed in accordance with regulations issued by the Secretary of the Treasury as the first day of each subsequent Plan Year (and as of his actual Postponed Retirement Date) as if such date were the Member's Postponed Retirement Date, and (ii) is the actuarial equivalent of any distributions made with respect to the Member's retirement benefits after said date.

The retirement allowance payable to a Member who is not a five percent owner as defined in Section 416(i) of the Code of the Company or an Associated Company and who is receiving payments under the provisions of paragraph (d) and Section 4.11 as of April 1, 1999, shall continue to be governed by the foregoing provisions of this paragraph (d) above on and after April 1, 1999.

4.04 Standard Early Retirement Allowance

(a) *Eligibility*

(i) Except as otherwise provided in Appendix B, a Member who has not reached his Normal Retirement Date but has, prior to his Severance Date, reached the 55th anniversary of his birth and completed ten years of Eligibility Service is eligible to retire on a standard early retirement allowance on the first day of the calendar month coincident with or next following his Severance Date, which date shall be the Member's Early Retirement Date.

(ii) Notwithstanding the foregoing, in the event an Employee who is a Member is involuntarily terminated on or after January 1, 2008, and entitled to severance payments under a severance plan or policy maintained by the Company or an Associated Company, said Member shall be credited with additional Eligibility Service and age solely for the purposes of determining

eligibility for a standard early retirement allowance under the provisions of this Section 4.04 equal to the greater of (1) six months, or (2) an amount equal to one month for each completed year of Eligibility Service determined as of his termination of employment, but not in excess of 24 months. If the crediting of such additional service and age causes said Member to be eligible for a standard early retirement allowance in lieu of a vested benefit said Member shall not be eligible to commence said standard early retirement allowance until he actually attains age 55.

(b) *Benefit*

Except as provided in an Appendix or hereinafter and prior to adjustment in accordance with Sections 4.07(a) and 4.08(c), the standard early retirement allowance shall be an allowance equal to the Member's Accrued Benefit earned up to his Early Retirement Date, computed on the basis of his Final Average Compensation, Social Security Benefit, and Benefit Service credited at his Early Retirement Date, with the Social Security Benefit for a Post-1999 Member or a Pre-2000 Member determined on the assumption that the Member had no earnings after of his Early Retirement Date. Notwithstanding any Plan provision to the contrary and except as otherwise provided in an Appendix, effective on and after January 1, 2012, the Social Security Benefit for a Post-1999 Member or a Pre-2000 Member who is not a Participating Employee shall be determined on the assumption that (i) the Member had no earnings after the earlier of (1) his Early Retirement Date or (2) the later of (A) the date he ceased to accrue Benefit Service under the Plan or (B) the date he first meets the age and service eligibility requirements for Early Retirement as set forth in Section 4.04(a) above, but not earlier than January 1, 2012, and (ii) the Member's earnings for the period beginning with the calendar year following the date he ceases to accrue Benefit Service and ending with the calendar year in which he first meets the age and service eligibility requirements for Early Retirement as set forth in Section 4.04(a) above, used to calculate his Social Security Benefit are based on his rate of Compensation in effect as of the date he ceases to accrue Benefit Service.

Notwithstanding the forgoing, the Social Security Benefit for a Post-2004 Member shall be determined on the assumption that he continued in service to his Normal Retirement Date at his rate of Compensation in effect as of his date of termination (or, effective as of January 1, 2012, the date he ceases to accrue Benefit Service).

The Member may, however, elect to receive an early retirement allowance commencing on his Early Retirement Date or the first day of any calendar month before his Normal Retirement Date specified in his later request therefor, provided that an early payment date shall be subject to the notice and timing requirements described in Sections 4.07. With respect to a Post-1999 Member or a Pre-2000 Member, except as otherwise provided in an Appendix hereto, in the case of said early commencement, said Member's early retirement allowance, prior to adjustment in accordance with Sections 4.07(a) and 4.08(c) and prior to any reduction to be made on account of the Social Security Benefit shall be equal to the sum of (i) his TPP Formula Benefit portion of his retirement allowance determined under Section 4.01(b) earned up to his Early Retirement Date prior to the reduction for the Social Security Benefit, reduced by one-fourth of one percent per month for each month by which the commencement date of his retirement allowance precedes his Normal Retirement Date, and (ii) the PEP Formula Benefit portion of his retirement allowance determined under Section 4.01(c).

With respect to Post-2004 Member, except as otherwise provided in an Appendix hereto, in the case of said early commencement, said Member's early retirement allowance, prior to adjustment in accordance with Sections 4.07(a) and 4.08(c), shall be equal to the sum of (i) his TPP Formula Benefit portion of his retirement allowance determined under Section 4.01(b) earned up to his Early Retirement Date, reduced by 1/180th for each month up to 60 months by which the commencement date of his retirement allowance precedes his Normal Retirement Date and further reduced by 1/360th for each such

month in excess of 60 months, and (ii) the PEP Formula Benefit portion of his retirement allowance determined under Section 4.01(c).

In the case of a Member's early commencement, the PEP Formula Benefit portion of his retirement allowance shall be equal to an annual amount payable as a single life annuity for the Member's life commencing on his Annuity Starting Date that is of Equivalent Actuarial Value to the Member's PEP Formula Lump Sum Value determined under Section 4.01(c).

Except as otherwise provided in an Appendix hereto, with respect to the portion of a retirement allowance determined under Section 4.01(b) payable to a Post-1999 Member or a Pre-2000 retiring prior to his 62nd birthday, the reduction to be made on account of the Social Security Benefit shall not be made until such time as the Member is or would upon proper application first be entitled to receive said Social Security Benefit.

(c) *Former Pension Plan Members*

(i) *Benefit for Former Pension Plan Members* – Unless the Administrative Committee determines otherwise and notwithstanding anything to the contrary herein contained, any Member who, immediately prior to his membership in the Plan was accruing benefits under a Former Pension Plan shall, upon his retirement, be entitled to receive a deferred early retirement allowance payable on a life-time basis commencing on his Normal Retirement Date equal to, prior to adjustment in accordance with Sections 4.07(a) and 4.08(c), his annual retirement allowance computed in accordance with Section 0 on the basis of the applicable components of the Plan's and Former Plan's formula at his Early Retirement Date. The Member may, however, elect to receive his standard early retirement allowance commencing on his Early Retirement Date or the first day of any later calendar month before his Normal Retirement Date. In that case, the Member's standard early retirement allowance shall be equal to the sum of his retirement allowance payable as of his Annuity Starting Date as determined under paragraph (b) above plus the portion of his retirement allowance determined under the Former Plan's formula otherwise payable at his Normal Retirement Date reduced as provided in paragraph (b) above with respect to his TPP Formula Benefit, except as otherwise provided in Appendix E.

(ii) Notwithstanding the foregoing and except as otherwise provided in Appendix E hereto, the portion of the Member's standard early retirement allowance calculated on the basis of a Former Pension Plan formula shall not be less than the early retirement benefit which would have been provided under such Former Pension Plan on the date immediately preceding the date such Former Pension Plan was amended to continue as and under the Plan, and the Member may elect to commence such portion of his early retirement allowance before his Early Retirement Date, if such Former Pension Plan provided for an earlier commencement date.

4.05 Special Early Retirement Allowance

(a) *Eligibility*

(i) Except as otherwise provided in Appendix B, a Pre-2000 Member who has not reached his Normal Retirement Date but who prior to his Severance Date (i) has reached the 55th anniversary of his birth and completed fifteen years of Eligibility Service or (ii) has reached the 50th anniversary of his birth but not the 55th anniversary of his birth and whose age plus years of Eligibility Service equals eighty or more, is eligible, in either case, to retire on a special early retirement allowance on the first day of the calendar month coincident with or next following his Severance Date, which date shall be the Member's Early Retirement Date.

(ii) Except as otherwise provided in Appendix B, a Post-1999 Member who has not reached his Normal Retirement Date but who prior to his Severance Date has reached the 55th anniversary of his birth and completed fifteen years of Eligibility Service is eligible to retire on a special early retirement allowance on the first day of the calendar month coincident with or next following his Severance Date, which date shall be the Member's Early Retirement Date.

(iii) Notwithstanding the foregoing, in the event an Employee who is a Pre-2000 Member or a Post-1999 Member is involuntarily terminated on or after January 1, 2008, and entitled to severance payments under a severance plan or policy maintained by the Company or an Associated Company, said Member shall be credited with additional Eligibility Service and age solely for the purposes of determining eligibility for a special early retirement allowance under the provisions of this Section 4.05 equal to the greater of (1) six months, or (2) an amount equal to one month for each completed year of Eligibility Service determined as of his termination of employment, but not in excess of 24 months. If the crediting of such additional service and age causes said Member to be eligible for (1) a special early retirement allowance, other than Rule of 80, in lieu of a standard early retirement allowance or vested benefit, said Member shall not be eligible to commence said early retirement allowance until he or she actually attains the age component of said early retirement allowance eligibility requirement, or (2) a Rule of 80 special early retirement allowance in lieu of a standard early retirement allowance or vested benefit, said Member shall not be eligible to commence his Rule of 80 early retirement allowance until the sum of his actual age and his or her service (including additional service granted under these provisions) meets the Rule of 80.

(iv) A Post-2004 Member shall not be eligible for a special early retirement allowance under the provisions of this Section 4.05.

(b) *Benefit*

Except as provided in an Appendix or hereinafter and prior to adjustment in accordance with Sections 4.07(a) and 4.08(c), the special early retirement allowance shall be a retirement allowance deferred to commence on the Member's Normal Retirement Date and shall be equal to his Accrued Benefit earned up to the Member's Early Retirement Date, computed on the basis of his Final Average Compensation, Social Security Benefit and Benefit Service at his Early Retirement Date, with the Social Security Benefit determined on the assumption that the Member had no earnings after the his Early Retirement Date. Notwithstanding any Plan provision to the contrary and except as otherwise provided in an Appendix, effective on and after January 1, 2012, the Social Security Benefit for a Post-1999 Member or a Pre-2000 Member who is not Participating Employee shall be determined on the assumption that (i) the Member had no earnings after the earlier of (1) his Early Retirement Date or (2) the later of (A) the date he ceased to accrue Benefit Service under the Plan or (B) the date he first meets the age and service eligibility requirements for Early Retirement as set forth in Section 4.05(a) above, but not earlier than January 1, 2012, and (ii) the Member's earnings for the period beginning with the calendar year following the date he ceases to accrue Benefit Service and ending with the calendar year following the date he first meets the age and service eligibility requirements for Early Retirement as set forth in Section 4.04(a) above, used to calculate his Social Security Benefit are based on his rate of Compensation in effect as of the date he ceases to accrue Benefit Service.

Any Member who retires under the provisions of Section 4.05(a) may elect to receive early payment of his special early retirement allowance commencing as of his Early Retirement Date or the first day of any later calendar month before his Normal Retirement Date as specified in his request therefor; provided that such early payment shall be subject to the notice and timing requirements described in Sections 4.07.

(i) *Pre-2000 Member* – In the event of early payment commencing in accordance with the Member’s election on or after the 62nd anniversary of his birth but prior to the 65th anniversary of his birth, the Pre-2000 Member’s special early retirement allowance shall be an amount which, prior to any adjustment in accordance with Sections 4.07(a) and 4.08(c), shall be equal to the sum of (1) the TPP Formula Benefit portion of his retirement allowance determined under Section 4.01(b) earned up to his Early Retirement Date, and (2) the PEP Formula Benefit portion of his retirement allowance determined under Section 4.01(c). In the event of early payment commencing in accordance with the Member’s election on or after the 60th anniversary of his birth but prior to the 62nd anniversary of his birth, the Pre-2000 Member’s special early retirement allowance shall be an amount which, prior to any adjustment in accordance with Sections 4.07(a) and 4.08(c) and prior to any reduction to be made on account of the Social Security Benefit in accordance with subparagraph (iii) below, shall be equal to the sum of (1) the TPP Formula Benefit portion of his retirement allowance determined under Section 4.01(b) earned up to his Early Retirement Date prior to the reduction for the Social Security Benefit, and (2) the PEP Formula Benefit portion of his retirement allowance determined under Section 4.01(c). The TPP Benefit Formula portion of his retirement allowance determined under Section 4.01(b) shall not be increased to reflect a commencement date later than the 60th anniversary of the Member’s birth. In the event of early payment commencing in accordance with the Member’s election prior to the 60th anniversary of his birth, the Pre-2000 Member’s special early retirement allowance shall be an amount which, prior to any adjustment in accordance with Sections 4.07(a) and 4.08(c) and prior to any reduction to be made on account of the Social Security Benefit in accordance with subparagraph (iii) below shall be equal to the sum of (1) the TPP Formula Benefit portion of his retirement allowance determined under Section 4.01(b) earned up to his Early Retirement Date prior to the reduction for the Social Security Benefit reduced by 5/12ths of one percent per month for each month up to 60 months by which the commencement date of his special early retirement allowance precedes the first day of the calendar month coinciding with or next following the 60th anniversary of his birth, and (2) the PEP Formula Benefit portion of his retirement allowance determined in accordance with Section 4.01(c).

In the case of early commencement under the foregoing provisions of this subparagraph (i), the PEP Formula Benefit portion of a Pre-2000 Member’s special early retirement allowance shall be equal to an annual amount payable as a single life annuity for the Member’s life, commencing on his Annuity Starting Date, which is of Equivalent Actuarial Value to his PEP Formula Lump Sum Value determined under Section 4.01(c)

(ii) *Post-1999 Member* – In the event of early payment commencing in accordance with the election of a Post-1999 Member on or after the 62nd anniversary of his birth but prior to the 65th anniversary of his birth, the Post-1999 Member’s special early retirement allowance shall be an amount which, prior to any adjustment in accordance with Sections 4.07(a) and 4.08(c), shall be equal to the sum of (1) the TPP Formula Benefit portion of his retirement allowance determined under Section 4.01(b) earned up to his Early Retirement Date and (2) the PEP Formula Benefit portion of his retirement allowance determined under Section 4.01(c). The TPP Formula Benefit portion of his retirement allowance determined under Section 4.01(b) shall not be increased to reflect a commencement date later than the 62nd anniversary of such Member’s birth. In the event of early payment commencing in accordance with such Member’s election prior to the 62nd anniversary of his birth, the Post-1999 Member’s special early retirement allowance shall be an amount which, prior to any adjustment in accordance with Sections 4.07(a) and 4.08(c) and prior to any reduction to be made on account of the Social Security Benefit in accordance with subparagraph (iii) below shall be equal to the sum of (1) the TPP Formula

Benefit portion of his retirement allowance determined under Section 4.01(b) earned up to his Early Retirement Date prior to the reduction for the Social Security Benefit reduced by the percentage shown in the following table for each month by which the commencement date of his special early retirement allowance precedes the first day of the calendar month coinciding with or next following the 62nd anniversary of his birth, and (2) the PEP Formula Benefit portion of his retirement allowance determined under Section 4.01(c).

Months Commencement Date Precedes First Day of Month Coincident With or Next Following Member's Attainment of Age 62	TPP Formula Benefit Percentage Reduction Per Month
months 1 to 48	5/12 of 1%
months 49 to 60	4/12 of 1%
months 61 to 84	3/12 of 1%

In the case of early commencement under the foregoing provisions of this subparagraph (ii), the PEP Formula Benefit portion of his retirement allowance shall be equal to an annual amount payable as a single life annuity for the Member's life, commencing on his Annuity Starting Date, which is of Equivalent Actuarial Value to his PEP Formula Lump Sum Value determined under Section 4.01(c).

(iii) With respect to the TPP Benefit Formula portion of a Member's special early retirement allowance commencing prior to his 62nd birthday, the reduction to be made on account of the Social Security Benefit shall not be made until such time as the Member is or would upon proper application first be entitled to receive said Social Security Benefit.

(c) *Benefit for Former Pension Plan Members*

(i) Unless the Administrative Committee determines otherwise and notwithstanding anything to the contrary herein contained, any Member who, immediately prior to his membership in the Plan was accruing benefits under a Former Pension Plan shall, upon his retirement, be entitled to receive a deferred early retirement allowance payable on a life-time basis commencing on his Normal Retirement Date equal to, prior to adjustment in accordance with Sections 4.07(a) and 4.08(c), his annual retirement allowance computed in accordance with Section 0 on the basis of the applicable components of the Plan's and Former Plan's formula at his Early Retirement Date. The Member may, however, elect to receive his early retirement allowance commencing on his Early Retirement Date or the first day of any later calendar month before his Normal Retirement Date. In that case, the Member's special early retirement allowance shall be equal to the sum of his retirement allowance payable at his Annuity Starting Date as determined under paragraph (b) above plus the portion of his retirement allowance determined under Former Plan's formula otherwise payable at his Normal Retirement Date reduced as provided in paragraph (b) above with respect to his TPP Formula Benefit, except as otherwise provided in Appendix E.

(ii) Notwithstanding the foregoing and except as otherwise provided in Appendix E hereto, the portion of the Member's early retirement allowance calculated on the basis of a Former Pension Plan formula shall not be less than the early retirement benefit which would have been provided under such Former Pension Plan on the date immediately preceding the date such Former Pension Plan was amended to continue as and under the Plan, and the Member may elect to commence such portion of his early retirement allowance before his Early Retirement Date, if such Former Pension Plan provided for an earlier commencement date.

4.06 Vested Benefit

(a) Eligibility

A Member shall be vested in, and have a nonforfeitable right to, his Accrued Benefit upon completion of five years of Eligibility Service. If such Member incurs a Severance Date for reasons other than death or early retirement prior to his Normal Retirement Date, he shall be entitled to a vested benefit under the provisions of this Section 4.06. Notwithstanding the foregoing, a Member who completes an "Hour of Service" as defined in Section 2.01(c) on or after January 1, 2008, shall be vested in, and have a nonforfeitable right to, his Accrued Benefit upon completion of three years of Eligibility Service.

(b) Benefit

Prior to adjustment in accordance with Sections 4.07(a) and 4.08(a), the vested benefit payable to a Member shall be a benefit deferred to commence on the former Member's Normal Retirement Date and shall be equal to his Accrued Benefit earned up to the Member's Severance Date, computed on the basis of his Final Average Compensation, Social Security Benefit and Benefit Service at his Severance Date, with the Social Security Benefit determined on the assumption that he continued in service to his Normal Retirement Date at his rate of Compensation in effect as of his date of termination (or, effective as of January 1, 2012, the date he ceases to accrue Benefit Service, if earlier).

Notwithstanding any Plan provision to the contrary, the former Member may elect to receive the PEP Formula Benefit portion of his vested benefit determined under Section 4.01(c) commencing on the first day of any month following his Severance Date and prior to his Normal Retirement Date as specified in his request therefor, after receipt by the Administrative Committee of written application therefor made by the former Member and filed with the Administrative Committee, provided that such early payment shall be subject to notice and timing requirements described in Section 4.07. In the case of said early commencement, the PEP Formula Benefit portion of the Member's vested benefit determined under Section 4.01(c) shall be equal to an annual amount payable as a single life annuity for the Member's life, commencing on his Annuity Starting Date that is Equivalent Actuarial Value to his PEP Formula Lump Sum Value determined under Section 4.01(c). Any portion of said Member's retirement allowance determined under Section 4.01(b) shall be eligible for early commencement as set forth in the following paragraph. Notwithstanding the foregoing and except as otherwise provided in an Appendix, if a Member does not elect to receive the PEP Formula Benefit portion of his vested benefit prior to the first day of any calendar month coincident with or next following the 55th anniversary of his birth, his entire vested benefit shall commence as of the same Annuity Starting Date as set forth below.

Except as otherwise provided in an Appendix hereto, on or after the date on which the former Member shall have reached the 55th anniversary of his birth he may elect to receive, commencing on the first day of any calendar month coincident with or next following the 55th anniversary of his birth and prior to his Normal Retirement Date as specified in his request therefor, after receipt by the Administrative Committee of written application therefor made by the former Member and filed with the Administrative Committee, provided that early payment shall be subject to notice and timing requirements described in Sections 4.07, the TPP Formula Benefit portion of his vested benefit determined under Section 4.01(b) and any PEP Formula Benefit portion of his vested benefit determined under Section 4.01(c) for which an Annuity Starting Date has not yet occurred. Except as otherwise provided in an Appendix hereto, upon such earlier payment, his vested benefit shall be equal to the sum of (i) the TPP Formula Benefit portion of his vested benefit determined under Section 4.01(b) otherwise payable at the former Member's Normal Retirement Date reduced by 1/180th for each month up to 60 months by which the commencement date of such payments precedes his Normal Retirement Date and

further reduced by 1/360th for each such month in excess of 60 months and (iii) the PEP Formula Benefit portion of his vested benefit determined under Section 4.01(c). In the case of said early commencement, the PEP Formula Benefit portion of his vested benefit determined under Section 4.01(c) for which an Annuity Starting Date has not yet occurred shall be equal to an annual amount payable as a single life annuity for the Member's life, beginning on said commencement date, that is Equivalent Actuarial Value to his PEP Formula Lump Sum Value determined under Section 4.01(c).

(c) *Benefit for Former Pension Plan Members*

Unless the Administrative Committee determines otherwise and notwithstanding anything to the contrary herein contained, any Member who, immediately prior to his membership in the Plan was accruing benefits under a Former Pension Plan shall, prior to adjustment in accordance with Sections 4.06(a) and 4.07(a) upon incurring a Severance Date, be entitled to receive a deferred vested benefit payable on a life-time basis commencing on his Normal Retirement Date equal to his annual retirement allowance computed in accordance with Section 0 on the basis of the applicable components of the Plan's and Former Plan's formula as of his Severance Date. Except as otherwise provided in an Appendix hereto and paragraph (b) above, the former Member may, however, elect to receive his vested benefit commencing on the first day of any calendar month occurring on or after his attainment of age 55 but before his Normal Retirement Date. In that case, the Member's vested benefit shall be equal to the sum of the vested benefit payable at his Annuity Starting Date as determined under paragraph (b) above plus the portion of his vested benefit determined under the Former Plan's formula otherwise payable at this Normal Retirement Date reduced as provided in paragraph (b) above, except as otherwise provided in Appendix E.

4.07 Forms of Benefit Payment after Retirement

(a) *Automatic Forms of Payment*

(i) Automatic Joint and Survivor Annuity – If a Member or former Member who on his Annuity Starting Date (1) is married or (2) has a Registered Domestic Partner, has not made an election of an optional form of payment under Section 4.07(b), the retirement allowance or vested benefit payable to such Member or former Member shall automatically be adjusted as follows in order to provide that, after his death, a lifetime benefit as described below shall be payable to the Spouse to whom he is married on his Annuity Starting Date or his Registered Domestic Partner as of his Annuity Starting Date, whichever is applicable:

(1) 90/50 Spouse's Annuity – If a Post-1999 Member or a Pre-2000 Member retires from active service under Section 4.02, 4.03, 4.04, or 4.05, the automatic joint and survivor annuity payable to such Member shall provide (A) a reduced retirement allowance payable to the Member during his life equal to 90% of the retirement allowance otherwise payable without optional modification to the Member under Section 4.02, 4.03, 4.04, or 4.05, as the case may be, further adjusted, if necessary, as provided in the following sentence and (B) a benefit payable after his death to the Spouse to whom he was married on his Annuity Starting Date or his Registered Domestic Partner as of his Annuity Starting Date, whichever is applicable, equal to 50% of the retirement allowance otherwise payable without optional modification to the Member under Section 4.02, 4.03, 4.04, or 4.05, as the case may be, and without further adjustment as provided in the following sentence. If such Spouse or Registered Domestic Partner is more than five years older than the Member, the reduced retirement allowance payable to the Member shall be increased for each such additional full year in excess of five years, but for not more than 20 years, by one-half of one percent of the retirement allowance

payable to the Member prior to optional modification. If such Spouse or Registered Domestic Partner is more than five years younger than the Member, the reduced retirement allowance payable to the Member shall be further reduced for each such additional full year in excess of five years by one-half of one percent of the retirement allowance payable to the Member prior to optional modification.

Notwithstanding the foregoing, the retirement allowance payable to the Member shall not be less than the retirement allowance otherwise payable without optional modification to the Member at retirement under Section 4.02, 4.03, 4.04, or 4.05, as the case may be, multiplied by the appropriate factor contained in Table 3 of Appendix A.

(2) 50% Contingent Annuity with Spouse or Registered Domestic Partner as Contingent Annuitant – If a Post-2004 Member retires from active service under Section 4.02, 4.03, 4.04, or 4.05 or a former Member terminates service and is entitled to a vested benefit under Section 4.06, the automatic joint and survivor annuity payable to said Member shall provide (A) a reduced retirement allowance or vested benefit, computed in accordance with Section 4.02, 4.03, 4.04, 4.05, or 4.06, as the case may be, payable to the Member during his life equal to his retirement allowance computed in accordance under Section 4.02, 4.03, 4.04, or 4.05 or his vested benefit computed in accordance with Section 4.06, as the case may be, multiplied by the appropriate factor contained in Table 1 of Appendix A and (B) a benefit payable after his death to the Spouse to whom he was married on his Annuity Starting Date or his Registered Domestic Partner as of his Annuity Starting Date, whichever is applicable, equal to 50% of the reduced retirement allowance or vested benefit, whichever is applicable, payable to the Member.

(ii) Life Annuity – If a Member or former Member is not married on his Annuity Starting Date or does not have a Registered Domestic Partner on his Annuity Starting Date, the retirement allowance or vested benefit computed in accordance with Section 4.02, 4.03, 4.04, 4.05, or 4.06, as the case may be, shall be paid to the Member or former Member in the form of a lifetime benefit payable during his own lifetime with no further benefit payable to anyone after his death, unless the Member or former Member is eligible for and makes an election of an optional form of payment under Section 4.07(b).

(b) *Optional Forms of Payment*

Except as otherwise provided in Appendix E or F hereto, a Member or former Member may elect, subject to the following provisions, to convert his retirement allowance into one of the optional forms of payment described below or his vested benefit into one of the optional forms of payment described in subparagraphs (i), (iii), (iv) or (v) below:

(i) Life Annuity Option – Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit may elect, in accordance with the provisions of Section 4.07(d), to provide that the retirement allowance payable to him under Section 4.02, 4.03, 4.04, or 4.05 or the vested benefit payable to him under Section 4.06 shall be in the form of a lifetime benefit payable during his own lifetime with no further benefit payable to anyone after his death.

(ii) 80/80 Spouse's Annuity Option – Any Post-1999 Member or a Pre-2000 Member who retires from active service under Section 4.02, 4.03, 4.04, or 4.05, who is married on his Annuity Starting Date, may elect, in accordance with the provisions of Section 4.07(d), to convert the retirement allowance otherwise payable to him without optional modification under Section 4.02, 4.03, 4.04, or 4.05, as the case may be, into the following alternative benefit in order to provide that, after his death, a lifetime benefit shall be payable to the Spouse to whom he is

married on his Annuity Starting Date or his Registered Domestic Partner on his Annuity Starting Date, whichever is applicable.

Such Member shall receive a reduced retirement allowance payable during his life equal to 80% of the retirement allowance otherwise payable without optional modification to the Member at retirement under Section 4.02, 4.03, 4.04, or 4.05, as the case may be, further adjusted, if necessary, as provided below.

The Member's surviving Spouse or Registered Domestic Partner, as the case may be, shall receive a benefit payable after the Member's death equal to the Member's retirement allowance as reduced in this Section 4.07(a)(ii). If such Spouse or Registered Domestic Partner is more than five years older than the Member, the reduced retirement allowance payable to the Member shall be increased for each such additional full year in excess of five years, but for not more than 20 years, by one percent of the retirement allowance payable to the Member prior to optional modification. If such Spouse or Registered Domestic Partner is more than five years younger than the Member, the reduced retirement allowance payable to the Member shall be further reduced for each such additional full year in excess of five years by one percent of the retirement allowance payable to the Member prior to optional modification.

Notwithstanding the foregoing, the retirement allowance payable to the Member and his surviving Spouse or Registered Domestic Partner, whichever is applicable, shall not be less than the retirement allowance that would have been payable if the Member had elected Option 1 under Section 4.07(b)(iii).

(iii) Contingent Annuity Option – Any Member who retires from active service under Section 4.02, 4.03, 4.04, or 4.05 or, except as otherwise provided in Appendix F any Member who terminates service and is entitled to a vested benefit under Section 4.06 and has an Annuity Starting Date occurring on and after July 1, 2005, may elect, in accordance with the provisions of Section 4.07(d), to convert the retirement allowance or vested benefit otherwise payable to him without optional modification under Section 4.02, 4.03, 4.04, 4.05 or 4.06, as the case may be, into one of the following alternative options in order to provide that, after his death, a lifetime benefit shall be payable to the person who, when the option became effective, was designated by him to be his contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of the retirement allowance or vested benefit otherwise payable without optional modification under Section 4.02, 4.03, 4.04, 4.05 or 4.06.

Option 1 A reduced retirement allowance or vested benefit payable during the Member's life with the provisions that after his death a benefit equal to 100% of his reduced retirement allowance or vested benefit shall be paid during the life of, and to, his surviving contingent annuitant.

Option 2 A reduced retirement allowance or vested benefit payable during the Member's life with the provision that after his death a benefit equal to 50% of his reduced retirement allowance or vested benefit shall be paid during the life of, and to, his surviving contingent annuitant.

Option 3 With respect to a Member who has an Annuity Starting Date on or after October 1, 2007, a reduced retirement allowance or vested benefit payable during the Member's life with the provision that after his death a benefit equal to 75% of his reduced retirement

allowance or vested benefit shall be paid during the life of, and to, his surviving contingent annuitant.

(iv) Ten Year Certain and Life Annuity – Except as otherwise provided in Appendix F, any Member who retires or terminates under Section 4.02, 4.03, 4.04, 4.05, or 4.06 may elect, in accordance with the provisions of Section 4.07(d) to convert the retirement allowance or vested benefit otherwise payable to him without optional modification under Section 4.02, 4.03, 4.04, 4.05, or 4.06, as the case may be, into a modified amount payable during his own lifetime and if the Member dies within ten years of his Annuity Starting Date, the balance of those payments shall be paid to the Beneficiary named by him when he elected the optional form of payment; provided, however, that if such Beneficiary does not survive the ten-year period, a single lump sum payment of Equivalent Actuarial Value to the remaining payments shall be paid to the estate of the last to survive of the Member and the Beneficiary. A Member may not change the Beneficiary named when he elected this optional form of payment, unless such Beneficiary predeceases the Member prior to the expiration of the ten-year period.

(v) Single Sum Option – Except as otherwise provided in Appendix F, any Member who retires or terminates under Section 4.02, 4.03, 4.04, 4.05, or 4.06 may elect in accordance with the provisions of Section 4.07(d) to convert the PEP Formula Benefit portion of his retirement allowance or vested benefit computed under Section 4.01(c) into a lump sum amount equal to the PEP Pension Formula Lump Sum Value determined as of his Annuity Starting Date. Notwithstanding the foregoing, the amount of such single lump sum payment shall not be less than the Equivalent Actuarial Value of the PEP Formula Benefit portion of his retirement allowance determined under Section 4.02, 4.03, 4.04, or 4.05, whichever is applicable, or his vested benefit determined under Section 4.06 which is deferred to commence on the Member's Normal Retirement Date. For purposes of the preceding sentence, (1) Equivalent Actuarial Value shall mean in the case of a lump sum benefit payable prior to the Member's Normal Retirement Date, an amount of equivalent value to the PEP Formula Benefit which would otherwise have been provided commencing on the Member's Normal Retirement Date and (2) Equivalent Actuarial Value shall be determined under the IRS Mortality Table and the IRS Interest Rate. Effective as of January 1, 2008, and notwithstanding any other provision hereof, the lump sum Equivalent Actuarial Value of a Member's PEP Formula Benefit as of his Annuity Starting Date on or after January 1, 2008 shall be equal to his PEP Formula Lump Sum Value determined as of such date.

(c) *Required Notice*

(i) The Administrative Committee shall furnish to each Member or former Member a written explanation in non-technical language of the terms and conditions of the automatic forms of payment as described in Section 4.07(a) and the optional forms of payment described in Section 4.07(b). Such explanation shall include (i) a general description of the eligibility conditions for, the material features of and the relative amounts of the optional forms of payment under the Plan, (ii) any rights the Member or former Member may have to defer commencement of his retirement allowance or vested benefit, (iii) the requirement for Spousal Consent as provided in Section 4.07(d), (iv) the consequences of failing to defer receipt of his retirement allowance or vested benefit, and (v) the right of the Member or former Member, prior to his Annuity Starting Date to make and to revoke elections under Section 4.07.

(ii) The Administrative Committee must provide the notice required by subparagraph (i) above no more than 90 days and no less than 30 days prior to the Member's Annuity Starting Date, subject to the provisions of Section 4.07(d)(ii) or (iii).

(d) *Election of Options*

(i) A Member or former Member may, subject to the provisions of Section 4.07(b) and this Section 4.07(d), elect to receive his entire retirement allowance or vested benefit in the optional form of payment described in Section 4.07(b)(i), 4.07(b)(iii) or 4.07(b)(iv), and in the case of a Member who retires under the provisions of Section 4.02, 4.03, 4.04, or 4.05, one of the optional forms of payment described in Section 4.07(b)(iii) in lieu of the automatic forms of payment described in Section 4.07(a). Alternatively, a Member or former Member who has accrued all or a portion of his retirement allowance or vested benefit under the PEP Benefit Formula as described in Section 4.01(c) may, subject to the provision of Section 4.07(b) and this Section 4.07(d), elect to receive the PEP Formula Benefit portion of his retirement allowance or vested benefit determined under the provisions of Section 4.01(c) in the optional form of payment described in Section 4.07(b)(v) and any remaining portion of his retirement allowance or vested benefit, subject to the provision of Appendix E, in an optional form of payment pursuant to the provisions of the preceding sentence of this subparagraph (i).

A married Member's or a married former Member's election of a Life Annuity form of payment under Section 4.07(b)(i) or Appendix F, a Ten-Year Certain and Life Annuity under Section 4.07(b)(iv), a Single Sum Option under Section 4.07(b)(v) or Appendix F, or any optional form of payment under Section 4.07(b)(iii), which does not provide for monthly payments to his Spouse for life after the Member's or former Member's death in an amount equal to at least 50% but not more than 100% of the monthly amount payable under that form of payment to the Member or former Member and which is not of Equivalent Actuarial Value to the applicable Automatic Joint and Survivor Annuity described in Section 4.07(a)(i), shall be effective only with Spousal Consent; provided such Spousal Consent to the election has been received by the Administrative Committee or its delegate.

Any election made under Section 4.07(a) or Section 4.07(b) shall be made on a form approved by the Administrative Committee and may be made during the 90-day period following the date the notice described in Section 4.07(c) is furnished to the Member, except as otherwise provided in subparagraphs (ii) or (iii) below, but not prior to the date the Member or former Member is provided the notice described in Section 4.07(c). An election under this Section 4.07 shall be effective on the Member's Annuity Starting Date; provided the appropriate form is filed with and received by the Administrative Committee or its delegate. Except as otherwise provided in subparagraph (ii) or (iii) below, any election made under Section 4.07(a) or Section 4.07(b) after having been filed, may be revoked or changed by the Member or former Member only by written notice received by the Administrative Committee or its delegate before his election becomes effective on his Annuity Starting Date and any such election may not be modified or revoked after his Annuity Starting Date. Any subsequent elections and revocations may be made at any time and from time to time during the election period ending on the Member's or former Member's Annuity Starting Date or election period described in subparagraph (ii) and (iii) below. A revocation shall be effective when the completed notice is received by the Administrative Committee or its delegate during such election period. An election or re-election shall be effective on the Member's or former Member's Annuity Starting Date. If, however, the Member or the Spouse or the contingent annuitant designated in the election dies before the election has become effective, the election shall thereby be revoked except as otherwise provided in Section 4.08.

Notwithstanding the foregoing, an election or re-election made after the Member's or former Member's Annuity Starting Date shall be deemed to have been made within the election period if (1) the notice described in Section 4.07(c) is provided to the Member or former Member

before the Annuity Starting Date, (2) distributions commence not later than 90 days after the date such written explanation is provided to the Member or former Member, and (3) the Member's or former Member's election is made before the date distributions commence. A distribution shall not be deemed to violate the requirement of clause (2) of the preceding sentence merely because, due solely to reasonable administrative delay, it commences more than 90 days after the date such written explanation is provided to the Member or former Member.

(ii) Notwithstanding the provisions of subparagraph (i) above, a Member or former Member may, after having received the notice described in paragraph (c) above, affirmatively elect to have his benefit commence sooner than 30 days following his receipt of the notice, provided all of the following requirements are met:

(1) the Administrative Committee clearly informs the Member or former Member that he has a period of at least 30 days after receiving the notice to decide when to have his benefits begin, and if applicable, to choose a particular optional form of payment;

(2) the Member or former Member affirmatively elects a date for his benefits to begin, and if applicable, an optional form of payment, after receiving the notice;

(3) the Member or former Member is permitted to revoke his election until the later of his Annuity Starting Date or seven days following the day he received the notice;

(4) payment does not commence less than seven days following the day after the notice is received by the Member or former Member; and

(5) the Member's or former Member's Annuity Starting Date is after the date the notice is provided.

(iii) Notwithstanding the foregoing provisions of this Section 4.07, in the event a Member or former Member whose Annuity Starting Date is on or after January 1, 2004 elects an Annuity Starting Date that precedes the date he is provided the notice described in paragraph (c) above (the "retroactive Annuity Starting Date"), the Member or former Member may elect to have his retirement allowance or vested benefit commence as of said retroactive Annuity Starting Date provided the following requirements are met:

(1) the Member's or former Member's retroactive Annuity Starting Date is on or after the date he terminates employment with the Company and all Associated Companies;

(2) the Member's or former Member's benefit must satisfy the provisions of Sections 415 and 417(e)(3) of the Code, both at the retroactive Annuity Starting Date and at the actual commencement date, except that if payments commence within 12 months of the retroactive Annuity Starting Date, the provisions of Section 415 of the Code need only be satisfied as of the retroactive Annuity Starting Date;

(3) a payment equal in amount to the payments that would have been received by the Member or former Member had his benefit actually commenced on his retroactive Annuity Starting Date, plus interest at the IRS Interest Rate for such retroactive Annuity Starting Date, shall be paid to the Member or former Member on his actual commencement date;

- (4) Spousal Consent to the retroactive Annuity Starting Date is required for such election to be effective unless:
- (A) the amount of the survivor benefit payable to the Spouse determined as of the retroactive Annuity Starting Date under the form elected by the Member or former Member is no less than the amount the Spouse would have received under the Automatic Qualified Joint and Survivor Annuity if the first day of the month in which payments commence were substituted for the retroactive Annuity Starting Date, or
 - (B) the Member's or former Member's Spouse on his retroactive Annuity Starting Date is not his Spouse on the first day of the month in which payments commence and is not treated as his Spouse under a qualified domestic relations order;
- (5) with respect to a Member or former Member whose retroactive Annuity Starting Date occurs on or after January 1, 2005,
- (A) the Member or former Member, prior to his retroactive Annuity Starting Date, has submitted a request to the Company, in a form approved by the Administrative Committee, to commence Plan payments as of such date, or
 - (B) due to an administrative error as determined by the Administrative Committee on a basis uniformly applicable to all members similarly situated, the Member or former Member was not provided the written explanation as described in paragraph (c) as on a timely basis;

(6) the Member's or former Member's election is made within the time period prescribed by the Administrative Committee; provided, however, such period may not extend beyond 90 days following date the written explanation as described in paragraph (c) is provided to the Member or former Member; and

(7) distributions commence no earlier than seven days or later than 90 days after the date such written explanation is provided to the Member or former Member, and the Member's or former Member's election is made after he is provided such written explanation and before the date distributions commence. For purposes of determining (A) the election period described in subparagraph (i) with respect to the timing of the notice and consent requirements and (B) the effective date of an election made pursuant to the provisions of this paragraph (d), the date the distribution of the benefit based on the retroactive Annuity Starting Date commences shall be substituted for the Member's or former Member's Annuity Starting Date. A distribution shall not be deemed to violate the requirements of this paragraph (d) merely because, due solely to reasonable administrative delay, it commences more than 90 days after the date such written explanation is provided to the Member or former Member.

(iv) With respect to a Pre-2000 Member or a Post-1999 Member who retires under the provisions of Section 4.04 or Section 4.05, the reduction on account of the Social Security

Benefit to be made to the TPP Formula Benefit portion of his benefit determined under Section 4.01(b), if any, payable in accordance with Section 4.07(a)(i) or Section 4.07(b)(ii) or (iii) to his designated Spouse, Registered Domestic Partner or to his contingent annuitant shall not be made until the earlier of such time as the Member would have, had he survived, upon proper application first been entitled to receive said Social Security Benefit, or January 1, 2017.

(v) If a Member or former Member dies after his Annuity Starting Date, any payment continuing on to his Spouse, Registered Domestic Partner or contingent annuitant shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death.

4.08 Survivor's Benefit Applicable before Retirement

The term "Beneficiary" for purposes of this Section 4.08 shall mean any natural person, any trust established by the Member, or the Member's estate, named by the Member by written designation to receive benefits payable under the automatic Pre-Retirement Survivor's Benefit and under the optional Supplemental Pre-Retirement Survivor's Benefit; provided, however, if a Member is married or has a Registered Domestic Partner, the term "Beneficiary" shall automatically mean the Member's Spouse or Registered Domestic partner, as the case may be, and any prior designation to the contrary will be canceled, unless the married Member, with Spousal Consent, designates otherwise. An election of a non-Spouse Beneficiary by a married Member shall be effective only if accompanied by Spousal Consent and such Spousal Consent has been received by the Administrative Committee. If the Member dies without an effective designation of Beneficiary, the Member's Beneficiary for purposes of this Section 4.08 shall automatically be the Member's Spouse or Registered Domestic Partner, as applicable, or if the Member does not have a Spouse or Registered Domestic Partner at the time of his death, his estate. If the Member elects the additional optional protection of the Supplemental Pre-Retirement Survivor's Benefit, the Member's Beneficiary thereunder shall automatically be the same as the Beneficiary under the Pre-Retirement Survivor's Benefit. The Administrative Committee shall resolve any questions arising hereunder as to the meaning of "Beneficiary" on a basis uniformly applicable to all Members similarly situated.

(a) Automatic Vested Spouse's Benefit

(i) Automatic Vested Spouse's Benefit attributable the portion of the Member's benefit determined under Section 4.01(b) or under a Former Plan formula applicable before termination of employment – The surviving Spouse or Registered Domestic Partner of a Member, including a Member who is granted a Qualified Military Leave and dies on or after January 1, 2007, in the performance of Qualified Military Service (as defined in Section 2.01(e)(i)), who has completed five years (with respect to a Member who completes an "Hour of Service" as defined in Section 2.01(c) on or after January 1, 2008, 3 years) of Eligibility Service but who has not yet met the age and service eligibility requirements for an early retirement allowance as set forth in Section 4.04(a) or 4.05(a) shall automatically receive a benefit payable under the provisions of this Section 4.08(a)(i) in the event said Member should die after the effective date of coverage hereunder and while accruing Eligibility Service in accordance with Section 2.01. The benefit payable to the Member's Spouse or Registered Domestic Partner, as applicable, under the provisions of this Section 4.08(a)(i) shall be equal to 50% of the TPP Formula Benefit portion of the Member's vested benefit determined under Section 4.01(b) and, if applicable, subject to the provisions of Appendix E, any portion of his retirement allowance determined under a Former Plan formula the Member would have received if he had incurred a Severance Date on his date of death, survived to Normal Retirement Date, and, on the day before he would have reached Normal Retirement Date had elected to begin receiving such vested benefit in the form of the Automatic Joint and Survivor Annuity under

Section 4.07(a)(i)(2) and adjusted for payment commencing prior to what would have been the Member's Normal Retirement Date as described below.

Such benefit shall be payable for the life of the Spouse commencing on what would have been the Member's Normal Retirement Date. However, the Member's Spouse may elect, by written application filed with the Administrative Committee, to have payments begin as of the first day of any calendar month on or after the date the former Member would have reached the 55th anniversary of his birth; provided, however, if the Member dies after having reached the 55th anniversary of his birth, the Member's Spouse may elect to have payments begin under this portion of his Automatic Vested Spouse's Benefit as of the first day of any month following the Member's death. If such benefit is payable to the Member's Registered Domestic Partner, such benefit shall be payable for the life of the Registered Domestic Partner commencing as of the first day of the month coincident with or next following the date on which the Administrative Committee is officially notified of the Member's death, but only after written application is made to commence such payment, provided, however such payment shall not commence later than one year following the Member's date of death.

If the Member's Spouse or Registered Domestic Partner elects to commence payment of this portion of his Automatic Vested Spouse's Benefit prior to what would have been the Member's Normal Retirement Date, the amount of such benefit payable to the Spouse or Registered Domestic Partner shall be based on the reduced portion of his vested benefit determined under Section 4.01(b) and, if applicable, the reduced portion of his vested benefit determined under a Former Plan's formula, subject to the provisions of Appendix E, to which the Member would have been entitled, had the Member elected to have payments commence to himself on such earlier date in accordance with the provisions of Section 4.06(b). In the event such commencement date is prior to the 55th anniversary of the Member's birth, the benefit payment to the Registered Domestic Partner shall be of Equivalent Actuarial Value to the benefit otherwise payable hereunder to the Registered Domestic Partner Beneficiary on the date the Member would have attained age 55.

Coverage hereunder shall be applicable to a Member in active service with the Company or an Associated Company who has a Spouse or Registered Domestic Partner, as applicable and who has satisfied the eligibility requirements for a vested benefit under Section 4.06 and shall become effective on the date the Member marries or attains a Registered Domestic Partner and shall cease on the earlier of (1) the date such active Member satisfies the age and service requirement for an early retirement allowance under Section 4.04 or 4.05, (2) the date such active Member reaches the 65th anniversary of his birth, (3) the date such active Member's marriage is legally dissolved by a divorce decree, (4) the date such active Member's relationship with his Registered Domestic Partner is terminated and such Member files a Termination of Domestic Relationship form with the Company, or (5) the date such active Member's Spouse or Registered Domestic Partner dies. Coverage under Section 4.08(b)(i) shall commence on the date a Member in active service meets the age and service requirements for an early retirement allowance as set forth in Section 4.04(a) and 4.05(a) or (2) the 65th anniversary of his birth.

(ii) Automatic Vested Spouse's Benefit attributable to the portion of the Member's benefit determined under Section 4.01(b) or, if applicable, under a Former Plan's formula upon termination of employment – In the case of a former Member who is married or has a Registered Domestic Partner and is entitled to a vested benefit under Section 4.06, the provisions of this Section 4.08(a)(ii) shall apply to the period between (1) his Severance Date or the date, if later, the former Member is married or has a Registered Domestic Partner and (2) his Annuity Starting Date or other cessation of coverage as later specified in this Section 4.08(a)(ii).

In the event of the death of (i) a married former Member, or (ii) a former Member who has a Registered Domestic Partner, during any period in which these provisions have not been waived or revoked by the former Member and, if applicable, his Spouse, the benefit payable to the former Member's Spouse or Registered Domestic Partner, as applicable, under the provisions of this Section 4.08(a)(ii) prior to any adjustments as set forth below, shall be equal to 50% of the TPP Formula Benefit portion of the vested benefit determined under Section 4.01(b) and, if applicable, the portion of his vested benefit determined under a Former Plan's formula, subject to Appendix E, the former Member would have received commencing on his Normal Retirement Date if he had elected to receive such benefit in the form of the Automatic Joint and Survivor Annuity under Section 4.07(a)(i)(2) and adjusted for payment commencing prior to what would have been the former Member's Normal Retirement Date as described below.

This benefit shall be payable for the life of the Spouse commencing on what would have been the former Member's Normal Retirement Date. However, the former Member's Spouse may elect, by written application filed with the Administrative Committee, to have payments begin as of the first day of any calendar month on or after the date the former Member would have reached the 55th anniversary of his birth. If such benefit is payable to the former Member's Registered Domestic Partner, this benefit shall be payable for the life of the Registered Domestic Partner commencing as of the first day of the month coincident with or next following the date on which the Administrative Committee is officially notified of the former Member's death, but only after written application is made to commence such payment, provided, however such payment shall not commence later than one year following the former Member's date of death. If the former Member's Spouse or Registered Domestic Partner elects to commence payment of this Automatic Vested Spouse's Benefit prior to what would have been the former Member's Normal Retirement Date, the amount of such benefit payable to the Spouse or Registered Domestic Partner shall be based on the reduced portion of his vested benefit determined under Section 4.01(b) and, if applicable, the portion of his reduced vested benefit determined under a Former Plan's formula, subject to the provisions of Appendix E, to which the former Member would have been entitled, had the former Member elected to have payments commence to himself on such earlier date in accordance with the provisions of Section 4.06(b). In the event such commencement date is prior to the 55th anniversary of the former Member's birth, the benefit payment to the Registered Domestic Partner shall be of Equivalent Actuarial Value to the benefit otherwise payable hereunder to the Registered Domestic Partner Beneficiary on the date the former Member would have attained age 55.

The portion of the vested benefit determined under Sections 4.01(b) and, if applicable, under the provisions of a Former Plan's Formula, payable to a former Member whose Spouse is covered under this Section 4.08(a)(ii) or, if applicable, the benefit payable to his Spouse or his Registered Domestic Partner, as applicable, upon his death shall be reduced by the applicable percentages shown below, subject to the provisions of Appendix E. Such reduction shall commence on and after the first of the month coincident with or following the effective date of coverage hereunder and cease when coverage ceases; provided, however, no reduction shall be made with respect to any period before the later of (1) the date the Administrative Committee furnishes the Member the notice of his right to waive the Automatic Vested Spouse's Benefit or (2) the commencement of the election period specified below.

ANNUAL REDUCTION FOR SPOUSE'S COVERAGE
AFTER TERMINATION OF EMPLOYMENT

Age	Annual Reduction
Less than 40	1/10 of 1%
40 but prior to 50	2/10 of 1%
50 but prior to 55	3/10 of 1%
55 but prior to 60	5/10 of 1%
60 but less than 65	1%

The Administrative Committee shall furnish to each former Member a written explanation which describes (1) the terms and conditions of the Automatic Vested Spouse's Benefit, (2) the former Member's right to make, and the effect of, an election to waive the Automatic Vested Spouse's Benefit provided under this Section 4.08(a)(ii), (3) the rights of the former Member's Spouse or Registered Domestic Partner, and (4) the right to make, and the effect of, a revocation of such a waiver. Such written explanation shall be furnished to each former Member before the first anniversary of the date he incurs a Severance Date and shall be furnished to such former Member even though he is not married.

The period during which the former Member may make an election to waive the Automatic Vested Spouse's Benefit provided under this Section 4.08(a)(ii) shall begin not later than his Severance Date and end on his Annuity Starting Date or, if earlier, his date of death. Any waiver, revocation or re-election of the Automatic Vested Spouse's Benefit shall be made on a form provided by the Administrative Committee and any waiver or revocation shall require Spousal Consent. If, upon termination of employment, the former Member waives coverage hereunder in accordance with administrative procedures established by the Administrative Committee for all Members similarly situated, such waiver shall be effective as of the Member's Severance Date. Any later re-election or revocation shall be effective on the first day of the month coincident with or next following the date the completed form is received by the Administrative Committee. If a former Member dies during the period after a waiver or revocation is in effect there shall be no benefits payable under the provisions of this Section 4.07.

Except as described above in the event of a waiver or revocation, coverage under this Section 4.08(a)(ii) shall cease to be effective upon a former Member's Annuity Starting Date, or upon the date a former Member's marriage is legally dissolved by a divorce decree, or upon termination of the Domestic Partner relationship and the filing of a Termination of Domestic Relationship form with the Company, or upon the death of the Spouse or Registered Domestic Partner, whichever event shall first occur.

(iii) Automatic Vested Spouse Benefit attributable to the portion of the Member's benefit determined under Section 4.01(c) applicable before and after termination of employment – The surviving Spouse or Registered Domestic Partner, as applicable of a (1) Member who has completed five years (with respect to a Member who completes an "Hour of Service" as defined in Section 2.01(c) on or after January 1, 2008, three years) of Eligibility Service but who has not met the age and service eligibility requirements for an early retirement allowance under Section 4.04(a) or 4.05(a) or (2) a former Member entitled to a vested benefit under Section 4.06, shall automatically receive a benefit payable under the provisions of this Section 4.08(a)(iii) with respect to the PEP Formula Benefit portion of his vested benefit determined under Section 4.01(c) in the event said Member should die after the effective date of coverage hereunder and prior to his Annuity Starting Date. The benefit payable to the Member's surviving Spouse under the

provisions of this Section 4.08(a)(iii) shall be equal to an amount payable as a single life annuity over the Spouse's life that is Equivalent Actuarial Value to the Member's PEP Formula Lump Sum Value determined under Section 4.01(c). In the event the Automatic Vested Spouse Benefit is payable to a Member's Registered Domestic Partner, the PEP Formula Benefit portion benefit payable to such Registered Domestic Partner under the provisions of this Section 4.08(b)(iii) shall be an amount, payable as a single lump sum, equal to the Member's PEP Formula Lump Sum Value determined as of the Registered Domestic Partner's Annuity Starting Date. Payment of such benefit to a Registered Domestic Partner shall be made as soon as practicable following the Member's date of death, and in no event later than one year after the Member's date of death.

The Member's surviving Spouse may elect to receive the benefit payable under this Section 4.08(a)(iii) in the form of an annuity for the life of the Spouse or convert said amount into a single lump sum payment, to be paid or commence as of the first day of any month following the Member's date of death and not later than what would have been the Member's Normal Retirement Date. If the Spouse does not make an election regarding the form or timing of payments in accordance with this Section 4.08(a)(iii) on or prior to the Member's Normal Retirement Date, payment shall be made as an annuity for the life of the Spouse commencing on what would have been the Member's Normal Retirement Date.

The Member's PEP Formula Lump Sum Value shall continue to be credited with interest in the manner described in Section 4.01(c) until the Spouse's or Registered Domestic Partner's Annuity Starting Date. An annuity benefit payable under this Section 4.08(a)(iii) shall be of Equivalent Actuarial Value to the PEP Formula Lump Sum Value determined as of the Spouse's or Registered Domestic Partner's Annuity Starting Date. The lump sum amount payable under this Section 4.08(a)(iii) shall be equal to the Member's PEP Formula Lump Sum Value as determined as of the Spouse's Annuity Starting Date; provided, however, the amount of such single lump sum payment shall not be less than the Equivalent Actuarial Value of the annuity benefit payable to the Spouse as determined under this Section 4.08(a)(iii). For purposes of the preceding sentence, Equivalent Actuarial value shall be determined under the IRS Mortality Table and the IRS Interest Rate.

In no event shall a single lump sum payment be made under this Section 4.08(a)(iii) following the date payments under Section 4.08(a) have commenced as an annuity. Notwithstanding the foregoing, the lump sum equivalent actuarial value of the PEP Formula portion of any Vested Spouse's Benefit payable to the Spouse (or Registered Domestic Partner) of a Member or a former Member as of any commencement date on or after January 1, 2008, shall be equal to the Member's or former Member's PEP Formula Lump Sum Value, determined as if the Member or former Member had survived to such date and such date were such Member's or former Member's Annuity Starting Date.

(b) *Automatic Pre-Retirement Survivor's Benefit*

(i) Automatic Pre-Retirement Survivor's Benefit attributable to the TPP Formula Benefit portion of a Member's retirement allowance determined under Section 4.01(b) or, if applicable, the portion of his retirement allowance determined under the provisions of a Former Plan's formula before a Member retires under the provisions of Section 4.02, 4.03, 4.04, or 4.05 – The Beneficiary of a Member who has reached the 65th anniversary of his birth or who has satisfied the age and service eligibility requirements for an early retirement allowance under Section 4.04(a) or 4.05(a), shall automatically receive a Pre-Retirement Survivor's benefit payable under the provisions of this Section 4.08(b)(i) in the event said Member should die before he retires under the provisions of Section 4.02, 4.03, 4.04, or 4.05 or reaches his Annuity Starting Date pursuant to the provisions of Section 4.03(d), if earlier. The benefit payable during the life

of, and to, the Beneficiary shall be equal to one-half of the portion of the Member's Accrued Benefit determined under Section 4.01(b) and, if applicable, under the provisions of a Former Plan's formula, subject to Appendix E, without optional modification in accordance with the provisions of Section 4.07, accrued to the date of his death, adjusted to take into account the Member's Social Security Benefit. The Social Security Benefit with respect to a Post-1999 Member or a Pre-2000 Member shall be determined on the assumption that such Post-1999 Member or Pre-2000 Member had no earnings after his date of death and, if his death occurs prior to the time the Member is or would upon proper application first be entitled to receive such Social Security Benefit, such adjustment shall nevertheless be made at the Member's date of death. If the Beneficiary is more than five years younger than the Member, the benefit payable to the Beneficiary shall be reduced by one-half of one percent for each full year the Beneficiary is more than five years younger.

Coverage hereunder shall be effective on the date the Member satisfies the age and service eligibility requirements for an early retirement allowance under Section 4.04(a) or 4.05(a) or, if earlier, the date he attains age 65. In the case of a married Member or a Member who has a Registered Domestic Partner, coverage under Section 4.08(a)(i) shall cease on the date coverage under this Section 4.08(b)(i) is effective as set forth in the preceding sentence.

(ii) Automatic Pre-Retirement Survivor's Benefit attributable to portion of Member's retirement allowance determined under Section 4.01(b) and, if applicable, under the provisions of a Former Plan's formula, between Early or Special Early Retirement Date and the Member's Annuity Starting Date - In the case of a Member retired early under Section 4.04 or Section 4.05 of the Plan with the payment of the TPP Formula Benefit portion of his early retirement allowance determined under Section 4.01(b) and, if applicable, the portion of his retirement allowance, determined under a Former Plan's formula, deferred to commence at a date later than his Early Retirement Date, the provisions of this Section 4.08(b)(ii) shall apply to the period between his Early Retirement Date and his Annuity Starting Date. The Member shall, at his Early Retirement Date, complete such forms as are required under this Section 4.08(b)(ii) and coverage hereunder shall be effective as of his Early Retirement Date.

In the event of the Member's death during the period in which these provisions are in effect, the benefit payable during the life of, and to, the Beneficiary shall be equal to one-half of the portion of the Member's Accrued Benefit determined under Section 4.01(b) and, if applicable, under the provisions of a Former Plan's formula, subject to Appendix E, without optional modification in accordance with the provisions of Section 4.07, accrued to his Early Retirement Date, adjusted to take into account the Member's Social Security Benefit. If the Member's death occurs prior to the time the Member is or would upon proper application first be entitled to receive such Social Security Benefit, such adjustment shall nevertheless be made at the Member's date of death. If the Beneficiary is more than five years younger than the Member, the benefit payable to the Beneficiary shall be reduced by one-half of one percent for each full year the Beneficiary is more than five years younger than the Member.

The automatic Pre-Retirement Survivor's Benefit determined under Sections 4.08(b)(i) and (ii) shall be payable for the life of the Beneficiary commencing on what would have been the Member's Normal Retirement Date or date of death, if later. However, if a Member dies prior to his Normal Retirement Date, the Beneficiary may elect, by written application filed with the Administrative Committee, to have such payments begin as of the first day of any calendar month coincident with or next following the Member's date of death. If the Beneficiary elects to commence payment of the automatic Pre-Retirement Survivor's Benefit prior to what would have been the Member's Normal Retirement Date, the amount of such benefit shall be determined in

accordance with Sections 4.08(b)(i) and (ii) above, as applicable, and without reduction for such early commencement.

Notwithstanding the foregoing, in the event the Member's Beneficiary is someone other than his Spouse, payment of the automatic Pre-Retirement Survivor's Benefit shall commence within one year of the Member's date of death and in the event such commencement date is prior to the 55th anniversary of the Member's birth, the benefit payment to the Beneficiary shall be of Equivalent Actuarial Value to the benefit otherwise payable hereunder to the Beneficiary on the date the Member would have attained age 55.

(iii) Automatic Pre-Retirement Survivor Benefit attributable to the portion of a Member's Retirement Allowance determined under Section 4.01(c) – The Beneficiary of (1) a Member who has reached the 65th anniversary of his birth or who has satisfied the age and service eligibility requirements for any early retirement allowance under Section 4.04(a) or 4.05(a) or (2) a Member who has retired early under Section 4.04 or 4.05 of the Plan with the payment of his early retirement allowance deferred to commence at a later date than his Early Retirement Date, shall automatically receive a Pre-Retirement Survivor Benefit payable under the provisions of this Section 4.08(b)(iii) with respect to the PEP Formula Benefit portion of his retirement allowance determined under Section 4.01(c) in the event said Member should die after the effective date of coverage hereunder and prior to his Annuity Starting Date.

If the Member's Beneficiary is his surviving Spouse (or Registered Domestic Partner) the Spouse (or Registered Domestic Partner) may elect to receive the PEP Formula Benefit portion of the Pre-Retirement Survivor Benefit in the form an annuity for the life of the Spouse (or Registered Domestic Partner) or to convert said amount into a single lump sum payment to be paid or commence as of the first day of any month following the Member's date of death. If the Member's Beneficiary is his surviving Spouse, payments may not begin later than what would have been the Member's Normal Retirement Date. If the Spouse does not make an election regarding the timing and form of payments in accordance with this Section 4.08(b)(iii) on or prior to the Member's Normal Retirement Date, payment of said amount shall be made as an annuity for the life of the Spouse commencing on the Member's Normal Retirement Date. If Member's Beneficiary is his Registered Domestic Partner, payment must begin not later than one year following the Member's date of death and if the Registered Domestic Partner does not make an election regarding the form of payments in accordance with this Section 4.08(b)(iii), payment of said amount shall be made as an annuity for the life of the Registered Domestic Partner. The annuity benefit payable to the Spouse (or Registered Domestic Partner) under this Section 4.08(b)(iii) shall be of Equivalent Actuarial Value to the PEP Formula Lump Sum Value as of the Spouse's (or Registered Domestic Partner's) Annuity Starting Date. The Member's PEP Formula Lump Sum Value shall continue to be credited with interest in the manner described in Section 4.01(c) until the Spouse's (or Registered Domestic Partner's) Annuity Starting Date. A single payment payable under the provisions of this Section 4.08(b)(iii) shall be equal to the Member's PEP Formula Lump Sum Value determined as of the Spouse's (or Registered Domestic Partner's) Annuity Starting Date; provided, however, the amount of any single lump sum payment under the provisions of this Section 4.08(b)(iii) shall not be less than the Equivalent Actuarial Value of the Spouse's (or Registered Domestic Partner's) annuity benefit as determined under this Section 4.08(b)(iii). For purposes of the preceding sentence, Equivalent Actuarial Value shall be determined under the IRS Mortality Table and the IRS Interest Rate.

In the event the Member's Beneficiary is other than his Spouse, the PEP Formula Benefit portion benefit payable to such Beneficiary under the provisions of this Section 4.08(b)(iii) shall be an amount, payable as a single lump sum, equal to the Member's PEP Formula Lump Sum

Value determined as of the Beneficiary's Annuity Starting Date. Payment of such benefit shall be made as soon as practicable following the Member's date of death, and in no event later than one year after the Member's date of death.

Notwithstanding the foregoing, the lump sum equivalent actuarial value of the PEP Formula Benefit portion of the benefit payable to a Spouse, Registered Domestic Partner or Beneficiary under the provisions of this Section 4.08(b)(iii) as of any commencement date on or after January 1, 2008, shall be equal to the Member's PEP Formula Lump Sum Value, determined as if the Member had survived to such date and such date were such Member's Annuity Starting Date.

(c) *Optional Supplemental Pre-Retirement Survivor's Benefit*

(i) Optional Supplemental Pre-Retirement Survivor's Benefit applicable before a Member retires under the provisions of Section 4.01, Section 4.02, Section 4.03 or Section 4.04 - A Member, who has reached the 65th anniversary of his birth or who has satisfied the age and service eligibility requirements for an early retirement allowance under Section 4.04(a) or 4.05(a), may elect to receive a reduced retirement allowance upon his retirement in order to provide that, if he should die after his election becomes effective but before he retires under the provisions of Section 4.02, 4.03, 4.04, or 4.05 or reaches his Annuity Starting Date pursuant to the provisions of Section 4.03(d), a benefit shall be paid to the Beneficiary designated by him in accordance with the following terms and conditions.

The Member may elect to reduce the TPP Formula Benefit portion of his retirement allowance determined under Section 4.01(b) and, if applicable, the portion of his retirement allowance determined under a Former Plan's formula, subject to Appendix E, to which he would otherwise be entitled at retirement under Section 4.02, 4.03, 4.04, or 4.05 by one-half of one percent per year for each year between the first day of the month following the date on which the election becomes effective and the earlier of the Member's Early Retirement Date, Annuity Starting Date, or the date the election is revoked as provided in Section 4.08(i).

If the Member makes such an election and dies before he retires under the provisions of Section 4.02, 4.03, 4.04, or 4.05, the benefit payable during the life of, and to, his Beneficiary shall be equal to 25% of the TPP Formula Benefit portion of the Member's Accrued Benefit determined under Section 4.01(b) (and, if applicable, the portion of his retirement allowance determined under a Former Plan's formula, subject to Appendix E) without optional modification in accordance with the provisions of Section 4.07, accrued to the date of his death adjusted (1) to take into account the Member's Social Security Benefit and (2) as provided below. The Social Security Benefit with respect to a Post-1999 Member or a Pre-2000 Member shall be determined on the assumption that the Member had no earnings after his date of death and, if his death occurs prior to the time such Post-1999 Member or Pre-2000 Member is or would upon proper application first be entitled to receive such Social Security Benefit, such adjustment shall nevertheless be made at the Member's date of death. The benefit payable to the Beneficiary shall be reduced by one-half of one percent per year for each year between the first day of the month following the date the Member satisfies the age and service eligibility requirements for an early retirement allowance under Section 4.04(a) or 4.05(a) or, if earlier, his Normal Retirement Date and the date of the Member's death. If the Beneficiary is more than five years younger than the Member, the benefit payable to the Beneficiary shall be further reduced by one-half of one percent for each full year the Beneficiary is more than five years younger.

If the Member makes an election under this Section 4.08(c)(i) at or prior to the time he is first eligible to do so, it shall become effective on the date the Member satisfies the age and

service eligibility requirements for an early retirement allowance under Section 4.04(a) or 4.05(a) or, if earlier, the date he attains age 65. A Member will be deemed to have waived coverage under this Section 4.08(c)(i) if he does not file the appropriate forms with the Administrative Committee when first eligible to do so. If the Member does not make such election until after he is first eligible to do so, it shall become effective one year after the first day of the calendar month coincident with or next following (1) the date the notice is received by the Administrative Committee or (2) the date specified in such notice, if later.

(ii) Optional Supplemental Pre-Retirement Survivor's Benefit applicable between Early or Special Early Retirement Date and the Member's Annuity Starting Date - In the case of a Member retired early under the provisions of Section 4.04 or Section 4.05 of the Plan with the payment of the early retirement allowance deferred to commence at a date later than his Early Retirement Date, the provisions of this Section 4.08(c)(ii) shall apply to the period between his Early Retirement Date and his Annuity Starting Date.

The Member may elect to reduce the TPP Formula Benefit portion of his early retirement allowance determined under Section 4.01(b) (and, if applicable, the portion of his retirement allowance determined under a Former Plan's formula, subject to Appendix E) to which he would otherwise be entitled under Section 4.03 or Section 4.04 by one-half of one percent per year for each year between his Early Retirement Date and the earlier of the date the election is revoked pursuant to Section 4.08(i) or his Annuity Starting Date.

If the Member makes such an election and dies during the period the election is in effect, the benefit payable during the life of, and to, his Beneficiary shall be equal to 25% of the Member's Accrued Benefit determined under Section 4.01(b) (and, if applicable, the portion of his retirement allowance determined under a Former Plan's formula, subject to Appendix E) without optional modification in accordance with the provisions of Section 4.06, accrued to his Early Retirement Date adjusted (1) to take into account the Member's Social Security Benefit and (2) as provided below. If the Member's death occurs prior to the time the Member is or would upon proper application first be entitled to receive such Social Security Benefit, such adjustment shall nevertheless be made at the Member's date of death. The benefit payable to the Beneficiary shall be reduced by one-half of one percent per year for each year between the date on which the election became effective and the date of the Member's death. If the Beneficiary is more than five years younger than the Member, the benefit payable to the Beneficiary shall be further reduced by one-half of one percent for each full year the Beneficiary is more than five years younger.

The Member shall, at his Early Retirement Date, complete such forms as are required under this Section 4.08(c)(ii) and, if he so elects, coverage hereunder shall be effective as of his Early Retirement Date. A Member will be deemed to have waived coverage under this Section 4.08(c)(ii) if he does not file the appropriate forms with the Administrative Committee at his Early Retirement Date. If the Member subsequently makes an election hereunder, it shall become effective one year after the first day of the calendar month coincident with or next following (i) the date the notice is received by the Administrative Committee or (ii) the date specified in such notice, if later.

The optional Supplemental Pre-Retirement Survivor's Benefit shall be payable for the life of the Beneficiary commencing on what would have been the Member's Normal Retirement Date or date of death, if later. However, if a Member dies prior to his Normal Retirement Date, the Beneficiary may elect, by written application filed with the Administrative Committee, to have such payments begin as of the first day of any calendar month coincident with or next following the Member's date of death and prior to what would have been the Member's Normal Retirement

Date; provided, however, payment of the optional Supplemental Pre-Retirement Survivor's Benefit must commence on the date payment of the automatic Pre-Retirement Survivor's Benefit payable under Section 4.08(b)(i) or (ii) commences. If the Beneficiary elects to commence payment of the optional Supplemental Pre-Retirement Survivor's Benefit prior to what would have been the Member's Normal Retirement Date, the amount of such benefit shall be determined in accordance with Section 4.08(c)(i) and (ii) above, as applicable, and without reduction for such early commencement.

Notwithstanding the foregoing, in the event the Member's Beneficiary is someone other than his Spouse, payment of the optional Supplemental Pre-Retirement Survivor's Benefit shall commence as soon as practicable following the Member's date of death but in no event later than one year after the Member's date of death.

(d) Notwithstanding any provision of Section 4.08(b) or Section 4.08(c) to the contrary, in no event shall the sum of the automatic Pre-Retirement Survivor's Benefit payable under the provisions of Section 4.08(b) and the optional Supplemental Pre-Retirement Survivor's Benefit payable under the provisions of Section 4.08(c) to a Beneficiary who is the Spouse of a Member, be less than the amount of benefit the Spouse would have received if the retirement allowance to which the Member was entitled at his date of death (i) had commenced on the date the Spouse elects to have payment under such Pre-Retirement Survivor's Benefit commence, (ii) in the form of an Automatic Joint and Survivor Annuity under Section 4.07(a)(i) (1), and (iii) the Member had died immediately thereafter. However, in lieu of the Automatic Joint and Survivor Annuity referred to in the preceding sentence, the 80/80 Spouse's Annuity Option described in Section 4.07(b)(ii) or the Contingent Annuity Option described in Section 4.07(b)(iii) if the Member's Spouse is the named contingent annuitant shall be used to compute the amount payable to the Spouse if, within the 90-day period prior to his Annuity Starting Date, the Member had elected such optional form of payment.

(e) *Benefits payable to an estate or trust*

If a Member's Beneficiary under this Section 4.08 is his estate or a trust, the benefits otherwise payable under Section 4.08(b)(i), Section 4.08(b)(ii), and if elected under Section 4.08(c), shall be commuted into a single lump sum amount, which amount shall be determined by multiplying the benefits otherwise payable by the appropriate factor in Tables 4 or 5 of Appendix A and calculated by assuming the Beneficiary had been a person of the same age as the Member at the Member's date of death. In no event shall the amount of the lump sum be less than the amount required by applicable law. The payment of such single lump sum amount and any lump sum amount payable under the provisions of Section 4.08(c)(iii) shall represent the full and total payment of all benefits due under the Plan. The Administrative Committee shall resolve any questions arising hereunder on a basis uniformly applicable to all Members similarly situated.

(f) If the Member's Beneficiary dies during the period coverage is effective under Section 4.08(b) and Section 4.08(c), the Beneficiary designation shall thereby be canceled. However, coverage under Section 4.08(b) and, if elected, under Section 4.08(c) shall nevertheless continue in full effect. The Member's Beneficiary thereafter shall be in accordance with his subsequent designation of a new Beneficiary or in accordance with the term "Beneficiary" as defined herein.

If the Member has designated by written election (i) his Spouse as his Beneficiary and the Member's marriage to said Spouse is legally dissolved by a divorce decree, or (ii) his Registered Domestic partner as his Beneficiary and the Domestic partnership is terminated and the Member has filed a Termination of Domestic Relationship form with the Company, the Beneficiary designation under Sections 4.08(b) and 4.08(c) shall remain in effect until a subsequent Beneficiary designation is submitted by the Member to the Administrative Committee or until the Member remarries or has another Registered

Domestic Partner. Upon the Member's remarriage, the Member's Beneficiary shall, subject to the provisions of applicable law, automatically be his new Spouse, unless the Member designates a different Beneficiary, subject to Spousal Consent. Upon the Member's designation and registration with the Company of a new Registered Domestic Partner, the Member's Beneficiary shall automatically be his new Registered Domestic Partner unless the Member designates a different Beneficiary. Coverage under Section 4.08(b) and, if elected, under Section 4.08(c) shall continue in full effect.

A Member may change his Beneficiary designation at any time after receiving the written explanation described in Section 4.08(g), subject to Spousal Consent. Any such change shall become effective on the first day of the calendar month coincident with or next following the (i) date the notice of change is received by the Administrative Committee or (ii) the date specified in such notice, if later, and the original designation shall remain in effect until such date.

(g) The Administrative Committee shall furnish to each Member a written explanation in non-technical language which describes (i) the terms and conditions of the automatic Pre-Retirement Survivor's Benefit and the optional Supplemental Pre-Retirement Survivor's Benefit, (ii) the Member's right to make an election to designate a Beneficiary other than his Spouse or his Registered Domestic Partner, as applicable, and the effect of such election, (iii) the right to revoke, prior to the Annuity Starting Date, such designation and the effect of such revocation, and (iv) the rights of the Member's Spouse and Registered Domestic Partner, as applicable, if any. The Administrative Committee shall furnish this written explanation to each Member during the period beginning one year prior to the earlier of (i) the date the Member satisfies the age and service eligibility requirements for an early retirement allowance under Section 4.04(a) or 4.05(a) or (ii) the Member's Normal Retirement Date, and ending within one year after such date.

(h) A Member may revoke an election made under Section 4.08(c) at any time prior to his Annuity Starting Date. There shall be no further reduction to the Member's retirement allowance for any period during which an election under Section 4.08(c) is not in effect. The Member may make a new election at any time thereafter and any subsequent election shall become effective one year after the first day of the calendar month coincident with or next following the (i) date the notice is received by the Administrative Committee or (ii) date specified in such notice, if later. If the Member dies prior to the time an election under Section 4.08(a)(iii) or Section 4.08(c) becomes effective, the election shall thereby be canceled.

Any designation of a Beneficiary and any election made pursuant to the provisions of this Section 4.08 (including any waiver or revocation of either of them) shall be made (i) on a form approved by and filed with the Administrative Committee and (ii) in accordance with the term "Beneficiary" as defined in this Section 4.08.

(i) If a retired Member or a former Member is reemployed before or after his Normal Retirement Date, his rights with respect to this Section 4.08 shall be determined in accordance with Section 4.12(b).

4.09 Maximum Benefits

(a) The provisions of Section 415(b) of the Code are incorporated into the Plan by reference. The following provisions of this Section reflecting the increased limitations of Section 415(b) of the Code effective on and after January 1, 2002, shall apply to all current and former Members (with benefits limited by Section 415(b) of the Code) who have an Accrued Benefit under the Plan immediately prior to January 1, 2002, (other than an Accrued Benefit resulting from a benefit increase solely as a result of the increases in limitations under Section 415(b)); provided such increase will not apply to a former Member

if such increase will result in a duplication of benefits payable from the Plan and any other qualified or nonqualified plan sponsored by the Company or Associated Company.

(b) Notwithstanding any other provision of the Plan, the annual benefit to which a Member is entitled under the Plan shall not, in any Limitation Year, which shall be the Plan Year, be in an amount which would exceed the applicable limitations under Section 415 of the Code and regulations thereof. If the benefit payable under the Plan would (but for this Section) exceed the limitations of Section 415 of the Code by reason of a benefit payable under another defined benefit plan aggregated with this Plan under Section 415(f) of the Code, the benefit under this Plan shall be reduced only after all reductions have been made under such other plan.

(c) Except as otherwise provided in an Appendix hereto, as of January 1 of each calendar year, the dollar limitation as determined by the Commissioner of Internal Revenue for that calendar year shall become effective as the maximum permissible dollar amount of retirement allowance payable under the Plan during the calendar year, including any retirement allowance payable to Members who retired prior to that calendar year, in lieu of the dollar amount applicable in prior years. Such recomputed retirement allowance shall be payable to a retired Member on and after said date, but only if the Administrative Committee finds that doing so will not result in the duplication of benefits payable from this Plan and any other qualified or nonqualified plan sponsored by the Company.

(d) The benefit payable to a Member's Spouse under a qualified joint and survivor annuity or under a qualified preretirement survivor annuity shall be subject to the dollar limitation which would apply if the benefits were payable to the Member in the form of a life annuity. The amount of the benefit payable to the Spouse, and which is subject to the preceding sentence, shall be computed from the Member's Accrued Benefit and the Member's actual or deemed benefit election, under Section 4.07 and 4.08, before application of this Section 4.09.

(e) The term "compensation" for purposes of applying the applicable limitations of Section 415 of the Code with respect to any Member means Statutory Compensation.

(f) Effective as of January 1, 1995, and notwithstanding the preceding provisions of this Section 4.08, the maximum annual retirement allowance payable to a Member who has a Freeze Date enumerated below shall be equal to his Old Law Benefit. A Member's "Old Law Benefit" at any date is the maximum benefit he would be entitled to receive at such date, determined without regard to any changes in terms and conditions of the Plan after December 8, 1994, without regard to any benefits that accrue under the Plan after his Freeze Date, and without regard to any cost of living changes that become effective after his Freeze Date. The Freeze Date of a Member whose retirement allowance commences on or after January 1, 1995, and before January 1, 1996, shall be December 31, 1995.

(g) Notwithstanding the preceding paragraphs of this Section, in no event shall a Member's annual retirement allowance or vested benefit payable under this Plan be less than:

(i) the allowance or benefit which the Member had accrued under the Plan as of the end of the Plan Year beginning in 1982; provided, however, that in determining that benefit no changes in the terms and conditions of the Plan on or after July 1, 1982, shall be taken into account, or

(ii) the allowance or benefit which the Member had accrued under the Plan as of the end of the Plan Year beginning in 1986; provided, however, that in determining that benefit no changes in the terms and conditions of the Plan after May 5, 1986, shall be taken into account.

4.10 No Duplication

Except as otherwise provided in the Plan or in an Appendix hereto, there shall be deducted from any retirement allowance or vested benefit payable under this Plan under rules uniformly applicable to all Members similarly situated the part of any pension or comparable benefit, including any single lump sum payment, provided by employer contributions which the Company, any Participating Unit, (including any former Participating Unit divested by ITT), any Associated Company or any affiliate of the Company is obligated to pay or has paid to or under any defined benefit plan or other agreement which provides for benefits comparable to those benefits paid under a defined benefit plan with respect to any service which is Benefit Service for purposes of computation of benefits under this Plan; provided, however, that in the case the terms of a nonqualified plan provide for the duplication of any service with the Plan, this Section 4.10 will not apply.

4.11 Payment of Benefits

(a) Unless otherwise provided below, or under Section 4.08 or an Appendix hereto, the automatic form of benefit described in Section 4.07(a), an optional benefit described in Section 4.07(b)(i), (ii), (iii), or (iv) elected pursuant to Section 4.07, the survivor's benefits available under Section 4.08, or the provisions of Section 4.11(e), all retirement allowances, vested benefits or other benefits payable under the Plan will be paid in monthly installments as of the end of each month beginning with (i) the month in which a Member who has incurred a Severance Date reaches his Normal Retirement Date, (ii) the month in which a Member has reached his Postponed Retirement Date, (iii) the month in which a Member who has incurred a Severance Date has, upon proper application, requested commencement of his vested benefit or early retirement allowance, or (iv) the month in which benefits under an optional benefit under Section 4.07 or the survivor's benefits under Section 4.08 become payable, whichever is applicable. Anything to the contrary notwithstanding, payment of a former Member's retirement allowance or vested benefit shall not begin prior to the end of the month following the month in which a Member incurs a Severance Date. Monthly installments shall cease with the payment for the full month in which the recipient dies. Notwithstanding any Plan provisions to the contrary, in no event shall a retirement allowance or vested benefit be payable to a Member who continues in or resumes active service with the Company or an Associated Company as a common law employee or continues to accrue Eligibility Service under the provisions of an Appendix hereto, except as provided in Sections 4.03(d), 4.11(e), 4.12(e) or the 29 Code of Federal Regulations Section 2530.203-3 as promulgated by the Department of Labor.

Unless otherwise provided in this Section 4.11 or Sections 4.05 or 4.08, or a Former Plan or an Appendix hereto, a single Annuity Starting Date shall be applicable to the entire retirement allowance, vested benefit or survivor benefit payable to or on behalf of a Member or Former Member. Notwithstanding any Plan provisions to the contrary, a Member or former Member who has an Accrued Benefit under both Section 4.01(a) and Section 4.01(b) and who retires from service with the Company and all Associated Companies on or after January 1, 2005, under Section 4.04 or 4.05, may elect to receive payment of the PEP Formula Benefit portion of his retirement allowance or vested benefit in a single lump sum in accordance with the provisions of Section 4.07 prior to the commencement of the TPP Formula Benefit portion of his retirement allowance or vested benefit; provided, however the Annuity Starting Date applicable to such single lump sum payment of the PEP Formula Benefit portion of his retirement allowance or vested benefit occurs within 90 days of such Member's or former Member's Severance Date.

- (b)
- (i) In any case, with respect to a Member who incurs a Severance Date prior to January 1, 1996, a single lump sum payment equal to the vested benefit payable under Section 4.06 or the vested Spouse's benefit payable under Section 4.08(a) multiplied by the

appropriate factor contained in Table 4, 5 or 6 of Appendix A shall be made in lieu of any vested benefit payable to a former Member or any vested Spouse's benefit payable to a Spouse of a Member or a former Member, if the lump sum present value of such benefit amounts to \$5,000 (\$3,500 prior to January 1, 2005) or less. In no event, however, shall that adjustment factor produce a lump sum that is less than the amount determined by using the interest rate assumption used by the Pension Benefit Guaranty Corporation for valuing benefits for determining single lump sum payments under single employer plans that terminate on January 1 of the Plan Year in which the Annuity Starting Date occurs. Notwithstanding the foregoing, in no event shall the amount of the single payment made on or after January 1, 2000, pursuant to the foregoing provisions of this Section 4.11(b) to a Member who incurs a Severance Date prior to January 1, 1996, be less than the amount determined under the following provisions of this paragraph and by using the IRS Mortality Table and IRS Interest Rate.

With respect to a Member who incurs a Severance Date on or after January 1, 1996, a single lump sum payment of Equivalent Actuarial Value shall be made in lieu of any vested benefit payable to the former Member or any vested Spouse's benefit payable to a Spouse or Registered Domestic Partner of a Member or a former Member, if the present value of the vested benefit payable under Section 4.06 or the vested Spouse's benefit payable under Section 4.08(a) to or on the behalf of the Member or former Member as of the Member's Normal Retirement Date or actual termination of service, if later, amounts to \$5,000 (\$3,500 prior to January 1, 2005) or less. In determining the amount of a single lump sum payment payable to a Member who incurs a Severance Date on or after January 1, 1996, (i) Equivalent Actuarial Value shall mean a benefit, in the case of a lump sum benefit payable prior to a Member's Normal Retirement Date, of equivalent value to the benefit which would otherwise have been provided commencing at the Member's Normal Retirement Date and (ii) the Equivalent Actuarial Value shall be determined as of the date following the Member's Severance Date selected by the Administrative Committee or its delegate (the "Determination Date") and by using the IRS Mortality Table and the IRS Interest Rate. The single payment may be made as soon as practicable following such Determination Date, but in any no event shall such single lump sum payment be made after the date such Member's benefit payments have commenced as an annuity. A single lump sum payment of Equivalent Actuarial Value shall be made in lieu of (i) any early, normal, or postponed retirement allowance payable to a Member or (ii) any pre-retirement survivor benefit payable to a Member's or former Member's Spouse, Registered Domestic Partner or beneficiary under Sections 4.08(b) and 4.08(c), if the lump sum present value of such benefit as of the Determination Date amounts to \$5,000 (\$3,500 prior to January 1, 2005) or less. In determining this lump sum benefit (i) Equivalent Actuarial Value shall mean a benefit of equivalent value to the benefit which would otherwise have been provided commencing on the Member's Normal Retirement Date and (ii) the Equivalent Actuarial Value shall be determined by using the IRS Mortality Table and the IRS Interest Rate.

Effective on and after September 4, 2007, in the event the lump sum present value of a retirement allowance or vested benefit payable to a Member or any vested Spouse's benefit or pre-retirement survivor annuity payable to a Member's or a former Member's Spouse, Registered Domestic Partner or Beneficiary, determined in accordance with the above provisions, exceeds \$5,000 upon initial determination as to its present value, then with respect to a Member or a Member's or former Member's Spouse or Beneficiary who receives the PEP Formula Benefit portion of said benefit in a single lump sum payment, the lump sum present value of the remaining TPP Formula Benefit portion of said benefit shall be redetermined in accordance with the above provisions as of a subsequent date as determined by Administrative Committee or its delegate. If the lump sum present value of the remaining TPP Formula Benefit portion of said

benefit is equal to \$5,000 or less, the Equivalent Actuarial Value of such TPP Formula Benefit portion of such benefit will be paid to the Member or the Member's or former Member's Spouse, Registered Domestic Partner or Beneficiary in lieu of a monthly benefit. Such single lump sum payment shall be made as soon as practicable following the determination that the TPP portion of said benefit qualifies for distribution under this paragraph.

Notwithstanding the foregoing, the portion of any single lump sum payment attributable to the PEP Formula Benefit portion of a Member's vested Benefit or retirement allowance, whichever is applicable, shall not be less than his PEP Formula Lump Sum Value determined as of its Annuity Starting Date. Effective as of January 1, 2008, and notwithstanding any other provision hereof, the lump sum equivalent actuarial value of a Member's or former Member's PEP Formula Benefit as of his Annuity Starting Date shall be equal to his PEP Formula Lump Sum Value determined as of such date.

(ii) In the event a Member is not entitled to any retirement allowance or vested benefit upon his termination of employment, he shall be deemed "cashed-out" under the provisions of this paragraph (b) as of his Severance Date. In the event such Member is credited with an Hour of Service before incurring a Break in Service of five consecutive years following the date he terminated service, his vested benefit previously deemed to be distributed to him hereunder will be deemed repaid to the Plan.

(c) In the event that the Administrative Committee shall find that a person to whom benefits are payable is unable to care for his affairs because of illness or accident or is a minor or has died, then, unless claim shall have been made therefor by a legal representative, duly appointed by a court of competent jurisdiction, the Administrative Committee may direct that any benefit payment due him be paid to his Spouse, Registered Domestic Partner, a child, a parent or other blood relative, or to a person with whom he resides, and any such payment made shall be a complete discharge of the liabilities of the Plan therefor.

(d) Before any benefit shall be payable to a Member, a former Member, or other person who is or may become entitled to a benefit hereunder, such Member, former Member, or other person shall file with the Administrative Committee such information as it shall require to establish his rights and benefits under the Plan.

(e) Except as otherwise provided in this Article 4, payment of a Member's retirement allowance or a former Member's vested benefit shall begin as soon as administratively practicable following the latest of (i) the Member's Normal Retirement Age or (ii) the date he terminates employment with the Company and all Associated Companies (but not more than 60 days after the close of the Plan Year in which the latest of (i) or (ii) occurs).

Except as otherwise provided under applicable law, in the case of a Member in active service who is a five-percent owner (as defined in Section 416(i) of the Code) of the Company or an Associated Company, payment of such Member's retirement allowance or vested benefit shall begin not later than April 1 of the calendar year following the calendar year in which the Member attains age 70½. Except as otherwise provided under applicable law, in the case of a Member who is not a five-percent owner (as defined in Section 416(i) of the Code) of the Company or an Associated Company, payment of such Member's retirement allowance or vested benefit shall begin no later than the April 1 following the calendar year in which the Member attains age 70½ or terminates employment with the Company and all Associated Companies, if later. In the case of any other Member in active service who attains age 70½ prior to January 1, 1999, payment of such Member's retirement allowance or vested benefit shall begin not later than April 1 of the calendar year following the calendar year in which he attains age 70½.

(f) Notwithstanding any other provision of this Section 4.11, all distributions from this Plan shall conform to the regulations issued under Section 401(a)(9) of the Code, including the incidental death benefit provisions of Section 401(a)(9)(G) of the Code. Distributions under this Section 4.11 shall meet the requirements of Treas. Reg. §§ 1.401(a)(9)-2 through 1.401(a)(9)-9. Further, such regulations shall override any Plan provision that is inconsistent with Section 401(a)(9) of the Code. If a Member dies after his retirement allowance or vested benefit payments have commenced, any payments continuing on to his Spouse, Registered Domestic Partner or Beneficiary shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death.

(g) All distributions shall be subject to the following rules:

(i) Any additional benefits accruing to a Member in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(ii) If the Member's retirement allowance or vested benefit is being distributed in the form of a joint and survivor annuity for the joint lives of the Member and a non-Spouse beneficiary, annuity payments to be made on or after the Member's required beginning date to the designated beneficiary after the Member's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Member using the table set forth in Q&A-2 of Treas. Reg. § 1.401(a)(9)-6. If the Annuity Starting Date precedes the year in which the Member reaches age 70, in determining the applicable percentage, the Member/Beneficiary age difference is reduced by the number of years that the Member is younger than age 70.

(iii) If the Member's retirement allowance or vested benefit is being distributed in the form of a period certain and life annuity option, the period certain may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in Treas. Reg. § 1.401(a)(9)-9 for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Member reaches age 70, the applicable distribution period for the Member is the distribution period for age 70 under the Uniform Lifetime Table set forth in Treas. Reg. § 1.401(a)(9)-9 plus the excess of 70 over the age of the Member as of the Member's birthday in the year that contains the Annuity Starting Date.

(iv) For purposes of this Section, the following definitions shall apply:

(1) Designated beneficiary. The individual who is designated as the beneficiary under Section 1.07 is the designated beneficiary under Section 401(a)(9) of the Code and Treas. Reg. § 1.401(a)(9)-4, Q&A-1.

(2) Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's required beginning date.

(3) Life expectancy. Life expectancy as computed using the Single Life Table in Treas. Reg. § 1.401(a)(9)-9.

(4) Required beginning date. The date specified in paragraph (e).

4.12 Reemployment of Former Member or Retired Member

(a) Cessation of benefit payments

If a former Member or a retired Member entitled to or in receipt of a vested benefit or retirement allowance is reemployed by the Company or by an Associated Company as a common law employee, or reemployed as provided in an Appendix hereto, any benefit payments he is receiving shall cease, except as otherwise provided in Sections 4.03(d), 4.11(e), 4.12(e) or said Appendix.

(b) Optional forms of pension benefits

(i) If the Member as described in paragraph (a) above is reemployed, any previous election of an optional benefit under Section 4.07 or a survivor's benefit under Section 4.08 shall be revoked and the terms and conditions of sub-paragraph (ii) of this paragraph (b) shall apply.

(ii) Any Member described in paragraph (a) above who is at least age 55 with ten or more years of Eligibility Service when he is reemployed shall, with respect to the vested benefit or retirement allowance earned prior to his reemployment and with respect to any additional benefits earned during reemployment, be covered by the provisions of Section 4.08(b) – Automatic Pre-Retirement Survivor's Benefit – and be eligible to elect coverage under Section 4.08(c) – Optional Supplemental Pre-Retirement Survivor's Benefit. Coverage under Section 4.08(b) shall be effective on the first day of the calendar month coincident with or next following the date of his reemployment and any previous election shall remain in effect until such date. If, within 30 days after reemployment, the Member elects coverage under Section 4.08(c), such coverage shall be effective as of the first day of the calendar month coincident with or next following the date of his reemployment. If the Member does not make an election under Section 4.08(c) within 30 days after his reemployment or he waives such coverage, any later election shall become effective one year after the first day of the calendar month coincident with or next following the date notice is received by the Administrative Committee or on the date specified in such notice, if later.

(iii) Any Member or former Member described in paragraph (a) who has at least five years of Eligibility Service but who has not met the age and service eligibility requirements under Section 4.04(a) and 4.05(a) when he is reemployed shall be covered by the provisions of Sections 4.08(a)(i) – Automatic Vested Spouse's Benefit – until he meets the age and service eligibility requirements under Section 4.04(a) or 4.05(a) or reaches his Normal Retirement Date, if earlier. Such coverage shall be effective on the first day of the calendar month coincident with or next following the date of his reemployment and any previous election shall remain in effect until such date. Such former Member and any other Member or former Member shall be covered by the provisions of Section 4.08(b) – Automatic Pre-Retirement Survivor's Benefit – and shall be eligible to elect coverage under Section 4.08(c) – Optional Supplemental Pre-Retirement – Survivor's Benefit upon the later of the date he reaches the age and service eligibility requirements under Sections 4.04(a) or 4.05(a), or his Normal Retirement Date, and such coverage shall be in accordance with the provisions of such Sections and shall apply with respect to his retirement allowance or vested benefit earned prior to his reemployment, as well as any additional benefits earned during reemployment.

(c) Benefit payments at subsequent termination or retirement

(i) In accordance with the procedure established by the Administrative Committee on a basis uniformly applicable to all Members similarly situated, upon the subsequent retirement of a Member in service after his Normal Retirement Date, payment of such Member's retirement

allowance shall resume no later than the third month after the final month during the reemployment period in which he is credited with at least eight days of service.

(ii) Upon the subsequent retirement or termination of employment of a Member described in paragraph (a), the Administrative Committee shall, in accordance with rules uniformly applicable to all Members similarly situated, determine the amount of vested benefit or retirement allowance which shall be payable to such Member at such subsequent retirement or termination. Except as otherwise provided in the following sentences, such vested benefit or retirement allowance shall not be less than the sum of (1) the original amount of vested benefit or retirement allowance previously earned by such Member in accordance with the terms of the Plan in effect during such previous employment adjusted to reflect the election of any survivor's benefits pursuant to Section 4.08(a)(ii) or 4.08(c) and (2) any additional vested benefit or retirement allowance earned during his period of reemployment (based on his Benefit Service and Compensation earned during said period), such amounts to be adjusted to reflect the election during reemployment of any survivor's benefits pursuant to Section 4.08(a)(ii) or 4.08(c); provided, however, if a Member described in paragraph (a) received a lump sum payment of the PEP Formula Benefit portion of his benefit, the PEP Formula Benefit portion of his retirement allowance or vested benefit computed on the basis of the Member's Benefit Service and Final Average Compensation earned prior to his reemployment shall be reduced by an amount that reflects the PEP Formula Benefit amount he previously received before his restoration to service determined under procedures established by the Administrative Committee and uniformly applicable to all Members similarly situated. Notwithstanding anything to the contrary contained in this Plan, with respect to a Member described in paragraph (a) who had incurred a Break in Service, the vested benefit or retirement allowance previously earned by the Member in accordance with the terms of the Plan in effect during his previous employment and computed on the basis of the Member's Benefit Service, Eligibility Service, Final Average Compensation and Social Security Benefit credited prior to the date of reemployment shall not be recalculated or increased until the Member, regardless of his vested status, has completed at least twelve months of Eligibility Service following his Break in Service and, in such event, the re-calculated vested benefit or retirement allowance, prior to any optional modification in accordance with the provisions of Section 4.07, shall be reduced by an amount that reflects the amounts previously received by the former Member or retired Member before the earlier of his restoration to service or his Normal Retirement Date determined under procedures established by the Administrative Committee and uniformly applicable to all Members similarly situated; provided that no such reduction shall reduce such retirement allowance or vested benefit below the amount determined pursuant to clause (1) and (2) above.

(d) *Questions relating to reemployment of former Members or retired Members*

If, at subsequent termination of employment or retirement, any question shall arise under this Section 4.12 as to the calculation or recalculation of a reemployed former Member's or retired Member's vested benefit or retirement allowance or election of an optional form of benefit under the Plan, such question shall be resolved by the Administrative Committee on a basis uniformly applicable to all Members similarly situated.

(e) *No cessation of benefit payments for certain legacy employees*

Notwithstanding anything in this Plan to the contrary, if a former Member or a retired Member was (i) employed by Harris Corporation or its affiliates as of December 31, 2015 and receiving payment of a vested benefit or retirement allowance as of such date or (ii) employed by L3 Technologies, Inc. or its affiliates immediately prior to the effective time of the merger by which L3 Technologies, Inc.

became a wholly-owned subsidiary of Harris Corporation and receiving payment of a vested benefit or retirement allowance as of such date, any benefit payments he is receiving shall continue.

4.13 Return of Contributions with Respect to Members who Participated in a Contributory Former Pension Plan

(a) The provisions of this 4.13(b) shall apply to any Member who participated in a contributory pension plan which has been designated as a Former Pension Plan hereunder and whose contributions were not refunded to him upon such designation of that plan.

(b) In the event of the termination of service or the death of such a Member, the terms and conditions of the Former Pension Plan with respect to the return of a Member's contributions under those circumstances shall be operative. For this purpose, the contributions of the Member shall include interest credited thereon as of the date of designation of said plan as a Former Pension Plan and any interest which may subsequently be credited thereon which, for the period on and after January 1, 1976, shall not be less than a rate of five percent per annum or such other rate required pursuant to Section 411(c)(2) of the Code or by any other applicable law.

4.14 Payment of "Accumulated Benefits" under Former Pension Plans

Anything contained herein to the contrary notwithstanding, the "accumulated benefit" of any Member who was a participant under a Former Pension Plan shall be payable from this Plan (unless payable from some other source) under the terms and conditions of this Plan (including but not limited to the terms and conditions of Sections 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, and 4.12) except as modified by an Appendix hereto; provided, however, that in any case in which the application of the terms and conditions of this Plan shall eliminate or reduce an "accumulated benefit" otherwise payable to a Member, the terms and conditions of the Former Pension Plan shall be operative. Eligibility Service rendered to the Company or to an Associated Company by a Member subsequent to the date of his membership in this Plan shall be deemed service under a Former Pension Plan solely for the purpose of determining eligibility for any benefits payable under such Former Pension Plan.

For purposes of this Section 4.14, "accumulated benefit" shall mean, except as otherwise provided in an Appendix hereto, the amount of pension or other benefit computed pursuant to the benefit formula under a Former Pension Plan, whether or not vested, which a Member has earned on account of his service credited for purposes of computing a benefit under such Former Pension Plan prior to the date said plan was amended and continued as this Plan. Recognizing that the amount of benefits earned under a Former Pension Plan may not be directly applicable to particular periods of service or the amounts of compensation actually received while the Member was a participant under such Former Pension Plan, the Administrative Committee may adopt such reasonable rules and methods as may be required for determining the "accumulated benefit," provided that the rules and methods adopted shall be uniformly applicable to all persons similarly situated.

In order that the duration, frequency and commencement date of payment of such "accumulated benefits" will coincide to the extent possible with the duration, frequency and commencement date of payment of the benefits otherwise payable under this Plan, the Administrative Committee may, under rules uniformly applicable to all persons similarly situated, determine the manner, mode and commencement date of benefit payments under this Section 4.14, provided that such benefits shall be of Equivalent Actuarial Value to such "accumulated benefits" and that the Plan provisions continue to comply with Section 411(d)(6) of the Code.

4.15 Top-heavy Provisions

(a) The following definitions apply to the terms used in this Section:

(i) “applicable determination date” means the last day of the preceding Plan Year;

(ii) “top-heavy ratio” means the ratio of (1) the present value of the cumulative Accrued Benefits under the Plan for key employees to (2) the present value of the cumulative Accrued Benefits under the Plan for all key employees and non-key employees; provided, however, that if an individual has not performed services for the Company at any time during the five-year period ending on the applicable determination date, any accrued benefit for such individual (and the account of such individual) shall not be taken into account and provided further, that the present values of Accrued Benefits under the Plan for an employee as of the applicable determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the one-year period (five-year period in the case of a distribution made for a reason other than severance from employment, death, or disability) ending on the applicable determination date and any distributions made with respect to the employee under a terminated plan which, had it not been terminated, would have been in the required aggregation group;

(iii) “applicable valuation date” means the date within the preceding Plan Year as of which annual Plan costs are or would be computed for minimum funding purposes;

(iv) “key employee” means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the applicable determination date was an officer of the Company or an Associated Company; having annual compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a five percent owner (as defined in Section 416(i)(1)(B)(i) of the Code) of the Company or an Associated Company, or a one percent owner (as defined in Section 416(i)(1)(B)(ii) of the Code) of the Company or an Associated Company; having annual compensation greater than \$150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a key employee shall be made in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder;

(v) “non-key employee” means any employee who is not a key employee;

(vi) “average remuneration” means the average annual remuneration of a Member for the five consecutive years of his Eligibility Service after December 31, 1983, during which he received the greatest aggregate remuneration from the Company or Associated Company, excluding any remuneration for service after the last Plan Year with respect to which the Plan is top-heavy;

(vii) “required aggregation group” means each other qualified plan of the Company or an Associated Company (including plans that terminated within the five-year period ending on the determination date) in which there are members who are key employees or which enables the Plan to meet the requirements of Section 401(a)(4) or 410 of the Code; and

(viii) “permissive aggregation group” means each plan in the required aggregation group and any other qualified plan(s) of the Company or an Associated Company in which all members are non-key employees, if the resulting aggregation group continues to meet the requirements of Sections 401(a)(4) and 410 of the Code.

(b) For purposes of this Section 4.15, the Plan shall be “top-heavy” with respect to any Plan Year beginning on or after January 1, 1984, if, as of the applicable determination date, the top-heavy ratio exceeds 60 percent. The top-heavy ratio shall be determined as of the applicable valuation date in accordance with Section 416(g)(3) and (4)(B) of the Code on the basis of the same mortality and interest rate assumptions used to value the Plan. For purposes of determining whether the Plan is top-heavy, the present value of Accrued Benefits under the Plan will be combined with the present value of accrued benefits or account balances under each other plan in the required aggregation group, and, in the Company’s discretion, may be combined with the present value of accrued benefits or account balances under any other qualified plan(s) in the permissive aggregation group. The Accrued Benefit of a non-key employee under the Plan or any other defined benefit plan in the aggregation group shall be (i) determined under the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Company or an Associated Company or (ii) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule described in Section 411(b)(i)(C) of the Code.

(c) The following provisions shall be applicable to Members for any Plan Year with respect to which the Plan is top-heavy:

(i) In lieu of the vesting requirements specified in Section 4.05, the following vesting schedule shall apply with respect to a Member who has not completed an “Hour of Service” as defined in Section 2.01(c) on or after January 1, 2008:

Years of Eligibility Service	Percentage Vested
Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 or more years	100%

(ii) The Accrued Benefit of a Member who is a non-key employee shall not be less than two percent of his average “Statutory Compensation” multiplied by the number of years of his Eligibility Service, not in excess of ten, during the Plan Years for which the Plan is top-heavy. For purposes of the preceding sentence, for Plan Years beginning on and after January 1, 2002, Eligibility Service shall be disregarded to the extent that such Eligibility Service occurs during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no key employee or former key employee. Such minimum benefit shall be payable at a Member’s Normal Retirement Date. If payments commence at a time other than the Member’s Normal Retirement Date, the minimum Accrued Benefit shall be of Equivalent Actuarial Value to such minimum benefit, as determined on the basis of the actuarial assumptions stated in Section 4.15(b) above.

(d) If the Plan is top-heavy with respect to a Plan Year and ceases to be top-heavy for a subsequent Plan Year, the following provisions shall be applicable:

(i) The Accrued Benefit in any such subsequent Plan Year shall not be less than the minimum Accrued Benefit provided in Section 4.15(c)(ii) above, computed as of the end of the most recent Plan Year for which the Plan was top-heavy.

(ii) If a Member has completed three years of Eligibility Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting schedule set forth in Section 4.15(c)(i) above shall continue to be applicable.

(iii) Effective January 1, 2007, if a Member has completed fewer than three years of Eligibility Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting provisions set forth in the foregoing provisions of this Section 4.15 shall continue to be applicable to the portion of his accrued benefit determined as of the last day of the Plan Year in which the Plan was top-heavy, and the Plan's vesting schedule set forth in the preceding Articles of the Plan applicable to years in which the Plan is not top heavy shall again be applicable with respect to the remaining portion of his accrued benefit; provided, however, that in no event shall the vested percentage of such remaining portion be less than the percentage determined under the foregoing provisions of this Section 4.15 as of the last day of the most recent Plan Year for which the Plan was top-heavy.

4.16 Payment of Medical Benefits for Certain Members who retire Under the Plan

This Section 4.16 defines the basis of providing medical benefits to eligible Members or their eligible dependents as defined below for those expenses incurred by such Members or their eligible dependents on or after the date specified in Section 4.16(a) and, effective on and after January 1, 2012, to pay any necessary or appropriate expenses attributable to the administration of such medical benefits not paid by the Company.

(a) Eligibility

(i) In order to be eligible for the benefits provided hereunder, a person must be a Plan Member who retired under the Plan provisions during one of the periods shown below and, with respect to the period prior to October 31, 2011, be eligible for post-retirement medical benefits under the ITT Salaried Retiree Medical Plan including any predecessor plan, and with respect to the period beginning on and after October 31, 2011, the Exelis Salaried Retiree Health Plan, (hereinafter referred to as the "Exelis Medical Plan") or be an eligible dependent of such a Member. Effective as of January 1, 2012, unless paid by the Company, covered medical expenses incurred during the applicable period shown below by such a Member or his eligible dependents shall be reimbursed hereunder.

Period of Retirement	Medical Expenses Incurred During Following Period
On or before January 1, 1984	On or after December 31, 1984
After January 1, 1984 and on or before August 1, 1986	On or after October 1, 1986
After August 1, 1986 and on or before January 1, 1989	On or after January 1, 1989
After January 1, 1989 and on or before January 1, 1992	On or after January 1, 1992.

Covered medical expenses incurred on or after March 1, 2011, by a Member who retired under the provisions of the Plan after January 1, 1992, (or his dependents) and, effective as of January 1, 2012, any necessary or appropriate expenses attributable to the administration of such medical benefits, shall be paid hereunder, unless paid by the Company; provided, however, that such Member (i) was an Employee (as such term is defined under the Plan) prior to January 1, 2000, and (ii) satisfied the eligibility requirements for post-retirement medical benefits under (1) with respect to the period prior to October 31, 2011, the ITT Salaried Retiree Medical Plan or a predecessor plan, or (2) with respect to the period on and after October 31, 2012, the Exelis Salaried Retiree Health Plan.

(ii) Notwithstanding any provision in this Section 4.16(a) to the contrary, in no event shall a Member or former Member, who is a “key employee” as defined in Section 416(i)(1) and (5) of the Code, or their dependents be eligible effective as of January 1, 1989, to receive medical benefits under this Section 4.16.

(b) The level of medical benefits covered under the provisions of this Section 4.16 shall be the medical coverage in effect under the terms of the Exelis Medical Plan (and with respect to the period prior to October 31, 2011, the ITT Salaried Retiree Medical Plan or any predecessor plan). Except as provided in this Section 4.16(b), such medical coverage or benefit plan may be withdrawn or amended from time to time as the Company shall determine.

Notwithstanding the foregoing, in the event of the occurrence of an Acceleration Event (as defined in Section 8.01(a)), the following provisions shall be applicable:

(i) The 401(h) Account (as defined in Section 4.16(c)) shall not be used for or diverted to any purpose other than (1) providing health benefits in accordance with the Exelis Medical Plan as in effect on the date of execution of the definitive agreement pursuant to which the Acceleration Event is effectuated (the “Signing Date”) for Members as of the Signing Date who have satisfied or will satisfy applicable eligibility requirements under this Section 4.16 for retiree health benefits (or their eligible dependents) as in effect on the Signing Date and (2) to pay in accordance with Section 4.16 as in effect on the Signing Date any necessary or appropriate expenses attributable to the administration of such health benefits.

(ii) The Company shall maintain the Exelis Medical Plan (as it may be amended from time to time in the discretion of the Company or its parent, provided that, prior to the End Date (as defined herein), no such amendment may, alone or in combination with such other amendments, result in a material reduction in benefits under the Exelis Medical Plan and provided further, however, that the Exelis Medical Plan may be amended if and to the extent necessary to comply with applicable laws or to avoid any excise tax, penalty or similar payment under applicable laws, notwithstanding any reduction in benefits resulting therefrom) for the benefit of eligible Members for a period expiring no earlier than the date that the annual benefit payments and administrative expenses paid from the 401(h) Account in respect of the Exelis Medical Plan during a Plan Year exceed the assets of the 401(h) Account at the end of such Plan Year (in each case as determined by an actuary engaged by the Company or its parent) (the “End Date”).

(iii) Prior to the End Date, neither this Plan nor the Exelis Medical Plan may be amended, modified or otherwise changed in any manner that is inconsistent with the provisions of this Section 4.16(b), except with the written consent of not less than three-quarters (3/4) of the Members and other persons entitled to benefits under the Exelis Medical Plan.

(iv) For the avoidance of doubt, (1) at and after the occurrence of an Acceleration Event, the Company or its parent shall have sole discretion, authority and responsibility with respect to the 401(h) Account and the Exelis Medical Plan, including, subject to the terms set forth in items (i) through (iii) of this Section 4.16(b), administrative, termination and amendment authority and the sole discretion and responsibility regarding any public announcement in the event modifications are made thereto, (2) the Company and its parent shall have no obligation to fund, or cause an affiliate to fund, the 401(h) Account at and after the occurrence of an Acceleration Event and (3) in no event shall the terms set forth in this Section 4.16(b) prohibit or be interpreted to prohibit the Company or its parent from ceasing contributions, terminating or taking other action with respect to this Plan prior to the End Date to the extent legally permissible

(as long as the 401(h) Account or successor arrangement as described in Section 8.01(a) remains in effect on the terms described in item (i) of this Section 4.16(b)).

(c) Except as provided in Section 4.16(e), all contributions made to the trust to provide medical benefits under this Section 4.16 shall be maintained in a separate account (or subaccounts thereof) (“401(h) Account”) and such assets may not be used for or diverted to any purpose other than to provide said medical benefits and to pay any necessary or appropriate expenses attributable to the administration of such 401(h) Account, not paid by the Company; provided, however, none of the assets so set aside may be used to provide medical benefits reimbursements for a Member, former Member or their dependents if the Member or former Member is a “key employee” as determined in accordance with the provisions of Section 416(i)(1) and (5) of the Code. Similarly, none of the assets accumulated to provide the retirement allowances or vested benefits set forth in the foregoing provisions of this Article 4 may, prior to the termination of the Plan and satisfaction of all the liabilities for such retirement allowances or vested benefits, be used for or diverted to provide medical benefits under this Section 4.16. The assets, if any, accumulated to provide medical benefits under this Section 4.16 may be invested pursuant to the provisions of Article 7.

(d) It is the intention of the Company to continue to provide medical benefits under this Section 4.16 and to make contributions to the Trustee to fund such medical benefits in such amounts as the Company shall deem necessary or appropriate; provided, however, that the contributions to fund such medical benefits shall not exceed 25 percent of the total contributions made to the Plan (other than contributions to fund past service).” Any forfeitures of a Member’s interest in the medical benefit accounts as provided hereunder prior to any discontinuance of medical benefits by the Board of Directors shall be applied to reduce any subsequent Company contributions made pursuant to this Section 4.16.

(e) Except as provided in Section 4.16(b) in the event of an Acceleration Event, the Board of Directors may discontinue providing medical benefits under this Section 4.16 for any reason at any time, in which event the assets allocated to provide medical benefits hereunder, if any remain, shall, unless paid by the Company, be used to continue medical benefits to Members who are eligible for them prior to the discontinuance date and to pay any necessary or appropriate expenses attributable to the administration of such medical benefits, as long as any assets remain. However, if, after the satisfaction of all medical benefits provided hereunder and the payment of all necessary or appropriate expenses attributable to the administration of such medical benefits there remain any assets, the program shall be deemed to be terminated and such remainder shall be returned to the Company, in accordance with Section 401(h)(5) of the Code.

4.17 Transfers from Other Qualified Plans

(a) At the discretion and direction of the Administrative Committee, the Plan may accept from any other pension plan which is qualified under Section 401(a) of the Code (i) a transfer of liabilities with respect to the accrued benefit under such other pension plan of a Member who has employment with the sponsor of such plan and which employment is recognized as Benefit Service pursuant to the provisions of Section 2.02 or an Appendix hereto and (ii) a transfer of any assets determined to be applicable to such liabilities. All such transfers shall be made in accordance with the provisions of the Code and ERISA.

(b) At the discretion and direction of the Administrative Committee, the Plan may transfer to any other pension plan which is qualified under Section 401(a) of the Code (i) the liabilities with respect to any Member’s retirement allowance or vested benefit accrued under this Plan which allowance or benefit is attributable to a period of employment recognized as Benefit Service under Section 2.02 or an Appendix hereto and recognized as service for benefit accruals under the provisions of such other

qualified pension plan and (ii) any assets determined to be applicable to such liabilities. All such transfers shall be made in accordance with the provisions of the Code and ERISA.

4.18 Direct Rollover of Certain Distributions

(a) Elective Rollovers

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Article, a Distributee may elect, at the time and in the manner prescribed by the Administrative Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the Distributee in a direct rollover.

(b) Mandatory Rollovers

Notwithstanding any provision of the Plan to the contrary, effective March 28, 2005, if the present value of the Member's or former Member's vested benefit amounts to at least \$1,001 but not more than \$5,000, and if the Member or former Member fails to make an affirmative election to either receive the single lump sum payment in cash or have it directly rolled over to an eligible retirement plan pursuant to the provisions of paragraph (a) within such election period as shall be prescribed by the Administrative Committee, the Administrative Committee shall direct the Trustee to transfer such single lump sum payment to an individual retirement plan (within the meaning of Section 7701(a)(37) of the Code) ("IRA") selected by the Administrative Committee. The IRA shall be maintained for the exclusive benefit of the Member or former Member on whose behalf such transfer is made. The transfer shall occur as soon as practicable following the end of the election period. The funds in the IRA shall be invested in an investment product designed to preserve principal and provide a reasonable rate of return, whether or not such return is guaranteed, consistent with liquidity. In implementing the provisions of this paragraph:

(i) The Administrative Committee shall enter into a written agreement with each IRA provider setting forth the terms and conditions applicable to the establishment and maintenance of the IRAs in conformity with applicable law;

(ii) The Administrative Committee shall furnish Members or former Members with notice of the Plan's automatic rollover provisions, including, but not limited to, a description of the nature of the investment product in which the assets of the IRA will be invested and how the fees and expenses attendant to the IRA will be allocated, and a statement that a Member may roll over the assets of the IRA to another eligible retirement plan. Such notice shall be provided to Members or former Members in such time and form as shall be prescribed by the Administrative Committee in accordance with applicable law; and

(iii) The Administrative Committee shall fulfill such other requirements of the safe harbor contained in Department of Labor Regulation §2550.404a-2 and, if applicable, the conditions of Department of Labor Prohibited Transaction Class Exemption 2004-16.

(c) Definitions

The following definitions apply to the terms used in this Section 4.18:

(i) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the Distributee, except that an eligible rollover distribution does not include:

(1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten years or more;

(2) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;

(3) any after-tax amount unless such amount is rolled over or transferred (i.e., directly rolled) to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or, effective on or after January 1, 2008, a Roth individual retirement account described in Section 408A(b) of the Code; or transferred (i.e., directly rolled over) to:

(A) a qualified defined contribution plan described in Section 401(a) of the Code;

(B) effective on and after January 1, 2007, any qualified plan described in Section 401(a) of the Code; or

(C) effective on and after January 1, 2007, an annuity plan described in Section 403(b) of the Code;

provided that a plan described in subparagraph (1), (2) or (3) agrees to separately account for such after-tax amount and earnings thereon; and

(4) any in-service withdrawal that is made on account of hardship.

(ii) “Eligible retirement plan” means any of the following types of plans that accept the Distributee’s eligible rollover distribution:

(1) a qualified plan described in Section 401(a) of the Code;

(2) an annuity plan described in Section 403(a) of the Code;

(3) an individual retirement account or individual retirement annuity described in Section 408(a) or 408(b) of the Code, respectively;

(4) an annuity contract described in Section 403(b) of the Code;

(5) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; and

(6) effective January 1, 2008, a Roth IRA described in Section 408A of the Code.

(iii) “Distributee” means a Member or former Member. In addition, solely for purposes of paragraph (a) above, the Member’s or former Member’s surviving Spouse and the Member’s or former Member’s Spouse or former Spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code are Distributees with regard to the interest of the Spouse or former Spouse; and

(iv) “Direct rollover” means a payment by the Plan to the eligible retirement plan specified by the Distributee.

(v) Notwithstanding any provision of this Section to the contrary, effective as of January 1, 2007, a non-Spouse Beneficiary of a deceased Member or former Member may elect, at the time and in the manner prescribed by the Administrative Committee, to directly roll over any portion of a distribution that would constitute an eligible rollover distribution if it were made to a Member, former Member, surviving Spouse, or alternate payee, provided such direct rollover is made to an IRA described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or, effective for distributions made on or after January 1, 2008, a Roth IRA described in Section 408A of the Code (collectively, "IRA") that is established on behalf of the non-Spouse Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Sections 402(c)(11) and 408(d)(3)(C)(ii) of the Code.

(vi) In the event that the provisions of this Section 4.18 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section or any applicable part thereof shall be ineffective without the necessity of further amendments to the Plan.

4.19 Delayed Commencement of Benefits

(a) In the event the Annuity Starting Date of a Member's retirement allowance or vested benefit otherwise required to commence on the Member's Normal Retirement Date, or Postponed Retirement Date, if applicable, is delayed until on or after his "required beginning date" as defined in Section 401(a)(9) of the Code because the Company is unable to locate the Member or for any other reason, the Company shall commence payment as soon as practicable thereafter or, if later, as soon as practicable after the date the Member is located. Unless the Member elects an optional form of payment, as set forth in Section 4.07(b) and in accordance with the provisions of Section 4.07(d), payment shall be in the automatic form as set forth in Section 4.07(a) applicable to the Member on his Annuity Starting Date. Subject to Section 401(a)(9) of the Code, the retirement allowance or vested benefit payable to the Member as of his Annuity Starting Date shall be of "equivalent actuarial value" (as defined below) to the retirement allowance or vested benefit otherwise payable to the Member on his Normal Retirement Date, or Postponed Retirement Date if applicable.

In the event a Member whose retirement allowance or vested benefit is delayed beyond his Normal Retirement Date, or Postponed Retirement Date if applicable, as described above, dies prior to his Annuity Starting Date, and is survived by a Spouse, Registered Domestic Partner, or Beneficiary, the Spouse, Registered Domestic Partner, or Beneficiary shall be entitled to receive a survivor annuity under the provisions of Section 4.08(a) or (b), whichever is applicable computed on the basis of the equivalent actuarial value of the retirement allowance or vested benefit payable to the Member on his Normal Retirement Date, or Postponed Retirement Date, if applicable.

For purposes of this Section 4.19, "equivalent actuarial value" shall be determined on the basis of the IRS Mortality Table and an IRS Interest Rate for such Member's Normal Retirement Date or Postponed Retirement Date, if applicable.

(b) In lieu of the retirement allowance or vested benefit otherwise payable under paragraph (a) above, a Member described in paragraph (a) whose Annuity Starting Date is delayed because the Administrative Committee is unable to locate the Participant or due to an administrative delay, as determined by the Administrative Committee on a basis uniformly applicable to all persons similarly situated, may elect to receive his retirement allowance or vested benefit payable in the amount that would have been payable to the Member if payments had commenced on his Normal Retirement Date, or Postponed Retirement Date, if applicable, ("retroactive Annuity Starting Date") in the form elected by the Member under the provisions of Section 4.07(a) or (b), as applicable; plus one single lump sum payment equal to the sum of the missed monthly payments the Member would have received during the period

beginning on his Normal Retirement Date, or Postponed Retirement Date if applicable, and ending with the month preceding his actual commencement date, together with interest at the IRS Interest Rate in effect for his retroactive Annuity Starting Date. The amount of the payments shall be determined as of the Member's Normal Retirement Date, or Postponed Retirement Date, if applicable, on the basis of the actual form of payment in which the Member's retirement allowance or vested benefit is payable under Section 4.07(a) or (b), as applicable. The lump sum shall be paid on or as soon as practicable following the date the Member's retirement single allowance or vested benefit commences. An election of a form of payment under Section 4.07 shall be subject to the spousal consent requirements based on the Member's marital status on his actual commencement date.

An election under this paragraph (b) shall be subject to the following requirements:

(i) The Member's retirement allowance or vested benefit, including any interest adjustment, must satisfy the provisions of Section 415 of the Code, both at the retroactive Annuity Starting Date and at the actual commencement date, except that if payments commence within 12 months of the retroactive Annuity Starting Date, the provisions of Section 415 of the Code need only be satisfied as of the retroactive Annuity Starting Date;

(ii) Spousal Consent to the retroactive Annuity Starting Date is required unless:

(1) the amount of the survivor annuity payable to the Spouse determined as of the retroactive Annuity Starting Date under the form elected by the Member is no less than the amount the Spouse would have received under the Qualified Joint and Survivor Annuity on the first day of the month in which payments commence were substituted for the retroactive Annuity Starting Date; or

(2) the Member's Spouse on his retroactive Annuity Starting Date is not his Spouse on the first day of the month in which payments commence and is not treated as his Spouse under a qualified domestic relations order;

(iii) The Member's election is made within the time period prescribed by the Administrative Committee provided, however, such period may not extend beyond 90 days following the date the written explanation as described in Section 4.07(c) is provided to the Member; and distributions commence not earlier than seven days or later than 90 days after the date such written explanation is provided to the Member, and the Member's election is made after he is provided the written explanation and before the date distributions commence. For purposes of determining (1) the election period described in Section 4.07(d) with respect to the timing of the notice and consent requirements and (2) the effective date of an election made pursuant to the provisions of this Section, the date the distribution of the benefit based on the retroactive Annuity Starting Date commences, shall be substituted for the Member's Annuity Starting Date. A distribution shall not be deemed to violate the requirements of this clause (iv) merely because, due solely to reasonable administrative delay, it commences more than 90 days after the date such written explanation is provided to the Member.

(c) Subject to the notice requirements of Section 4.07, in the event that a Member fails to timely elect a form of payment pursuant to procedures established by the Administrative Committee in order that payment of his retirement allowance or vested benefit commences no later than his "required beginning date" within the meaning of Section 401(a)(9) of the Code, the Member's retirement allowance or vested benefit shall be determined in accordance with this paragraph (c).

(i) The Member's Annuity Starting Date shall be his required beginning date and payment of his benefits shall automatically commence on such date or as soon as practicable thereafter.

(ii) The Member's retirement allowance or vested benefit shall be calculated in accordance with Section 4.19(a); provided, however, that to the extent the Member has not certified his marital status at a time and in a manner acceptable to the Administrative Committee prior to his required beginning date (or, if later, the date of the notice described in Section 4.07), the Member will be presumed married and his retirement allowance or vested benefit shall be in the normal form set forth in Section 4.07(a)(i); provided further, the presumed spousal date of birth used to calculate the retirement allowance or vested benefit will be the Member's date of birth unless Plan records affirmatively list the date of birth of the Member's Spouse.

(iii) A Member whose benefit payments commence pursuant to this paragraph (c) may not request an adjustment to his benefit payments thereafter; provided, however, that if a Member certifies that the information used to calculate the retirement allowance or vested benefit was incorrect in a manner acceptable to the Administrative Committee within the reasonable time period prescribed by the Administrative Committee for such certification, such Member shall receive a retirement allowance or vested benefit in the normal form set forth in Section 4.07(a)(i) or (ii), as applicable, calculated based on the correct information; provided, further, that in no event shall a Member be permitted to elect an optional form of payment pursuant to Section 4.07(b) after his payments automatically commence pursuant to this paragraph (c).

(iv) For the avoidance of doubt, this paragraph (c) shall not apply to a Participant described in Section 4.19(b), who is located, or with respect to whom the administrative delay is resolved, after his required beginning date and who, after receipt of the written notice described in Section 4.07, timely elects to commence his benefits pursuant to procedures established by the Administrative Committee in accordance with Section 4.19(a) or (b), as applicable.

4.20 Limitations Based on Funded Status of the Plan

Notwithstanding any provision of the Plan to the contrary, the following provisions shall apply as required by Section 436 of the Code effective for Plan Years beginning on or after January 1, 2008, except to the extent the exception under Section 436(d)(4) of the Code applies:

(a) In the event the Plan's adjusted funding target attainment percentage for a Plan Year is less than 60 percent (or would be less than 60 percent to the extent described in Section 4.21 below), then the limitations of this paragraph (a) shall apply as follows:

(i) Benefit accruals shall cease as of the applicable Section 436 measurement date under the provisions of Section 436(e) of the Code. In addition, if the Plan is required to cease benefit accruals under this clause (a)(i), the Plan may not be amended in a manner that would increase the liabilities of the Plan by reason of an increase in benefits or the establishment of new benefits. For purposes of determining whether the accrual limitation under this clause (a)(i) applies to the Plan, the adjusted funding target attainment percentage for a Plan Year shall be determined in accordance with "Special Rules for Certain Years" under Section 436(j)(3) of the Code (except as provided under Section 203(b) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, if applicable).

(ii) A Member or Beneficiary is not permitted to elect, and the Plan shall not pay, a single sum payment or other optional form of benefit that includes a prohibited payment with an annuity starting date on or after the applicable Section 436 measurement date, and the Plan shall

not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment. This clause (a)(ii) shall not apply to any payment of a benefit which under Section 411(a)(11) of the Code may be immediately distributed without the consent of the Member. For purposes of determining whether the limitations under this clause (a)(ii) applies to payments under a social security leveling option, within the meaning of Section 436(j)(3)(C)(i) of the Code, the adjusted funding target attainment percentage for a Plan Year shall be determined in accordance with the “Special Rule for Certain Years” under Section 436(j)(3) of the Code and any Treasury Regulations or other published guidance thereunder.

(b) In the event the Plan’s adjusted funding target attainment percentage for a Plan Year is less than 80 percent (or would be less than 80 percent to the extent described in Section 4.20(b)(ii) below) but not less than 60 percent then the limitations of this paragraph (b) shall apply as follows:

(i) A Member or Beneficiary is not permitted to elect, and the Plan shall not pay, a single sum payment or other optional form of benefit that includes a prohibited payment with an annuity starting date on or after the applicable Section 436 measurement date, and the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment, unless the present value of the portion of the benefit that is being paid in a prohibited payment does not exceed the lesser of:

(1) 50 percent of the present value of the benefit payable in the optional form of benefit that includes the prohibited payment;

or

(2) 100% of the PBGC maximum benefit guarantee amount (as defined in Treas. Reg. § 1.436-1(d)(3)(iii)(C)).

The limitation set forth in this clause (b)(i) does not apply to any payment of a benefit which under Section 411(a)(11) of the Code may be immediately distributed without the consent of the Member. If an optional form of benefit that is otherwise available under the terms of the Plan is not available to a Member or Beneficiary as of the annuity starting date because of the application of the requirements of this clause (b)(i), the Member or Beneficiary is permitted to elect to bifurcate the benefit into unrestricted and restricted portions (as described in Treas. Reg. § 1.436-1(d)(3)(iii)(D)). The Member or Beneficiary may also elect any other optional form of benefit otherwise available under the Plan at that annuity starting date that would satisfy the 50% PBGC maximum benefit guarantee amount limitation described in this clause (b)(i) or may elect to defer the commencement of such benefit in accordance with any general right to defer commencement of benefits under the Plan. For purposes of determining whether the limitations under this clause (b)(i) applies to payments under a social security leveling option, within the meaning of Section 436(j)(3)(C)(i) of the Code, the adjusted funding target attainment percentage for a Plan Year shall be determined in accordance with the “Special Rule for Certain Years” under Section 436(j)(3) of the Code and any Treasury Regulations or other published guidance thereunder.

Notwithstanding the foregoing, Members and Beneficiaries are permitted to elect payment in any optional form of benefit otherwise available under the Plan that provides for the current payment of the unrestricted portion of the benefit (as described in Treas. Reg. § 1.436-1(d)(3)(iii)(D)), with a delayed commencement for the restricted portion of the benefit (subject to other applicable qualification requirements, such as Sections 411(a)(11) and 401(a)(9) of the Code).

(ii) An amendment that has the effect of increasing liabilities of the Plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or

changing the rate at which benefits become nonforfeitable shall not become effective during a Plan Year if the adjusted funding target attainment percentage for the Plan Year is:

- (1) less than 80 percent; or
- (2) 80 percent or more, but would be less than 80 percent if the benefits attributable to the amendment were taken into account in determining the adjusted funding target attainment percentage.

The limitations of this clause (b)(ii) shall not apply to any amendment to the Plan that provides a benefit increase under a Plan formula that is not based on compensation, provided that the rate of such increase does not exceed the contemporaneous rate of increase in the average wages of Members covered by the amendment.

(c) Notwithstanding any other provisions of this Plan to the contrary, a Member or beneficiary is not permitted to elect, and the Plan shall not pay, a single sum payment or other optional form of benefit that includes a prohibited payment with an annuity starting date that occurs during any period in which the Employer is a debtor in a case under Title 11, United States Code, or similar Federal or State law, except for payments made within a Plan Year with an annuity starting date that occurs on or after the date on which the Plan's enrolled actuary certifies that the Plan's adjusted funding target attainment percentage for the Plan Year is not less than 100 percent. In addition, during such period in which the Employer is a debtor, the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer prior to the date on which the Plan's enrolled actuary certifies that the Plan's adjusted funding target benefit percentage for that Plan Year is not less than 100 percent. The limitation set forth in this paragraph (c) does not apply to any payment of a benefit which under Section 411(a)(11) of the Code may be immediately distributed without the consent of the Member.

(d) Notwithstanding any other provisions of this Plan to the contrary, the provisions of this paragraph (d) shall apply after the limitations of paragraphs (a), (b) and (c) above cease to apply:

(i) If a limitation on prohibited payments under clause (a)(ii), clause (b)(i) or paragraph (c) above applied to the Plan as of a Section 436 measurement date, but that limit no longer applies to the Plan as of a different Section 436 measurement date, then that limitation does not apply to benefits with Annuity Starting Dates that are on or after that later Section 436 measurement date.

(ii) If a limitation on benefit accruals under clause (a)(i) above applied to the Plan as of a Section 436 measurement date, but that limitation no longer applies to the Plan as of a later Section 436 measurement date, then benefit accruals shall resume prospectively and that limitation shall not apply to benefit accruals that are based on service on or after that later Section 436 measurement date, except as otherwise provided under the Plan. The Plan shall comply with the rules relating to partial years of participation and the prohibition on double proration under 29 CFR § 2530.204-2(c) and (d).

In addition, benefit accruals that were not permitted to accrue because of the application of clause (a)(i) above shall be restored when that limitation ceases to apply if the continuous period of the limitation was 12 months or less and the Plan's enrolled actuary certifies that the adjusted funding target attainment percentage for the Plan Year would not be less than 60 percent taking into account any restored benefit accruals for the prior Plan Year.

(iii) If a Plan amendment does not take effect as of the effective date of the amendment because of the limitations of clause (a)(i) or (b)(ii) above, but is permitted to take effect later in the same Plan Year (as a result of additional contributions or pursuant to the

enrolled actuary's certification of the adjusted funding target attainment percentage for the Plan Year that meets the requirements of Treas. Reg. § 1.436-1(g)(5)(ii)(C)), then the Plan amendment must automatically take effect as of the first day of the Plan Year (or, if later, the original effective date of the Plan amendment). If the Plan amendment cannot take effect during the same Plan Year, then it shall be treated as if it were never adopted, unless the Plan amendment provides otherwise.

(e) The limitations on prohibited payments set forth in clauses (a)(ii) and (b)(i) and paragraph (c) do not apply to prohibited payments that are made to carry out the termination of the Plan in accordance with applicable law. Any other limitations under this Section 4.20 do not cease to apply as a result of termination of the Plan.

(f) The limitations on prohibited payments set forth in clauses (a)(ii) and (b)(i) and paragraph (c) do not apply for a Plan Year if the terms of the Plan, as in effect for the period beginning on September 1, 2005, and continuing through the end of the Plan Year, provide for no benefit accruals with respect to any participants. This paragraph (f) shall cease to apply as of the date any benefits accrue under the Plan or the date on which a Plan amendment that increases benefits takes effect.

(g) Rules of Operation for Periods Prior to and After Certification of Plan's Adjusted Funding Target Attainment Percentage.

(i) In General. Section 436(h) of the Code and Section 1.436-1(h) of the Treasury Regulations set forth a series of presumptions that apply (1) before the Plan's enrolled actuary issues a certification of the Plan's adjusted funding target attainment percentage for the Plan Year and (2) if the Plan's enrolled actuary does not issue a certification of the Plan's adjusted funding target attainment percentage for the Plan Year before the first day of the tenth month of the Plan Year (or if the Plan's enrolled actuary issues a range certification for the Plan Year pursuant to Section 1.436-1(h)(4)(ii) of the Treasury Regulations but does not issue a certification of the specific adjusted funding target attainment percentage for the Plan by the last day of the Plan Year). For any period during which a presumption under Section 436(h) of the Code and Section 1.436-1(h) of the Treasury Regulations applies to the Plan, the limitations under this Section 4.20 are applied to the Plan as if the adjusted funding target attainment percentage for the Plan Year were the presumed adjusted funding target attainment percentage determined under the rules of Section 436(h) of the Code and Section 1.436-1(h)(1), (2), or (3) of the Treasury Regulations. These presumptions are set forth in Section 4.20(g)(ii) through (iv).

(ii) Presumption of Continued Underfunding Beginning First Day of Plan Year. If a limitation under this Section 4.20 applied to the Plan on the last day of the preceding Plan Year, then, commencing on the first day of the current Plan Year and continuing until the Plan's enrolled actuary issues a certification of the adjusted funding target attainment percentage for the Plan for the current Plan Year, or, if earlier, the date Section 4.20(g)(iii) or Section 4.20(g)(iv) applies to the Plan:

(1) The adjusted funding target attainment percentage of the Plan for the current Plan Year is presumed to be the adjusted funding target attainment percentage in effect on the last day of the preceding Plan Year; and

(2) The first day of the current Plan Year is a section 436 measurement date.

(iii) Presumption of Underfunding Beginning First Day of Fourth Month. If the Plan's enrolled actuary has not issued a certification of the adjusted funding target attainment percentage for the Plan Year before the first day of the fourth month of the Plan Year and the Plan's adjusted funding target attainment percentage for the preceding Plan Year was either at least 60 percent

but less than 70 percent or at least 80 percent but less than 90 percent, or is described in Section 1.436-1(h)(2)(ii) of the Treasury Regulations, then, commencing on the first day of the fourth month of the current Plan Year and continuing until the Plan's enrolled actuary issues a certification of the adjusted funding target attainment percentage for the Plan for the current Plan Year, or, if earlier, the date Section 4.20(g)(iv) applies to the Plan:

(1) The adjusted funding target attainment percentage of the Plan for the current Plan Year is presumed to be the Plan's adjusted funding target attainment percentage for the preceding Plan Year reduced by ten percentage points; and

(2) The first day of the fourth month of the current Plan Year is a section 436 measurement date.

(iv) Presumption of Underfunding On and After First Day of Tenth Month. If the Plan's enrolled actuary has not issued a certification of the adjusted funding target attainment percentage for the Plan Year before the first day of the tenth month of the Plan Year (of if the Plan's enrolled actuary has issued a range certification for the Plan Year pursuant to Section 1.436-1(g)(4)(ii) of the Treasury Regulations but has not issued a certification of the specific adjusted funding target attainment percentage for the Plan Year by the last day of the Plan Year), then, commencing on the first day of the tenth month of the current Plan Year and continuing through the end of the Plan Year:

(1) The adjusted funding target attainment percentage of the Plan for the current Plan Year is presumed to be less than 60 percent; and

(2) The first day of the tenth month of the current Plan Year is a section 436 measurement date.

(h) The definitions in the following Treasury Regulations apply for purposes of this Section 4.20 and Section 4.21: Section 1.436-1(j)(1) defining adjusted funding target attainment percentage; Section 1.436-1(j)(2) defining annuity starting date; Section 1.436-1(j)(6) defining prohibited payment; Section 1.436-1(j)(8) defining section 436 measurement date; and Section 1.436-1(j)(9) defining an unpredictable contingent event and an unpredictable contingent event benefit.

(i) This Section 4.20 and Section 4.21 of the Plan shall be interpreted and administered in accordance with Section 436 of the Code and Section 1.436-1 of the Treasury Regulations, including, without limitation, Treas. Reg. § 1.436-1(f).

(j) In the event that the provisions of this Section 4.20 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section or any applicable part thereof shall be ineffective without the necessity of further amendments to the Plan.

4.21 Limitations on Unpredictable Contingent Event Benefit

(a) Notwithstanding any provision of the Plan to the contrary, with respect to Plan Years beginning on or after January 1, 2008, an unpredictable contingent event benefit with respect to an unpredictable contingent event occurring during a Plan Year shall not be paid to a Member or Beneficiary if the Plan's adjusted funding target attainment percentage (as defined in Section 4.20) for such Plan Year is less than 60 percent or would be less than 60 percent if the adjusted funding target attainment percentage were redetermined applying an actuarial assumption that the likelihood of occurrence of the unpredictable contingent event during the Plan Year is 100 percent.

(b) If an unpredictable contingent event benefit with respect to an unpredictable contingent event that occurs during a Plan Year is not permitted to be paid after the occurrence of the event because of the limitations of this Section 4.21, but is permitted to be paid later in the same Plan Year (as a result of

additional contributions or pursuant to the enrolled actuary's certification of the adjusted funding target attainment percentage for the Plan Year that meets the requirements of Treas. Reg. § 1.436-1(g)(5)(ii)(B)), then that unpredictable contingent event benefit shall be paid, retroactive to the period that benefit would have been payable under the terms of the Plan (determined without regard to this Section). If the unpredictable contingent event benefit does not become payable during the Plan Year in accordance with the preceding sentence, then the Plan is treated as if it does not provide for that benefit.

(c) During any period in which none of the presumptions under Section 436(h) of the Code (or Treas. Reg. § 1.436-1(h)) apply to the Plan and the Plan's enrolled actuary has not yet issued a certification of the Plan's adjusted funding target attainment percentage for the Plan Year, the limitations under this Section shall be based on the inclusive presumed adjusted funding target attainment percentage for the Plan, calculated in accordance with the rules of Treas. Reg. § 1.436-1(g)(2)(iii).

(d) For purposes of this Section 4.21, the terms "unpredictable contingent event" and "unpredictable contingent event benefit" shall have the meanings given under Section 436 of the Code, the regulations thereunder, and any applicable Internal Revenue Service guidance.

(e) In the event that the provisions of this Section 4.21 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section or any applicable part thereof shall be ineffective without the necessity of further amendments to the Plan.

ARTICLE 5 - ADMINISTRATION OF PLAN

5.01 Plan Administrator

The responsibility for carrying out all phases of the administration of the Plan, except those connected with management of assets, shall be placed in an Administrative Committee. The Administrative Committee shall be the administrator of the Plan within the meaning of Section 3(16)(A) of ERISA and shall have authority and responsibility for general supervision of the administration of the Plan.

5.02 Appointment of Administrative Committee

The general administration of the Plan and the responsibility for carrying out the provisions of the Plan shall be placed with the Administrative Committee.

5.03 Duties and Powers of Administrative Committee

(a) The Administrative Committee shall have total and complete discretion to interpret the Plan; including, but not limited to, the discretion to: (i) decide all questions arising in the administration, interpretation and application of the Plan including the power to construe and interpret the Plan; (ii) decide all questions relating to an individual's eligibility to participate in the Plan and/or eligibility for benefits and the amounts thereof; (iii) decide all facts relevant to the determination of eligibility for benefits or participation; and (iv) determine the amount, form and timing of any distribution to be made hereunder. In making its decisions, the Administrative Committee shall be entitled to, but need not rely upon, information supplied by a Member, Spouse, Registered Domestic Partner, contingent annuitant or beneficiary or representative thereof. The Administrative Committee may correct any defect, supply any omission, or reconcile any inconsistency in such manner and to such extent as it shall deem necessary to carry out the purposes of the Plan. The Administrative Committee's decisions in such matters shall be binding and conclusive as to all parties.

(b) The members of the Administrative Committee shall elect a Chairman from their number and a Secretary who may be, but need not be, one of the members of the Administrative Committee; may appoint from their number such committees with such powers as they shall determine; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel and employ agents and such clerical and accounting services as they may require in carrying out the provisions of the Plan; and may allocate among themselves or delegate to other persons all or such portion of their duties hereunder as they in their sole discretion decide. The Administrative Committee may also delegate to any other person or persons the authority and responsibility of administering the Plan including, but not limited to, telephone access by voice response or representatives, and completing Plan transactions using forms or by other means, in accordance with the provisions of the Plan and any policies which, from time to time, may be established by the Administrative Committee.

(c) Subject to the limitations of the Plan, the Administrative Committee from time to time shall establish rules or regulations for the administration of the Plan and the transaction of its business. The Administrative Committee shall have full discretionary authority, except as to matters which the Board of Directors from time to time may reserve to itself, to interpret the Plan and to make factual determinations regarding any and all matters arising hereunder, including but not limited to, the right to determine eligibility for benefits, the right to construe the terms of the Plan and the right to remedy possible ambiguities, inequities, inconsistencies or omissions. The Administrative Committee shall also have the right to exercise powers otherwise exercisable by the Board of Directors hereunder to the extent that the exercise of such powers does not involve the management of Plan assets.

(d) Subject to applicable Federal and State Law, all interpretations, determinations and decisions of the Administrative Committee or the Board of Directors in respect of any matter hereunder shall be final, conclusive and binding on all parties affected thereby.

5.04 Appointment of Investment Committee

The responsibility for the management of the assets of the Plan shall be placed in the Investment Committee.

5.05 Duties of Investment Committee

The Investment Committee shall be responsible for managing the assets under the Plan. If it deems such action to be advisable, the Investment Committee, subject to the provisions of the trust instrument(s) adopted for use in implementing the Plan pursuant to Section 7.01 hereof, may:

(a) provide direction to the Trustee(s) thereunder, including, but not by way of limitation, the direction of investment of all or part of the Plan assets and the establishment of investment criteria, and

(b) appoint and provide for use of investment advisors and investment managers.

In discharging its responsibility, the Investment Committee shall evaluate and monitor the investment performance of the Trustee(s), investment advisor(s) and investment manager(s), if any.

The members of the Investment Committee shall elect a Chairman from their number and a Secretary who may be, but need not be, one of the members of the Investment Committee; may appoint from their number such committees with such powers as they shall determine; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel and employ agents and such clerical and accounting services as they may require in carrying out the provisions of the Plan; and may allocate among themselves or delegate to other persons all or such portion of their duties hereunder as they in their sole discretion decide.

5.06 Named Fiduciary

The Administrative Committee and the Investment Committee (hereinafter collectively referred to as the (“Committees”)) are designated as named fiduciaries within the meaning of Section 402(a) of ERISA.

5.07 Meetings

The Committees shall hold meetings upon such notice, at such place or places, and at such time or times as each may respectively determine. The action of the members of a Committee expressed from time to time by a vote of a majority of a quorum at a meeting or without a meeting by unanimous written consent, shall constitute the action of that Committee and shall have the same effect for all purposes as if assented to by all members of such Committee at the time in office. No member of either Committee shall receive any compensation for his service as such.

5.08 Claims Procedure

If any Member or distributee believes he is entitled to benefits in an amount greater than those which he is receiving or has received, he (or his duly authorized representative) may file a claim with the Administrative Committee. Such a claim shall be in writing and state the nature of the claim, the facts supporting the claim, the amount claimed and the address of the claimant. The Administrative Committee shall review the claim and, unless special circumstances require an extension of time, within 90 days after receipt of the claim give written or electronic notice to the claimant of its decision with respect to the claim. If special circumstances require an extension of time, the claimant shall be so advised in writing or by electronic means within the initial 90-day period and in no event shall such an extension exceed 90 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrative Committee expects to render a decision. The notice of the decision of the Administrative Committee with respect to the claim shall be written in a manner calculated to be understood by the claimant and, if the claim is wholly or partially denied, shall set forth the specific reasons for the denial, specific references to the pertinent Plan provisions on which the denial is based, a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and an explanation of the claim review procedure under the Plan and the time limits applicable to such procedure (including a statement of the claimant’s right to bring a civil action under section 502(a) of ERISA following the final denial of a claim).

The claimant (or his or her duly authorized representative) may request a review of the denial by filing with the Administrative Committee a written request for such review within 60 days after notice of the denial has been received by the claimant. Within the same 60-day period, the claimant may submit to the Administrative Committee written comments, documents, records and other information relating to the claim. Upon request and free of charge, the claimant also may have reasonable access to, and copies of, documents, records and other information relevant to the claim. If a request for review is so filed, review of the denial shall be made by the Administrative Committee and the claimant shall be given written or electronic notice of the Administrative Committee’s final decision within, unless special circumstances require an extension of time, 60 days after receipt of such request. If special circumstances require an extension of time, the claimant shall be so advised in writing or by electronic means within the initial 60-day period and in no event shall such an extension exceed 60 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrative Committee expects to render a decision. If the appeal of the claim is wholly or partially denied, the notice of the Administrative Committee’s final decision shall include specific reasons for the denial, specific references to the pertinent Plan provisions on which the denial is based and a statement that the claimant is entitled, upon request and free of charge, to reasonable access to, and copies of, all

relevant documents, records and information. The notice shall be written in a manner calculated to be understood by the claimant and shall notify the claimant of (i) his or her right to bring a civil action under Section 502(a) of ERISA and (ii) the limitations for actions under the Plan as set forth in Section 8.10.

In making determinations regarding claims for benefits, the Administrative Committee shall consider all of the relevant facts and circumstances, including, without limitation, governing plan documents, consistent application of Plan provisions with respect to similarly situated claimants and any comments, documents, records and other information with respect to the claim submitted by the claimant (the "Claimant's Submissions"). The Claimant's Submissions shall be considered by the Administrative Committee without regard to whether the Claimant's Submissions were submitted or considered by the Administrative Committee in the initial benefit determination. In no event shall a Member or distributee be entitled to challenge a decision of the Administrative Committee in court or in any administrative proceeding unless and until the claims procedures set forth in this Section 5.08 have been complied with and exhausted.

5.09 Compensation and Bonding

The members of the committees shall serve without compensation for his or her services as such. Except as may otherwise be required by law, no bond or other security need be required of any member in that capacity in any jurisdiction.

5.10 Electronic Media

Notwithstanding any provision of the Plan to the contrary, the use of electronic technologies shall be deemed to satisfy any written notice, consent, delivery, signature or disclosure requirement under the Plan, the Code, or ERISA to the extent permitted by the Administrative Committee and permissible under and consistent with applicable law and regulations.

ARTICLE 6 - CONTRIBUTIONS

6.01

It is the intention of the Company to continue the Plan and make regular contributions to the Trustee each year in such amounts as are necessary to maintain the Plan on a sound actuarial basis and to meet minimum funding standards as prescribed by any applicable law. However, subject to the provisions of Article 8, the Company may reduce or suspend its contributions for any reason at any time. Any forfeitures shall be used to reduce the Company contributions otherwise payable, and will not be applied to increase the benefits any Member or other person would otherwise receive under the Plan.

6.02

(a) The Company's contributions to the Plan are conditioned upon their deductibility under Section 404 of the Code. In the event that all or part of the Company's deductions under Section 404 of the Code for contributions to the Plan are disallowed by the Internal Revenue Service, the portion of the contributions to which such disallowance applies shall be returned to the Company without interest but reduced by any investment loss attributable to those contributions. Such return shall be made within one year after the disallowance of deduction.

(b) Notwithstanding any other provisions of this Plan to the contrary, the Company may recover without interest the amount of its contributions to the Plan made on account of a mistake in fact, provided that such recovery is made within one year after the date of such contribution.

ARTICLE 7 - MANAGEMENT OF FUNDS

7.01

All the funds of the Plan shall be held by a Trustee or Trustees including any member(s) of the Investment Committee appointed from time to time by the Investment Committee, in one or more trusts (such trusts, including the trusts heretofore established under a Prior Salaried Plan or a Former Pension Plan, being herein collectively referred to as the "trust") under a trust instrument or instruments approved or authorized by the Investment Committee for use in providing the benefits of the Plan and paying any expenses of the Plan not paid directly by the Company; provided, however, that the Investment Committee may, in its discretion, also enter into any type of contract with any insurance company or companies selected by it for providing benefits under the Plan.

7.02

Prior to the satisfaction of all liabilities with respect to persons entitled to benefits, except for the payment of expenses, no part of the corpus or income of the funds shall be used for, or diverted to, purposes other than for the exclusive benefit of Members and other persons who are or may become entitled to benefits hereunder, under a Prior Salaried Plan or under a Former Pension Plan, or under any trust instrument or under any insurance contract made pursuant to this Plan.

7.03

Subject to applicable Federal and State law, no person shall have any interest in or right to any part of the corpus or income of the funds, except as and to the extent expressly provided in the Plan and in any trust instrument or under any insurance contract made pursuant to this Plan.

7.04

Subject to applicable Federal and State law, the Company shall have no liability for the payment of benefits under the Plan nor for the administration of the funds paid over to the Trustee(s) or insurer(s) except as expressly provided under this Plan.

7.05

Except to the extent permitted by applicable Federal law, no part of the corpus or income of the trust shall be invested in securities of the Company or of any Associated Company or in real property and related personal property which is leased to the Company or any Associated Company or in the securities of the Trust or Trustees or their subsidiary companies, if any.

ARTICLE 8 - CERTAIN RIGHTS AND LIMITATIONS

8.01 Termination of the Plan

(a) The Board of Directors or its delegate may terminate the Plan for any reason at any time. In case of termination of the Plan, the rights of Members to the benefits accrued under the Plan to the date of the termination, to the extent then funded or protected by law, if greater, shall be nonforfeitable. The funds of the Plan shall be used for the exclusive benefit of persons entitled to benefits under the Plan as of the date of termination, except as provided in Section 6.02 and 7.06. However, any funds not required to satisfy all liabilities of the Plan for benefits because of erroneous actuarial computation shall be returned to the Company. If any assets of the Plan attributable to employee contributions under a Former Pension Plan remain after satisfaction of all liabilities of the Plan for benefits upon termination, such remaining assets shall be distributed to or on behalf of eligible Members and beneficiaries in accordance with the

provisions of Section 4044 of the ERISA, including any regulations promulgated thereunder, prior to the return of any funds to the Company under the preceding sentence. The Administrative Committee shall determine on the basis of an actuarial valuation the share of the funds of the Plan allocable to each person entitled to benefits under the Plan in accordance with Section 4044 of ERISA or corresponding provision of any applicable law in effect at the time. In the event of a partial termination of the Plan, the provisions of this Section shall be applicable to the Members affected by that partial termination.

If the Plan is terminated prior to the End Date (as defined in Section 4.16(b)) and the continued maintenance of the 401(h) Account under the trust for the Plan on and after the date of such Plan termination is not permissible, then the Company shall cause an amount equal to the assets in the 401(h) Account as of the date of such termination, which amount shall be adjusted periodically for investment earnings and losses, to be utilized solely in the manner set forth in item (1) of Section 4.16(b) and in such circumstance the End Date for purposes of Section 4.16(b) shall be the date that the annual benefit payments and administrative expenses under the Exelis Medical Plan during the Plan Year exceed such assets at the end of such Plan Year (in each case as determined by an actuary engaged by the Company or its parent).

For purposes of this Section 8.01, an "Acceleration Event" shall be deemed to have occurred as of the first day that any one or more of the following conditions have been satisfied:

(i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934 (the "Act") disclosing that any person (within the meaning of Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof), other than the Company or a Subsidiary or any employee benefit plan sponsored by the Company or a Subsidiary (or related trust), is the Beneficial Owner directly or indirectly of 20 percent or more of the outstanding Common Stock \$1 par value, of the Company (the "Shares");

(ii) any person (within the meaning of Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof), other than the Company or a Subsidiary, or any employee benefit plan sponsored by the Company or a Subsidiary, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Shares of the Company (or securities convertible into Shares) for cash, securities or any other consideration, provided that after consummation of the offer, the person (within the meaning of Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof) in question is the Beneficial Owner, directly or indirectly, of 20 percent or more of the outstanding Shares of the Company (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Shares);

(iii) the consummation of any consolidation, business combination or merger involving the Company, other than a consolidation, business combination or merger involving the Company in which holders of Shares immediately prior to the consolidation, business combination or merger (x) hold 50 percent or more of the combined voting power of the Company (or the Company resulting from the consolidation, business combination or merger or the parent of such Company) after the merger and (y) have the same proportionate ownership of common stock of the Company (or the Company resulting from the consolidation, business combination or merger or the parent of such Company), relative to other holders of Shares immediately prior to the consolidation, business combination or merger, immediately after the consolidation, business combination or merger as immediately before; or any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company;

(iv) there shall have been a change in a majority of the members of the Board of Directors of the Company within a 12-month period unless the election or nomination for election by the Company's stockholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who were directors at the beginning of such 12-month period; or

(v) any person (within the meaning of Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof) (other than the Company or any Subsidiary or any employee benefit plan (or related trust) sponsored by the Company or a Subsidiary (or related trust) becomes the Beneficial Owner of 20 percent or more of the Shares.

For purposes of this Section 8.01, the term "Company" shall mean Exelis Inc., an Indiana corporation, the term "Subsidiary" shall mean any corporation, partnership, joint venture, limited liability company, or other entity (other than the Company) in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain owns at least 50 percent of the total combined voting power in one of the other entities in such chain and the term "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Act.

"Excess funds" for purposes of this Section 8.01 shall mean all assets of the Plan not required to satisfy all liabilities of the Plan for pension benefits accrued under the Plan to the date of termination because of erroneous actuarial computation.

(b) *Plan Merger or Consolidation*

The Board of Directors or its delegate may, in its sole discretion, merge this Plan with another qualified plan or transfer a portion of the Plan's assets or liabilities to another qualified plan, subject to any applicable legal requirement. The Plan may not be merged or consolidated with, nor may its assets or liabilities be transferred to, any other plan unless each Member or other person entitled to a benefit under the Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer, if the Plan had then terminated; provided that, subject to the provisions of Article 10 on or after the date of the first occurrence of an Acceleration Event, (i) no transfer of assets or liabilities, except as specifically permitted under Section 8.01(a), between the Plan and any Employee Benefit Plan, as hereinafter defined, (ii) no spin-off of Plan assets or Plan liabilities to any Employee Benefit Plan, (iii) no withdrawal of Plan assets, in the event such withdrawal is permitted under applicable law or (iv) no merger or consolidation of the Plan with any Employee Benefit Plan shall be permitted; provided further, however, that, subject to the terms set forth in 4.16(b)), this Section 8.01(b) shall not prohibit transfers of assets or liabilities, spinoffs, withdrawals, mergers or consolidations of Plan assets, other than the 401(h) Account assets, in order to facilitate the complete or partial termination of the Plan whereby the 401(h) Account continues to be maintained by the Plan or by another pension plan (collectively, the "Pension Transfer Restrictions").

For purposes of this Section 8.01(b), Employee Benefit Plan has the same meaning as the term "employee benefit plan" has under Section 3(3) of ERISA.

8.02 Limitation Concerning Highly compensated Employees or Highly compensated Former Employees

(a) The provisions of this Section shall apply (i) in the event the Plan is terminated, to any Member who is a highly compensated employee or highly compensated former employee (as those terms are defined in Section 414(q) of the Code) of the Company or an Associated Company and (ii) in any other event, to any Member or former Member who is one of the 25 highly compensated employees or highly compensated former employees of the Company or Associated Company with the greatest compensation in any Plan Year. The amount of the annual payments to any one of the Members or former Members to whom this Section applies shall not be greater than an amount equal to the payments that would be made on behalf of the Member or former Member under a single life annuity that is of Equivalent Actuarial Value to the sum of the Member's or former Member's Accrued Benefit and any other benefits payable to the Member and former Member under the Plan.

(b) If, (i) after payment of an Accrued Benefit or other benefits to any one of the Members or former Members to whom this Section applies, the value of Plan assets equals or exceeds 110 per cent of the value of current liabilities (as that term is defined in Section 412(1)(7) of the Code) of the Plan or (ii) the value of the Accrued Benefit and other benefits of any one of the Members or former Members to whom this Section applies is less than one percent of the value of current liabilities of the Plan or (iii) the value of the Accrued Benefit and other benefits of any one of the Members or former Members to whom this Section applies does not exceed the amount described in Section 411(a)(11)(A) of the Code, the provisions of paragraph (a) above will not be applicable to the payment of benefits to the Member or former Member.

(c) Notwithstanding paragraph (a) of this Section, in the event the Plan is terminated, the restriction of this Section shall not be applicable if the benefits payable to any highly compensated employee and any highly compensated former employee is limited to a benefit that is nondiscriminatory under Section 401(a)(4) of the Code.

(d) If it should subsequently be determined by statute, court decision acquiesced in by the Commissioner of Internal Revenue, or ruling by the Commissioner of Internal Revenue, that the provisions of this Section are no longer necessary to qualify the Plan under the Code, this Section shall be ineffective without the necessity of further amendment to the Plan.

8.03 Conditions of Employment Not Affected by Plan

The establishment of the Plan shall not be construed as conferring any legal rights upon any Employee or other person for a continuation of employment, nor shall it interfere with the rights of the Company (which right is hereby reserved) to discharge any Employee or other person and to treat him without regard to the effect which such treatment might have upon him as a Member or a potential Member of the Plan.

8.04 Offsets

Unless the Board of Directors or the Administrative Committee otherwise provides under written rules uniformly applicable to all Employees similarly situated, the Administrative Committee shall deduct from the amount of any retirement allowance or vested benefit under the Plan, any amount paid or payable to or on account of any Member under the provisions of any present or future law, pension or benefit scheme of any sovereign government, or any political subdivision thereof or any fund or organization or government agency or department on account of which contributions have been made or premiums or taxes paid by the Company, any Participating Unit, or any Associated Company with respect to any service which is Benefit Service for purposes of computation of benefits under the Plan; provided,

however, that pensions payable for government service or benefits under Title II of the Social Security Act are not to be used to reduce the benefits otherwise provided under this Plan except as specifically provided herein.

8.05 Denial of Benefits

The Administrative Committee may prescribe rules on a basis uniformly applicable to all Employees similarly situated under which an Employee whose employment is terminated because of dishonesty, conviction of a felony or other conduct prejudicial to the Company may be denied any benefit or benefits for which he would otherwise be eligible under the Plan, except his retirement allowance pursuant to Section 4.01 or his vested benefit pursuant to Section 4.05; provided, however, that such denial is not contrary to applicable law.

8.06 Limitation on Benefits In the Event of a Liquidity Shortfall

Notwithstanding any provisions of the Plan to the contrary, in the event the Plan has a liquidity shortfall within the meaning of Section 401(a)(32) of the Code, the Trustee shall, as directed by the Company, cease payment during the period of such liquidity shortfall of (a) any payment in excess of the monthly amount payable under a single life annuity (plus any social security supplements described in Section 411(a)(9) of the Code) to any Member or beneficiary whose Annuity Starting Date occurs during such period, (b) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, or (c) any other payment specified in regulations promulgated under Section 401(a)(32) of the Code.”

8.07 Notice of Address and Missing Persons

Each person entitled to benefits under the Plan must file with the Administrative Committee, in writing, that person’s post office address and each change of post office address. Any communication, statement, or notice addressed to such person at the latest reported post office address will be binding upon such person for all purposes of the Plan.

In the event the Administrative Committee is unable to locate any person to whom a payment is due under the Plan, such person shall be considered missing for purposes of the Plan and the Administrative Committee shall perform, or cause to be performed, a reasonable search for such person. The Administrative Committee shall adopt a policy (the “Missing Participant Policy”) that describes the actions that may be reasonably undertaken to locate, and pay vested benefits under the Plan to, participants or other persons that cannot be located by the Administrative Committee. The Missing Participant Policy may be amended from time to time in the absolute discretion of the Administrative Committee.

If, after a reasonable search, the Administrative Committee is unable to locate a person to whom payment is due under the Plan, the amount due such person shall be forfeited at such time as the Administrative Committee shall determine in its sole discretion and pursuant to nondiscriminatory rules established for that purpose (but in all events prior to the time such payment would otherwise escheat under any applicable State law). If, however, such person later files a claim for such payment before the Plan is terminated, the benefit will be reinstated and payment made in accordance with the terms of the Plan.”

8.08 Beneficiary’s Ability to Disclaim Interest in Plan

Notwithstanding any provision of this Plan to the contrary, a Beneficiary may waive his designation by filing a disclaimer complying with the requirements of Section 2518 of the Code with the Administrative Committee in accordance with rules prescribed by the Administrative Committee. The

Beneficiary filing such a disclaimer that is accepted by the Administrative Committee shall, for purposes of the Plan, be treated as if he predeceased or failed to survive the Member.

8.09 Construction; Venue

(a) The masculine pronoun shall mean the feminine where, appropriate, and vice versa.

(b) The titles and headings of the Articles and Sections in the Plan are for convenience only. In case of ambiguity or inconsistency, the text rather than the titles or headings shall control.

(c) The Plan shall be construed, regulated and administered in accordance with the laws of the State of Florida (without regard to principles of conflicts of law), subject to the provisions of applicable Federal laws. Venue for any action arising under the Plan shall be in Brevard County, Florida.

8.10 Limitations of Time for Submitting Claims and Filing Suits

Except for actions to which the statute of limitations prescribed by Section 413 of ERISA applies, (a) no legal or equitable action relating to a claim under Section 502 of ERISA may be commenced later than one year after the claimant receives a final decision from the Administrative Committee in response to the claimant's request for review of an adverse benefit determination and (b) no other legal or equitable action involving the Plan may be commenced later than two years after the date the person bringing the action knew, or had reason to know, of the circumstances giving rise to the action (or, if later, July 1, 2019). This provision shall not bar the plan or its fiduciaries from recovering overpayments of benefits or other amounts incorrectly paid to any person under the Plan at any time or bringing any legal or equitable action against any party.

8.11 Legal Fees

Any award of legal fees in connection with an action involving the Plan shall be calculated pursuant to a method that results in the lowest amount of fees being paid, which amount shall be no more than the amount that is reasonable. In no event shall legal fees be awarded for work related to: (a) administrative proceedings under the Plan; (b) unsuccessful claims brought by a Participant or any other person; or (c) actions that are not brought under ERISA. In calculating any award of legal fees, there shall be no enhancement for the risk of contingency, nonpayment or any other risk, nor shall there be applied a contingency multiplier or any other multiplier. In any action brought by a Member or any other person against the Plan, the Administrative Committee, the Investment Committee, any Plan fiduciary, any Participating Unit, the Company, any Associated Company or their respective affiliates or their or their affiliates' respective officers, directors, trustees, employees, or agents (collectively, "Plan Parties"), legal fees of the Plan Parties in connection with such action shall be paid by the Member or other person bringing the action, unless the court specifically finds that there was a reasonable basis for the action.

ARTICLE 9 - NONALIENATION OF BENEFITS

(a) Subject to any applicable Federal and State law, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge except any election to make a contribution necessary to provide post-retirement medical benefits under any medical or similar plan maintained by the Company and, any attempt so to do shall be void, except as specifically provided in the Plan, nor shall any such benefit be in any manner liable for or subject to garnishment, attachment, execution or levy or liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled to such benefit.

(b) Subject to applicable Federal and State law, in the event that the Administrative Committee shall find that any Member or other person who is or may become entitled to benefits hereunder has become bankrupt or that any attempt has been made to anticipate, alienate, sell, transfer,

assign, pledge, encumber or charge any of his benefits under the Plan, except as specifically provided in the Plan, or if any garnishment, attachment, execution, levy or court order for payment of money has been issued against any of his benefits under the Plan, then such benefit shall cease and terminate. In such event the Administrative Committee shall hold or apply the payments to or for the benefit of such Member or other person who is or may become entitled to benefits hereunder, his Spouse, children, parents or other blood relatives, or any of them.

(c) Notwithstanding the foregoing provisions of the Plan, payment shall be made in accordance with the provisions of any judgment, decree, or, domestic relations order which:

(i) creates for, or assigns to, a Spouse, former Spouse, child or other dependent of a Member the right to receive all or a portion of the Member's benefits under the Plan for the purpose of providing child support, alimony payments or marital property rights to that Spouse, child or dependent,

(ii) is made pursuant to the domestic relations law of any State (as such term is defined in Section 3(10) of ERISA),

(iii) does not require the Plan to provide any type of benefit, or any option, not otherwise provided under the Plan, and

(iv) otherwise meets the requirements of Section 206(d) of ERISA (as amended) to be a "qualified domestic relations order" as determined by the Administrative Committee.

If the lump sum present value of any series of payments made under the criteria set forth in paragraphs (i) through (iv) above with respect to a vested benefit amounts to \$ 5,000 or less, then a single lump sum payment of Equivalent Actuarial Value (determined in the manner described in Section 4.11) shall be made in lieu of the series of payments.

(d) The Administrative Committee shall resolve any questions arising under this Article 9 on a basis uniformly applicable to all persons similarly situated.

(e) A Member's benefit under this Plan shall be offset by the amount the Member is required to pay to the Plan under the circumstances set forth in Section 401(a)(13)(c) of the Code.

ARTICLE 10 - AMENDMENTS

10.01

Subject to Section 10.02, the Board of Directors or its delegate reserves the right at any time and from time to time and retroactively if deemed necessary or appropriate to conform with governmental regulations or other policies, to modify or amend in whole or in part any or all of the provisions of the Plan or any Former Pension Plan or Prior Salaried Plan; provided that no such modification or amendment shall make it possible for any part of the funds of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of Members, Spouses, or contingent annuitants or other persons who are or may become entitled to benefits hereunder prior to the satisfaction of all liabilities with respect to them; and that no modification or amendment shall be made which has the effect of decreasing the Accrued Benefit of any Member or of reducing the nonforfeitable percentage of the Accrued Benefit of a Member attributable to Company contributions below that nonforfeitable percentage thereof computed under the Plan or any Former Pension Plan or Prior Salaried Plan as in effect on the later of the date on which the amendment is adopted or becomes effective. For purposes of this Section 10.01, a Plan amendment that has the effect of (a) eliminating or reducing an early retirement benefit or retirement-type subsidy, or (b) eliminating an optional form, with respect to benefits attributable to service before the amendment shall be treated as reducing a Member's Accrued Benefit. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a Member

who satisfies (either before or after the amendment) the pre-amendment conditions for the subsidy. Notwithstanding the preceding, the Member's Accrued Benefit, early retirement benefit, retirement-type subsidy, or optional form of benefit may be reduced to the extent permitted under Section 412(c)(8) of the Code (as it read before the first day of the 2008 Plan Year) or Section 412(d)(2) of the Code (as it reads for Plan Years beginning on and after January 1, 2008), or to the extent permitted under the Sections 1.411(d)-3 and 1.411(d)-4 of the U.S. Treasury Department regulations.

10.02

Notwithstanding the above, on or after the date an Acceleration Event (as defined in Section 8.01) first occurs, Section 8.01(b) and this Section 10.02, as they pertain to amendments to the Pension Transfer Restrictions occurring on or after the Acceleration Event occurs, may not be further amended by the Board of Directors without written consent of not less than three-quarters (3/4) of the Members and other persons entitled to benefits under the Plan.

10.03

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized agent this 31st day of August, 2020.

L3HARRIS TECHNOLOGIES, INC.

By: _____

Allison Oncel

Title: Senior Director, Global Benefits

[SIGNATURE PAGE – L3HARRIS SALARIED PENSION PLAN]

APPENDIX A

Tables begin on the next page.

Appendix A - 1

APPENDIX B

The provisions set forth below, in addition to the Plan text, shall determine the benefit payable to or on behalf of Members covered under this Appendix. Notwithstanding any foregoing Plan provision to the contrary, a Member covered under this Appendix shall not be deemed to incur a Severance Date for purposes of commencement of benefits until he ceases to accrue Eligibility Service pursuant to the provisions of this Appendix B.

1. Alcatel Employment – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any person (a) who was employed by the Company on December 31, 1986, (b) who was then a Member of or was then in the process of satisfying the eligibility requirements for membership in this Plan, (c) who, immediately after said date, became employed by a company within the controlled group of Alcatel N.V. (“Alcatel”) as a result of the joint venture with Compagnie Générale d’Electricité (“CGE”), and (d) who then became covered by the retirement plan for salaried employees established pursuant to the joint venture by Alcatel for such persons, any employment with Alcatel rendered on or after January 1, 1987, shall not be recognized as Benefit Service under this Plan, but shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Remuneration paid to such person by Alcatel during any such period of Eligibility Service shall be recognized as Compensation in accordance with Section 1.12; provided, however, that for purposes of determining Final Average Compensation in accordance with Section 1.18, total Compensation recognized in any Plan Year after 1986 will not exceed 105% of such person’s total Compensation recognized in the immediately preceding Plan Year. These provisions shall apply until the earlier of the date such person retires or terminates his Alcatel employment; the date such person’s Alcatel employer is no longer within the controlled group of Alcatel N.V.; or the date, as determined by the Board of Directors or the Administrative Committee, the aforementioned Alcatel retirement plan no longer operates in conjunction with this Plan.
2. Rayonier Employment – Subject to any limitations set forth in writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any person (a) who was a Member of this Plan or who was in the process of satisfying the eligibility requirements for membership in this Plan on February 28, 1994, and (b) who, as a result of the spinoff of ITT Rayonier Corporation, became a Member of the Retirement Plan for Salaried Employees of Rayonier Inc. (the “Rayonier Plan”) on March 1, 1994, or, if later, the date he first completed the eligibility requirements thereof, any employment with Rayonier Inc. rendered by such person on or after March 1, 1994, shall not be recognized as Benefit Service under this Plan, but shall be recognized as Eligibility Service under this Plan to the extent such employment is recognized for purposes of determining eligibility for benefits under the terms of the Rayonier Plan. Remuneration paid to such person by Rayonier, Inc. during any period of Eligibility Service shall be recognized as Compensation in accordance with Section 1.12 of this Plan; provided, however, that, for purposes of determining Final Average Compensation in accordance with Section 1.18 of this Plan, total Compensation recognized in any Plan Year after 1993 will not exceed 105% of such person’s total Compensation recognized in the immediately preceding Plan Year. The provisions of this Section 2 with respect to Rayonier employment shall apply until the earlier of (i) the date such person retires or terminates his Rayonier, Inc. employment and (ii) (A) in the case of the recognition of Eligibility Service under this section 2, December 31, 2017 and (B) in the case of the recognition of Compensation under this section 2, December 31, 2016 (i.e., the date that,

except as provided in Appendix G, compensation for all Plan purposes was frozen and all benefit accruals under the Plan (including under all appendices to the Plan except Appendix G) ceased (to the extent that such accrual had not earlier ceased under Plan provisions)).

In the event a Member who meets the requirement described in clauses (a) and (b) above incurs a Severance Date on or after February 28, 1994, such Member shall be deemed reemployed in accordance with Section 4.12 of this Plan if he is reemployed as a common law employee by the Company, an Associated Company, or the Rayonier Inc.

3. PowerSystems Employment – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any Member who was employed by ITT PowerSystems Corporation on March 29, 1994, and who became employed by International PowerSystems Corporation (“IPS”) on March 30, 1994, any employment with IPS after March 29, 1994, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after March 30, 1994, and prior to March 30, 1999, or, if earlier, up to and including the date such employment with IPS is terminated shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member’s Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of March 29, 1994.
4. Employment Rendered by ITTA-ESI Employees formerly Employed by GM/MABU – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, the following shall apply to any person who, on April 1, 1994, became an Employee of ITT Automotive Electrical Systems, Inc. (“ITTA-ESI”) as a result of the acquisition by ITTA-ESI on such date of certain assets of the Motors and Actuators Business Unit (“MABU”) of General Motors Corporation’s Delco Chassis Division (“GM/MABU Acquisition”).

Membership and Eligibility Service – With respect to any person who, on April 1, 1994, became an Employee of ITTA-ESI as a result of the GM/MABU Acquisition, membership under this Plan shall commence effective as of April 1, 1994, and employment rendered prior to such date with General Motors Corporation (“GM”) shall be recognized as Eligibility Service under this Plan to the same degree such employment was recognized on March 31, 1994, as Credited Service for eligibility purposes under the General Motors Salaried Retirement Program (“GM Plan”) and as the period of such Credited Service is determined by GM in accordance with the terms of the GM Plan.

ITT Plan Past Service Benefit – With respect only to any person (i) who, on April 1, 1994, became an Employee of ITTA-ESI as a result of the GM/MABU Acquisition and a Member of this Plan and (ii) who, on March 31, 1994, did not have a vested entitlement to benefits under the GM Plan because he then had less than five years of Credited Service under the GM Plan, such Member shall be entitled to an ITT Plan Past Service Benefit equal to the amount of the benefit which would be payable at age 65 as a Part A Basic Benefit under the GM Plan, based on the period of such Member’s Credited Service attributable to his GM employment rendered prior to April 1, 1994, (as such Credited Service is determined by GM in accordance with the terms of the GM Plan) and based on the Part A Basic Benefit as determined by GM in accordance with the terms of the GM Plan in effect on his Severance Date under this Plan; provided, however, that such ITT Plan Past Service Benefit shall be payable only if such Member is eligible for a retirement allowance or vested benefit under this Plan when he incurs a Severance Date under this Plan; and provided further that the amount of such ITT Plan Past Service Benefit shall be paid in accordance with the terms and conditions of this Plan, including, but not limited

to, vesting provisions; early, normal, and postponed retirement provisions; automatic and optional survivor benefits provisions; provisions regarding payment commencement date; etc.

5. ITT Small Business Finance Corporation (sometimes also referred to as “CILG”) Divestiture on March 31, 1995, to General Electric Capital Corporation

Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any person (i) who was employed by the Company on March 31, 1995, (ii) who was then a Member of this Plan or who was then in the process of satisfying the eligibility requirements for membership in this Plan, and (iii) who, as a result of the divestiture on March 31, 1995, of the Commercial Installment Lending Group (“CILG”) of the ITT Small Business Finance Corporation (“ITT-SBF”) to General Electric Capital Corporation (“GECC”), became employed by GECC on April 1, 1995, any employment with GECC and any of its affiliates rendered by such person on or after April 1, 1995, shall not be recognized as Benefit Service under this Plan, but shall be recognized as Eligibility Service in accordance with the provisions of this Plan. Remuneration paid to such person by GECC during any period of Eligibility Service shall be recognized as Compensation in accordance with Section 1.12 of this Plan; provided, however, that, in accordance with rules uniformly established by the Administrative Committee for all persons similarly situated, for purposes of determining Final Average Compensation in accordance with Section 1.18 of this Plan, total Compensation recognized (i) in the 1995 Plan Year shall be as determined by the Administrative Committee and (ii) in any Plan Year after 1995 will not exceed 105% of such person’s total Compensation recognized in the immediately preceding Plan Year. These provisions shall apply until the earlier of the date such person retires or terminates his GECC employment or October 31, 2012. It is noted that, in anticipation of the divestiture of CILG, certain Employees who had been employed by ITT Financial Corporation, a Participating Unit under this Plan, were transferred to and employed by ITT-SBF; such action is not to be considered an interruption in any Employee’s coverage under this Plan and the period of employment rendered by any such Employee at ITT-SBF prior to April 1, 1995, shall be recognized as Eligibility Service and as Benefit Service in accordance with the terms of the Plan.

6. ITT Commercial Finance Corporation Divestiture on April 30, 1995, to Deutsche Bank AG

Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture, or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any person (i) who was employed by the Company on April 30, 1995, (ii) who was then a Member of this Plan or who was then in the process of satisfying the eligibility requirements for membership in this Plan, and (iii) who, as a result of the divestiture on April 30, 1995, of ITT Commercial Finance Corporation to Deutsche Bank AG, became employed by Deutsche Bank AG on May 1, 1995, any employment with Deutsche Bank AG and any of its affiliates rendered by such person on or after May 1, 1995, shall not be recognized as Benefit Service under this Plan, but shall be recognized as Eligibility Service in accordance with the provisions of this Plan for so long as such person is eligible to participate in the pension plan available to him as an employee of Deutsche Bank AG. Remuneration paid to such person by Deutsche Bank AG (or any of its affiliates) during any period of Eligibility Service shall be recognized as Compensation in accordance with Section 1.12 of this Plan; provided, however, that, in accordance with rules uniformly established by the Administrative Committee for all persons similarly situated, for purposes of determining Final Average Compensation in accordance with Section 1.18 of this Plan, total Compensation recognized (i) in the 1995 Plan Year shall be as determined by the Administrative Committee and (ii) in any Plan Year after 1995 will not exceed 105% of such person’s total Compensation recognized in the immediately preceding Plan Year. These provisions shall apply until the earlier of the date such person retires or terminates his employment with Deutsche Bank AG or any of its affiliates or October 31, 2012.

7. Island Finance Corporation Divestiture on April 30, 1995, to Norwest Financial Services, Inc.

Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any person (i) who was employed by the Company on April 30, 1995, (ii) who was then a Member of this Plan or who was then in the process of satisfying the eligibility requirements for membership in this Plan, (iii) who, as a result of the divestiture on April 30, 1995, of Island Finance Corporation to Norwest Financial Services, Inc. (“NFSI”), became employed by NFSI on May 1, 1995, and (iv) who then became covered by the retirement plan for salaried employees (“NFSI Pension Plan”) established pursuant to the Stock and Asset Purchase Agreement between ITT Financial Corporation and NFSI, any employment with NFSI rendered by such person on or after May 1, 1995, shall not be recognized as Benefit Service under this Plan, but shall be recognized as Eligibility Service to the same extent such employment (including, in the event such person’s NFSI employment ceases after May 1, 1995, any subsequent period of re-employment by NFSI) is recognized under the NFSI Pension Plan for purposes of determining eligibility for benefits. Remuneration paid to such person by NFSI during any period of Eligibility Service shall be recognized as Compensation in accordance with Section 1.12 of this Plan; provided, however, that, in accordance with rules uniformly established by the Administrative Committee for all persons similarly situated, for purposes of determining Final Average Compensation in accordance with Section 1.18 of this Plan, total Compensation recognized (i) in the 1995 Plan Year shall be as determined by the Administrative Committee and (ii) in any Plan Year after 1995 will not exceed 105% of such person’s total Compensation recognized in the immediately preceding Plan Year. These provisions shall apply until the earlier of the date such person retires or terminates his NFSI employment; the date such person’s NFSI employer is no longer within the controlled group of NFSI; or the date, as determined by the Board of Directors or the Administrative Committee, the NFSI Pension Plan no longer operates in conjunction with this Plan.

8. ITT Lyndon Life Insurance – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any Member who was employed by ITT Lyndon Life Insurance on October 20, 1995, and who became employed by Mercury Finance Company (“Mercury”) on October 21, 1995, any employment with Mercury on and after October 21, 1995, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after October 21, 1995, and prior to October 21, 2000, or, if earlier, up to and including the date such employment with Mercury is terminated shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member’s Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of October 20, 1995. Notwithstanding the foregoing, pursuant to the provisions of the purchase and sale agreement applicable to said divestiture, Eligibility Service accruals under this Section 8 ceased as of June 3, 1997.

9. ITT Lyndon Guaranty Bank – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any person who was employed by ITT Lyndon Guaranty Bank and who became employed by LGB Holdings, Inc. (“LGB”) on May 9, 1996, any employment with LGB and any of its affiliates rendered by such person on and after May 9, 1996, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after May 9, 1996, and prior to May 9, 2001, or, if earlier up to and including the date such employment with LGB is

terminated shall be recognized as Eligibility Service under the Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member's Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of May 8, 1996.

10. ITTA Seats – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any Member who was employed by ITTA – Body Systems Hancock excluding Jackson (ITTA Seats) on August 24, 1997, and who became employed by Lear Corporation (“Lear”) on August 25, 1997, any employment with Lear on and after August 25, 1997, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after August 25, 1997, and prior to August 25, 2002, or, if earlier, up to and including the date such employment with Lear is terminated shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member's Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of August 24, 1997.
11. ITTA Precision Die Casting – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any Member who was employed by ITTA-Precision Die Casting on March 13, 1998, and who became employed by Lester Precision Die Casting, Inc. (“Lester”) on March 13, 1998, any employment with Lester after March 13, 1998, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after March 13, 1998, and prior to March 13, 2003, or, if earlier, up to and including the date such employment with Lester is terminated shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member's Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of March 13, 1998. Notwithstanding the foregoing, pursuant to the provisions of the purchase and sale agreement applicable to said divestiture, Eligibility Service accruals under this Section 11 shall cease as of December 31, 2000.
12. ITT Pomona Electronics – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any Member who was employed by ITT Pomona Electronics on September 25, 1998, and who became employed by Danaher Corporation or one of its subsidiaries (“Danaher”) on September 25, 1998, any employment with Danaher after September 25, 1998, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after September 25, 1998, and prior to September 24, 2003, or, if earlier, up to and including the date such employment with Danaher is terminated shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member's Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of September 25, 1998.
13. ITTA-Brakes and Chassis – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any person (i) who was employed by the Company on September 25, 1998, (ii) who was then a Member of this Plan or who was then in the process of satisfying the eligibility requirements for membership in this Plan, and (iii) who, as a result of the divestiture on

September 25, 1998, of ITTA-Brakes and Chassis to Continental AG (“Continental”) became employed by Continental on September 26, 1998, any employment with Continental and any of its affiliates rendered by such person on and after September 26, 1998, shall not be recognized as Benefit Service under this Plan, but shall be recognized as Eligibility Service in accordance with the provisions of Section 2.01 of this Plan. Notwithstanding the foregoing, such Member’s Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of September 25, 1998.

Unless otherwise provided by the Board of Directors or its delegate, these provisions shall apply until the earlier of the date such person retires or terminates his Continental employment.

14. ITTA-Electrical Systems – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any person (i) who was employed by the Company on September 28, 1998, (ii) who was then a Member of this Plan or who was then in the process of satisfying the eligibility requirements for membership in this Plan, and (iii) who, as a result of the divestiture on September 28, 1998, of ITTA-Electrical Systems to Valeo (“Valeo”) became employed by Valeo on September 29, 1998, any employment with Valeo and any of its affiliates rendered by such person on and after September 29, 1998, shall not be recognized as Benefit Service under this Plan, but shall be recognized as Eligibility Service in accordance with the provisions of Section 2.01 of this Plan. Notwithstanding the foregoing, such Member’s Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of September 28, 1998.

Unless otherwise provided by the Board of Directors or its delegate, these provisions shall apply until the earlier of the date such person retires or terminates his Valeo employment.

15. ITT GaAsTEK – Subject to any limitations set forth in the purchase and sale agreement applicable to said divestiture or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any Member who was employed by ITT GaAsTEK on March 6, 2000, and who became employed by M/A-COM, Inc. or one of its affiliates (“M/A-COM”) on March 6, 2000, any employment with M/A-COM after March 6, 2000, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after March 6, 2000, and prior to March 6, 2005, or, if earlier, up to and including the date such employment with M/A-COM is terminated shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member’s Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of March 6, 2000.

16. HiSan, Inc. - With respect to any person (i) who was employed by the Company on December 31, 2002, or such later date, as applicable, but no later than July 29, 2005, (ii) who was then a Member of this Plan or who was then in the process of satisfying the eligibility requirements for membership in the Plan, and (iii) who, as a result of the direct transfer of his employment from the Company to HiSan, Inc. became employed by HiSan, Inc. between January 1, 2003, and July 29, 2005, (a “Transferred HiSan Member”), his or her period of uninterrupted employment with HiSan, Inc. rendered immediately after such direct transfer of his or her employment to HiSan, Inc. as a salaried employee, shall be recognized as Benefit Service under this Plan in accordance with Section 2.02. The provisions of the foregoing sentence shall continue to apply until the earlier of (i) the date such person first retires or terminates his employment with HiSan, Inc., (ii) the date HiSan, Inc. ceases to be an Associated Company, or

(iii) the date otherwise determined by the Board of Directors or the Pension Administration Committee. Any period of employment rendered with HiSan, Inc. shall be recognized as Eligibility Service in accordance with Section 2.01 until the date HiSan, Inc. ceases to be an Associated Company. Remuneration paid to an employee of HiSan, Inc. during any period of employment with HiSan, Inc. recognized as Eligibility Service under Section 2.01 shall be recognized as Compensation in accordance with Section 1.11. Notwithstanding any Plan provision to the contrary with respect to a Transferred HiSan Member, his annual retirement allowance or vested benefit payable under the provisions of this Plan on a lifetime basis as of his Annuity Starting Date, which is attributable to the period of Benefit Service rendered as an employee of HiSan, Inc., shall, prior to any adjustment in accordance with Sections 4.07(a) and 4.08(c), be reduced, but not below zero, by the annual retirement allowance or vested benefit attributable to the period of the Transferred HiSan Member's employment rendered after such direct transfer of his or her employment to HiSan, Inc. which has been recognized as Benefit Service under the provisions of this Appendix B which is payable on a lifetime basis under the provisions of the HiSan, Inc. Salaried Retirement Plan (the "HiSan Plan") as of the Member's Annuity Starting Date or, if later, the earliest possible commencement date permitted under the terms of the HiSan Plan.

17. ITT Switches Business – Subject to any limitations set forth in the purchase and sale agreement dated May 8, 2007, between ITT Corporation and DeltaTech Controls, Inc. or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any Member who was employed by the Company in the United States on July 27, 2007, and who became employed by DeltaTech Controls, Inc. or any affiliate thereof ("DeltaTech") pursuant to the terms of said agreement on July 28, 2007, any employment with DeltaTech after July 27, 2007, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after July 27, 2007, and prior to July 27, 2012, or, if earlier, up to and including the date such employment with DeltaTech is terminated, shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member's Final Average Compensation hereunder shall be based on his Compensation and Eligibility Service determined as of July 27, 2007.
18. ITT Automotive, Inc. – Subject to any limitations set forth in the Stock and Asset Purchase Agreement for ITT Automotive, Inc. ("Automatic") dated December 4, 2005, between ITT Corporation and Cooper-Standard Automotive, Inc. ("CSA") or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect an employee who (i) was either a Member of the Plan on February 6, 2006, or who was in the process of satisfying the eligibility requirements for membership in the Plan on that date (a "Transferred Member"), and (ii) was employed by Automotive on February 6, 2006, and remained employed by CSA on February 7, 2006, the period of employment with CSA rendered by such person on and after February 7, 2006, and prior to the earlier of such Member's termination of employment from CSA or February 6, 2011, shall not be recognized as Benefit Service under this Plan, but shall be recognized as Eligibility Service in accordance with the provisions of Section 2.01 of this Plan. Any such Transferred Member who satisfies the Plan's eligibility requirements for retirement either before or during the period for which such Eligibility Service is being granted, may not commence receipt of such Transferred Member's benefit under the Plan until the earlier of his termination of employment with CSA or February 6, 2011.

19. ITT Corporation – Subject to any limitations set forth in the Benefits and Compensation Matters Agreement dated October 25, 2011, among ITT Corporation, Xylem Inc. and Exelis Inc. (the “BCMA”) or in a separate writing by the Board of Directors or the Administrative Committee on a basis uniformly applicable to all persons similarly situated, with respect to any Member who was employed by the Company on October 30, 2011, and who remained employed by ITT Corporation or any of its subsidiaries or affiliates thereof (“ITT”) on October 31, 2011, any employment with ITT after October 30, 2011, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after October 30, 2011, and prior to October 31, 2016, or, if earlier, up to and including the earlier of (i) the date such employment with ITT is terminated, (ii) the Annuity Starting Date under the Plan with respect to the Member’s TPP Pension Formula Benefit, or (iii) the date of a change of control (as such term is defined in the BCMA) of ITT Corporation, shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member shall be treated for other purposes as if he incurred a termination of employment under the Plan as of October 30, 2011, and such Member’s Final Average Compensation hereunder shall be based on his Compensation determined as of October 30, 2012, and the rate of interest to be credited on such Member’s Basic PEP Lump Sum Value under the provisions of Section 4.01(c)(2) shall be 1.55 (or such other rate as determined by the Board of Directors or its delegate) percent per annum.

For purposes of determining the Social Security Benefit as defined in Article 1, with respect to a Member who was employed by the Company on October 30, 2011, and who remained employed by ITT on October 31, 2011, no wage index adjustment or cost of living adjustment shall be assumed with respect to any period after the later of (i) December 31, 2011, or (ii) the end of the calendar year in which the Member ceases to accrue Benefit Service. For purposes of determining the Member’s Social Security Benefit under Section 4.04(b) or 4.05(b) of the Plan, effective on and after October 31, 2011, the Social Security Benefit for a Post-1999 Member or a Pre-2000 Member covered under this Item 20 of Appendix B who was employed by the Company on October 30, 2011, and remained employed by ITT on October 31, 2011, shall be determined on the assumption that (i) such Member had no earnings after the earlier of (1) his Early Retirement Date or (2) later of (A) the date he ceased to accrue Benefit Service under the Plan or (B) the date he first meets the age and service eligibility requirements for Early Retirement as set forth in Section 4.04(b) or 4.05(a) of the Plan, but not earlier than October 31, 2011, and (ii) the Member’s earnings for the period beginning with the calendar year following the date he ceases to accrue Benefit Service, but not earlier than 2012 and ending with the calendar year in which he first meets the age and service eligibility requirements for Early Retirement as set forth in Section 4.04(a) above, used to calculate his Social Security Benefit is based on his rate of Compensation in effect as of the date he ceases to accrue Benefit Service.

Notwithstanding the provisions of Section 4.11 of the Plan, a Member who was employed by the Company on October 30, 2011, and who remained employed by ITT on October 31, 2011, may, in accordance with the procedures established by the Administrative Committee and the notice and timing provisions of Section 4.07, elect to commence the PEP Formula Benefit portion of his retirement allowance or vested benefit without also commencing the TPP Formula Benefit portion of his retirement allowance or vested benefit, provided that on the Annuity Starting Date relating to the PEP Formula Benefit portion of his retirement allowance or vested benefit he is not an employee of the Company or an Associated Company.

20. Xylem Inc. – Subject to any limitations set forth in the Benefits and Compensation Matters Agreement dated October 25, 2011, among ITT Corporation, Xylem Inc. and Exelis Inc. (the “BCMA”) or in a separate writing by the Board of Directors or the Administrative Committee on

a basis uniformly applicable to all persons similarly situated, with respect to any Member who was employed by the Company on October 30, 2011, and who became employed by Xylem Inc. or any of its subsidiaries or affiliates thereof (“Xylem”) on October 31, 2011, any employment with Xylem after October 30, 2011, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after October 30, 2011, and prior to October 31, 2016, or, if earlier, up to and including the earlier of (i) the date such employment with Xylem is terminated, (ii) the Annuity Starting Date under the Plan with respect to the Member’s TPP Pension Formula Benefit, or (iii) the date of a change of control (as such term is defined in the BCMA) of Xylem Inc., shall be recognized as Eligibility Service under this Plan in accordance with Section 2.01. Notwithstanding the foregoing, such Member’s Final Average Compensation hereunder shall be based on his Compensation determined as of October 30, 2012.

Notwithstanding the foregoing, such Member shall be treated for other purposes as if he incurred a termination of employment under the Plan as of October 30, 2011, and such Member’s Final Average Compensation hereunder shall be based on his Compensation determined as of October 30, 2012, and the rate of interest to be credited on such Member’s Basic PEP Lump Sum Value under the provisions of Section 4.01(c)(2) of the Plan shall be 1.55 (or such other rate as determined by the Board of Directors or its delegate) percent per annum.

For purposes of determining the Social Security Benefit as defined in Article 1, with respect to a Member covered under this Item 20 of Appendix B who was employed by the Company on October 30, 2011, and became employed by Xylem on October 31, 2011, no wage index adjustment or cost of living adjustment shall be assumed with respect to any period after the later of (i) December 31, 2011, or (ii) the end of the calendar year in which the Member ceases to accrue Benefit Service. For purposes of determining the Member’s Social Security Benefit under Section 4.04(b) or 4.05(b) of the Plan, effective on and after October 31, 2011, the Social Security Benefit for a Post-1999 Member or a Pre-2000 Member covered under this Item 20 of Appendix B who was employed by the Company on October 30, 2011, and became employed by Xylem on October 31, 2011, shall be determined on the assumption that (i) such Member had no earnings after the earlier of (1) his Early Retirement Date or (2) later of (A) the date he ceased to accrue Benefit Service under the Plan or (B) the date he first meets the age and service eligibility requirements for Early Retirement as set forth in Section 4.04(b) or 4.05(a) of the Plan, but not earlier than October 31, 2011, and (ii) the Member’s earnings for the period beginning with the calendar year following the date he ceases to accrue Benefit Service, but not earlier than 2012 and ending with the calendar year in which he first meets the age and service eligibility requirements for Early Retirement as set forth in Section 4.04(a) above, used to calculate his Social Security Benefit is based on his rate of Compensation in effect as of the date he ceases to accrue Benefit Service.

Notwithstanding the provisions of Section 4.11 of the Plan, a Member who was employed by the Company on October 30, 2011, and who became employed by Xylem on October 31, 2011, may, in accordance with the procedures established by the Administrative Committee and the notice and timing provisions of Section 4.07, elect to commence the PEP Formula Benefit portion of his retirement allowance or vested benefit without also commencing the TPP Formula Benefit portion of his retirement allowance or vested benefit, provided that on the Annuity Starting Date relating to the PEP Formula Benefit portion of his retirement allowance or vested benefit he is not an employee of the Company or an Associated Company.

21. Vectrus, Inc. – As set forth in the Employee Matters Agreement by and between Exelis Inc. and Vectrus, Inc. dated as of September 25, 2014 (the “EMA”), with respect to any Member who was employed by the Company on September 26, 2014, and who became employed by Vectrus, Inc. or any of its subsidiaries or

affiliates, including but not limited to Vectrus Systems Corporation (collectively, "Vectrus"), on September 27, 2014, any employment with Vectrus after September 26, 2014, shall not be recognized as Benefit Service under this Plan, but any such employment rendered on and after September 26, 2014, and through December 31, 2016, or, if earlier, up to and including the earlier of (i) the last day of the month preceding the date as of which payments from the Plan begin, (ii) the individual's termination of employment with Vectrus and its Affiliates (as this term is defined in the EMA), (iii) the individual's death, (iv) a Change in Control (as this term is defined in the EMA) or (v) December 31, 2016, shall be recognized as Eligibility Service.

The Accrued Benefit of any Member in the Plan who as of the Effective Time (as this term is defined in the EMA) was credited with at least one year of Eligibility Service shall become fully vested and nonforfeitable to the extent his Accrued Benefit is not otherwise fully vested and nonforfeitable."

APPENDIX C
Special Provisions Applicable To
Certain Employees Affected by the
Establishment of Three Separate Companies

This Appendix C is applicable only with respect to (i) a Member who is a "Distribution-In Employee" (as defined in Section 1.43 of this Appendix), (ii) a Member who is (a) "Distribution-Out Employee" (as defined in Section 1.44 of this Appendix), (iii) a Member who is a "Pre-Distribution Transferred-Out Employee" (as that term is defined in Section 1.52 of this Appendix), (iv) a Member who is a "Pre-Distribution Transferred-In Employee" (as that term is defined Section 1.53 of this Appendix), and (v) to certain other persons who were not employed on or after December 19, 1995, as Employees of the Company and who rendered a period of employment prior to December 19, 1995, with the ITT System.

Except as otherwise modified or expanded in this Appendix C, the provisions of this Plan (sometimes referred to in this Appendix as Old ITT Plan), as contained in the text to which this Appendix is attached, shall determine the benefits payable to or on behalf of a Member covered under this Appendix. The Plan Sections referenced below are hereby modified or expanded in accordance with the following special provisions applicable to said Member.

Article 1 – Definitions

1.12 **"Compensation,"** as defined in this Plan, shall be modified as follows for any Member described in this Section 1.12 of this Appendix:

(a) With respect to any Member who is (i) a Distribution-Out Employee or (ii) a Pre-Distribution Transferred-Out Employee, "Compensation" under Section 1.12 shall not include any remuneration paid to such Member on or after December 19, 1995, by New ITT or by ITT Hartford.

(b) With respect to (i) any Member who is a Distribution-In Employee or (ii) any other Member who was not employed by the ITT System on December 18, 1995, but is employed as an Employee by the Company on or after December 19, 1995, any remuneration paid to such Member during a period of Eligibility Service prior to December 19, 1995, shall be recognized as "Compensation" under Section 1.12 to the same extent such remuneration was or would have been recognized under the New ITT Retirement Plan (then named the Sheraton Salaried Plan) and/or under the Hartford Retirement Plan as pension bearing earnings in accordance with the terms of such plans as in effect on December 18, 1995.

The following terms shall be added to Article I-Definitions of the Plan and shall have the following meanings:

1.43 **"Distribution Date Transferred In Salaried Employee"** (referred to in this Appendix as "Distribution-In Employee") shall mean a person who, on December 18, 1995, was a participant in or then in the process of satisfying the eligibility requirements for participation in the New ITT Retirement Plan (then named the Sheraton Salaried Plan) or in the Hartford Retirement Plan and who, on December 19, 1995, is employed by the Company as an Employee or is then absent from work with the Company by reason of layoff, leave of absence, or disability and would otherwise be an Employee.

1.44 **"Distribution Date Transferred Out Salaried Employee"** (referred to in this Appendix as "Distribution-Out Employee") shall mean a person who (a) is employed, on December 18, 1995, by the ITT System or is then absent from work at the ITT System by reason of layoff, leave of absence, or

disability, (b) is a Member of this Plan on December 18, 1995, and (c) becomes employed as of December 19, 1995, by New ITT or by ITT Hartford.

1.45 **“Former Hartford”** shall mean the ITT Hartford Group, Inc., as constituted on December 18, 1995, and those of its subsidiaries, divisions, and affiliated companies, which, prior to December 19, 1995, were designated from time to time as participating divisions and participating corporations (including Hartford Fire Insurance Company) and associated companies under the Hartford Retirement Plan (as those terms are defined in said plan).

1.46 **“Former Sheraton”** shall mean ITT Sheraton Corporation as constituted on December 18, 1995, and those of its subsidiaries, divisions, and affiliated companies, which prior to December 19, 1995, were designated from time to time as participating units and associated companies under the Sheraton Salaried Plan.

1.47 **“Hartford Retirement Plan”** shall mean the Hartford Fire Insurance Company Retirement Plan.

1.48 **“ITT Hartford”** shall mean the ITT Hartford Group, Inc., as constituted on and after December 19, 1995, and those of its subsidiaries, divisions, and affiliated companies designated as participating divisions and participating corporations (including Hartford Fire Insurance Company) and associated companies under the Hartford Retirement Plan (as those terms are defined in said plan).

1.49 **“ITT System”** shall mean ITT Corporation (a Delaware corporation), as constituted on December 18, 1995, and those of its subsidiaries, divisions, and affiliated companies, which prior to December 19, 1995, were designated as Participating Units and Associated Companies under this Plan.

1.50 **“New ITT”** shall mean ITT Corporation (a Nevada corporation), as constituted on and after December 19, 1995, and those of its subsidiaries, divisions, and affiliated companies designated as participating units (including ITT Sheraton Corporation) and associated companies under the New ITT Retirement Plan (as those terms are defined in said plan) but only for the period such subsidiaries, divisions, and affiliated companies are participating units or associated companies under the New ITT Retirement Plan.

1.51 **“New ITT Retirement Plan”** shall, on and after December 19, 1995, mean the ITT Corporation Salaried Retirement Plan, which Plan is a continuation, without interruption or duplication, of the Plan known, prior to December 19, 1995, as the ITT Sheraton Corporation Retirement Plan for Salaried Employees (sometimes referred to in this Appendix as Sheraton Salaried Plan).

1.52 **“Pre-Distribution Transferred-Out Employee”** shall mean a person other than a Distribution-Out Employee who (a) is employed on December 18, 1995, by the ITT System or is then absent from work at the ITT System by reason of layoff, leave of absence, or disability, (b) has an accrued benefit, under this Plan and the Sheraton Salaried Plan, the Hartford Retirement Plan and/or an hourly defined benefit plan maintained by New ITT as of December 18, 1995, and (c) is employed on December 19, 1995, by either New ITT or ITT Hartford.

1.53 **“Pre-Distribution Transferred-In Employee”** shall mean a person employed by the Company on December 19, 1995, other than a Distribution-In Employee who (a) was employed on December 18, 1995, by the ITT System or is then absent from work at the ITT System by reason of layoff, leave of absence, or disability, and (b) has an accrued benefit as of December 18, 1995, under this Plan and the Sheraton Salaried Plan, and/or the Hartford Retirement Plan.

Section 2.01 Eligibility Service - Section 2.01(a) of the Plan is hereby expanded as follows:

(a) Eligibility Service on or after December 19, 1995, for Distribution-Out Employees or Pre-Distribution Transferred-Out Employees

(i) Employment with New ITT - With respect to a Member employed by New ITT on December 19, 1995, who is either a Distribution-Out or a Pre-Distribution Transferred-Out Employee, any period of employment with New ITT rendered by such Member on or after December 19, 1995, shall be recognized as Eligibility Service under this Plan in accordance with the terms of this Plan, including the provisions of Section 2.01(e)-Breaks in Service and 2.01(f)-Bridging Breaks in Service; provided, however, such Employee's Eligibility Service hereunder shall never be less than the period of employment which was recognized or would have been recognized under the terms of the New ITT Retirement Plan, as such plan, then named the Sheraton Salaried Plan, is in effect on December 18, 1995, for purposes of determining eligibility for membership and benefits (including but not limited to, eligibility for vesting, for pre-retirement survivor benefits, and for postponed, normal or early retirement) and such Member shall not incur a Severance Date under this Plan until he ceases to be employed by New ITT. This period of future employment rendered by such Member with New ITT, however, shall not be recognized as Eligibility Service for purposes of Section 1.19 and remuneration paid to such Member by New ITT during such period of future employment shall not be recognized as Compensation under Section 1.12 of this Plan. Notwithstanding the foregoing, Eligibility Service accruals with respect to a Member employed by (1) ITT World Directories Inc. ceased as of February 18, 1998, (2) ITT Educational Services, Inc. ceased as of June 9, 1998, and (3) ITT Corporation as of June 1, 2001.

(ii) Employment with ITT Hartford - With respect to a Member employed by ITT Hartford on December 19, 1995, who is either a Distribution-Out Employee or a Pre-Distribution Transferred-Out Employee, any period of employment with ITT Hartford rendered by such Member on or after December 19, 1995, shall be recognized as Eligibility Service under this Plan in accordance with the terms of this Plan, including the provisions of Section 2.01(e)-Breaks in Service and 2.01(f)-Bridging Breaks in Service; provided, however, such Employee's Eligibility Service hereunder shall never be less than the period of employment which was recognized or would have been recognized under the terms of the Hartford Retirement Plan, as such plan is in effect on December 18, 1995, for purposes of determining eligibility for membership and benefits (including, but not limited to, eligibility for vesting, for pre-retirement survivor benefits, and for postponed, normal or early retirement) and such Member shall not incur a Severance Date under this Plan until he ceases to be employed by ITT Hartford. This period of future employment rendered by such Member with ITT Hartford, however, shall not be recognized as Eligibility Service for purposes of Section 1.19 and remuneration paid to such Member by ITT Hartford during such period of future employment shall not be recognized as Compensation under Section 1.12 of this Plan.

Anything contained herein to the contrary notwithstanding, if any such Member ceases to be employed by New ITT and is subsequently employed by ITT Hartford, the subsequent employment with ITT Hartford shall not be recognized as Eligibility Service under this Plan. Conversely, if any such Member ceases to be employed by ITT Hartford and is subsequently employed by New ITT, the subsequent employment with New ITT shall not be recognized as Eligibility Service under this Plan.

Section 2.01 Eligibility Service - Section 2.01(g) of the Plan is hereby expanded as follows:

(g) Eligibility Service Prior to December 19, 1995

(i) Employment Rendered by a Distribution-In Employee or a Pre-Distribution Transferred-In Employee - With respect to a Member employed by the Company on December 19, 1995, who is a Distribution-In Employee or a Pre-Distribution Transferred-In Employee, any period of employment with the ITT System rendered by such Member prior to December 19, 1995, shall be recognized as Eligibility Service under this Plan to the extent such employment is recognized under the terms of the New ITT Retirement Plan (then named the Sheraton Salaried Plan) or under the terms of the Hartford Retirement Plan, which is applicable, as such plans are in effect on December 18, 1995, for purposes of determining

eligibility for membership and benefits (including, but not limited to, eligibility for vesting, for pre-retirement survivor benefits, for determining Final Average Compensation, and for postponed, normal, or early retirement). This period of employment rendered by such Member with the ITT System shall be recognized as Eligibility Service for purposes of Section 1.19 and remuneration paid to such Member during such period of Eligibility Service which is or would have been recognized as pension bearing earnings under the terms of the New ITT Retirement Plan, which was then named the Sheraton Salaried Plan, and/or under the Hartford Retirement Plan as in effect on December 18, 1995, shall be recognized as Compensation under Section 1.12 of this Plan.

(ii) Employment Rendered Within the ITT System by a Person Who is Not a Distribution-In Employee or a Pre-Distribution Transferred-In Employee - With respect to any person who is not a Distribution-In Employee or a Pre-Distribution Transferred-In Employee but who is employed by the Company on or after December 19, 1995, any period of employment prior to December 19, 1995, at an entity which, prior to December 19, 1995, was a Participating Unit or an Associated Company hereunder rendered by such Employee during the period such entity was a Participating Unit or Associated Company shall be recognized as Eligibility Service under this Plan in accordance with the terms of this Plan, including the provisions of Sections 2.01(e)-Breaks In Service and 2.01(f)-Bridging Breaks In Service. Any such period of employment rendered prior to December 19, 1995, shall be recognized as Eligibility Service for purposes of Section 1.19 of this Plan and any remuneration paid to any such Employee prior to December 19, 1995, shall be recognized as Compensation in accordance with the terms of Section 1.12.

Section 2.02 Benefit Service - Section 2.02(g) of the Plan is hereby expanded as follows:

(g) Benefit Service prior to December 19, 1995

(i) Employment rendered by a Pre-Distribution Transferred-In Employee or Distribution-In Employee who was a participant in the New ITT and/or Hartford Retirement Plans - With respect to a Member who is a Pre-Distribution Transferred-In Employee or on December 18, 1995, was a participant in the New ITT Retirement Plan (then named the Sheraton Salaried Plan) and/or, as the case may be, in the Hartford Retirement Plan and who is a Distribution-In Employee employed on December 19, 1995, by the Company, any period of employment with Former Sheraton and/or with Former Hartford rendered by such Member prior to December 19, 1995, shall be recognized as Benefit Service under this Plan to the extent such employment is recognized or would have been recognized under the terms of the New ITT Retirement Plan, which was then named the Sheraton Salaried Plan, and/or under the Hartford Retirement Plan, as such plans are in effect on December 18, 1995, for purposes of calculating the amount of benefits under such plans.

(ii) Employment rendered by a Distribution-In Employee who was not a participant in the New ITT and/or Hartford Retirement Plans - With respect to a Member who, on December 18, 1995, was not a participant in, but who was then in the process of satisfying the eligibility requirements for participation in, the New ITT Retirement Plan (then named the Sheraton Salaried Plan) or in the Hartford Retirement Plan (whichever is applicable) and who is a Distribution-In Employee employed on December 19, 1995, by the Company, the period of employment with Former Sheraton and/or with Former Hartford rendered by such Member prior to December 19, 1995, shall be recognized as Benefit Service under this Plan to the extent such employment would have been recognized under the terms of the New ITT Retirement Plan (then named the Sheraton Salaried Plan) or, if applicable, under the Hartford Retirement Plan, as such plans are in effect on December 18, 1995, for purposes of calculating the amount of benefits under such plans had the Member satisfied the eligibility requirement for participation under such plans.

Article 3 Membership - Section 3.01 of the Plan is hereby expanded as follows:

3.01(c) Any person who on December 19, 1995, is a Distribution-In Employee shall become a Member of this Plan on the later of: (i) December 19, 1995, or (ii) the first day of the calendar month coincident with or next following the date on which he attains the 21st anniversary of his birth and completes one year of Eligibility Service.

3.01(d) Any person who on December 19, 1995, is a Distribution-Out Employee and who was not a Member of this Plan on December 18, 1995, shall not become a Member of this Plan, except as otherwise provided in Section 3.05 of this Plan.

Section 4.02(b) Normal Retirement Allowance - Benefit - Section 4.02(b) of the Plan is hereby expanded as follows:

I. Distribution-Out Employees or Pre-Distribution Transferred-Out Employees - With respect to a Member who is a Distribution-Out Employee or a Pre-Distribution Transferred-Out Employee, the annual normal retirement allowance payable to such Member shall be determined pursuant to the provisions of Section 4.01(b) of this Plan; provided, however, that such Member's Average Final Compensation shall be determined as of December 18, 1995, his Social Security Benefit shall be determined on the basis of the law as in effect on the date such Member incurs a Severance Date and his Benefit Service shall be determined as of the date such Member ceased to be an Employee as defined in Article 1.

II. Distribution-In Employees or Pre-Distribution Transferred-In Employees - With respect to a Member who is a Distribution-In Employee or a Pre-Distribution Transferred-In Employee, the annual normal retirement allowance payable on a lifetime basis upon retirement at such Member's Normal Retirement Date shall, prior to adjustment in accordance with Sections 4.07(a), 4.08(a), and 4.08(c), but subject to the minimum provisions hereinafter set forth in this Section 4.02(b), be equal to the sum of (1) and (2), where:

(1) equals:

(A) two percent of the Member's Final Average Compensation multiplied by the portion rendered prior to December 19, 1995, of the first 25 years of his Benefit Service;

(B) plus one and one-half percent of the Member's Final Average Compensation multiplied by the portion rendered prior to December 19, 1995, if any, of the next 15 years of his Benefit Service, to a combined maximum of 40 years of Benefit Service;

(C) reduced by one and one-fourth percent of the Social Security Benefit multiplied by the portion rendered prior to December 19, 1995, of his years of Benefit Service not in excess of 40 years;

(D) reduced, but not below zero, by the annual normal retirement allowance determined (as of the same date and in the same form of payment as this Plan) under the provisions of the New ITT Retirement Plan and/or the Hartford Retirement Plan as of his Severance Date prior to (i) the imposition of any limitations under Section 415 of the Code and (ii) the application of any offset provisions of such plans pertaining to the non-duplication of benefits paid under another defined benefit plan maintained by the sponsor of such plans or one of its affiliated companies, with respect to that period of a Member's employment rendered prior to December 19, 1995, which has been recognized as Benefit Service under this Plan pursuant to the provisions of Section 2.02(g)(i) and (ii) of this Appendix; and

(2) equals

(A) two percent of the Member's Final Average Compensation multiplied by the portion rendered on or after December 19, 1995, if any, of the first 25 years of his Benefit Service;

(B) plus one and one-half percent of the Member's Final Average Compensation multiplied by the portion rendered on or after December 19, 1995, if any, of the next 15 years of his Benefit Service, to a combined maximum of 40 years of Benefit Service minus the total number of years of Benefit Service rendered prior to December 19, 1995;

(C) reduced by one and one-fourth percent of the Social Security Benefit multiplied by the portion rendered on or after December 19, 1995, of the number of years of his Benefit Service, not in excess of 40 years minus the total number years of Benefit Service rendered prior to December 19, 1995.

The combined maximum years of Benefit Service used to compute (i) the amounts under clauses (1)(A) and (2)(A) shall not exceed 25 years, (ii) the amounts under clauses (1)(B) and (2)(B) shall not exceed 15 years, and (iii) the amounts under clause (1)(C) and (2)(C) shall not exceed 40 years.

The annual normal retirement allowance of a Section 401(a)(17) Employee shall not be less than the sum of Member's Accrued Benefit on December 31, 1993, under the terms of the Plan as then in effect plus the Member's Accrued Benefit based solely on Benefit Service accrued after that date under the provisions of the Plan as then in effect.

The annual normal retirement allowance determined prior to reduction to be made on account of the Social Security Benefit shall be an amount not less than the greatest annual early retirement allowance which would have been payable to a Member had he retired under Section 4.03 or Section 4.04 at any time before his Normal Retirement Date and as such early retirement allowance would have been reduced to commence at such earlier date but without reduction on account of the Social Security Benefit. The reduction to be made on account of the Social Security Benefit shall in any event be based on the Federal Social Security Act in effect at the time of the Member's actual retirement.

Section 4.09(b) Maximum Benefits - Section 4.08(b) of the Plan is hereby expanded as follows:

With respect to a Member who is a Distribution-Out Employee or a Pre-Distribution Transferred-Out Employee, the maximum retirement allowance in subparagraph (i) of paragraph (a) of Section 4.08 of the Plan shall be the dollar limitation as determined by the Commissioner of Internal Revenue for the calendar year in which such Member's Annuity Starting Date occurs and any increase in such dollar limitation with respect to any calendar year commencing after the Member's Annuity Starting Date shall have no impact on the retirement allowance paid under this Plan to or on behalf of such Member.

Section 4.12 Reemployment of former Member or retired Member - Section 4.11 of the Plan is hereby expanded as follows:

In the event of a former Member or a retired Member who was a Distribution-Out Employee or a Pre-Distribution Transferred-Out Employee employed by New ITT on December 19, 1995, incurs a Severance Date on or after such date, such former Member or retired Member shall be deemed reemployed in accordance with the provisions of Section 4.12 of this Plan, if he is reemployed by the Company, an Associated Company, or New ITT.

In the event a former Member or retired Member who was a Distribution-Out Employee or a Pre-Distribution Transferred-Out Employee employed by ITT Hartford on December 19, 1995, incurs a

Severance Date on or after such date, such former Member or retired Member shall be deemed reemployed pursuant to the provisions of Section 4.12 of this Plan, if he is reemployed by the Company, an Associated Company, or ITT Hartford.

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APPENDIX D

PENSION SUPPLEMENTS

1. Effective as of July 1, 1993, a supplement equal to \$50.00 per month shall be paid as of the end of each month commencing July 31, 1993, and added to the retirement allowance of those Members who, effective as of a date prior to July 1, 1977, retired under the normal, early or disability retirement provisions of the Plan, the Prior Salaried Plan or any Former Pension Plan, as herein defined, or if appropriate, to the beneficiary designated in such Member's effective election under any of the aforementioned Plans of an optional form of payment.

2. Effective as of October 1, 1995, a supplement equal to the amount indicated in the following paragraph per month shall be paid as of the end of each month commencing October 31, 1995, and added to the retirement allowance of those Members who, effective as of a date on or before January 1, 1993, retired under the postponed, normal, early or disability retirement provisions of the Plan, the Prior Salaried Plan or any Former Pension Plan, as herein defined, or if appropriate, to the beneficiary designated in such Member's effective election under any of the aforementioned Plans of an optional form of payment.

The monthly pension supplement shall be equal to 50 percent of the percentage increase in the Consumer Price Index issued by the U.S. Department of Labor since December 31, 1987, or, if later, the employee's year of retirement through December 31, 1994, multiplied by the amount of current monthly pension payable to the Member or surviving beneficiary under the Plan; provided, however, that the minimum pension supplement payable to any Member or surviving beneficiary shall be \$10.00 per month.

APPENDIX E

SPECIAL PROVISIONS APPLICABLE TO FORMER PENSION PLANS AND PRE-MEMBERSHIP SERVICE

This Appendix E is applicable only with respect to a Member who (i) has service accruals under a Former Pension Plan listed below, or (ii) was employed by Goulds Pumps, Inc. on December 1, 1998, or is then absent from work with Goulds Pumps, Inc. by reason of leave of absence or disability and who became a Member of this Plan on December 1, 1998, or (iii) was reclassified as an Employee prior to January 1, 2005, and immediately prior to that date was employed by the Company but not in the capacity of an Employee as defined in Section 1.16.

Except as otherwise modified or expanded in this Appendix E, the portion of a Member's accrued benefit attributable to service recognized under a Former Pension Plan prior to the date the Employee became a Member of this Plan shall be determined under the provisions of said Former Pension Plan and the foregoing provisions of this Plan.

I. Provisions applicable to benefits determined under the provisions of the Goulds Pumps, Inc. Pension Plan III ("Former Goulds Plan III") with respect to service rendered prior to December 1, 1998.

1. "Final Average Earnings" for purposes of Section 1.3(s) of the Former Goulds Plan III shall be determined in accordance with the provisions of Section 1.19 of the Plan on the basis of a Member's Compensation (as defined in Article 1 of the Plan), including remuneration paid to the Member for services rendered to an Employer (as defined in Section 1.3(p) of the Former Goulds Plan III) prior to December 1, 1998.

2. "Average Base Salary" for purposes of Section 5.1(b) of the Former Goulds Plan III shall be determined including base salary paid to the Member for services rendered to a Company or an Associated Company on and after December 1, 1998.

3. The portion of any standard early retirement allowance payable to a Member before his Normal Retirement Date under the provisions of Section 4.03(c) of the Plan ("Gould's Portion") shall be equal to the Gould's Portion of the retirement allowance otherwise payable at his Normal Retirement Date reduced for such early commencement pursuant to the provisions of Former Goulds Plan III.

4. The provisions of Sections 4.3 and 5.3 of the Former Goulds Plan III shall be inapplicable with respect to a Member who becomes totally and permanently disabled on and after December 1, 1998.

5. The provisions of Sections 4.5 and 5.5 of the Former Goulds Plan III shall be inapplicable with respect to any Member who completes an Hour of Service (as defined in Article 1 of the Plan) on or after December 1, 1998, and dies on or after December 1, 1998, and prior to his Annuity Starting Date. Any pre-retirement survivor benefit payable with respect to the portion of said Member's benefit accrued under the provisions of the Former Goulds Plan III for service rendered prior to December 1, 1998, shall be calculated in accordance with the provisions of Section 4.07 of the Plan. However, any charge applicable under Section 4.07 of the Plan for post-retirement coverage shall only apply to the period of applicable coverage commencing on or after December 1, 1998.

6. In addition to the optional forms of payment available under Section 4.07 of the Plan, a Member who has accrued a benefit under the Former Goulds Plan III and completes an Hour of Service (as defined in Section 1.19 of the Plan) on or after December 1, 1998, may elect to convert:

A. His retirement allowance or vested benefit into the optional form of payment set forth below:

Portion of Retirement Allowance or
Vested Benefit Determined
Under Former Goulds Plan III Formula

Portion of Retirement Allowance
or Vested Benefit Determined Under
Exelis Plan Formula

Life annuity with ten year certain

Life annuity if Annuity Starting Date prior to
January 1, 2000, otherwise life annuity with ten year
certain

B. His vested benefit into the optional form of payment set forth below:

Portion of Vested Benefit Determined
Under Former Goulds Plan III Formula

Portion of Retirement Vested Benefit Determined
Under
Exelis Plan Formula

100% joint and survivor annuity with Spouse as
Beneficiary

50% joint and survivor annuity with Spouse as
Beneficiary

7. Notwithstanding any Plan provision to the contrary, a Member's total retirement allowance or vested benefit under the Plan (including any amount determined under the Former Goulds Plan III) determined after optional modification in accordance with the provisions of Section 4.06 and Appendix E shall not be less than the Member's retirement allowance or vested benefit that would have been provided under the provisions of the Former Goulds Plan III as of the date immediately preceding the date such Former Goulds Plan III was amended to continue as and under this Plan multiplied by the option factors in effect at that date under the Former Goulds Plan III.

8. If a Member who (a) is employed on December 1, 1998, by Goulds Pumps, Inc. or is then absent from work with Goulds Pumps, Inc. by reason of leave of absence or disability, (b) becomes a Member of this Plan on December 1, 1998, (c) is entitled to an accrued benefit attributable to service rendered as a non-union employee under one of the Hourly Goulds Plans (as defined below), and (d) retires under the provision of Section 4.04(a) prior to attaining age 55, a temporary supplemental benefit shall be payable beginning on the Member's Annuity Starting Date and ending with the payment due for the month immediately preceding his earliest commencement date under the provisions of the applicable Hourly Goulds Plan as in effect on his Severance Date, or the date payments under the applicable Hourly Goulds Plan commence, if earlier (his "Supplemental Payment Cessation Date").

The temporary supplemental benefit shall be equal to the sum of the amount of the Member's actual accrued benefit attributable to service rendered as a non-union employee under each applicable Hourly Goulds Plan as of his Severance Date reduced for early commencement in accordance with each respective Goulds Hourly Plan's provisions as in effect on the Member's Severance Date based on the assumption the Member, as of his Annuity Starting Date, has reached his earliest commencement date under the provisions of such Goulds Hourly Plan, with no reduction for any form of payment elected by

the Member; provided, however, such temporary supplemental benefit shall not exceed the Member's unreduced Social Security Benefit, as defined in Article 1 of this Plan.

In the event of the Member's death prior to his Supplemental Payment Cessation Date, the Member's Beneficiary, if any, named under the form of payment elected by the Member with respect to his Special Early retirement allowance payable under Section 4.04 of the Plan shall receive temporary supplemental payments in accordance with such form of payment based on the temporary supplemental amounts the Member was receiving prior to his death; provided, however, if such Member elects to have his Special Early retirement allowance payable in the form of a life annuity, such temporary supplemental benefit payments shall cease with the payment due for the month in which the Member's death occurs. Any temporary supplemental payments made to a Member's Beneficiary shall commence with the payment due for the month immediately following the month in which the Member's death occurs and shall cease with the last payment due under such form of payment or the payment due for the month immediately preceding what would have been the Member's earliest commencement date under the applicable Goulds Hourly Plan, if earlier.

For purposes of this Appendix E, the term "Hourly Goulds Plan(s)" means:

Pension Plan II Non-Exempt Salaried Employees;

Pension Plan IV for Hourly Employees of the Vertical Pump Division City of Industry, California;

Pension Plan V for Hourly Employees of the Vertical Pump Division Lubbock, Texas and Slaton, Texas.

II. Provisions applicable to benefits accrued under the Former Kaman Corporation Amended and Restated Employees Pension Plan ("Former Kaman Plan")

1. "Average Final Salary" for purposes of Section 2.3 of the Former Kaman Plan shall be determined in accordance with provisions of Section 1.19 of the Plan on the basis of a Member's Compensation (as defined in Section 1.12 of the Plan), including remuneration paid to the Member for services rendered to the Company (as defined in Section 2.12 of the Former Kaman Plan) prior to January 1, 1998.

2. The portion of any standard early retirement allowance payable before Normal Retirement Date under the provisions of the Former Kaman Plan pursuant to Section 4.04(c) of the Plan to a Member who terminates employment prior to July 1, 1998, shall be equal to this portion of the retirement allowance otherwise payable at his Normal Retirement Date reduced for such early commencement in accordance with the provisions of the Former Kaman Plan.

3. The portion of any special early retirement allowance payable before Normal Retirement Date under the provisions of the Former Kaman Plan pursuant to Section 4.05(c) of the Plan to a Member who terminates employment prior to July 1, 1998, (the "Kaman Portion") shall be equal to the Kaman Portion of the retirement allowance payable at his Normal Retirement Date reduced for such early commencement in accordance with the provisions of the Former Kaman Plan.

4. The provisions of Article VI of the Former Kaman Plan shall be inapplicable with respect to any Member who completes an Hour of Service (as defined in Article 1 of the Plan) after December 31, 1997, and dies on or after December 31, 1997, and prior to his Annuity Starting Date. Any pre-retirement survivor benefit payable with respect to the portion of said Member's benefit accrued under the provisions of the Former Kaman Plan for service rendered prior to January 1, 1998, shall be

calculated in accordance with the provisions of Section 4.07 of the Plan. However, the charges applicable under Section 4.07 of the Plan for post-retirement coverage shall only apply to the period of applicable coverage commencing on or after January 1, 1998, and any pre-retirement charges applied under the provisions of the Former Kaman Plan to the benefit of a Member or Former Member who completed an Hour of Service after December 31, 1997, for coverage prior to January 1, 1998, shall be disregarded.

5. In addition to the optional forms of payment available under Section 4.07 of the Plan, a Member who has accrued a benefit under the Former Kaman Plan may elect to convert his total Plan retirement allowance or vested benefit into one of the optional forms of payment set forth below.

A.	Portion of Retirement Allowance Determined Under Kaman Former Pension Plan Formula (i) Social Security Leveling Option (ii) Life annuity with ten year certain option	Portion of Retirement Allowance Determined Under Exelis Plan Formula Life annuity Life annuity if Annuity Starting Date prior to January 1, 2000, otherwise life with ten year certain
B.	Portion of Vested Benefit Determined Under Kaman Former Pension Plan Formula (i) 50% joint and survivor annuity with nonSpouse beneficiary (ii) 100% joint and survivor annuity with nonSpouse beneficiary (iii) 100% joint and survivor annuity with Spouse as beneficiary (iv) Life annuity with ten year certain	Portion of Vested Benefit Determined Under Exelis Plan Formula 50% joint and survivor annuity with Spouse as beneficiary or Life Annuity 50% joint and survivor annuity with Spouse as beneficiary or Life Annuity 50% joint and survivor annuity with Spouse as beneficiary Life annuity if Annuity Starting Date is prior to January 1, 2000, otherwise life annuity with ten year certain

C. Notwithstanding any Plan provision to the contrary, a Member's total retirement allowance or vested benefit under the Plan (including any amount determined under the Former Kaman Pension Plan) determined after optional modification in accordance with provisions under Section 4.06 and Appendix E, shall not be less than such Member's retirement allowance or vested benefit that would have been provided under the Former Kaman Pension Plan as of the date immediately preceding the date such Former Kaman Plan was amended to continue as and under the Plan multiplied by the option factors in effect as of that date under the Former Kaman Plan.

Notwithstanding any Plan provision to the contrary, in determining the amount of a retirement allowance payable under terms of this Appendix E in the form of a Social Security Leveling Option, Equivalent Actuarial Value shall be determined on the basis of the IRS Interest Rate and the IRS Mortality Table in effect on the Member's Annuity Starting Date. However, in no event shall the

Member's retirement allowance payable in the form of the Social Security Leveling Option on or after January 1, 2005, be less than the retirement allowance that would have been payable to the Member under that optional form of payment at the same Annuity Starting Date based on his Accrued Benefit determined as of December 31, 2004, (or the date of his termination of employment, if earlier) and the actuarial assumptions in effect with respect to such optional form of payment on December 31, 2004. Notwithstanding any Plan provision to the contrary, with respect to a Member who elects a Social Security Leveling Option pursuant to the provisions of Item II.5. of this Appendix E, such Member's retirement allowance or vested benefit (determined after optional modification) with an Annuity Starting Date on and after January 1, 2008, and prior to July 1, 2008, shall not be less than the Member's retirement allowance or vested benefit (determined after optional modification) that would have been provided under the terms of the Plan as in effect on December 31, 2007.

III. Provisions applicable to an employee who is reclassified as an Employee on or after January 1, 2000, prior to January 1, 2005

With respect to any employee of the Company (i) who becomes an Employee on or after January 1, 2000, and prior to January 1, 2005, and who immediately prior to that date is in the employ of a Company but not as an Employee, his uninterrupted employment with the Company rendered otherwise than as an Employee shall be recognized, subject to the limitations set forth in writing by the Board of Directors or the Administrative Committee for the Participating Unit at which such person was first employed, as Benefit Service, provided such person is a Member of the Plan, but only to the extent such period of employment was credited for benefit accrual purposes under another defined benefit plan maintained by the Company, and only on and after such Member's subsequent completion of 36 consecutive months of Eligibility Service as an Employee.

IV. Provisions applicable to benefits accrued under the Former C&K Components, Inc. Retirement Plan ("Former C&K Plan")

1. "Actuarial Equivalent," for purposes of calculating any retirement allowance or vested benefit under the provisions of the Former C&K Plan ("C&K Portion"), shall be based on the Applicable Mortality Table of the Former C&K Plan, the Applicable Interest Rate as defined by Section 417(e) of the Code, and the Stability Period as defined in Article 1 of the Plan.

Notwithstanding the foregoing, an Actuarial Equivalent of a Member's retirement allowance or vested benefit calculated during the period of July 1, 2001, to December 31, 2001, shall be determined using the 417(e) interest rate published in June 2001 or the 417(e) interest rate published in December 2000, whichever produces the larger benefit to the Member. In addition, the Actuarial Equivalent of a Member's retirement allowance or vested benefit calculated during the period of January 1, 2002, to June 30, 2002, shall be determined using the 417(e) interest rate published in June 2001 or the 417(e) interest rate published in December 2001, whichever produces the larger benefit to the Member. Notwithstanding any Plan provision to the contrary, the Actuarial Equivalent of a Member's Former C&K Plan retirement allowance or vested benefit with an Annuity Starting Date on and after January 1, 2008, and prior to July 1, 2008, shall be determined on the basis of the IRS Interest Rate and IRS Mortality Table as defined in Article 1 of the Plan or the Applicable Interest Rate and Applicable Mortality Table as defined under the terms of the Plan, including this Appendix E, prior to January 1, 2008, whichever produces the larger benefit to the Member.

2. "Average Annual Compensation," for purposes of calculating a Member's retirement allowance or vested benefit under the provisions of the Former C&K Plan shall be determined in accordance with the provisions of Section 2.6 of the Former C&K Plan, including remuneration paid to the Member for services rendered to the Company after April 1, 2001.

3. "Year of Service for Vesting." Pursuant to the provisions of Section 8.3 of the Former C&K Plan, a Member who has completed three (3) Years of Service for Vesting as of June 30, 2001, shall have the nonforfeitable percentage of his or her Accrued Benefit accrued under the Former C&K Plan determined on the basis of the provisions of Section 2.31 of the Former C&K Plan as in effect on June 30, 2001, or the provisions of Section 2.01 of the Plan, whichever is greater.

4. The C&K Portion of any Member's early retirement allowance payable before his Normal Retirement Date under the provisions of the Former C&K Plan pursuant to Section 4.03(c) of the Plan shall be equal to the C&K Portion of the retirement allowance otherwise payable at his Normal Retirement Date reduced for such early commencement in accordance with the provisions of the Former C&K Plan.

5. The C&K Portion of any Member's special early retirement allowance payable before his Normal Retirement Date under the provisions of the Former C&K Plan pursuant to Section 4.04(c) of the Plan shall be equal to the C&K Portion of the retirement allowance payable at his Normal Retirement Date reduced for such early commencement in accordance with the provisions of the Former C&K Plan.

6. The C&K Portion of any Member's vested benefit payable before his Normal Retirement Date under the provisions of the Former C&K Plan pursuant to Section 4.05(c) of the Plan shall be equal to the C&K Portion of the vested benefit otherwise payable at the Member's Normal Retirement Date reduced for such early commencement in accordance with the provisions of the Former C&K Plan.

7. In addition to the optional forms of payment available under the Plan, a Member who has accrued a benefit under the Former C&K Plan and retires under the provisions of Section 4.01, 4.02, 4.03, or 4.04 of the Plan may elect to convert his total Plan retirement allowance into one of the optional forms of payment set forth below.

Portion of Retirement Allowance Determined Under Former C&K Plan	Portion of Retirement Allowance Determined Under Exelis Plan Formula ¹
(i) 100% J&S with nonSpouse beneficiary	100% J&S with nonSpouse beneficiary
(ii) 50% J&S with nonSpouse beneficiary	50% J&S with nonSpouse beneficiary

With respect to options (i) and (ii), the portion of a Member's retirement allowance determined under the Former C&K Plan shall be converted to such optional form of payment in accordance with the definition of Actuarial Equivalent as set forth under the provisions of the Former C&K Plan as amended by this Appendix E, and the portion of a Member's retirement allowance determined under the Plan shall be converted into such optional form of payment in accordance with the definition of Equivalent Actuarial Value as set forth under the provisions of the Plan.

8. In addition to the optional forms of payment available under the Plan, a Member who has accrued a benefit under the Former C&K Plan may elect to convert his total Plan vested benefit into one of the optional forms of payment set forth below.

¹ A Member may also elect, in accordance with the Plan provisions, to convert the portion of a Member's Retirement Allowance determined under the PEP formula of the Plan into a lump sum subject to any restrictions set forth in the Plan.

Portion of Vested Benefit Determined Under Former C&K Plan	Portion of Vested Benefit Determined Under Exelis Plan Formula*
(i) 100% J&S with nonSpouse beneficiary	Life Annuity
(ii) 50% J&S with nonSpouse beneficiary	Life Annuity
(iii) 100% J&S with Spouse beneficiary	50% J&S with Spouse as beneficiary

The adjustment for an election of an optional form of payment set forth above applicable to the portion of a Member's vested benefit calculated under the provisions of the Former C&K Plan shall be determined on the basis of the definition of Actuarial Equivalent as set forth under the provisions of the Former C&K Plan, as amended by this Appendix E. The adjustment for an election of an optional form of payment applicable to the portion of a Member's vested benefit calculated under the provisions of the Plan shall be determined on the basis of the definition of Equivalent Actuarial Value as set forth under the provisions of the Plan.

9. In addition to the optional forms of payment available under the Plan and this Appendix E, a Member who has accrued a benefit under the Former C&K Plan may elect to convert the C&K Portion of his retirement allowance or vested benefit into a lump sum, and the portion of his retirement allowance or vested benefit determined under the Plan into any optional form of payment available under Section 4.06 of the Plan. The lump sum value of a Member's benefit accrued under the Former C&K Plan shall be calculated in accordance with the definition of Actuarial Equivalent as set forth under the provisions of the Former C&K Plan as amended by this Appendix E.

10. Notwithstanding any Plan provision to the contrary, a Member's total retirement allowance or vested benefit under the Plan (including any amount determined under the Former C&K Plan) shall not be less than such Member's retirement allowance or vested benefit that would have been provided under the Former C&K Plan as of the date immediately preceding the date such Former C&K Plan was amended to continue as and under the Plan.

V. The following provisions are applicable, effective as of April 13, 2004, to benefits accrued under the Former Kodak Retirement Income Plan ("Former Kodak Plan")

1. Service with the Corporation or any Associated Company (as defined in Section 1.05 of the Plan) (the "Company") rendered on and after August 13, 2004, by a Plan Member for whom liabilities and assets were transferred to the Plan from the Kodak Plan or who, as a result of the acquisition from the Eastman Kodak Company ("Kodak") became eligible for the Corporation's post-retirement medical benefits ("Former Kodak Plan Member") shall be recognized for purposes of determining such Member's eligibility for vesting and membership and, with respect to a Former Kodak Plan Member who becomes an employee of the Company on August 13, 2004, eligibility for early retirement and such Member's average participating compensation and average social security wage base under the Kodak Former Plan; and

2. Accrued service for purposes of determining the traditional benefit under the Kodak Former Plan and participating compensation for purposes of determining the cash balance benefit under the Kodak Former Plan shall be determined for a Plan Member in accordance with the provisions of the Kodak Former Plan as in effect on August 12, 2004; and

3. Compensation, as defined in Article 1 of the Plan, earned by a Plan Member for whom liabilities and assets were transferred to the Plan from the Kodak Plan, who becomes an employee of the Company on August 13, 2004, and who immediately prior to that date was employed by Kodak or one of its affiliates ("Transferred Kodak Employee") shall be recognized for purposes of determining such Member's average participating compensation under the Kodak Former Plan; and

4. The average participating compensation for purposes of determining the benefit under the Kodak Former Plan of a Plan Member who is a Transferred Kodak Employee shall be based on the highest three consecutive years out of the Plan Member's last ten years of Eligibility Service; provided, however, the average participating compensation of such Plan Member shall never be less than his average participating compensation determined as of August 12, 2004, under the provisions of the Kodak Plan as in effect on that date; and

5. The 75% joint and survivor annuity option and the 75% deferred joint and survivor annuity option, as described in the Kodak Plan, shall not be an available optional form of payment with respect to a Kodak Former Plan benefit payable to a Plan Member who is a Transferred Kodak Employee on and after August 13, 2004, and prior to October 1, 2007; and

6. Plan benefits paid to a Plan Member under the Kodak Former Plan shall be reduced for commencement prior to such Member's Normal Retirement Date in accordance with provisions of the Kodak Former Plan; and

7. The Kodak Former Plan portion of a Plan Member's Plan benefit shall be converted to an optional form of payment available under Former Kodak Plan in accordance with the definition of actuarial equivalent as set forth under provisions of the Former Kodak Plan and as amended below; and

8. With respect to benefits determined under the provisions of the Kodak Former Plan with an Annuity Starting Date on or after September 1, 2004, the IRS Interest Rate utilized in (1) determining optional forms of payment available under the Kodak Former Plan, (2) converting a cash balance account under the Kodak Former Plan to an annuity, or (3) calculating the lump sum value of any Kodak Former Plan benefit, shall be the rate published in the fourth month preceding the month in which such Plan Member's Annuity Starting Date occurs; provided, however, that with respect to benefits with an Annuity Starting Date occurring prior to January 1, 2006, the actuarial equivalent of such benefit shall not be less than the actuarial equivalent of such benefit using the interest rate as published in the month preceding the month in which the Member's Annuity Starting Date occurs. Notwithstanding the foregoing, with respect to benefits determined under the Former Kodak Plan the following provisions shall be applicable for purposes of converting a participant's Former Kodak Plan benefit with an Annuity Starting Date on or after January 1, 2008, other than a cash balance benefit, into a lump sum or (ii) converting a Member's Kodak cash balance account into a life annuity with an Annuity Starting Date on or after January 1, 2008, or (iii) converting a Kodak Plan benefit with an Annuity Starting Date on and after January 1, 2008, into an optional form of payment, the term Applicable Interest Rate shall mean the IRS Interest Rate as defined in Article 1 of the Plan and the term Applicable Mortality Table shall mean the IRS Mortality Table as defined in Article 1 of the Plan, provided, however, for purposes of converting a Former Kodak Plan benefit with an Annuity Starting Date on or after January 1, 2008, and prior to July 1, 2008, other than a cash balance benefit, into a lump sum, (ii) converting a Member's Kodak cash balance account into a life annuity with an Annuity Starting Date on and after January 1, 2008, and prior to July 1, 2008, or (iii) converting a Former Kodak Plan benefit with an Annuity Starting Date on and after January 1, 2008, and prior to July 1, 2008, into an optional form of benefit, such lump sum amount, life annuity or optional form of benefit, whichever is applicable, shall not be less than the Member's benefit (determined after such optional modification) that would have been provided under the terms of the Plan as in effect on December 31, 2007; and

9. The definition of normal retirement date under the Former Kodak Plan is revised, with respect to a Plan Member for whom liabilities and assets are transferred to the Plan from the Kodak Plan and who commences payment of his Kodak Former Plan benefit on or after September 1, 2004, to be the first day of the month coincident with or next following such Member's attainment of age 65; and

10. Any Plan Member who is a Transferred Kodak Employee in receipt of long-term disability payments as of August 12, 2004, shall accrue benefits for service on or after August 13, 2004, under the terms of the Plan formula applicable to a Member who first becomes an Employee on or after January 1, 2000; and

11. The term Domestic Partner as defined under the Former Kodak Plan shall be modified to include only persons for whom an Affidavit of Domestic Partnership was filed with the Kodak Plan administrator prior to August 13, 2004, and which has not been revoked, and each such Domestic Partner shall be considered as a Spouse for all purposes with respect to the pre- and post-retirement survivorship benefits under the Kodak Former Plan and the Plan; and

12. For a Plan Member who is a Former Kodak Plan Member and whose Annuity Starting Date is on or after September 1, 2004, the Kodak Former Plan portion of such Member's Plan benefit shall be payable at the end of each month in accordance with the terms of the Plan; and

13. If the combined present value of a Plan Member's benefit under the Former Kodak Plan and the Plan is \$5,000 or less, and the present value of such Member's Plan benefit which is not eligible for an immediate lump sum payment is \$3,500 (\$5,000 effective on and after January 1, 2005) or less, and such Member elects a lump sum payment of all amounts that can be payable in such form, the Member's entire benefit shall automatically be payable as a lump sum.

14. Benefit Service, as defined in Article 1 of the Plan, for purposes of calculating the portion of a Plan benefit not determined pursuant to the provisions of the Former Kodak Plan (the "Exelis portion"), shall not include any service rendered by such Member while employed by Kodak prior to August 13, 2004; and

15. Eligibility Service, as defined in Article 1 of the Plan, for purposes of determining plan membership and vesting and eligibility for benefits under the terms of the Plan, including, but not limited to, normal, early, or postponed retirement, shall include any period of service rendered by a Former Kodak Plan Member prior to August 13, 2004, to the extent such period of employment was recognized under the terms of the Kodak Plan as in effect on August 12, 2004, for purposes of determining plan membership, vesting, and eligibility for benefits ("Prior Kodak Service"); provided, however, that if, with respect to a Former Kodak Plan Member who is not employed by the Company on August 13, 2004, Prior Kodak Service shall not be recognized for purposes of determining eligibility for an early retirement allowance under the Exelis portion until such Plan Member completes one year of employment with the Company after August 13, 2004. In addition, Eligibility Service, as determined under the preceding sentence, rendered on and after January 1, 1999, by a Plan Member who is a Transferred Kodak Employee shall be recognized for purposes of determining Final Average Compensation as defined in Section 1.18 of the Plan; and

16. Compensation (as utilized in determining average participating compensation under the Kodak Plan) which is earned by a Plan Member who is a Transferred Kodak Employee during a period of Eligibility Service rendered with Kodak on or after January 1, 1999, and prior to August 13, 2004, shall be recognized as Compensation, subject to uniform rules established by the Committee, for purposes of determining such Plan Member's Final Average Compensation under Section 1.18 of the Plan; and

17. In addition to the optional forms of payment available under Section 4.07 of the Plan, a Member who has accrued a benefit under the Former Kodak Plan and whose Annuity Starting Date is on or after January 1, 2005, may elect to convert his total Plan retirement allowance or vested benefit into one of the optional forms of payment set forth below:

Portion of a Retirement Allowance or Vested Benefit Determined Under Former Kodak Plan Formula	Portion of Retirement Allowance or Vested Benefit Determined Under Exelis Plan Formula
(i) 25% regular or deferred joint and survivor benefit	50% Contingent Annuity
(ii) 50% regular or deferred joint and survivor benefit	50% Contingent Annuity (if the member is eligible, a 90/50 Spouse's Annuity)
(iii) 100% regular or deferred joint and survivor benefit	100% joint and survivor annuity or (if the Member is eligible, a 80/80 Spouse's Annuity)
(iv) 10 year Certain & Life Annuity	10 year Certain & Life Annuity

VI. Provisions applicable to benefits accrued under the Exelis Gilfillan Pension Plan for Hourly Employees ("Former Gilfillan Plan")

1. Notwithstanding the provisions of Section 4.08 of the Plan, the Spouse or Beneficiary of a Member who accrued benefits under the Former Gilfillan Plan and who is eligible to provide a Survivor Benefit under Section 6.04 of such plan, unless the Survivor Benefit is waived as provided in Section 6.04(f) of the Former Gilfillan Plan, shall receive a survivor benefit at the time and in the amount determined under Section 6.04(c) of such plan, as such amount may be reduced pursuant to Section 6.04(d) thereof. Any benefit payable under this paragraph shall be based only on the benefit accrued by the Member under the Former Gilfillan Plan.

2. In addition to the optional forms of payment available under Section 4.07 of the Plan, a Member who accrued benefits under the Former Gilfillan Plan may elect to receive his Pension Benefit thereunder under Option 5, Social Security Leveling Option, if the Member retires before his Social Security Retirement Age. If such Option 5 is elected with respect to the Member's Pension Benefit from the Former Gilfillan Plan, the Member shall receive the portion of his Retirement Allowance attributable to benefits earned under this Plan in the form of a Life Annuity Option, in both cases subject to any required spousal consent.

3. Notwithstanding the limitation found in Section 4.02(a)(3) of the Former Gilfillan Plan, a Member's Eligibility Service after February 28, 2009, shall be counted as Credited Service for the purpose of determining the Member's eligibility for an early Pension Benefit (as such term is defined in the Former Gilfillan Plan) with respect to the Member's benefits accrued under the Former Gilfillan Plan.

APPENDIX F

SPECIAL PROVISIONS APPLICABLE TO CERTAIN BENEFITS PAYABLE TO OR ON BEHALF OF CERTAIN MEMBERS WITH AN ANNUITY STARTING DATE ON OR AFTER JANUARY 1, 2012, AND PRIOR TO JANUARY 1, 2014

This Appendix F is applicable only with respect to (i) a Member described in Section II.1(a), (b) or (c) of this Appendix F, (ii) a Member or a Member's Spouse, Beneficiary or Registered Domestic Partner who receives a small lump sum cash-out payment determined under the provisions of Section 4.11(b)(i) of the Plan that has an Annuity Starting Date occurring on or after January 1, 2012, and prior to January 1, 2014, and (iii) a Member who receives his retirement allowance in the form of a Social Security Leveling Option pursuant to the provisions of Section II.5 of Appendix E that has an Annuity Starting Date occurring on or after January 1, 2012, and prior to January 1, 2014.

Except as otherwise modified or expanded in this Appendix F, the provisions of this Plan as contained in the text to which this Appendix is attached, shall determine the benefits payable to or on behalf of a Member or a Member's Spouse, Beneficiary or Registered Domestic Partner covered under this Appendix. The Plan Sections referenced below are hereby modified or expanded in accordance with the following special provisions applicable to said Member.

Section I – Definitions

“Stability Period” shall mean, for purposes of this Appendix F, the calendar year in which said Annuity Starting Date occurs with respect to:

(i) the calculation of the lump sum present value of the portion of a retirement allowance or vested benefit attributable to either a TPP Formula Benefit or a Former Pension Plan benefit (other than a cash balance benefit accrued under the Former Kodak Plan) determined on and after January 1, 2012, and prior to January 1, 2013, under the provisions of Section 4.11(b)(i), Appendix E or Appendix F,

(ii) the determination of the equivalent actuarial reduction for early commencement applicable to the portion of a vested benefit attributable to a TPP Formula Benefit or a Former Pension Plan benefit (other than a cash balance benefit under the Former Kodak plan) payable to a Member who makes an election under Section III.1 of this Appendix F; or

(iii) the determination of the amount of a retirement allowance payable under terms of Appendix E in the form of a Social Security Leveling Option with an Annuity Starting Date on and after January 1, 2012, and prior to January 1, 2013,

Section II – Eligibility

1. The provisions of Section III of this Appendix F shall be applicable to:

(a) a Member who is not covered by Appendix B, has terminated employment with the Company and all Associated Companies on or prior to June 30, 2012, with the right to a vested benefit under Section 4.06 of the Plan, has a Normal Retirement Date on or after January 1, 2013, and is not entitled to a small lump sum cash out of his vested benefit under the provisions of Section 4.11(b)(i) of the Plan;

(b) a Member covered under Sections 1 - 18 of Appendix B who has ceased to accrue Eligibility Service credits under such Sections on or prior to October 31, 2012, is entitled to a vested benefit under the provisions of Section 4.06 of the Plan, has a Normal Retirement Date on or after

January 1, 2013, and is not entitled to a small lump sum cash out of his vested benefit under the provisions of Section 4.11(b)(i) of the Plan; and

(c) a Member covered under Section 19 or 20 of Appendix B, regardless of whether or not such Member has ceased employment with ITT Corporation or Xylem Inc., who is entitled to a vested benefit under the provisions of Section 4.06 of the Plan, and has a Normal Retirement Date on or after January 1, 2013.

Notwithstanding the foregoing, the provisions of subparagraphs (a), (b) and (c) above shall not be applicable to (i) a Member who is entitled to a vested benefit under the provisions of Section 4.06 which is solely attributable to a PEP Formula Benefit and/or a cash balance benefit accrued under the Former Kodak Plan, or (ii) the Spouse, Beneficiary or Registered Domestic Partner of such Member.

2. The provisions of Section IV of this Appendix F shall be applicable to: (a) a Member who has terminated employment with the Company and all Associated Companies with the right to a retirement allowance or vested benefit under Section 4.06, and (b) the Spouse, Beneficiary or Registered Domestic Partner of a Member entitled to a vested Spouse benefit or pre-retirement survivor annuity, who in either case is entitled to a small lump sum cash out of such retirement allowance, vested benefit, vested Spouse benefit or pre-retirement survivor annuity, whichever is applicable, under the provisions of Section 4.11(b)(i) of the Plan and has an Annuity Starting Date that occurs on or after January 1, 2012, and prior to January 1, 2014.

3. The provisions of Section V of this Appendix F shall be applicable to a Member who elects a Social Security Leveling Option pursuant to the provisions of Section II.5 of Appendix E and such retirement allowance has an Annuity Starting Date that occurs on or after January 1, 2012, and prior to January 1, 2014.

4. The provisions of Section VI of this Appendix F shall be applicable to a Member who elects a Lump Sum Option pursuant to the provisions of Section III.9 or IV.8 of Appendix E and such retirement allowance has an Annuity Starting Date that occurs on or after January 1, 2012, and prior to January 1, 2014.

Section III – Benefits Payable to a Member Described in Section II.1

1. (a) A Member described in Section II.1 above who as of his Annuity Starting Date has not attained age 55, may elect, by filing a written election with the Administrative Committee (or its delegate), to commence payment of his deferred vested benefit determined under the provisions of Section 4.06 of the Plan as of December 1, 2012; provided the lump sum value of his vested benefit determined under the provisions of Section 4.06 and this Appendix F as of December 1, 2012, does not exceed \$50,000. For purposes of this Appendix F, the lump sum value of a Member's vested benefit shall be calculated as set forth in clause (c)(ii) below.

Any election made under this Section III.1 shall be made by the Member in accordance with procedures established by the Benefit Administration Committee or its delegate and shall be subject to the notice and timing requirements of Section 4.07 of the Plan.

(b) The vested benefit payable to a Member who elects to commence payment in accordance with subparagraph (a) above shall be equal to the sum of (i) the Equivalent Actuarial Value of his vested benefit attributable to a TPP Formula Benefit or a Former Pension Plan benefit (other than a cash balance benefit under the Former Kodak Plan) otherwise payable at his Normal Retirement Date, (ii) the PEP Formula Benefit portion of his vested benefit adjusted for such early commencement as set forth in

Section 4.06, and (iii) if any, the cash balance portion of his Former Kodak Plan benefit adjusted for such early commencement as set forth in the Former Kodak Plan and Appendix E. For purposes of clause (i) of the preceding sentence, Equivalent Actuarial Value shall be determined as of the Member's Annuity Starting Date by using the IRS Mortality Table and the IRS Interest Rate in effect as of that date with the IRS Interest Rate determined on the basis of the Stability Period as defined in this Appendix F.

(c) The vested benefit payable to a Member who elects to commence payment in accordance with subparagraph (a) above, shall be payable to such Member in the automatic forms of payment applicable to such Member as set forth in Section 4.07(a) of the Plan, unless the Member makes an election in accordance with the provisions of Section 4.07(d) of the Plan to receive one of the following optional forms of payment:

i. Life Annuity Option – a Member who is married on his Annuity Starting Date or has a Registered Domestic Partner on his Annuity Starting Date may elect to provide that the vested benefit payable to him under Section 4.06 shall be in the form of a lifetime benefit payable during his own lifetime with no further benefit payable to anyone after his death.

ii. Single Sum Option – a Member may elect to convert his vested benefit into a single lump sum payment. Such lump sum payment shall be equal to the sum of (1) the Equivalent Actuarial Value of the Member's vested benefit attributable to a TPP Formula Benefit or a Former Pension Plan benefit (other than a cash balance benefit under the Former Kodak Plan) which is deferred to commence on his Normal Retirement Date, (2) the Member's PEP Formula Lump Sum Value, if any, determined as of his Annuity Starting Date, and (3) the cash balance lump sum value of the portion of the Member's Former Kodak Plan benefit accrued under the former Kodak cash balance formula, if any, determined as of his Annuity Starting Date. In determining the amount of such single lump sum payment payable prior to a Member's Normal Retirement Date, Equivalent Actuarial Value shall mean a benefit, of Equivalent Actuarial Value to the benefit which would otherwise have been provided commencing at the Member's Normal Retirement Date, and such Equivalent Actuarial Value shall be determined as of the Member's Annuity Starting Date using (a) the IRS Mortality Table and (b) the IRS Interest Rate in effect on such Annuity Starting Date on the basis of the Stability Period as defined in this Appendix F.

Notwithstanding the foregoing, the lump sum value of a Member's accrued benefit attributable to service recognized under a Former Pension Plan prior to the date the Employee became a Member of this Plan shall not be less than the amount such Member would have been entitled under the provisions of said Former Pension Plan and/or the foregoing provisions of this Plan as in effect prior to January 1, 2012.

iii. Contingent Annuitant Option - If a Member is married on his Annuity Starting Date or has a Registered Domestic Partner on his Annuity Starting Date, he may elect to convert the vested benefit otherwise payable to him without optional modification, into a reduced vested benefit payable during the Member's life with the provision that after his death a benefit equal to 75% of his reduced vested benefit shall be paid during the life of, and to, his surviving contingent annuitant.

(d) Notwithstanding the foregoing, if a Member described in subparagraph (a) above is unable to commence payment of his vested benefit on an Annuity Starting Date of December 1, 2012, because the Company is unable to locate the Member or for any other reason determined by the Administrative Committee on a basis uniformly applicable to all Member's similarly situated, such Member may elect to commence payment of such vested benefit as soon as practicably thereafter; provided the lump sum value of his vested benefit as of such later Annuity Starting Date does not exceed \$50,000. Such lump sum value shall be calculated in accordance with the Plan provisions set forth above and the Equivalent Actuarial Value shall be determined as of the Member's Annuity Starting Date by

using the IRS Mortality Table and the IRS Interest Rate in effect as of the later Annuity Starting Date with the IRS Interest Rate based on the Stability Period in effect under the provisions of Article 1 on such date; provided, however, such lump sum payment shall not be less than the lump sum payment the Member would have been entitled to receive under the foregoing provisions determined on the basis of the definition of Stability Period in effect on December 31, 2012, under the provisions of this Appendix F.

(e) Notwithstanding any provisions of this Appendix F to the contrary, if any portion of the vested benefit accrued by a Member described in the foregoing provisions of this Section III.1 has been (i) assigned to an alternate payee pursuant to the terms of a qualified domestic relations order and payments under the Plan to said alternate payee have not commenced or the alternate payee's share has not been segregated prior to December 1, 2012 or (ii) the Plan has received notice prior to December 1, 2012 that a former Spouse or dependent of the Member is seeking to be awarded a portion of such vested benefit pursuant to the provisions of a domestic relations order, the provisions of this Section 3 shall not be applicable to said Member (unless otherwise provided by the Administrative Committee under rules uniformly applicable to all individuals similarly situated).

2. (a) A Member described in Section II.1 above who as of his Annuity Starting Date is age 55 or older, may elect, by filing a written election with the Administrative Committee (or its delegate), to commence payment of his deferred vested benefit determined under the provisions of Section 4.06 of the Plan as of December 1, 2012; provided the lump sum value of his vested benefit determined under the provisions of Section 4.06 of the Plan and this Appendix F as of December 1, 2012 does not exceed \$50,000. For purposes of this Appendix F, the lump sum value of a Member's vested benefit shall be calculated as set forth in Section III.1(c)(ii) above.

An election made under this Section III.2 shall be made by the Member in accordance with procedures established by the Administrative Committee or its delegate and shall be subject to the notice and timing requirements of Section 4.07 of the Plan.

(b) The vested benefit payable to a Member who elects to commence payment in accordance with subparagraph (a) above shall be equal to his vested benefit reduced for early commencement pursuant to the provisions of Section 4.06 of the Plan.

(c) The vested benefit payable to a Member who makes an election in accordance with subparagraph (a) above, shall be payable to such Member in the automatic forms of payment applicable to such Member as set forth in Section 4.07(a) of the Plan, unless the Member makes an election in accordance with the provisions of Section 4.07(d) of the Plan to receive one of the optional forms of payment available to such Member under the provisions of Section 4.07(b) of the Plan.

(d) Notwithstanding the foregoing, if a Member described in subparagraph (a) is unable to commence payment of his vested benefit on an Annuity Starting Date of December 1, 2012 because the Company is unable to locate the Member or for any other reason determined by the Administrative Committee on a basis uniformly applicable to all Members similarly situated, such Member may elect to commence payment of such vested benefit as soon as practicable thereafter but not later than July 1, 2013 (or such other date designated by the Administrative Committee); provided the lump sum value of his vested benefit on such later Annuity Starting Date does not exceed \$50,000. Such lump sum value shall be calculated in accordance with the Plan provisions set forth above and the Equivalent Actuarial Value shall be determined as of the Member's later Annuity Starting Date by using the IRS Mortality Table and the IRS Interest Rate in effect on such date with the IRS Interest Rate based on the Stability Period then in effect under the provisions of Article 1; provided, however, such lump sum payment shall not be less than the lump sum payment the Member would have been entitled to receive under the foregoing provisions determined on the basis of the definition of Stability Period in effect on December 31, 2012 under the provisions of this Appendix F.

Section IV – Payment of Benefits – Small Lump Sum Cash Outs

1. Notwithstanding any Plan provision to the contrary, in determining the amount of a single lump sum payment payable under the provisions of Section 4.11(b)(i) of the Plan to a Member who has an Annuity Starting Date that occurs on or after January 1, 2012 and before January 1, 2013, the Equivalent Actuarial Value of such vested benefit or retirement allowance, whichever is applicable, shall be determined as of the Member's Annuity Starting Date by using (i) the IRS Mortality Table and (ii) the IRS Interest Rate in effect on such Annuity Starting Date on the basis of the Stability Period as defined in this Appendix F; provided, however, such lump sum payment shall not be less than the lump sum payment the Member would have been entitled to receive under the provisions of Section 4.11(b)(i) of the Plan determined on the basis of the definition of Stability Period in effect on December 31, 2011 under the provisions of Article 1 of the Plan.

2. Notwithstanding any Plan provision to the contrary, in determining the amount of a single lump sum payment payable under the provisions of Section 4.11(b)(i) of the Plan to the Spouse, Beneficiary or Registered Domestic Partner of a Member who has an Annuity Starting Date that occurs on or after January 1, 2012 and before January 1, 2013, the Equivalent Actuarial Value of such vested Spouse's benefit or pre-retirement survivor annuity, whichever is applicable, shall be determined as of the Spouse's, Beneficiary's or Registered Domestic Partner's Annuity Starting Date by using the (i) IRS Mortality Table, and (ii) the IRS Interest Rate in effect on such Annuity Starting Date on the basis of the Stability Period as defined in this Appendix F; provided, however, such lump sum payment shall not be less than the lump sum payment such Spouse, Beneficiary or Registered Domestic Partner would have been entitled to receive under the provisions of Section 4.11(b)(i) of the Plan determined on the basis of the definition of Stability Period in effect on December 31, 2011 under the provisions of Article 1 of the Plan.

3. Notwithstanding any Plan provision to the contrary, in determining the amount of a single lump sum payment payable under the provisions of Section 4.11(b)(i) of the Plan to a Member who has an Annuity Starting Date that occurs on or after January 1, 2013 and before January 1, 2014, the Equivalent Actuarial Value of such vested benefit or retirement allowance, whichever is applicable, shall be determined as of the Member's Annuity Starting Date by using (i) the IRS Mortality Table, and (ii) the IRS Interest Rate in effect on such Annuity Starting Date based on the Stability Period then in effect under the provisions of Article 1 of the Plan; provided, however, such lump sum payment shall not be less than the lump sum payment such Member would have been entitled to receive under the provisions of Section 4.11(b)(i) of the Plan determined on the basis of the definition of Stability Period in effect under the provisions of this Appendix F on December 31, 2012.

4. Notwithstanding the foregoing, in determining the amount of a single lump sum payment payable under the provisions of Section 4.11(b)(i) of the Plan to the Spouse, Beneficiary or Registered Domestic Partner of a Member who has an Annuity Starting Date that occurs on or after January 1, 2013 and before January 1, 2014, the Equivalent Actuarial Value of such vested Spouse's benefit or pre-retirement survivor annuity, whichever is applicable, shall be determined as of the Spouse's, Beneficiary's or Registered Domestic Partner's Annuity Starting Date by using (i) the IRS Mortality Table, and (ii) the IRS Interest Rate in effect on such Annuity Starting Date based on the Stability Period then in effect under the provisions of Article 1 of the Plan; provided, however, such lump sum payment shall not be less than the lump sum payment such Spouse, Beneficiary or Registered Domestic Partner would have been entitled to receive under the provisions of Section 4.11(b)(i) of the Plan determined on the basis of the definition of Stability Period in effect under the provisions of this Appendix F on December 31, 2012.

Section V – Social Security Leveling Option Pursuant to the Provisions of Section II.5 of Appendix E

1. Notwithstanding any Plan provision to the contrary, in determining the amount of a retirement allowance payable under the terms of Section II.5 of Appendix E in the form of a Social Security Leveling Option to a Member who has an Annuity Starting Date that occurs on or after January 1, 2012 and before January 1, 2013, the Equivalent Actuarial Value of such retirement allowance shall be determined as of the Member's Annuity Starting Date by using (i) the IRS Mortality Table, and (ii) the IRS Interest Rate in effect on such Annuity Starting Date on the basis of the Stability Period as defined in this Appendix F; provided, however, such payment in the form of a Social Security Leveling option shall not be less than the payment the Member would have been entitled to receive under the provisions of Section II.5 of Appendix E determined on the basis of the definition of Stability Period in effect on December 31, 2011 under the provisions of Article 1 of the Plan.

2. Notwithstanding any Plan provision to the contrary, in determining the amount of a retirement allowance payable under the terms of Section II.5 of Appendix E in the form of a Social Security Leveling Option to a Member who has an Annuity Starting Date that occurs on or after January 1, 2013 and before January 1, 2014, the Equivalent Actuarial Value of such retirement allowance shall be determined as of the Member's Annuity Starting Date by using (1) the IRS Mortality Table, and (2) the IRS Interest Rate in effect on such Annuity Starting Date based on the Stability Period then in effect under the provisions of Article 1 of the Plan; provided, however, such payment in the form of a Social Security Leveling option shall not be less than the payment the Member would have been entitled to receive under the provisions of Section II.5 of Appendix E determined on the basis of the definition of Stability Period as in effect on December 31, 2012 under the provisions of this Appendix F.

Section VI – Lump Sum Option Pursuant to the Provisions of Appendix E

1. Notwithstanding any Plan provision to the contrary, in determining the amount of a single lump sum payment payable under the provisions of Section III.9 of Appendix E to a Member who has an Annuity Starting Date that occurs on or after January 1, 2012 and before January 1, 2013, the Equivalent Actuarial Value of such vested benefit or retirement allowance, whichever is applicable, shall be determined as of the Member's Annuity Starting Date by using (i) the IRS Mortality Table and (ii) the IRS Interest Rate in effect on such Annuity Starting Date on the basis of the Stability Period as defined in this Appendix F; provided, however, such lump sum payment shall not be less than the lump sum payment the Member would have been entitled to receive under the provisions of Section III.9 of Appendix E determined on the basis of the definition of Stability Period in effect on December 31, 2011 under the provisions of Article 1 of the Plan.

2. Notwithstanding any Plan provision to the contrary, in determining the amount of a single lump sum payment payable under the provisions of Section III.9 of Appendix E to a Member who has an Annuity Starting Date that occurs on or after January 1, 2013 and before January 1, 2014, the Equivalent Actuarial Value of such vested benefit or retirement allowance, whichever is applicable, shall be determined as of the Member's Annuity Starting Date by using (i) the IRS Mortality Table, and (ii) the IRS Interest Rate in effect on such Annuity Starting Date based on the Stability Period then in effect under the provisions of Article 1 of the Plan; provided, however, such lump sum payment shall not be less than the lump sum payment such Member would have been entitled to receive under the provisions of Section III.9 of Appendix E determined on the basis of the definition of Stability Period in effect under the provisions of this Appendix F on December 31, 2012.

3. Notwithstanding any Plan provision to the contrary, in determining the amount of a single lump sum payment of a Former Kodak Plan benefit, other than a cash balance benefit, payable under the provisions of Section IV.8 of Appendix E that occurs on or after January 1, 2012 and before January 1, 2013, the Equivalent Actuarial Value of such vested benefit or retirement allowance, whichever is applicable, shall be determined as of the Member's Annuity Starting Date by using (i) the IRS Mortality Table and (ii) the IRS Interest Rate in effect on such Annuity Starting Date on the basis of

the Stability Period as defined in this Appendix F; provided, however, such lump sum payment shall not be less than the lump sum payment the Member would have been entitled to receive under the provisions of Section IV.8 of Appendix E determined on the basis of the definition of Stability Period in effect on December 31, 2011 under the provisions of Article 1 of the Plan.

4. Notwithstanding any Plan provision to the contrary, in determining the amount of a single lump sum payment of a Former Kodak Plan benefit, other than a cash balance benefit, payable under the provisions of Section IV.8 of Appendix E to a Member who has an Annuity Starting Date that occurs on or after January 1, 2013 and before January 1, 2014, the Equivalent Actuarial Value of such benefit shall be determined as of the Member's Annuity Starting Date by using (i) the IRS Mortality Table, and (ii) the IRS Interest Rate in effect on such Annuity Starting Date based on the Stability Period then in effect under the provisions of Article 1 of the Plan; provided, however, such lump sum payment shall not be less than the lump sum payment such Member would have been entitled to receive under the provisions of Section IV.8 of Appendix E determined on the basis of the definition of Stability Period in effect under the provisions of this Appendix F on December 31, 2012.

APPENDIX G

CASH BALANCE BENEFIT FOR CERTAIN MEMBERS AFTER

DECEMBER 31, 2016

This Appendix G is applicable only with respect to a Participating Member who, on January 1, 2017, (a) is an Employee, (b) is not performing services as a Mission Sustainment Employee, a CapRock Employee or a Maritime Employee and (c) is not a Highly Compensated Employee.

The portion of a Participating Member's Accrued Benefit attributable to service prior to January 1, 2017 shall be determined under the foregoing provisions of this Plan. In addition, except as otherwise provided in this Appendix G, the foregoing provisions of this Plan shall apply to the benefits set forth in this Appendix G.

Section I – Definitions

Solely for purposes of this Appendix G, the following terms shall be defined as set forth below.

1. "Active Appendix G Member" shall mean an Appendix G Member who has not ceased to be eligible for Pay Credits pursuant to Section II.2.
2. "Appendix G Member" shall mean a Participating Member who meets the eligibility requirements of Section II of this Appendix G.
3. "CapRock Employee" shall mean an Employee of Harris CapRock Communications, Inc. or a subsidiary thereof (including without limitation, CapRock Government Solutions, Inc.).
4. "Cash Balance Account" shall mean the hypothetical account established for each Appendix G Member pursuant to Section III of this Appendix G.
5. "Compensation" shall mean "Compensation" as defined under the Harris Corporation Retirement Plan, as amended from time to time, for periods beginning on and after January 1, 2017.
6. "Highly Compensated Employee" shall mean a Participating Member who had remuneration from the Company or an Associated Company during calendar year 2015 in excess of \$120,000 as shown on Box 5 of such Participating Member's Form W-2 for 2015.
7. "Interest Credits" shall mean the amounts, if any, credited to an Appendix G Member's Cash Balance Account pursuant to Section III.3 of this Appendix G.
8. "Maritime Employee" shall mean an Employee of Maritime Communication Services, Inc. or a subsidiary thereof.
9. "Mission Sustainment Employee" shall mean an Employee assigned to perform services primarily in support of, and designated in Company records as a member of, the division of the Company and its affiliates identified as "Mission Sustainment."
10. "Participating Member" shall mean a Member who, on January 1, 2017, is an Employee and who, on December 31, 2016, was a Participating Employee.
11. "Pay Credits" shall mean the amounts, if any, credited to an Appendix G Member's Cash Balance Account pursuant to Section III.2 of this Appendix G.

Section II – Eligibility

1. In General. Except as provided in Section II.2., the provisions of this Appendix G shall be applicable to each Participating Member who, on January 1, 2017, (a) is an Employee, including an Employee on an approved leave of absence (other than a long term disability leave), (b) is not performing services as a Mission Sustainment Employee, a CapRock Employee or a Maritime Employee and (c) is not a Highly Compensated Employee. A Member who is not described in the preceding sentence on January 1, 2017 shall not at any time be eligible for the benefit described in this Appendix G. An Appendix G Member shall not cease to be an Active Appendix G Member merely because the Appendix G Member becomes a highly compensated employee (as that term is defined in Section 414(q) of the Code) of the Company on or after January 1, 2017.

2. Cessation of Eligibility for Pay Credits. An Appendix G Member shall cease to be eligible for Pay Credits (a) as of the first day of the payroll period next following the date on which the Appendix G Member (i) transfers employment to an Associated Company, (ii) begins performing services as a Mission Sustainment Employee, a CapRock Employee or a Maritime Employee, or (iii) ceases to meet the definition of Employee; or (b) if earlier, as of the Appendix G Member's Severance Date. An Appendix G Member shall not again become eligible for Pay Credits if, thereafter, he meets the conditions described in the first sentence of Section II.1. of this Appendix G.

Section III – Cash Balance Accounts

(i) 1. Establishment of Accounts. A separate Cash Balance Account shall be established for each Appendix G Member. Each Cash Balance Account shall have an initial balance of zero until credited with any Pay Credit as provided herein. Each such account shall be for accounting purposes only, and there shall be no segregation of assets among such accounts. A Cash Balance Account shall consist of the cumulative value of the Appendix G Member's Pay Credits and Interest Credits.

(ii) 2. Pay Credits. For each calendar month beginning on and after January 1, 2017, an Appendix G Member's Cash Balance Account shall be credited, as of the last day of each calendar month during which the Appendix G Member is an Active Appendix G Member, with an amount equal to 1% of Compensation received by such Appendix G Member during such portion of such calendar month that the Appendix G Member was an Active Appendix G Member. If either (a) an Active Appendix G Member ceases to be an Active Appendix G Member on a date other than the last day of a calendar month, or (b) an Appendix G Member's Severance Date occurs other than on the last day of a calendar month and, in either case, if the Appendix G Member is entitled to have an amount credited to his Cash Balance Account for such calendar month pursuant to the preceding sentence, such amount shall be credited to the Appendix G Member's Cash Balance Account as of the last day of the month in which occurs the Appendix G Member's ceasing to meet the definition of Active Appendix G Member or the Appendix G Member's Severance Date. The Pay Credit described in the preceding sentence shall be based on the Appendix G Member's Compensation for the full pay period that contains, as applicable, (a) the date on which the Appendix G Member ceased to be an Active Appendix G Member, or (b) the Appendix G Member's Severance Date.

(iii) 3. Interest Credits. For each calendar month beginning on and after January 1, 2017, the Cash Balance Account of an Appendix G Member shall be credited, as of the last day of each calendar month during which the Appendix G Member is an Appendix G Member, regardless of whether the Appendix G Member is an Active Appendix G Member, and thereafter until the Appendix G Member's Annuity Starting Date, with interest equal to one-

twelfth of the yield on 30-year Treasury Constant Maturities for the month of November of the prior Plan Year. The final interest credit shall be made as of the last day of the month before the Appendix G Member's Annuity Starting Date and prior to the crediting of any Pay Credit for such calendar month. An Appendix G Member's Cash Balance Account will not be credited with Interest Credits after the Appendix G Member's Annuity Starting Date.

Section IV – Accrued Benefit

(iv) 1. In General. An Appendix G Member's accrued benefit attributable to his Cash Balance Account shall be the balance of the Appendix G Member's Cash Balance Account.

(v) 2. Special Rules for Members Who Continue in Employment Beyond Normal Retirement Age. If an Appendix G Member continues employment beyond the end of the Plan Year that includes his Normal Retirement Date, the Administrative Committee shall provide the Appendix G Member with a suspension of benefits notice in the time and form required by Section 203(a)(3)(B) of ERISA. The Appendix G Member's Cash Balance Account payable at the Appendix G Member's Postponed Retirement Date shall equal the greater of (i) his Cash Balance Account determined without regard to this Section IV.2. of this Appendix G, or (ii) his Cash Balance Account to which the Member would have been entitled under this Appendix G had he retired on his Normal Retirement Date, increased by an amount which is the Equivalent Actuarial Value of the monthly payments which would have been payable with respect to each month in which he worked fewer than eight days as determined under the provisions of Title 29 of the Code of Federal Regulations Section 2530.203-3 as promulgated by the U.S. Department of Labor.

Section V – Eligibility for Payment of Cash Balance Account

(vi) 1. Normal Retirement. The right of an Appendix G Member to his Cash Balance Account shall be nonforfeitable as of his Normal Retirement Age provided he is employed by the Company or an Associated Company at that time. An Appendix G Member, upon termination of employment with the Company and all Associated Companies, may retire from active service and receive his Cash Balance Account beginning on his Normal Retirement Date, subject to the notice and timing requirements of Section 4.07.

(vii) 2. Postponed Retirement. An Appendix G Member who continues in service with the Company or an Associated Company after his Normal Retirement Date shall retire from service and receive his Cash Balance Account on his Postponed Retirement Date, subject to the notice and timing requirements of Section 4.07.

(viii) 3. Vested Benefit. An Appendix G Member shall be vested in, and have a nonforfeitable right to, his Cash Balance Account upon completion of three years of Eligibility Service. An Appendix G Member may elect to receive the Cash Balance Benefit commencing on the first day of any month following his Severance Date and prior to his Normal Retirement Date as specified in his request therefor, after receipt by the Administrative Committee of written application therefor made by the Appendix G Member and filed with the Administrative Committee, provided that such early payment shall be subject to notice and timing requirements described in Section 4.07.

(ix) 4. Survivor's Benefit Applicable before Retirement. The surviving Spouse or Registered Domestic Partner, as applicable, of an Appendix G Member who has completed 3 years of Eligibility Service or is otherwise entitled to a benefit under this Appendix G but, in either case, has not yet met the age and service eligibility requirements for an early retirement allowance as set forth in Section 4.04(a) or 4.05(a), shall automatically receive a benefit payable

under the provisions of this Section V.4. of this Appendix G with respect to the Cash Balance Account in the event said Appendix G Member should die after the effective date of coverage hereunder and prior to his Annuity Starting Date. The benefit payable to the Appendix G Member's surviving Spouse under the provisions of this Section V.4. of this Appendix G shall be equal to an amount payable as a single life annuity over the Spouse's life that is Equivalent Actuarial Value to the Appendix G Member's Cash Balance Account. In the event the benefit under this Section V.4. of this Appendix G is payable to an Appendix G Member's Registered Domestic Partner, the Cash Balance Account payable to such Registered Domestic Partner under the provisions of this Section V.4. of this Appendix G shall be the balance of the Appendix G Member's Cash Balance Account, payable as a single lump sum, determined as of the Registered Domestic Partner's Annuity Starting Date. Payment of such benefit to a Registered Domestic Partner shall be made as soon as practicable following the Appendix G Member's date of death, and in no event later than one year after the Appendix G Member's date of death.

(x) The Appendix G Member's Cash Balance Account shall continue to be credited with interest in the manner described in Section III.3 of this Appendix G until the Spouse's or Registered Domestic Partner's Annuity Starting Date. An annuity benefit payable under this Section III.3. of this Appendix G shall be of Equivalent Actuarial Value to the Cash Balance Account determined as of the Spouse's or Registered Domestic Partner's Annuity Starting Date.

(xi) In no event shall a single lump sum payment be made under this Section III.3. of this Appendix G following the date payments under this Section III.3. of this Appendix G have commenced as an annuity.

Section VI – Distributions

1. Appendix G Member. An Appendix G Member shall receive distribution of his Cash Balance Account in the same form of benefit as the form in which his retirement allowance or vested benefit under Article 4 is paid, provided that if the Appendix G Member retires or terminates under Section 4.02, 4.03, 4.04, 4.05, or 4.06 and (a) if the Appendix G Member has a PEP Formula Benefit and elects the single sum option described in Section 4.07(b)(v) with respect to his PEP Formula Benefit, the Appendix G Member's Cash Balance Account shall be paid in the single sum option in an amount equal the Appendix G Member's Cash Balance Account as of his Annuity Starting Date or (b) if the Appendix G Member does not have a PEP Formula Benefit, the Appendix G Member shall be entitled to elect the single sum option described in Section 4.07(b)(v) with respect to his Cash Balance Account, subject to the notice, timing and Spousal Consent requirements described in Section 4.07. The joint and survivor annuity or other optional form of distribution set forth in Section 4.07(b), if applicable, that is provided by the Appendix G Member's Cash Balance Account and that commences as of the Appendix G Member's Annuity Starting Date shall be the Equivalent Actuarial Value of the Life Annuity Option described in Section 4.07(b)(i) that could be provided by the Appendix G Member's Cash Balance Account based on the IRS Interest Rate and IRS Mortality Table in effect as of the Appendix G Member's Annuity Starting Date.

2. Beneficiary under Section 4.08. The Beneficiary of an Appendix G Member entitled to a distribution under Section 4.08 shall receive distribution of the portion of the Appendix G Member's Accrued Benefit attributable to his Cash Balance Account at the same time, and in the same form of benefit, as the Beneficiary receives pursuant to Section 4.08, provided that if the Appendix G Member has a PEP Formula Benefit and payment of the PEP Formula Benefit is made as a single sum payment equal to the Member's PEP Formula Lump Sum Value, the Beneficiary shall receive the portion of the Appendix G Member's Accrued Benefit attributable to his Cash Balance Account in a single sum payment in an amount equal to the Appendix G Member's Cash Balance Account as of the Beneficiary's Annuity Starting Date. If the Appendix G Member does not have a PEP Formula Benefit, then (a) if the

Member's Beneficiary is his surviving Spouse (or Registered Domestic Partner), the Spouse (or Registered Domestic Partner) may elect to receive such Appendix G Member's Cash Balance Account in the form of an annuity for the life of the Spouse (or Registered Domestic Partner) or in the form of a single lump sum payment equal to the Appendix G Member's Cash Balance Account as of the Beneficiary's Annuity Starting Date to be paid or commence as of the first day of any month following the Member's date of death; or (b) if the Member's Beneficiary is other than his Spouse (or Registered Domestic Partner), the Appendix G Member's Cash Balance Account shall be payable as a single lump sum equal to the Member's Cash Balance Account determined as of the Beneficiary's Annuity Starting Date to be paid as soon as practicable following the Member's date of death, and in no event later than one year after the Member's date of death. If the Member's Beneficiary is his surviving Spouse, payments may not begin later than what would have been the Member's Normal Retirement Date. If the Spouse does not make an election regarding the timing and form of payments on or prior to the Member's Normal Retirement Date, payment of said amount shall be made as an annuity for the life of the Spouse commencing on the Member's Normal Retirement Date. If the Member's Beneficiary is his Registered Domestic Partner, payment must begin not later than one year following the Member's date of death and if the Registered Domestic Partner does not make an election regarding the form of payments, payment of said amount shall be made as an annuity for the life of the Registered Domestic Partner. The annuity benefit payable to the Spouse (or Registered Domestic Partner) under this Section VI.2. shall be of Equivalent Actuarial Value to the Cash Balance Account as of the Spouse's (or Registered Domestic Partner's) Annuity Starting Date. For purposes of the preceding sentence, Equivalent Actuarial Value shall be determined under the IRS Mortality Table and the IRS Interest Rate. The Member's Cash Balance Account shall continue to be credited with interest in the manner described in Section III.3. until the Beneficiary's Annuity Starting Date.

Section VII – Other Plan Provisions

1. Definition of Participating Employee. Notwithstanding anything contained herein to the contrary and solely for purposes of this Appendix G, a Participating Employee who is an Appendix G Member shall not cease to be a Participating Employee on December 31, 2016.

2. Section 4.11(b). In the event the sum of (a) the lump sum present value of the portion of the Appendix G Member's Accrued Benefit determined pursuant to Section 4.11(b) plus (b) the portion of his Accrued Benefit attributable to his Cash Balance Account, in each case, that is payable to the Appendix G Member or his surviving Spouse, Registered Domestic Partner or Beneficiary exceeds \$5,000 upon initial determination, then with respect to the Appendix G Member or his surviving Spouse or Beneficiary who receives the sum of the Cash Balance Account and PEP Formula Benefit portion of said benefit in a single lump sum payment, the lump sum present value of the remaining TPP Formula Benefit portion of said benefit shall be redetermined in accordance with Section 4.11(b) as of a subsequent date as determined by Administrative Committee or its delegate and the provisions of Section 4.11(b) shall apply to the remaining TPP Formula Benefit portion.

3. Section 8.01(a). Notwithstanding anything contained herein to the contrary, (a) an Appendix G Member's Cash Balance Account upon termination of the Plan shall be determined in the same manner as the Member's Cash Balance Account would be determined if the Plan was not terminated, and (b) to the extent applicable, the Interest Credit thereafter shall be determined by averaging the rates used during the five-year period ending on the date of the termination of the Plan.

APPENDIX H

Purchase of Annuity Contracts

The Company, in its capacity as Plan sponsor, may identify one or more Members and/or Beneficiaries (“Specified Members”) for whom the Plan (or the Company on behalf of the Plan) shall purchase and distribute one or more Guaranteed Benefit Policies issued by an Insurer with respect to Transferred Plan Obligations. In such event, the committee or other person designated by the Company (the “Company Fiduciary”) shall select the annuity provider (or providers) (and serve as named fiduciary of the Plan in connection therewith) and determine the terms of the annuity policy or contract (or policies or contracts), or, in its discretion, retain an independent fiduciary to assist with or discharge all or any portion of these duties. For purposes of this Appendix H:

1. *Insurer.* An “Insurer” is an insurance company or other insurance provider that is qualified to do business in a state and that is selected by the Company Fiduciary to issue a Guaranteed Benefit Policy.

2. *Guaranteed Benefit Policy.* A “Guaranteed Benefit Policy” is a group and/or individual insured annuity policy or contract to the extent (i) it provides for Transferred Plan Obligations of Specified Members that are fully guaranteed and paid by the Insurer from the Insurer’s general account and/or a separate account as permitted under the applicable insurance laws of the state of issue, (ii) it includes all protected benefits, rights, and features required under the Plan and applicable law with respect to Transferred Plan Obligations, (iii) it provides that benefit rights with respect to Transferred Plan Obligations shall be enforceable by the Specified Members solely against the Insurer, (iv) it relieves the Plan of any further liability for Transferred Plan Obligations, and (v) it, or a certificate describing Specified Members’ rights thereunder, is issued by the Insurer to Specified Members.

3. *Transferred Plan Obligations.* “Transferred Plan Obligations” are all or any portion, as determined by the Company in its capacity as Plan sponsor, of a Specified Member’s accrued benefits under the Plan for which the Plan (or the Company on behalf of the Plan) shall purchase and distribute one or more Guaranteed Benefit Policies issued by an Insurer.

4. *Transfer of Liability.* The Plan’s entire liability with respect to each Specified Member’s Transferred Plan Obligation shall be transferred to the Insurer that issues the Guaranteed Benefit Policy. Thereafter, (i) the Plan shall have no further obligation to make any payment with respect to any Transferred Plan Obligation, and (ii) the Specified Member shall look only to the Insurer (and in no event to the Plan, trust fund, Administrative Committee, Company, any Associated Company or any predecessor or successor thereto) for any benefit under the Plan subject to a Transferred Plan Obligation.

5. *Impact on Benefit Payments.* For payments to Specified Members whose Plan benefit payments have commenced at the time the Guaranteed Benefit Policy is issued (if any), the Guaranteed Benefit Policy shall provide for benefit payments in the same form and in an amount no less than as in effect under the Plan immediately prior thereto, and such payments shall be made no later than as in effect under the Plan immediately prior thereto.

**AMENDMENT NUMBER ONE
TO THE
L3HARRIS SALARIED PENSION PLAN**

WHEREAS, L3Harris Technologies, Inc., a Delaware corporation (“**L3Harris**”), heretofore has adopted and maintains the L3Harris Salaried Pension Plan, as amended and restated effective August 31, 2020 (the “**Plan**”); and

WHEREAS, pursuant to authority granted to her by the L3Harris Employee Benefits Committee, the Head of Global Benefits desires to amend the Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Plan hereby is amended, effective as of January 1, 2021, as follows:

1. The second paragraph of Section 1.17 (definition of Equivalent Actuarial Value) shall be amended in its entirety, to read as follows:

“Notwithstanding any Plan provision to the contrary, except as otherwise specified in Appendix E of the Plan:

- (a) when determining the Equivalent Actuarial Value of a Member’s retirement allowance or vested benefit based on the IRS Interest Rate and IRS Mortality Table in effect on an Annuity Starting Date on or after January 1, 2005, and prior to January 1, 2006, the Equivalent Actuarial Value of such retirement allowance or vested benefit shall not be less than the amount determined on the basis of the IRS Interest Rate and IRS Mortality Table as defined under the provisions of the Plan in effect on December 31, 2004; and
- (b) when determining the Equivalent Actuarial Value of a Member’s retirement allowance or vested benefit based on the IRS Interest Rate in effect on an Annuity Starting Date on or after January 1, 2021, and prior to January 1, 2022, the Equivalent Actuarial Value of such retirement allowance or vested benefit shall not be less than the amount determined on the basis of the IRS Interest Rate as defined under the provisions of the Plan in effect on December 31, 2020.”

2. Section 1.44 (definition of Stability Period) shall be amended in its entirety, to read as follows:

“**Stability Period** shall mean, except as otherwise provided in Appendix F, (i) with respect to an Annuity Starting Date prior to January 1, 2005 or on or after January 1, 2021, the Plan Year in which occurs the Annuity Starting Date for the distribution and (ii) with respect to an Annuity Starting Date on or after January 1, 2005 and prior to January 1, 2021, the calendar month in which occurs the Annuity Starting Date for the distribution.”

3. Section V of Appendix E (relating to benefits accrued under the Former Kodak Retirement Income Plan) shall be amended as follows:

a. To insert a new paragraph 9 after paragraph 8 thereof, to read as follows:

“Effective January 1, 2021, references to the “Applicable PBGC Interest Rate” in Section 2.04(e) of the Former Kodak Plan shall mean such rate as determined utilizing the methodology set forth in Appendix C to Part 4022 of ERISA (Lump Sum Interest Rates for Private-Sector Payments); and”

b. To renumber paragraphs 9 – 17 thereof to be paragraphs 10 – 18 thereof.

APPROVED by the **HEAD OF GLOBAL BENEFITS** on this 22 day of December, 2020.

Allison Oncel
Senior Director, Global Benefits

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

(Restated Effective as of August 31, 2020)

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INTRODUCTION

On February 10, 2000, L-3 Communications Corporation (“L-3”) acquired substantially all of the assets of the Link Simulation and Training business operations of Raytheon Company, and Link Simulation and Training became a division of L-3. In connection with the acquisition, L-3 established the L-3 Link Simulation and Training Retirement Plan (the “Plan”) originally effective February 11, 2000.

The Plan is frozen as of January 1, 2007 with respect to new hires; thus, employees hired on or after January 1, 2007 are not eligible to participate in the Plan.

The L-3 Communications Infrared Products Retirement Plan (the “Infrared Plan”) was merged into the Plan effective January 1, 2013 by the addition of Appendix C and Exhibits J – N. The terms of Appendix C and Exhibits J - N apply to Participants who were participants in the Infrared Plan on or before December 31, 2012.

Effective after the close of business on December 31, 2016, L-3 Communications Corporation changed its name to L3 Technologies, Inc. Accordingly, the name of the Plan was changed from the L-3 Link Simulation and Training Retirement Plan to the L3 Link Simulation and Training Retirement Plan effective January 1, 2017.

L3 Technologies, Inc. became a subsidiary of L3Harris Technologies, Inc. effective June 29, 2019. All benefit accruals under the Plan will cease effective December 31, 2019, except as set forth in Appendix X attached hereto.

The Plan is amended and restated effective January 1, 2020 and the name of the Plan is changed to the L3Harris Link Simulation and Training Pension Plan as of that date. The Plan is further amended and restated effective August 31, 2020 to reflect the change in Plan sponsorship from L3 Technologies, Inc. to L3Harris Technologies, Inc.

The benefits payable to or on behalf of a Participant in accordance with the provisions of this restated Plan shall not be affected by the terms of any amendment to the Plan adopted after such Participant’s employment terminates, unless the amendment expressly provides otherwise.

The Plan is a qualified pension plan that is intended to comply with the provisions of Section 401(a) of the Code and other applicable provisions of the Code and ERISA.

ARTICLE I - DEFINITIONS

1.1 General.

Whenever any of the following terms are used in the Plan with the first letter capitalized, they shall have the meaning specified below unless modified by the terms in the Applicable Exhibit or the context clearly indicates to the contrary.

1.2 Accrued Benefit.

“Accrued Benefit” means the Accrued Benefit as defined in the Applicable Exhibit.

1.3 Actuarial Equivalent; Actuarially Equivalent.

“Actuarial Equivalent; Actuarially Equivalent” means the equivalent of a given Benefit or its optional form as defined in the Applicable Exhibit. For purposes of Section 4.3:

- (a) The interest rate used for purposes of computing single sum payments shall be the adjusted first, second and third segment rates described in section 417(e)(3) of the Code, as specified by the Commissioner for the August that immediately precedes the Plan Year in which payment is made. For this purpose, the segment rates are the spot segment rates that would be determined for the applicable month under section 430(h)(2)(C) without the 24-month averaging under section 430(h)(2)(D), and determined without regard to the adjustment for the 25-year average segment rates provided in section 430(h)(2)(C)(iv) of the Code. For distributions with annuity starting dates occurring during plan years beginning on or after January 1, 2008 and before January 1, 2012, these segment rates are adjusted by blending with the rate of interest for 30-year Treasury securities under the transition percentages specified in section 417(e)(3)(D)(iii).
- (b) The mortality assumption shall be taken from the applicable mortality table specified for the Plan Year in which payment is made. The applicable mortality tables are set forth in section 1.430(h)(3)-1 of the regulations and Notice 2008-85, 2008-42 I.R.B. 905.

1.4 Administrator.

“Administrator” means the Committee.

1.5 Affiliated Company.

“Affiliated Company” means the Company and the controlled group of corporations, trades and businesses as determined under regulations issued by the Secretary of the Treasury or his delegate under Sections 414(b) and 414(c) of the Code (and, for purposes

of Section 415 of such Code, under subsection 415(h)) of which the Company is a member.

1.6 Anniversary Date.

“Anniversary Date” means an anniversary of a Participant’s first day on the job after his first employment by the Employer, or an anniversary of his first day on the job following his most recent reemployment by the Employer.

1.7 Annuity Starting Date.

“Annuity Starting Date” means the Early, Normal, or Late Retirement Date of a Participant or Former Participant, as defined in the Applicable Exhibit, or such date as may be elected by a Participant or Former Participant, provided:

- (a) Such election is made prior to a Separation from Service by giving written notice to the Administrator; and
- (b) Such date is not more than ten years later than the Participant’s or Former Participant’s Normal or Late Retirement Date, as the case may be; and
- (c) The present value of Benefit payments to be made to a Participant or Former Participant at the Annuity Starting Date is more than 50% of the present value of the total of Benefit payments to be made to the Participant or Former Participant and any Beneficiary, except where such Beneficiary is the spouse of the Participant or Former Participant; and
- (d) Any Participant or Former Participant who has properly elected an Annuity Starting Date may revoke such election and make a new election at any time prior to his Annuity Starting Date by giving written notice to the Administrator.

1.8 Applicable Exhibit.

“Applicable Exhibit” means each of Exhibits A-I attached hereto that by its terms apply to a particular Participant and his Benefit, which is incorporated herein by reference and is a part of the Plan.

1.9 Beneficiary.

“Beneficiary” means a person or trust designated in writing on forms supplied by the Administrator and delivered to the Administrator from time to time by a Participant or Former Participant (or by a Contingent Annuitant or Beneficiary who survives the Participant or Former Participant and who, as a result, is entitled to receive Benefits) to receive Benefits in the event of his death, as provided herein; or if no effective designation is made, then Beneficiary means either his spouse or if there is no spouse, the

estate of the decedent. If a married Participant designated his or her spouse as Beneficiary and the Plan is provided with written proof of a subsequent legal divorce with such spouse, his or her ex-spouse shall be deemed to have predeceased the Participant for purposes of this Beneficiary designation except to the extent an applicable court order provides that death benefits are payable to the ex-spouse.

1.10 Benefit.

“Benefit” means payments payable in the amounts, to the persons, at the times, and over the applicable period (including any final lump sum payment) specified in Article IV.

1.11 Benefit Accrual Service.

“Benefit Accrual Service” means Benefit Accrual Service as defined in the Applicable Exhibit.

1.12 Board.

“Board” means the Board of Directors of the Company.

1.13 Code.

“Code” means the Internal Revenue Code of 1986 as now in effect or as hereafter amended. All references to Sections of the Code are to such Sections as they may from time to time be amended or renumbered.

1.14 Committee.

“Committee” means the L3Harris Technologies, Inc. Employee Benefits Committee.

1.15 Company.

“Company” means, effective August 31, 2020, L3Harris Technologies, Inc. Prior to August 31, 2020, “Company” meant L3 Technologies, Inc. The Company shall act with respect to the Plan through the Board of Directors.

1.16 Compensation; Basic Compensation.

“Compensation” or “Basic Compensation” is defined in the Applicable Exhibit and shall include

- (a) employee deferrals under a plan maintained by the Company pursuant to Code Section 125, 132(f)(4) or 402(k);

- (b) compensation prior to February 11, 2000 determined in accordance with the terms of the Prior Plan, as defined in the Applicable Exhibit; and
- (c) amounts received from the Employer for the period of short term disability and/or period of “qualified military service,” as defined in Code Section 414(u)(5) and to the extent required by Code Section 414(u).

The term Compensation shall include “compensation,” as defined in the Prior Plan, as defined in the Applicable Exhibit, credited to the Participant prior to February 11, 2000, under the Prior Plan.

Compensation and Basic Compensation for determining benefit accruals in any Plan Year shall be taken into account up to, but shall not exceed, the limit in Section 401(a)(17) of the Code in effect for that Plan Year. Any increase in the Section 401(a)(17) limit shall not apply to years preceding the first year for which the increase is effective. If a cost of living adjustment is declared under the Code Section 401(a)(17) with respect to any calendar year, it shall affect the Compensation or Basic Compensation for the Plan Year that begins on the January 1st of that same calendar year.

Compensation for purposes of determining whether an Employee is a Highly Compensated Employee shall mean as defined by Section 415(c)(3) of the Code. For purposes of determining a Participant’s benefits, Compensation and Basic Compensation shall not include stock-based compensation (whether settled in cash or stock) or discretionary cash appreciation awards. For the avoidance of doubt, stock-based compensation includes cash payments made as dividend equivalents on stock-based awards, and cash payments earned as a result of stock price appreciation or total shareholder returns (whether on a relative or absolute basis).

1.17 Contingent Annuitant.

“Contingent Annuitant” means a person properly designated by a Participant or Former Participant to receive Benefits, solely in accordance with the terms of the Plan, in the event of his death after the Participant’s or Former Participant’s Annuity Starting Date.

1.18 Continuous Service.

“Continuous Service” means an Employee’s Continuous Service as defined in the Applicable Exhibit.

1.19 Death Benefit.

“Death Benefit” means the Benefit payable following a Participant’s or Former Participant’s death before Retirement under the Applicable Exhibit.

1.20 Early Retirement.

“Early Retirement” means a Participant’s or Former Participant’s retirement upon his Early Retirement Date.

1.21 Early Retirement Benefit.

“Early Retirement Benefit” means the Early Retirement Benefit payable to or with respect to a Participant or Former Participant under the Applicable Exhibit.

1.22 Early Retirement Date.

“Early Retirement Date” means the first day of the calendar month next following a Participant’s or Former Participant’s termination of employment if it occurs earlier than his Normal Retirement Date.

1.23 Effective Date.

“Effective Date” means February 11, 2000. The effective date of this amendment and restatement is August 31, 2020.

1.24 Employee.

“Employee” means any person who renders services to the Employer in the status of an employee, as that term is defined in Section 3121(d) of the Code. The Employer’s classification of a person at the time services are performed by such person shall be conclusive for the purpose of the foregoing rules. No reclassification of a person’s status with the Employer, for any reason, without reason to whether it is initiated by a court, governmental agency or otherwise and without regard to whether or not the Employer agrees to such reclassification, either retroactively or prospectively, shall result in the person being regarded as an Employee during such time. With respect to each Applicable Exhibit, the term “Employee” shall include only the persons who satisfy the eligibility requirements prescribed in the respective Exhibit (or are otherwise described therein).

1.25 Employer.

“Employer” means The Link Simulation & Training Division of the Company.

1.26 ERISA.

“ERISA” means the Employee Retirement Income Security Act of 1974 as it may be amended from time to time.

1.27 Former Participant.

“Former Participant” means a person who has had a Separation from Service and is receiving or entitled to receive Benefits under the Plan.

1.28 Hours of Service.

“Hours of Service” means the sum of:

- (a) A Participant’s or Former Participant’s hours of actual work on the job,
- (b) his periods of vacation, holiday, military service, paid sick leave or paid leave of absence, computed on the basis of the number of hours in his regularly scheduled work day and work week, and
- (c) his periods of receipt of employer-funded disability pay, converted to Hours of Service on the basis of 40 Hours of Service for each week in which he receives any such pay, and for a salaried Employee by dividing his most recent salary by the average number of regularly-scheduled hours of work in his salary period, ignoring holidays, sick leaves and vacations, and
- (d) his hours for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company. In no event shall the same Hours of Service be credited twice under this subsection and subsections (a), (b), or (c), and
- (e) the number of Hours of Service credited to an Employee under subsections (b) or (d) shall be calculated and credited in accordance with 29 C.F.R. §2530.200b-2(b) and (c). Each Hour of Service thus credited shall be attributable to the computation period in which it occurs except to the extent that the Company, in accordance with 29 C.F.R. §2530.200b-1(b) and (c), credits such Hours of Service to another computation period under a reasonable method consistently applied, and
- (f) his Hours of Service with any other employer during which such employer is part of an affiliated service group (under Section 414(m) of the Code), his Hours of Service as a Leased Employee, his Hours of Service credited under Section 414(o) of the Code, or is a part of a controlled group of which the Company is a member.

1.29 Joint and Survivor Annuity.

“Joint and Survivor Annuity” means the Joint and Survivor Annuity as defined in the Applicable Exhibit.

1.30 Late Retirement.

“Late Retirement” means Late Retirement as defined in the Applicable Exhibit.

1.31 Late Retirement Benefit.

“Late Retirement Benefit” means the Late Retirement Benefit payable under the Applicable Exhibit.

1.32 Late Retirement Date.

“Late Retirement Date” means the first day of the calendar month coinciding with or next following a Participant’s or Former Participant’s Separation from Service occurring later than his Normal Retirement Date, but in no event later than the Annuity Starting Date.

1.33 Leased Employee.

A person who is not an Employee of the Employer or an Affiliated Company and who performs services for the Employer or an Affiliated Company pursuant to an agreement between the Employer or Affiliated Company and a leasing organization shall be considered a “leased employee” if such person performed the services for a year and such services are performed under the primary direction or control of the Employer. A person who is considered a “leased employee” of the Employer or an Affiliated Company shall not be considered an Employee for purposes of the Plan.

If such a person participates in the Plan as a result of subsequent employment with the Employer, he shall receive credit for his period of employment as a leased employee for all purposes except determining the amount of his retirement benefit under section 6.1 of the Plan. Notwithstanding the preceding provisions of this section, a leased employee shall be treated as an Employee for purposes of applying the requirements described in section 414(n)(3) of the Code.

1.34 Normal Retirement.

“Normal Retirement” means a Participant’s or Former Participant’s retirement upon his Normal Retirement Date.

1.35 Normal Retirement Benefit.

“Normal Retirement Benefit” means the Normal Retirement Benefit payable under the Applicable Exhibit.

1.36 Normal Retirement Date.

“Normal Retirement Date” means the first day of the calendar month coincident with or next following a Participant’s or Former Participant’s 65th birthday.

1.37 Optional Forms of Retirement Distribution.

“Optional Forms of Retirement Distributions means the Optional Forms of Retirement Distribution as defined in the Applicable Exhibit.

1.38 Participant.

“Participant” means any person included in the Plan as provided in Article II and who has not had a Separation from Service; provided, however, that a person who again becomes an Employee following a Separation from Service and is included in the Plan as provided in Article II shall be considered a Participant. With respect to each Exhibit of the Plan, the term “Participant” shall include only the persons who satisfy the eligibility requirements prescribed in the respective Exhibit (or are otherwise described therein).

1.39 Plan.

“Plan” means the L3Harris Link Simulation and Training Pension Plan and the Applicable Exhibits as they have been or may be amended from time to time.

1.40 Plan Enrolled Actuary.

“Plan Enrolled Actuary” means that person who is enrolled by the Joint Board for the Enrollment of Actuaries established under Subtitle C of Title III of ERISA and who has been engaged by the Administrator on behalf of all Participants to make and render all necessary actuarial determinations, statements, opinions, assumptions, reports, and valuations under the Plan as required by law or requested by the Administrator.

1.41 Plan Year.

“Plan Year” means with respect to the first Plan Year, the period beginning on February 11, 2000 and ending on December 31, 2000. Thereafter, the Plan Year shall be the calendar year.

1.42 Separation from Service.

“Separation from Service” means an Employee’s Separation from Service as defined in the Applicable Exhibit.

1.43 Social Security Retirement Date.

“Social Security Retirement Date” means:

- (a) For a Participant or Former Participant born prior to 1938, the first day of the calendar month coincident with or next following his 65th birthday,
- (b) For a Participant or Former Participant born after 1937 and before 1955, the first day of the calendar month coincident with or next following his 66th birthday, and
- (c) For a Participant or Former Participant born after 1954, the first day of the calendar month coincident with or next following his 67th birthday.

1.44 Total Benefit Accrual Service.

“Total Benefit Accrual Service” means with respect to each Employee the sum of his Benefit Accrual Service pursuant to the Applicable Exhibits under this Plan.

1.45 Trust.

“Trust” means the trust established pursuant to the Trust Agreement.

1.46 Trust Agreement.

“Trust Agreement” means the agreement between the Company and the Trustee, and any successor agreement made and entered into for the establishment of a Trust to hold the assets of the Plan. By this reference, the Trust Agreement is incorporated herein.

1.47 Trustee.

“Trustee” means the trustee acting under the Trust Agreement.

1.48 Trust Fund.

“Trust Fund” means the cash, securities, and other property held by the Trustee for the purposes of the Plan.

1.49 Year of Vesting Service.

“Year of Vesting Service” means an Employee’s Year of Vesting Service as defined in the Applicable Exhibit. For purposes of determining a Year of Vesting Service under this Plan, a layoff shall only refer to a temporary layoff with recall rights.

ARTICLE II - ELIGIBILITY

2.1 Requirements for Participation.

The requirements for participation are as set forth in the Applicable Exhibit.

2.2 Termination of Participation.

A Participant shall cease to be a Participant and shall become entitled to Benefits, if any, in accordance with Article IV, upon his Separation from Service.

2.3 Forfeitures.

Forfeitures shall occur as set forth in the Applicable Exhibit.

2.4 Participation on or after January 1, 2007.

Notwithstanding any other provision in any Applicable Exhibit, the Plan shall be frozen effective as of January 1, 2007 as to new participation as follows:

- (a) An individual who is hired on or after January 1, 2007 shall not be eligible to participate in the Plan.
- (b) An individual who is hired by an Affiliated Company prior to January 1, 2007 and transfers employment from the Affiliated Company to the Employer on or after January 1, 2007 and on or before December 31, 2013 shall be eligible to participate in the Plan.
- (c) An individual who, prior to January 1, 2007, was an Employee in a classification that was not eligible to participate in the Plan and, on or after January 1, 2007 and on or before December 31, 2019, transfers to a classification of Employees that would, but for this subsection (c) be eligible to participate in the Plan, shall be eligible to participate in the Plan.

2.5 Termination of Employment Followed by Reemployment.

- (a) A Participant who is eligible for benefits under an Applicable Exhibit and who terminates employment with the Employer and is subsequently reemployed by the Employer prior to January 1, 2007 shall be eligible to participate in the Plan under the terms of such Applicable Exhibit immediately prior to his termination of employment.
- (b) A Participant who terminates employment with the Employer on any date and is subsequently reemployed by the Employer on or after January 1, 2007 and on or

before December 31, 2019 and no more than five years after the date of his termination of employment shall be eligible to participate in the Plan under the terms of the Applicable Exhibit immediately prior to his termination of employment date, provided that such Participant upon reemployment is not classified as a training employee or functional employee other than those training employees or functional employees who provide headquarters support functions and are identified by organization codes listed in the Pension Eligibility Matrix maintained by the Employer.

- (c) A Participant who terminates employment with the Employer on any date and is subsequently reemployed by the Employer on or after January 1, 2007 and more than five years after his termination of employment date shall not be eligible to participate in the Plan. A Participant who incurs a termination of employment at any time and is reemployed by the Employer on or after January 1, 2020 shall not be eligible to participate in the Plan. With respect to his period of reemployment, such Employee shall receive credit for his Years of Vesting Service, as determined under the Applicable Exhibit prior to his termination of employment, and shall not receive credit for Benefit Accrual Service or Compensation.

2.6 Deferred Vested Benefit.

If any benefit under any welfare benefit plan maintained by the Employer or Affiliated Company is dependent on “retirement” under this Plan, then the receipt of a deferred vested termination benefit shall not constitute “retirement.”

ARTICLE III – FUNDING OF BENEFITS

3.1 Source of Contributions.

The cost of Benefits under the Plan, to the extent not provided by contributions of Participants if required under the Applicable Exhibit, shall be provided by Employer contributions not less than in such amounts, and at such times, as the Plan Enrolled Actuary shall certify to be necessary, to fund Benefits under the Plan in accordance with the actuarial assumptions selected by such Actuary from time to time in accordance with the funding policies and method selected by the Company.

3.2 Limitations.

Employer contributions to the Trust Fund for any taxable year shall be not less than that amount necessary to maintain the qualified status of the Plan and Trust, and to comply with all applicable legal requirements and shall be made no later than the due date, including extensions, for filing the Company's Federal income tax return..

3.3 Application of Forfeitures.

Forfeitures shall not be applied to increase the Benefits any Participant would otherwise receive under the Plan, and shall be applied to reduce contributions of the Company.

ARTICLE IV – RETIREMENT, TERMINATION OR DEATH

4.1 Benefits.

- (a) A Participant or Former Participant shall be entitled to a Benefit upon retirement, termination or death as set forth in this Article and the Applicable Exhibit.
- (b) Notwithstanding any provision of the Plan to the contrary, a Participant will be credited with service for eligibility, vesting and benefit accrual purposes for “qualified military service,” as defined in Code Section 414(u)(5), to the extent required by Code Section 414(u). In the case of a Participant who dies while performing qualified military service, the survivors of the Participant are entitled to any additional benefits because of death, including vesting and survivor benefits contingent on termination of employment, that would have been provided under the Plan had the Participant resumed employment and then terminated employment on account of death. An individual receiving a “differential wage payment,” as defined in Section 3401(h) of the Code, is treated as an employee of the Employer making the payment and the differential wage payment is treated as compensation for purposes of Code requirements applicable to the Plan.
- (c) A Participant who is entitled to a Benefit under Exhibit A, C, D, E, F, G, H or I shall be 100 percent vested at all times. A Participant who is entitled to a Benefit under Exhibit B shall become vested in accordance with Section 3.9-B.
- (d) In no event shall the amount of a Participant’s Normal Retirement Benefit under the Applicable Exhibit be less than the Early Retirement Benefit that would be payable to the Participant at any time prior to his Normal Retirement Date.

4.2 Limitation on Benefits.

- (a) Notwithstanding any other provisions of the Plan, in no event may that portion of a Participant’s or Former Participant’s Benefit paid in any one calendar year (which shall be the limitation year of the Plan) under this Plan and any other defined benefit plan maintained by the Company and not attributable under Regulations of the Secretary of the Treasury or his delegate to Benefits attributable to Participant Contributions or benefits directly transferred to this Plan from another qualified plan, exceed the maximum permissible amount determined as an amount Actuarially Equivalent to a benefit payable annually in the form of a single life annuity (with no ancillary benefits) equal to the lesser of (1) or (2) below, where:
 - (1) is \$160,000 for an Employee who is credited with an Hour of Service on or after December 31, 2002. Each January thereafter the dollar limitation will be automatically adjusted by multiplying such limit by the cost of living adjustment factor prescribed by the Secretary of the Treasury under

Section 415(d) of the Code in such manner as the Secretary shall prescribe; and

- (2) is 100% of the Participant's average Compensation for the three consecutive calendar years while participating in the Plan in which the Participant's Compensation was highest.
- (b) In determining the maximum annual benefit, the provisions of Section 415 of the Code are incorporated by reference.
- (c) For purposes of this Section 4.2, Compensation means compensation as defined in Treasury Regulation Section 1.415(c)-2(d) (2) and (3), provided that Compensation shall include employee deferrals under a plan maintained by the Employer pursuant to Code Sections 125, 132(f)(4) and 401(k). Solely with respect to the definition of compensation for purposes of Section 415 of the Code, amounts under Section 125 of the Code shall include amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. An amount will be treated as an amount under Section 125 of the Code only if the Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan.

For purposes of the limitation under Section 415 of the Code, Compensation for the limitation year shall include compensation paid by the later of 2-½ months after a Participant's severance from employment with the Company or an Affiliated Company or the end of the limitation year that includes the date of the Participant's severance from employment with the Company or an Affiliated Company, if:

- (i) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the Participant while the Participant continued in employment with the Company or an Affiliated Company; or
- (ii) the payment is for unused accrued bona fide sick, vacation or other leave that the Participant would have been able to use if employment had continued; or
- (iii) the payment is received by the Participant pursuant to a nonqualified unfunded deferred compensation plan and would have been paid at the same time if employment had continued, but only to the extent includible in gross income.

Any payments not described above shall not be considered compensation if paid after severance from employment, even if they are paid by the later of 2-½ months after the date of severance from employment or the end of the limitation year that includes the date of severance from employment, except: (a) payments to an

individual who does not currently perform services for the Company or an Affiliated Company by reason of qualified military service (within the meaning of Section 414(u)(1) of the Code) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Company or an Affiliated Company rather than entering qualified military service; or (b) compensation paid to a Participant who is permanently and totally disabled, as defined in Section 22(e)(3) of the Code, provided salary continuation applies to all Participants who are permanently and totally disabled for a fixed or determinable period, or the Participant was not a highly compensated employee, as defined in Section 414(q) of the Code, immediately before becoming disabled.

- (d) For purposes of Section 4.2, the actuarially equivalent straight life annuity of a form of benefit that is not subject to Code Section 417(e)(3) is equal to the greater of (1) the annual amount of the straight life annuity (if any) payable to the participant under the plan commencing at the same annuity starting date as the participant's form of benefit; and (2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a 5 percent interest rate assumption and the applicable mortality table set forth in Section 1.3 for that annuity starting date.

For purposes of Section 4.2, the actuarially equivalent straight life annuity of a form of benefit not described in the prior paragraph is equal to the greatest of (I) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the interest rate and the mortality table (or other tabular factor) determined under the applicable exhibit to the plan for adjusting benefits in the same form; (II) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table set forth in Section 1.3; and (III) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the applicable interest rate and the applicable mortality table set forth in Section 1.3, divided by 1.05.

- (e) If the Annual Benefit of a Participant commences prior to age 62, the defined benefit dollar limitation shall be the following amount:
 - (i) If the plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the dollar limitation (adjusted for years of participation less than 10, if required) with

actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table set forth in Section 1.3 for the annuity starting date (and expressing the participant's age based on completed calendar months as of the annuity starting date).

(ii) If the plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the lesser of the limitation determined under paragraph (i) above and the dollar limitation (adjusted for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the immediately commencing straight life annuity under the plan at age 62, both determined without applying the limitations of this section.

(f) If the Annual Benefit of a Participant commences after age 65, the defined benefit dollar limitation shall be the following amount:

(i) If the plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the dollar limitation (adjusted for years of participation less than 10, if required) with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table set forth in Section 1.3 for that annuity starting date (and expressing the participant's age based on completed calendar months as of the annuity starting date).

(ii) If the plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the lesser of the limitation determined under paragraph (i) above and the dollar limitation (adjusted for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the plan at age 65, both determined without applying the limitations of this section

4.3 Small Payments.

- (a) Whenever the provisions of the Plan would, but for this Section, give rise to a distribution, if the monthly payments are less than \$50.00, the Administrator may make, or authorize others to make, Actuarially Equivalent payments at intervals sufficiently less frequently so that no payment is less than \$50.00.
- (b) If the Actuarial Equivalent of the Participant's or Former Participant's Vested Accrued Benefit, if any, is not greater than \$5,000, the recipient will receive a

distribution of the present value of the entire Vested Accrued Benefit as soon as administratively feasible following termination of employment with the Affiliated Company, provided that if such amount is more than \$1,000, it shall not be paid prior to the Participant's Normal Retirement Date without the Participant's consent.

4.4 Deemed Distribution.

Notwithstanding any contrary provision of the Plan, in the event that a Participant separates from service with the Company, and has not, as of the date he separates from service, met the service and other requirements that would enable him to be 100% vested in all his accrued Plan benefits, then, as of the date he separates from service, he shall be deemed to have received a distribution of his unvested accrued benefits under the Plan. The amount of this deemed distribution shall be zero. Following a distribution or deemed distribution under this Section 4.3, the Participant shall have no remaining Benefit under the Plan.

4.5 Suspension of Benefits upon Re-Employment or after Normal Retirement Date.

- (a) If any Participant or Former Participant again becomes an Employee with a Company and completes at least forty (40) Hours of Service in any month (hereinafter "Full Time Post-Retirement Service") after his Early, Normal or Late Retirement Date, all Benefit payments under Article IV of the Applicable Exhibit or Article III in the case of Exhibits B, C and D, shall cease in accordance with the L3 Reemployment of Former Employees Policy. Similarly, for a Participant who continues to be employed in Full Time Post-Retirement Service after his Normal Retirement Date, the actuarial value of Benefits which commence later than Normal Retirement Date will be computed without regard to amounts that would have been suspended under the preceding sentence had the Participant been receiving Benefits since his Normal Retirement Date.
- (b) If Benefit payments have been suspended, payments shall resume no later than the first day of the third calendar month after the calendar month in which the Participant ceases to be employed in Full Time Post-Retirement Service. A Participant or Former Participant or his Beneficiary or Contingent Annuitant shall be entitled to the Benefits provided under Article IV of the Applicable Exhibit, or Article III in the case of Exhibits B, C, and D reduced by the Actuarial Equivalent of Benefits or payments paid before such re-employment, and increased by the Actuarial Equivalent of that portion of the Participant's or Former Participant's Benefits which (i) were suspended pursuant to subsection (a) (or, in the case of a Participant who continues to be employed in Full Time Post-Retirement Service after his Normal Retirement Date, which would have been suspended as described in subsection (a)), and (ii) exceed the amount which the Plan is allowed to permanently withhold under the Department of Labor Regulation at Section 2530.203-3(d) of Title 29 of the Code of Federal Regulations.

- (c) No Benefit payment shall be permanently withheld by the Plan pursuant to this Section unless the Plan notifies the Employee by personal delivery or first class mail during the first calendar month or payroll period in which the Plan permanently withholds payments that his Benefits are suspended. Such notifications shall contain a description of the specific reasons why Benefit payments are being suspended, a general description of the Plan provision relating to the suspension of payments, a copy of such provisions, and a statement to the effect that applicable Department of Labor regulations may be found in Section 2530.203-3 of Title 29 of the Code of Federal Regulations. In addition, the notice shall inform the Participant of the Plan's procedures for affording a review of the suspension of Benefits in accordance with the claims procedure under Section 5.8.
- (d) Notwithstanding the foregoing, benefits payable under this Plan will not be suspended if a Participant was both receiving benefits under this Plan and employed by Harris Corporation or any of its subsidiaries on the effective date of the merger of Leopard Merger Sub Inc. ("Leopard") with and into the Company as contemplated by the Agreement and Plan of Merger, dated as of October 12, 2018, among the Company, Harris Corporation and Leopard.

4.6 Rehire After Lump Sum Distribution.

If a lump sum distribution is made to a Participant who is subsequently rehired by the Company, Benefit Accrual Service attributable to the period of employment for which the lump sum distribution was made shall be taken into account for purposes of determining the Participant's benefit under this Plan, provided that any subsequent distribution to the Participant under this Plan shall be offset and reduced by the amount previously distributed to the Participant.

4.7 Commencement of Benefits.

- (a) Notwithstanding anything herein to the contrary, the payment of Benefits hereunder to any Participant or Former Participant will begin not later than the 60th day after the latest of the close of the Plan Year in which:
 - (1) the date on which the Participant or Former Participant attains the earlier of age 65 or the normal retirement age specified herein;
 - (2) occurs the 10th anniversary of the year in which the Participant or Former Participant commenced participation in the Plan; or
 - (3) the Participant has a Separation from Service with the Employer and all Affiliated Companies.

- (b) All distributions under the Plan shall comply with the requirements of Section 401(a)(9) of the Code as incorporated in Appendix A.

4.8 Rollovers and Direct Transfers from the Plan.

- (a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, subject to the Joint and Survivor Annuity provisions in the Applicable Exhibit, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.
- (b) The following definitions apply to subsection (a):
 - (1) An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: a distribution of a Benefit for any year that is reasonably expected to be less than \$200.00, a distribution of a portion of a Benefit that is \$500.00 or less, any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually), made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).
 - (2) An Eligible Retirement Plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, a qualified trust described in Section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution, an annuity contract described in Section 403(b) of the Code, an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan and a Roth IRA described in Section 408A of the Code.
 - (3) A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of

the Code, are Distributees with regard to the interest of the spouse or former spouse. A “Distributee” also includes the Employee’s non-spouse designated Beneficiary under Section 1.9 of the Plan. In the case of a non-spouse Beneficiary, the direct rollover may be made only to an individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Code (“IRA”) that is established on behalf of the designated Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Code.

(4) A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

4.9 Notice and Election Period.

- (a) Notice Requirement. The Plan Administrator shall provide each Participant no less than 30 days and no more than 90 days prior to the annuity starting date a written explanation of: (1) the terms and conditions of a qualified Joint and Survivor Annuity; (2) the Participant’s right to make and the effect of an election to waive the qualified Joint and Survivor Annuity form of Benefit; (3) the rights of a Participant’s spouse; (4) the right to make, and the effect of, a revocation of a previous election to waive the qualified Joint and Survivor Annuity; and (5) the relative values of the various optional forms of Benefit under the Plan.
- (b) Waiver of 30-Day Period. The annuity starting date for a distribution may be less than 30 days after receipt of the written explanation described in the preceding paragraph provided: (1) the Participant has been provided with an explanation that clearly indicates that the Participant has at least 30 days to consider whether to waive the qualified Joint and Survivor Annuity and elect a different form of distribution; (2) the Participant (with spousal consent if the Participant is married) elects to receive a distribution after the explanation has been provided but before the 30-day period has elapsed; (3) the Participant may revoke a distribution election until the later of the annuity starting date or the expiration of the 7-day period that begins the day after the explanation was provided to the Participant; (4) the annuity starting date is after the date the explanation is provided to the Participant; and (5) distribution in accordance with the Participant’s election does not begin before the expiration of the 7-day period that begins on the day after the explanation is provided to the Participant.
- (c) Retroactive Annuity Starting Date. The annuity starting date for a distribution may be prior to the date the written explanation is provided (referred to herein as a “retroactive annuity starting date”) subject to the following: (1) the Participant has been provided with an explanation that clearly indicates that the Participant has at least 30 days to consider whether to waive the qualified Joint and Survivor Annuity and elect a different form of distribution; (2) distributions do not begin for at least 30 and not more than 90 days after the explanation has been provided,

provided that distributions may begin less than 30 days after the explanation has been provided if the requirements of subsection (b) above are met; (3) the Participant and spouse, if applicable may elect to receive distributions based on a retroactive annuity starting date or may elect an actuarially increased Benefit to be distributed as of an annuity starting date that is at least 30 days (or 7 days if the Participant and spouse have so elected under subsection (b) above) after the explanation has been received; (4) the Participant, with the spouse's consent, if applicable, elects to receive distributions based on a retroactive annuity starting date.

In the case of a retroactive annuity starting date distribution, make up payments for each Plan Year shall be adjusted for interest for the delayed payments based on the published Federal Mid-Term rate in effect for August of the prior Plan Year, provided that for distributions occurring in 2007, the interest rate shall be the interest rate for August 2006 or November 2006, whichever produces the greater benefit. Such distribution of makeup payments plus interest will be paid in a lump sum on the distribution date. Subsequent to this lump sum distribution, the monthly Benefit amount payable shall be the same amount that would have been paid had payments actually commenced to the Participant on the retroactive annuity starting date. In the case of a retroactive annuity starting date distribution, any actuarial adjustments to a Participant's Accrued Benefit shall be based on the actuarial assumptions otherwise stated in the Plan as are utilized for purposes of Late Retirement. The requirements of Treasury Regulation Section 1.417(e)-1 concerning retroactive annuity starting dates are hereby incorporated by reference.

- (d) Definitions. For purposes of this Section, the term "annuity starting date" means the first day of the first period for which an amount is paid as an annuity.

4.10 Waiver and Spousal Consent Necessary for Optional Forms of Benefit.

- (a) General Rules. A married Participant may elect an optional form of Benefit, in lieu of the normal form of Benefit, only if he and his spouse meet all the requirements of this Section.
- (b) Waiver.
 - (1) After receiving the notice explaining the normal form of Benefit, described in Section 4.7, the married Participant must waive his right to the normal form of Benefit, by making a Proper Application concerning his waiver.
 - (2) The waiver shall specify the optional Benefit, and, if applicable, the designated nonspouse Beneficiary (or any single or class of contingent Beneficiaries).

(c) Spousal Consent.

- (1) After the Participant's receipt of notice explaining the normal form of Benefit, described in Section 4.7(a), the Participant's spouse must give written consent to the Participant's waiver of the normal form of Benefit, in order for the waiver to be effective. (The Committee's delivery of the explanatory notice to the Participant shall be deemed also to be delivery to the spouse.) The spouse's written consent shall be made by Proper Application and shall:
 - (A) express the effect of waiving the normal form of Benefit;
 - (B) be notarized;
 - (C) consent to the optional form of Benefit being selected;
 - (D) consent to a designated Beneficiary other than herself, if applicable; and
 - (E) state whether or not the consent is revocable. However, if the consent form is silent as to this issue, then it shall be considered to be revocable, under the terms of this Section.
- (2) If the Participant has designated a Beneficiary other than his Eligible Spouse, then such a designation shall not be effective unless the Eligible Spouse gives written consent to the Beneficiary designation, by making Proper Application. This consent must state that the Beneficiary cannot be changed further without further spousal consent, unless the written consent form explicitly states that no such further consent with respect to another change in designated Beneficiary is necessary.

Any waiver of a qualified Joint and Survivor Annuity or any spousal consent described in this Section 4.8 shall be binding only upon the individual spouse who gives the consent. It shall not be binding upon any subsequent spouse of the Participant.

4.11 Transfers

If a Participant is transferred to any business unit within the group comprised of all Affiliated Companies other than the Employer as defined in this Plan (a "Transferee Business Unit") at any time after the Effective Date, then for all purposes of determining the Participant's benefits under this Plan, any service or compensation earned by the Participant with a Transferee Business Unit from the date of transfer until the date of the Participant's termination of employment with all Affiliated Companies will be treated as though earned by the Participant with the Employer. After the date of transfer, such

Participant shall not become a participant in any other defined benefit pension plan maintained by any Affiliated Company. Any participant in any defined benefit pension plan maintained by any Affiliated Company other than this Plan who is transferred to the Employer and who continues to be treated as an active participant in such other plan shall not become a Participant in this Plan.

4.12 Special Lump Sum Distributions

A Participant shall receive a lump sum payment of his or her benefit under an Applicable Exhibit to the Plan on or before December 31, 2017 if all of the following requirements have been satisfied:

- (a) The Participant is entitled to benefits under one or more of the following Applicable Exhibits to the Plan (the “Participating Applicable Exhibits”):
 - (i) Exhibit B - New Hires And Former Participants In The Non-Contributory Benefit Structure Of The Raytheon Non-Bargaining Pension Plan
 - (ii) Exhibit I - Former Participants In The Hughes Personal Retirement Account Plan
 - (iii) Exhibit L - Former Participants In The L-3 Communications Infrared Products Retirement Plan (Exhibit C – Former Participants in the Raytheon Company Pension Plan for Salaried Employees – Exhibit A (Raytheon Company Pension Plan for Salaried Employees))
 - (iv) Exhibit M - Former Participants in the L-3 Communications Infrared Products Retirement Plan (Exhibit D – Former Participants in the Raytheon Company Pension Plan for Salaried Employees - Exhibit E (Raytheon TI Systems Pension Plan))
- (b) The Actuarial Equivalent present value of the Participant’s vested benefit under the Participating Applicable Exhibit is less than \$100,000.
- (c) The Participant terminated employment with the Company and all Affiliated Companies before January 1, 2017 and has not been reemployed by the Company or any Affiliated Company in any capacity thereafter.
- (d) The Participant has not attained his or her Normal Retirement Date as of November 1, 2017.
- (e) The Participant elects in accordance with Plan requirements and the following provisions of this sub-section to receive his or her benefit under a Participating Applicable Exhibit in the form of a lump sum distribution at any time on or after September 18, 2017 and on or before October 31, 2017.

- (i) If the Participant has not attained his or her Early Retirement Date or Normal Retirement Date, the Participant may alternatively elect to receive his or her benefit in the form of a single life annuity if the Participant is not married or a 50% or 75% joint and survivor annuity with the spouse as beneficiary if the Participant is married.
 - (ii) If the Participant has attained his or her Early Retirement Date or Normal Retirement Date, the Participant may alternatively elect any benefit form available to the Participant under the other provisions of the Plan and Participating Applicable Exhibit.
 - (iii) The election is available only to Participants and is not available to surviving spouses, beneficiaries or alternate payees pursuant to a qualified domestic relations order (QDRO).
 - (iv) If the Participant is entitled to benefits under more than one Participating Applicable Exhibit, he or she may make a separate election with respect to each Participating Applicable Exhibit, provided the Participant has separately satisfied the requirements of this Section with respect to each such Participating Applicable Exhibit.
- (f) The Participant's benefit is not subject to a proposed or approved QDRO on file with the Plan's QDRO administrator as of November 3, 2017. If the Participant's benefit becomes subject to a QDRO after November 3, 2017 and on or before December 31, 2017, only a shared interest QDRO will be approved by the Plan.

4.13 Termination of Benefit Accruals

Notwithstanding any provision of the Plan, including Applicable Exhibits, to the contrary, no additional benefits shall accrue under this Plan, including Applicable Exhibits, after December 31, 2019 except as set forth in Appendix X attached hereto.

ARTICLE V – ADMINISTRATIVE PROVISIONS

5.1 Committee’s Discretionary Power To Interpret And Administer The Plan

1. Appointment. The Committee shall be appointed from time to time by the most senior human resources officer of L3Harris Technologies, Inc. to serve at his or her pleasure. Any member of the Committee may resign by delivering his or her written resignation to the most senior human resources officer of L3Harris Technologies, Inc.
2. Role Under ERISA. The Committee is the “Plan Administrator” for operation and administration of the Plan, and the “administrator” under ERISA. The Committee is designated as agent for service of legal process. The L3Harris Technologies, Inc. Investment Committee shall be a “named fiduciary” of the Plan within the meaning of such term as used in ERISA solely with respect to its power to appoint certain fiduciaries under the Plan and its management of the assets of the Plan. The Committee shall be a “named fiduciary” of the Plan within the meaning of such term as used in ERISA solely with respect to its power to appoint certain fiduciaries under the Plan and the exercise of its administrative duties set forth in the Plan that are fiduciary acts. The Plan Administrator and named fiduciaries may delegate any and all of their responsibilities and may consult with and hire outside experts.
3. Administrative Procedures. The Committee and its delegates shall from time to time establish rules and procedures for the administration and interpretation of the Plan and the transaction of its business.
4. Discretionary Power To Interpret Plan.
 - (1) The Committee has complete discretionary and final authority to (i) determine all questions concerning eligibility, elections, contributions, and benefits under the Plan, (ii) construe all terms under the Plan, including any uncertain terms, and (iii) determine all questions concerning Plan administration. All administrative decisions made by the Committee, and all its interpretations of the Plan documents, shall be given full deference by any court of law.
 - (2) Information that concerns an interpretation of the Plan or a discretionary determination, can be properly provided only by the Committee, and not by any delegate (except legal counsel).
 - (3) Should any individual receive oral or written information concerning the Plan, which is contradicted by a subsequent determination by the Committee, then the Committee’s final determination shall control.

5.2 Rules Of The Committee

1. Any act which the Plan authorizes or requires the Committee to do may be done by a majority of its members. The action of such majority, shall constitute the action of the Committee and shall have the same effect for all purposes as if made by all members of the Committee at the time in office. The Committee may act without any writing that records its decisions, and need not document its meetings or teleconferences. The Committee may also act through any authorized representative.
2. The members of the Committee may authorize one or more of their number to execute or deliver any instrument, make any payment or perform any other act which the Plan authorizes or requires the Committee to do.
3. The Committee may employ counsel and other agents and may procure such clerical, accounting, actuarial and other services as they may require in carrying out the provisions of the Plan.
4. No member of the Committee shall receive any compensation for his services as such. All expenses of administering the Plan, including, but not limited to, fees of accountants, counsel and actuaries shall be paid from the Trust Fund, except to the extent paid by the Company.
5. Each member of the Committee may delegate Committee responsibilities among the Employer directors, officers, or employees, and may consult with or hire outside experts. The expenses of such experts shall be paid by the Trust Fund, to the extent that they are not paid by the Company.

5.3 Claims Procedure

1. Appeal Procedure. The Committee shall make all determinations as to the right of any person to benefits. The Committee shall adopt procedures for the presentation of claims for benefits and for the review of the denial of such claims by the Committee. The decision of the Committee upon such review shall be final, subject to appeal rights provided by law.
2. Legal Action. Any legal action for benefits under the Plan must be commenced within two years of the date that an initial claim for benefits was filed with the Plan Administrator. The Plan Administrator will be the necessary party to any action or proceeding involving the assets held with respect to the Plan or the administration thereof. No Employee, Participant, former Participant or their Beneficiaries, or any other person having or claiming to have an interest in the Plan will be entitled to any notice or process. Any final judgment that may be

entered in any such action or proceeding will be binding and conclusive on all persons having or claiming to have any interest in the Plan.

5.4 QDRO Claim

Claims relating to or affected by a domestic relations order (as defined by Code Section 414(p)) or draft order shall be determined under the Committee's procedures concerning domestic relations orders. The claims procedure described in the preceding section shall not apply to any such domestic relations order claim.

5.5 Indemnification Of Committee Members

To the fullest extent permitted by law, the Company agrees to indemnify, to defend, and hold harmless the members of the Committee and its delegates, individually and collectively, against any liability whatsoever for any action taken or omitted by them in good faith in connection with this Plan or their duties hereunder and for any expenses or losses for which they may become liable as a result of any such actions or non-actions unless resultant from their own willful misconduct; and the Company will purchase insurance for the Committee and its delegates to cover any of their potential liabilities with regard to the Plan and Trust.

5.6 Power To Execute Plan And Other Documents

Any appointed Vice President of the Company shall have the authority to execute governmental filings or other documents including the plan document relating to the Plan, or the Vice President may delegate this authority to another officer or employee of the Company.

5.7 Conclusiveness Of Records

In administering the Plan, the Committee may conclusively rely upon the Employer's payroll and personnel records maintained in the ordinary course of business.

5.8 Forfeiture of Benefits if Participant or Beneficiary Can't Be Located

A Participant (or, if deceased, his or her Beneficiary if entitled to Benefits under the Plan) is obligated to keep the Administrator informed as to his or her current address at all times. In the event that a Participant or Beneficiary or other recipient of Benefits cannot be located with reasonable efforts by the end of the second calendar year following the date when Benefits are first payable under the Plan, an amount equal to the Benefit payable may be forfeited. If the Participant or Beneficiary or other recipient of Benefits subsequently makes a claim for these forfeited Benefits, at any time, then the amount forfeited will be reinstated, without interest, and paid as soon as practicable.

ARTICLE VI – MISCELLANEOUS PROVISIONS

6.1 Termination of Plan.

While the Plan is intended as a permanent program, the Company shall have the right at any time to declare the Plan terminated or to discontinue its contributions to the Plan. In the event of such termination or discontinuance, or in the event of partial termination or discontinuance to the extent applicable to the Participants affected thereby, the rights of all Participants who are Employees to their Accrued Benefits, to the extent then funded, shall thereupon vest in full, subject to the order of priority set forth below. In the event of complete termination or discontinuance, the Administrator shall direct the Trustee to make a prompt determination of the fair market value of the Trust Fund and the proportionate amount thereof shall then be applied so as to provide (to the extent not already provided) Benefits in said order of priority, satisfying the requirements of each class in full before proceeding to the next class. Benefits for affected Participants shall be computed on the basis of Compensation received prior to the date of said termination or discontinuance and the funds then available, and proportionately reducing Benefits within the class as to which funds are inadequate to provide Benefits in full, and such amounts when determined shall remain fixed regardless of any person's employment status thereafter. Such allocation shall be as follows:

- (a) To provide a Normal Retirement Benefit, Early Retirement Benefit and Late Retirement Benefit to each Participant, Former Participant, Contingent Annuitant, or Beneficiary in an amount equal or Actuarially Equivalent to the Participant's unpaid Accrued Benefit Derived from Participant Contributions. For all purposes of this Section, cash payment may be made if so determined by the Administrator, without election by the Participant or limit on amount.
- (b) To provide all such Benefits payable as monthly payments in excess of amounts determined under subsection (a):
 - (1) Which were in pay status as of the beginning of the three-year period ending on the date of such termination or discontinuance as designated by the Administrator, in a manner not inconsistent with applicable law and regulations, based on the provisions of the Plan (as in effect during the five-year period ending on such date) under which such Benefit would be the least, with the lowest Benefit in pay status during such three-year period considered the Benefit in pay status, and
 - (2) Which would have been in pay status as of the beginning of such three-year period if the Participant had retired prior to the beginning of such three-year period and if his Benefit had commenced as a Normal Retirement Benefit as of the beginning of such period, to each such Benefit based on the provisions of the Plan (as in effect during the five-

year period ending on such date) under which such Benefit would be the least.

(c) To provide:

- (1) All other Benefits (if any) of individuals under the Plan guaranteed under Title IV of ERISA (determined without regard to Section 4022(B)(a) thereof), and
- (2) The additional Benefits (if any) which would be determined under clause (1) if Section 4022(b)(5) of ERISA did not apply.

(d) To provide all other Benefits under the Plan to the extent Vested without regard to this Section.

(e) To provide all other Benefits under the Plan.

(f) To return surplus assets, if any, to the Company upon full satisfaction of the foregoing, upon full satisfaction of all liabilities described herein in accordance with Section 4044(d) of ERISA, and in accordance with the Trust Agreement.

(g) Notwithstanding the provisions contained in Section 6.1(a) through (f) to the contrary, upon spin-off or termination of the Plan within five years of the merger of any other qualified plan into this Plan, Plan assets will be allocated first for the benefits of the Participants in any plan merged into this Plan within such five years on a pro rata basis to the extent of the present value of the benefits of Participants under the merged plans as of the date of the merger.

6.2 Suspension or Return of Contributions.

(a) A Company shall have the right to suspend its contributions to the Plan at any time for a fixed period of time, and such period may be extended by subsequent actions of such Company. Such suspension shall automatically become a discontinuance of contributions as under Section 6.1 at any time at which in the opinion of the Plan Enrolled Actuary such suspension affects the Benefits to be paid or made available under the Plan. No such suspension shall be allowed to create an "accumulated funding deficiency" under Section 302(a)(2) of ERISA, unless the Plan is then terminated under Section 6.1; provided that in the event of an unintentional creation of an accumulated funding deficiency, the Company shall have 90 days after such a deficiency is finally determined to correct it without such termination. In the event of such suspension, the Plan shall otherwise remain in full force and effect.

(b) Contributions to the Plan may not be returned to a Company, except as follows:

- (1) If any contribution of a Company is not allowable or is disallowed as a federal tax deduction, such contribution must be returned to the Company;
- (2) If, in the event of Plan termination, the assets of the Plan are in excess of the amounts required to provide Plan Benefits, then the excess may be returned to the Company as provided in Section 6.1; or
- (3) If a contribution is made by a Company by a mistake of fact, the contribution may be returned to the Company within one year after the payment of the contribution.

Earnings attributable to a contribution in excess of the deductible amount under subsection (1) or a contribution made by a mistake of fact under subsection (3) may not be returned to the Employer, but any loss attributable to such contributions must reduce the amount to be returned.

- (c) Notwithstanding anything herein to the contrary, contributions to this Plan are conditioned, to the extent allowable under the Code and ERISA, upon the initial qualification of the Plan under Section 401 of the Code. In the event that the Commissioner of Internal Revenue determines that the Plan is not initially qualified under the Code, any contributions made incident to that initial qualification by the Employer shall be returned to the Employer within one year after the date the initial qualification is denied, provided, however, that the application for qualification is made within the time prescribed under Section 401(b) of the Code.

6.3 Limitation on Rights of Participants.

The Plan is strictly a voluntary undertaking on the part of the Company and shall not constitute a contract between the Employer or the Company and any Participant, or consideration for, or an inducement or condition of, the employment of a Participant. Nothing contained in the Plan shall give any Participant the right to be retained in the service of the Employer or the Company or to interfere with or restrict the right of the Employer or the Company, which is hereby expressly reserved, to discharge or retire any Participant, except as provided by law, at any time with or without cause. Inclusion under the Plan will not give any Participant any right or claim to a retirement income or any other Benefit hereunder except to the extent such right has specifically become fixed under the terms of the Plan and there are funds available therefore in the hands of the Trustee or he is entitled to benefit payments from the Pension Benefit Guaranty Corporation. All Employees, Participants, Beneficiaries, as well as their heirs, successors, and assigns shall be bound by the terms of this Plan.

6.4 Payments and Prohibition Against Assignment.

- (a) In the event any amount becomes payable under the Plan to a minor or a person who, in the sole judgment of the Administrator, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Administrator may direct that such payment be made to any person found by the Administrator, in its sole judgment, to have assumed the care of such minor or other person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Trustee, the Administrator, the Committee, the Employer, and the Company and their officers, directors, and employees.
- (b) No part of the Fund shall be liable for the debts, contracts or engagements of any Participant, his Beneficiaries, Contingent Annuitants or successors in interest, or be taken in execution by levy, attachment or garnishment or by any other legal or equitable proceeding, while in the hands of the Trustee, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any Benefits or payments hereunder in any manner whatsoever, except to designate a Beneficiary or Contingent Annuitant as provided in the Plan. The preceding sentence shall apply to the creation, assignment, or recognition of a right to any Benefit payable with respect to a Participant pursuant to a domestic relations order, unless such order is determined to be a qualified domestic relations order as defined in Section 414(p) of the Code ("QDRO").

6.5 Amendment of Plan.

- (a) The Plan may be wholly or partially amended or otherwise modified retroactively or prospectively from time to time by the Company, or, in the alternative, by an officer of the Company authorized by the Board to amend the Plan, provided, however, that any such amendment does not, in the view of such officer, materially increase costs of the Plan to the Company. No amendment that changes the duties or powers of the Trustee shall be adopted without its approval. To the extent permitted by resolution of the Board of Directors of the Company, any delegate of the Board may amend this Plan in whole or in part at any time or from time to time. Any such amendment shall be by an instrument in writing.
- (b) Subject to Section 6.1 and the Trust Agreement, no amendment shall be made at any time under which any part of the Trust Fund may be diverted to purposes other than for the exclusive benefit of Participants and their Beneficiaries or which shall decrease the percentage or amount of the interest of any Participant which shall theretofore have become Vested, or which shall decrease his Accrued Benefit. For purposes of this subsection, an amendment to the Plan which eliminates an Optional Form of Retirement Distribution attributable to service before the amendment shall be treated as decreasing an Accrued Benefit.
- (c) Notwithstanding anything herein to the contrary, this Plan may be amended prospectively or retroactively at any time by the Company, upon reasonable notice to the Trustee, if deemed necessary to conform to the provisions and

requirements of ERISA or the Code or regulations promulgated pursuant thereto in order to maintain the tax-exempt status of the Plan, or to conform to the provisions and requirements of any law, regulation, order or ruling affecting the character or purpose of the Plan.

6.6 Errors, Misstatements, and Payment of Interest.

No Participant or Beneficiary shall have any right to any payment made (a) in error, (b) in contravention to the terms of the Plan, the Code, or ERISA, or (c) because the Committee or its delegates were not informed of any death. The Committee shall have full rights under the law and ERISA to recover any such mistaken payment, and the right to recover attorney's fees and other costs incurred with respect to such recovery. Recovery shall be made from future Plan payments, or by any other available means. Except as otherwise specifically provided herein, no interest shall be paid on the payment of any corrected amounts or on any late or estimated payments.

6.7 Limitation on Certain Distributions.

In the event of Plan termination, the Benefit of any highly compensated Participant or highly compensated Former Participant is limited to a Benefit that is nondiscriminatory under Section 401(a)(4) of the Code, as follows:

- (a) Benefits distributed to any of the 25 most highly compensated Participants and highly compensated Former Participants with the greatest compensation in the current or any prior year are restricted such that the annual payments are no greater than an amount equal to the payment that would be made on behalf of the Participant under a single life annuity that is the Actuarial Equivalent of the sum of the Participant's Accrued Benefit and the Participant's other Benefits under the Plan.
- (b) Paragraph (a) shall not apply if:
 - (1) after payment of the Benefit to a Participant described in subsection (a), the value of Plan assets equals or exceeds 110% of the value of current liabilities, as defined in Section 412(l)(7) of the Code,
 - (2) the value of the Benefit for a Participant described in subsection (a) is less than 1% of the value of current liabilities, or
 - (3) the value of the Benefits payable under the Plan to an Employee described above does not exceed \$5,000.
- (c) For purposes of this Section, Benefit includes any periodic income, any withdrawal values payable to a living Participant, and any death benefits not provided for by insurance on the Participant's life.

- (d) For purposes of this section and all other purposes of the Plan, the term “highly compensated employee” means an Employee who is employed by the Company during the determination year and is:
- (1) An Employee who was a five-percent owner (as defined in Section 416(i)(1) of the Code) at any time during the determination year or the look-back year; or
 - (2) An Employee who received compensation in excess of \$80,000 (or such higher amount as may be established from time to time by the Internal Revenue Service) and was in the top-paid group for the look-back year.

For purposes of the definition of “highly compensated employee”: the “determination year” is the Plan Year for which the determination of who is a highly compensated employee is being made; the “look back year” is the Plan Year immediately preceding the determination year; the “top-paid group” is the group consisting of the top 20 percent of Employees when ranked on the basis of compensation paid during the look-back year; “compensation” is defined within the meaning of Section 415(c)(3) of the Code and includes elective or salary reduction contributions to a cafeteria plan or a cash or deferred arrangement; and employers aggregated under Section 414(b), (c), (m) or (o) are treated as a single employer.

For purposes of determining the number of Employees in the top-paid group: Employees who normally work less than 17.5 hours per week and Employees who normally work not more than six months during any year shall not be excluded; and Employees who have not completed six months of service and Employees who have not attained age 21 shall be excluded.

6.8 Named Fiduciaries.

- (a) The Committee shall have exclusive authority and discretion to control and manage the operation and administration of the Plan, subject to proper delegation, and shall have the discretionary authority to determine eligibility for Benefits and to construe the terms of the Plan.
- (b) The named fiduciaries, each investment manager within the meaning of Section 3(38) of ERISA, and every person who (1) exercises any discretionary authority or discretionary control respecting management of the Trust Fund or Plan, (2) exercises any authority or control respecting the management or disposition of the assets of the Trust Fund or Plan, (3) renders investment advice for compensation, direct or indirect, with respect to any moneys or other property of the Trust Fund or Plan or has authority or responsibility to do so, (4) has any discretionary authority or discretionary responsibility in the administration of the Plan, and (5)

person designated by a named fiduciary to carry out fiduciary responsibilities under the Plan, shall be fiduciaries and, as such, shall be subject to provisions of the Plan, the Trust Agreement, ERISA and other applicable laws governing fiduciaries. Provided, however, any person acting solely as Trustee shall be subject only to the provisions of the Trust Agreement and any other contract to which that person is a party, and as a result shall not be subject to the provisions of the Plan. Any person may act in more than one fiduciary capacity.

6.9 Receipt and Release for Payment.

Any payment to any Participant, his legal representative, Beneficiary, or to any guardian or committee appointed for each Participant or Beneficiary in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee and the Employer, either of whom may require such Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Trustee or Employer.

6.10 Transfers Among Affiliated Companies.

- (a) Service Among Affiliated Companies Credited for Eligibility and Vesting. Generally, Service performed for the Employer or any Affiliated Company will be credited among all Affiliated Companies for the purposes of eligibility and vesting.
- (b) Vesting Continues after Transfer. Any Participant who transfers employment to an Affiliated Company shall not be treated as having terminated employment for vesting and distribution purposes. That is, his vesting under the Plan shall continue during his Service with the Affiliated Company, and he may not receive a distribution of Plan benefits until his Service with the Employer and any Affiliated Company ceases.

6.11 Governing Law.

The Plan and the Trust Agreement shall be interpreted, administered and enforced in accordance with the Code and ERISA and the rights of Participants, Former Participants, Beneficiaries and all other persons shall be determined in accordance therewith.

6.12 Pronouns.

The masculine pronoun shall include the feminine pronoun, and the singular shall include the plural where the context so indicates.

6.13 Titles.

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan or Trust Agreement.

ARTICLE VII – TOP HEAVY PROVISIONS

7.1 Top Heavy Definitions.

Whenever any of the following terms are used in the Plan with the first letter capitalized, they shall have the meaning specified below unless modified by the Applicable Exhibit or the context clearly indicates to the contrary.

- (a) “Aggregation Group” means each plan of the Company (including any plan that has terminated within the last five years) in which a Key Employee is a Participant, and each other plan of the Company that enables the plan or plans containing a Key Employee to meet the antidiscrimination requirements of Sections 401(a)(4) or 410 of the Code. In addition, the Committee may include in the Aggregation Group any other plan of the Company (including any plan that has terminated in the last five years) that satisfies the requirements of Sections 401(a)(4) and 410 of the Code when considered together with the other plans in the Aggregation Group.
- (b) “Determination Date” means with respect to any Plan Year the last day of the preceding Plan Year, and for the first Plan Year, the first day of such Plan Year.
- (c) “Key Employee” means an employee or former employee (including a deceased employee) of the Employer or an Affiliated Company who, at any time during the Plan Year that includes the Determination Date was an officer having annual compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the Employer or an Affiliated Company, or a 1-percent owner of the Employer or an Affiliated Company. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.
- (d) “Present Value of Accrued Benefit” means the Accrued Benefit determined under the Plan discounted for mortality and interest using the same mortality table and interest rate set forth in Section 1.3. For purposes of determining the Present Value of Accrued Benefits, only nonproportional subsidies shall be taken into account in accordance with Sections 1.416-1, T-26 and T-27 of the regulations under the Code.
- (e) “Top Heavy Group” means any Aggregation Group if the sum of the Present Value of Accrued Benefit for Key Employees under all defined benefit pension plans included in the Aggregation Group, and the sum of the accounts of Key

Employees under all defined contribution plans included in the Aggregation Group, exceeds 60% of such amounts determined for all Employees, calculated as of the Determination Date using the most recent valuation date within the 12-month period ending on the Determination Date. If more than one defined benefit plan is included in the Aggregation Group, then the accrual of benefits and actuarial assumptions must be uniform.

- (f) “Top Heavy Plan” means each plan of the Company or Companies required to be included in an Aggregation Group, if the Aggregation Group is a Top Heavy Group.

7.2 Top Heavy Group Determination.

For purposes of determining whether a Top Heavy Group exists, the following special rules shall apply:

- (a) Benefits derived from voluntary or mandatory Participant Contributions and Company contributions shall be taken into account, but rollover contributions shall not be taken into account.
- (b) The aggregate of distributions made to any Participant from the Plan or any plans in the Aggregation Group, during the five-year period ending on the Determination Date shall be taken into account in determining the Present Value of Accrued Benefit of any Participant or the account of any Participant under any such plan.
- (c) If a Participant who was a Key Employee ceases to be a Key Employee for a Plan Year, the Accrued Benefit or account of such Participant will not be taken into account for determining whether a Top Heavy Group exists for such Plan Year.
- (d) The present values of Accrued Benefits and the amounts of account balances of an Employee as of the Determination Date shall be increased by the distributions made with respect to the Employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the 1-year period ending on the Determination Date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than severance from employment, death, or disability, this provision shall be applied by substituting “5-year period” for “1-year period.” The Accrued Benefits and accounts any individual who has not performed services for the Employer or an Affiliated Company for the one-year period ending on the Determination Date shall not be taken into account.
- (e) The term “Company” shall include all of the Affiliated Companies.

- (f) If a required aggregation group or a permissive aggregation group, as applicable, includes two or more defined benefit plans, the actuarial assumptions used to determine the present value of accrued benefits must be the same with respect to all such defined benefit plans.
- (g) For purposes of determining whether the Plan is Top-Heavy, a Participant's accrued benefit in a defined benefit plan will be determined under a uniform accrual method which applies in all defined benefit plans maintained by the Company or, where there is no such method, as if such benefit accrued not more rapidly than the slowest rate of accrual permitted under the fractional rule of Section 411(b)(1)(C) of the Code.

7.3 Top Heavy Requirements.

If the Plan is a Top Heavy Plan for any Plan Year, then with respect to such Plan Year the following provisions shall apply:

- (a) Each Participant who has completed three or more Years of Vesting Service, in the aggregate, with the Employer or an Affiliated Company shall be fully vested in his or her minimum accrued benefit described in subsection (b).
- (b) Notwithstanding any other provisions in this Plan except subsection (c) or (d) for any Plan Year in which this Plan is a Top-Heavy Plan, each Participant who is not a Key Employee and has completed 1,000 Hours of Service will accrue a Benefit (to be provided solely by Employer contributions and expressed as a single life annuity commencing at Normal Retirement Date) of not less than 2% of the Participant's highest average Compensation for the five consecutive years for which the Participant had the highest Compensation. The minimum accrual is determined without regard to any Social Security contribution. In determining years of service with the Employer, any service with the Employer shall be disregarded to the extent that such service occurs during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no Key Employee or former Key Employee. The minimum accrual applies even though under other Plan provisions the Participant would not otherwise be entitled to receive an accrual, or would have received a lesser accrual for the year because:
 - (1) the Non-Key Employee fails to make mandatory contributions to the Plan if required by the Applicable Exhibit,
 - (2) the Non-Key Employee's Compensation is less than a stated amount,
 - (3) the Non-Key Employee is not employed on the last day of the accrual computation period, or
 - (4) the Plan is integrated with Social Security.

- (c) For purposes of computing the minimum accrued benefit, Compensation has the same meaning as contained in Section 4.2(c).
- (d) No additional benefit accruals shall be provided pursuant to subsection (b) to the extent that the total accruals on behalf of the Participant attributable to Company contributions will provide a Benefit expressed as a single life annuity commencing at Normal Retirement Date that equals or exceeds 20% of the Participant's highest average Compensation for the five consecutive years for which the Participant had the highest Compensation.
- (e) The minimum accrued benefit required under subsection (b) may not be forfeited for any reason if the Participant is 100% Vested.
- (f) The provisions in subsection (b) above shall not apply to any Participant to the extent that the Participant is covered under any other plan or plans of the Company, and the Company has provided the minimum allocation or benefit requirement applicable to this Top Heavy Plan in the other plan or plans.

This L3Harris Link Simulation and Training Pension Plan is hereby amended and restated effective as of August 31, 2020.
L3HARRIS TECHNOLOGIES, INC.

Date: August 31, 2020 /s/ Allison Oncel
Allison Oncel
Senior Director, Global Benefits

APPENDIX A - MINIMUM REQUIRED DISTRIBUTIONS

Section 1. General Rules

- (a) Requirements of Treasury Regulations Incorporated. Notwithstanding any other provision of the Plan to the contrary, all distributions of a Participant's interest will be determined and made in accordance with the Treasury regulations under Section 401(a)(9), including the minimum distribution incidental benefit requirement of Section 401(a)(9)(G) of the Code and the regulations issued thereunder.
- (b) Limits on Distribution Periods. As of the first Distribution Calendar Year, distributions to a Participant, if not made in a single sum, may be made only over one of the following periods:
 - (1) the life of the Participant,
 - (2) the joint lives of the Participant and a Designated Beneficiary;
 - (3) a period certain not extending beyond the Life Expectancy of the Participant, or
 - (4) a period certain not extending beyond the joint life and last survivor expectancy of the Participant and a Designated Beneficiary.
- (c) TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Appendix, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

Section 2. Time and Manner of Distributions

- (a) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.
- (b) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
 - (1) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year

in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

- (2) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31, of the calendar year immediately following the calendar year in which the Participant died.
- (3) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (4) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 2(b), other than Section 2(b)(1), will apply as if the surviving spouse were the Participant.

For purposes of this subsection (b) and Section 5, distributions are considered to begin on the Participant's Required Beginning Date (or if subsection (b)(4) applies), the date distributions are required to begin to the surviving spouse under subsection (b)(1).

- (c) Forms of Distribution. Unless the Participant's interest is distributed in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with Sections 3, 4 and 5 of this Appendix. Any part of the Participant's interest which is in the form of an individual account described in Section 414(k) of the Code will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

Section 3. Determination of Amount to be Distributed Each Year

- (a) General Annuity Requirements. If the Participant's interest is paid in the form of annuity distributions, under the Plan, payments under the annuity will satisfy the following requirements:
 - (1) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;
 - (2) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 4 or 5;

- (3) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;
 - (4) payments will either be non-increasing or increase only as follows:
 - (A) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;
 - (B) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the distribution period described in Section 4 dies or is no longer the Participant's Beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code;
 - (5) to provide cash refunds of employee contributions upon the Participant's death; or
 - (6) to pay increased Benefits that result from a Plan amendment.
- (b) Amount Required to be Distributed by Required Beginning Date. The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 2(b)(1) or (2)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semiannually, or annually. All of the Participant's benefit accruals as of the last day of the first Distribution Calendar Year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's Required Beginning Date.
 - (c) Additional Accruals After First Distribution Calendar Year. Any additional Benefits accruing to the Participant in a calendar year after the first Distribution Calendar Year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

Section 4. Requirements for Annuity Distributions That Commence During a Participant's Lifetime

- (a) Joint Life Annuities Where the Beneficiary is not the Participant's Spouse. If the Participant's interest is being distributed in the form of a Joint and Survivor

Annuity for the joint lives of the Participant and a nonspouse Beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the Designated Beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Treas. Reg. § 1.401(a)(9)-6T, Q & A -2. If the form of distribution combines a Joint and Survivor Annuity for the joint lives of the Participant and a nonspouse Beneficiary and a period certain annuity, the requirements in the preceding sentence will apply to annuity payments to be made to the Designated Beneficiary after the expiration of the period certain.

- (b) Period Certain Annuities. Unless the Participant's spouse is the sole Designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Treas. Reg. § 1.401(a)(9)-9 for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Treas. Reg. § 1.401(a)(9)-9 plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Annuity Starting Date. If the Participant's spouse is the Participant's sole Designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section 4(b), or the joint life and last survivor expectancy of the Participant and the Participant's spouse as determined under the Joint and Last Survivor Table set forth in Treas. Reg. § 1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the calendar year that contains the Annuity Starting Date.

Section 5. When Participant Dies Before Date Distribution Begins

- (a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distribution of his or her interest begins and there is a Designated Beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in Section 2.(b)(1) or (2), over the life of the Designated Beneficiary or over a period certain not exceeding:
- (1) unless the Annuity Starting Date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or
 - (2) if the Annuity Starting Date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the

Beneficiary's age as of the Beneficiary's birthday in the calendar year that contains the Annuity Starting Date.

- (b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (c) Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the Participant dies before the date the distribution of his or her interest begins, the Participant's surviving spouse is the Participant's sole Designated Beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this Section 5 will apply as if the surviving spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 2(b).

Section 6. Definitions

- (a) Annuity Starting Date. The first day of the first period for which an amount is paid as an annuity or any other form and as further defined in the Plan.
- (b) Designated Beneficiary. The individual who is the Designated Beneficiary under Treas. Reg. § 1.401(a)(9)-4, Q&A-1.
- (c) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year that contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to Section 2(b). The required minimum distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.
- (d) Life Expectancy. Life expectancy as computed by use of the Single Life Table in Treas. Reg. § 1.401(a)(9)-9.
- (e) Required Beginning Date. April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70 ½ and the calendar year in which the Participant retires.

APPENDIX B - AMENDMENT TO SATISFY BENEFIT LIMITATIONS REQUIRED UNDER § 436 OF THE INTERNAL REVENUE CODE

Limitations Applicable if the Plan's Adjusted Funding Target Attainment Percentage is Less Than 80 Percent or if the Plan Sponsor is in Bankruptcy

1. Limitations Applicable if the Plan's Adjusted Funding Target Attainment Percentage is Less Than 80 Percent, But Not Less Than 60 Percent. Notwithstanding any other provisions of the plan, if the plan's adjusted funding target attainment percentage for a plan year is less than 80 percent (or would be less than 80 percent to the extent described in Section 1(b) below) but is not less than 60 percent, then the limitations set forth in this Section 1 apply.

(a) 50 Percent Limitation on Single Sum Payments, Other Accelerated Forms of Distribution, and Other Prohibited Payments. A participant or beneficiary is not permitted to elect, and the plan shall not pay, a single sum payment or other optional form of benefit that includes a prohibited payment with an annuity starting date on or after the applicable section 436 measurement date, and the plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment, unless the present value of the portion of the benefit that is being paid in a prohibited payment does not exceed the lesser of:

- (i) 50 percent of the present value of the benefit payable in the optional form of benefit that includes the prohibited payment; or
- (ii) 100 percent of the PBGC maximum benefit guarantee amount (as defined in § 1.436-1(d)(3)(iii)(C) of the Treasury Regulations).

The limitation set forth in this Section 1(a) does not apply to any payment of a benefit which under § 411(a)(11) of the Internal Revenue Code may be immediately distributed without the consent of the participant. If an optional form of benefit that is otherwise available under the terms of the plan is not available to a participant or beneficiary as of the annuity starting date because of the application of the requirements of this Section 1(a), the participant or beneficiary is permitted to elect to bifurcate the benefit into unrestricted and restricted portions (as described in § 1.436-1(d)(3)(iii)(D) of the Treasury Regulations). The participant or beneficiary may also elect any other optional form of benefit otherwise available under the plan at that annuity starting date that would satisfy the 50 percent/PBGC maximum benefit guarantee amount limitation described in this Section 1(a), or may elect to defer the benefit in accordance with any general right to defer commencement of benefits under the plan.

(b) Plan Amendments Increasing Liability for Benefits. No amendment to the plan that has the effect of increasing liabilities of the plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable shall take effect in a plan year if the adjusted funding target attainment percentage for the plan year is:

- (i) Less than 80 percent; or

(ii) 80 percent or more, but would be less than 80 percent if the benefits attributable to the amendment were taken into account in determining the adjusted funding target attainment percentage.

The limitation set forth in this Section 1(b) does not apply to any amendment to the plan that provides a benefit increase under a plan formula that is not based on compensation, provided that the rate of such increase does not exceed the contemporaneous rate of increase in the average wages of participants covered by the amendment.

2. Limitations Applicable if the Plan's Adjusted Funding Target Attainment Percentage is Less Than 60 Percent.

Notwithstanding any other provisions of the plan, if the plan's adjusted funding target attainment percentage for a plan year is less than 60 percent (or would be less than 60 percent to the extent described in Section 2(b) below), then the limitations in this Section 2 apply.

(a) Single Sums, Other Accelerated Forms of Distribution, and Other Prohibited Payments Not Permitted. A participant or beneficiary is not permitted to elect, and the plan shall not pay, a single sum payment or other optional form of benefit that includes a prohibited payment with an annuity starting date on or after the applicable section 436 measurement date, and the plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment. The limitation set forth in this Section 2(a) does not apply to any payment of a benefit which under § 411(a)(11) of the Internal Revenue Code may be immediately distributed without the consent of the participant.

(b) Shutdown Benefits and Other Unpredictable Contingent Event Benefits Not Permitted to be Paid. An unpredictable contingent event benefit with respect to an unpredictable contingent event occurring during a plan year shall not be paid if the adjusted funding target attainment percentage for the plan year is:

(i) Less than 60 percent; or

(ii) 60 percent or more, but would be less than 60 percent if the adjusted funding target attainment percentage were redetermined applying an actuarial assumption that the likelihood of occurrence of the unpredictable contingent event during the plan year is 100 percent.

(c) Benefit Accruals Frozen. Benefit accruals under the plan shall cease as of the applicable section 436 measurement date. In addition, if the plan is required to cease benefit accruals under this Section 2(c), then the plan is not permitted to be amended in a manner that would increase the liabilities of the plan by reason of an increase in benefits or establishment of new benefits.

3. Limitations Applicable if the Plan Sponsor is in Bankruptcy. Notwithstanding any other provisions of the plan, a participant or beneficiary is not permitted to elect, and the plan shall not pay, a single sum payment or other optional form of benefit that includes a prohibited payment with an annuity starting date that occurs during any period in which the plan sponsor is a debtor in a case under title 11, United States Code, or similar Federal or State law, except for payments made within a plan year with an annuity starting date that

occurs on or after the date on which the plan's enrolled actuary certifies that the plan's adjusted funding target attainment percentage for that plan year is not less than 100 percent. In addition, during such period in which the plan sponsor is a debtor, the plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment, except for payments that occur on a date within a plan year that is on or after the date on which the plan's enrolled actuary certifies that the plan's adjusted funding target attainment percentage for that plan year is not less than 100 percent. The limitation set forth in this Section 3 does not apply to any payment of a benefit which under § 411(a)(11) of the Internal Revenue Code may be immediately distributed without the consent of the participant.

4. Provisions Applicable After Limitations Cease to Apply.

(a) Resumption of Prohibited Payments. If a limitation on prohibited payments under Section 1(a), Section 2(a), or Section 3 applied to the plan as of a section 436 measurement date, but that limit no longer applies to the plan as of a later section 436 measurement date, then that limitation does not apply to benefits with annuity starting dates that are on or after that later section 436 measurement date.

(b) Resumption of Benefit Accruals. If a limitation on benefit accruals under Section 2(c) applied to the plan as of a section 436 measurement date, but that limitation no longer applies to the plan as of a later section 436 measurement date, then benefit accruals shall resume prospectively and that limitation does not apply to benefit accruals that are based on service on or after that later section 436 measurement date, except as otherwise provided under the plan. The plan shall comply with the rules relating to partial years of participation and the prohibition on double proration under Department of Labor regulation 29 CFR § 2530.204-2(c) and (d).

(c) Shutdown and Other Unpredictable Contingent Event Benefits. If an unpredictable contingent event benefit with respect to an unpredictable contingent event that occurs during the plan year is not permitted to be paid after the occurrence of the event because of the limitation of Section 2(b), but is permitted to be paid later in the same plan year (as a result of additional contributions or pursuant to the enrolled actuary's certification of the adjusted funding target attainment percentage for the plan year that meets the requirements of § 1.436-1(g)(5)(ii)(B) of the Treasury Regulations), then that unpredictable contingent event benefit shall be paid, retroactive to the period that benefit would have been payable under the terms of the plan (determined without regard to Section 2(b)). If the unpredictable contingent event benefit does not become payable during the plan year in accordance with the preceding sentence, then the plan is treated as if it does not provide for that benefit.

(d) Treatment of Plan Amendments That Do Not Take Effect. If a plan amendment does not take effect as of the effective date of the amendment because of the limitation of Section 1(b) or Section 2(c), but is permitted to take effect later in the same plan year (as a result of additional contributions or pursuant to the enrolled actuary's certification of the adjusted funding target attainment percentage for the plan year that meets the requirements of § 1.436-1(g)(5)(ii)(C) of the Treasury Regulations), then the plan amendment must automatically take effect as of the first day of the plan year (or, if later, the original effective date of the

amendment). If the plan amendment cannot take effect during the same plan year, then it shall be treated as if it were never adopted, unless the plan amendment provides otherwise.

5. Notice Requirement. See section 101(j) of ERISA for rules requiring the plan administrator of a single employer defined benefit pension plan to provide a written notice to participants and beneficiaries within 30 days after certain specified dates if the plan has become subject to a limitation described in Section 1(a), Section 2, or Section 3.

6. Methods to Avoid or Terminate Benefit Limitations. See § 436(b)(2), (c)(2), (e)(2), and (f) of the Internal Revenue Code and § 1.436-1(f) of the Treasury Regulations for rules relating to employer contributions and other methods to avoid or terminate the application of the limitations set forth in Sections 1 through 3 for a plan year. In general, the methods a plan sponsor may use to avoid or terminate one or more of the benefit limitations under Sections 1 through 3 for a plan year include employer contributions and elections to increase the amount of plan assets which are taken into account in determining the adjusted funding target attainment percentage, making an employer contribution that is specifically designated as a current year contribution that is made to avoid or terminate application of certain of the benefit limitations, or providing security to the plan.

7. Special Rules.

(a) Rules of Operation for Periods Prior to and After Certification of Plan's Adjusted Funding Target Attainment Percentage.

(i) In General. Section 436(h) of the Internal Revenue Code and § 1.436-1(h) of the Treasury Regulations set forth a series of presumptions that apply (1) before the plan's enrolled actuary issues a certification of the plan's adjusted funding target attainment percentage for the plan year and (2) if the plan's enrolled actuary does not issue a certification of the plan's adjusted funding target attainment percentage for the plan year before the first day of the 10th month of the plan year (or if the plan's enrolled actuary issues a range certification for the plan year pursuant to § 1.436-1(h)(4)(ii) of the Treasury Regulations but does not issue a certification of the specific adjusted funding target attainment percentage for the plan by the last day of the plan year). For any period during which a presumption under § 436(h) of the Internal Revenue Code and § 1.436-1(h) of the Treasury Regulations applies to the plan, the limitations under Sections 1 through 3 are applied to the plan as if the adjusted funding target attainment percentage for the plan year were the presumed adjusted funding target attainment percentage determined under the rules of § 436(h) of the Internal Revenue Code and ,§ 1.436-1(h)(1), (2), or (3) of the Treasury Regulations. These presumptions are set forth in Section 7(a)(ii) though (iv).

(ii) Presumption of Continued Underfunding Beginning First Day of Plan Year. If a limitation under Section 1, 2, or 3 applied to the plan on the last day of the preceding plan year, then, commencing on the first day of the current plan year and continuing until the plan's enrolled actuary issues a certification of the adjusted funding target attainment

percentage for the plan for the current plan year, or, if earlier, the date Section 7(a)(iii) or Section 7(a)(iv) applies to the plan:

(1) The adjusted funding target attainment percentage of the plan for the current plan year is presumed to be the adjusted funding target attainment percentage in effect on the last day of the preceding plan year; and

(2) The first day of the current plan year is a section 436 measurement date.

(iii) Presumption of Underfunding Beginning First Day of 4th Month. If the plan's enrolled actuary has not issued a certification of the adjusted funding target attainment percentage for the plan year before the first day of the 4th month of the plan year and the plan's adjusted funding target attainment percentage for the preceding plan year was either at least 60 percent but less than 70 percent or at least 80 percent but less than 90 percent, or is described in § 1.436-1(h)(2)(ii) of the Treasury Regulations, then, commencing on the first day of the 4th month of the current plan year and continuing until the plan's enrolled actuary issues a certification of the adjusted funding target attainment percentage for the plan for the current plan year, or, if earlier, the date Section 7(a)(iv) applies to the plan:

(1) The adjusted funding target attainment percentage of the plan for the current plan year is presumed to be the plan's adjusted funding target attainment percentage for the preceding plan year reduced by 10 percentage points; and

(2) The first day of the 4th month of the current plan year is a section 436 measurement date.

(iv) Presumption of Underfunding On and After First Day of 10th Month. If the plan's enrolled actuary has not issued a certification of the adjusted funding target attainment percentage for the plan year before the first day of the 10th month of the plan year (or if the plan's enrolled actuary has issued a range certification for the plan year pursuant to § 1.436-1(h)(4)(ii) of the Treasury Regulations but has not issued a certification of the specific adjusted funding target attainment percentage for the plan by the last day of the plan year), then, commencing on the first day of the 10th month of the current plan year and continuing through the end of the plan year:

(1) The adjusted funding target attainment percentage of the plan for the current plan year is presumed to be less than 60 percent; and

(2) The first day of the 10th month of the current plan year is a section 436 measurement date.

(b) New Plans, Plan Termination, Certain Frozen Plans, and Other Special Rules.

(i) First 5 Plan Years. The limitations in Section 1(b), Section 2(b), and Section 2(c) do not apply to a new plan for the first 5 plan years of the plan, determined under the rules of § 436(i) of the Internal Revenue Code and § 1.436-1(a)(3)(i) of the Treasury Regulations.

(ii) Plan Termination. The limitations on prohibited payments in Section 1(a), Section 2(a), and Section 3 do not apply to prohibited payments that are made to

carry out the termination of the plan in accordance with applicable law. Any other limitations under this section of the plan do not cease to apply as a result of termination of the plan.

(iii) Exception to Limitations on Prohibited Payments Under Certain Frozen Plans. The limitations on prohibited payments set forth in Sections 1(a), 2(a), and 3 do not apply for a plan year if the terms of the plan, as in effect for the period beginning on September 1, 2005, and continuing through the end of the plan year, provide for no benefit accruals with respect to any participants. This Section 7(b)(iii) shall cease to apply as of the date any benefits accrue under the plan or the date on which a plan amendment that increases benefits takes effect.

(iv) Special Rules Relating to Unpredictable Contingent Event Benefits and Plan Amendments Increasing Benefit Liability. During any period in which none of the presumptions under Section 7(a) apply to the plan and the plan's enrolled actuary has not yet issued a certification of the plan's adjusted funding target attainment percentage for the plan year, the limitations under Section 1(b) and Section 2(b) shall be based on the inclusive presumed adjusted funding target attainment percentage for the plan, calculated in accordance with the rules of § 1.436-1(g)(2)(iii) of the Treasury Regulations.

(c) Special Rules Under PRA 2010.

(i) Payments Under Social Security Leveling Options. For purposes of determining whether the limitations under Section 1(a) or 2(a) apply to payments under a social security leveling option, within the meaning of § 436(j)(3)(C)(i) of the Internal Revenue Code, the adjusted funding target attainment percentage for a plan year shall be determined in accordance with the "Special Rule for Certain Years" under § 436(j)(3) of the Internal Revenue Code and any Treasury Regulations or other published guidance thereunder issued by the Internal Revenue Service.

(ii) Limitation on Benefit Accruals. For purposes of determining whether the accrual limitation under Section 2(c) applies to the plan, the adjusted funding target attainment percentage for a plan year shall be determined in accordance with the "Special Rule for Certain Years" under § 436(j)(3) of the Internal Revenue Code (except as provided under section 203(b) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, if applicable).

(d) Interpretation of Provisions. The limitations imposed by this section of the plan shall be interpreted and administered in accordance with § 436 of the Internal Revenue Code and § 1.436-1 of the Treasury Regulations.

8. Definitions. The definitions in the following Treasury Regulations apply for purposes of Sections 1 through 7: § 1.436-1(j)(1) defining adjusted funding target attainment percentage; § 1.436-1(j)(2) defining annuity starting date; § 1.436-1(j)(6) defining prohibited payment; § 1.436-1(j)(8) defining section 436 measurement date; and § 1.436-1(j)(9) defining an unpredictable contingent event and an unpredictable contingent event benefit.

9. Effective Date. The rules in Sections 1 through 8 are effective for plan years beginning after December 31, 2007.

B-7 L3Harris Link Simulation and Training
Pension Plan
9043734.3

APPENDIX C – GENERAL PROVISIONS APPLICABLE TO EXHIBITS J – N
(FORMERLY L3 COMMUNICATIONS INFRARED PRODUCTS RETIREMENT PLAN)

INTRODUCTION

On February 9, 2000, L-3 Communications Corporation acquired substantially all of the assets of the Infrared Products business operations of Raytheon Company, which became the L3 Communications Infrared Products Division of L-3. The L-3 Communications Infrared Products Division is currently known as the Warrior Systems – Infrared Products division of L3 Technologies, Inc.

In connection with the acquisition, L-3 Communications Corporation established the L-3 Communications Infrared Products Retirement Plan (the “Infrared Plan”) effective November 10, 2004.

The Infrared Plan was frozen as of January 1, 2007 with respect to new hires; thus, employees hired on or after January 1, 2007 are not eligible to participate.

The Infrared Plan was merged into the L-3 Link Simulation and Training Retirement Plan effective January 1, 2013 by the addition of this Appendix C and Exhibits J - N.

Effective after the close of business on December 31, 2016, L-3 Communications Corporation changed its name to L3 Technologies, Inc. Accordingly, the name of the Plan was changed from the L-3 Link Simulation and Training Retirement Plan to the L3 Link Simulation and Training Retirement Plan effective January 1, 2017. The terms of Appendix C and Exhibits J - N apply to Participants who were participants in the Infrared Plan on or before December 31, 2012.

L3 Technologies, Inc. became a subsidiary of L3Harris Technologies, Inc. effective June 29, 2019. All benefit accruals under Exhibits J – N will cease effective December 31, 2019, except as set forth in Appendix X attached hereto. The name of the Plan is changed to the L3Harris Link Simulation and Training Pension Plan as of that date.

This Appendix C is amended and restated effective January 1, 2020. This Appendix C is amended and restated effective August 31, 2020 to reflect the change in Plan sponsorship from L3 Technologies, Inc. to L3Harris Technologies, Inc.

The benefits payable to or on behalf of a Participant in accordance with the provisions of the Plan shall not be affected by the terms of any amendment to the Plan adopted after such Participant’s employment terminates, unless the amendment expressly provides otherwise.

ARTICLE C-I - DEFINITIONS

Whenever any of the following terms are used in this Appendix C and Exhibits J-N with the first letter capitalized, they shall have the meaning specified below unless modified by the terms in the Applicable Exhibit or the context clearly indicates to the contrary.

C-1.1 Accrued Benefit

“Accrued Benefit” means the Accrued Benefit as defined in the Applicable Exhibit. In no event shall a Participant’s Accrued Benefit be less than his accrued benefit as of November 10, 2004 under the Prior Plan.

C-1.2 Actuarial Equivalent; Actuarially Equivalent

“Actuarial Equivalent; Actuarially Equivalent” means the equivalent of a given Benefit or its optional form as defined in the Applicable Exhibit based on the following assumptions:

- (a) The interest rate and mortality assumptions, other than for purposes of Section C4.2 and for determining the amount of an optional form of benefit in the form of a single lump sum payment, shall be the interest rate and mortality assumptions specified in the Applicable Exhibit.
- (b) The interest rate and mortality assumptions for a single lump sum payment and for purposes of Section C-4.2 shall be the following:
 - (1) The interest rate shall be the adjusted first, second and third segment rates described in section 417(e)(3) of the Code, as specified by the Commissioner for the August that immediately precedes the Plan Year in which payment is made. For this purpose, the segment rates are the spot segment rates that would be determined for the applicable month under section 430(h)(2)(C) without the 24-month averaging under section 430(h)(2)(D), and determined without regard to the adjustment for the 25-year average segment rates provided in section 430(h)(2)(C)(iv) of the Code. For distributions with annuity starting dates occurring during plan years beginning on or after January 1, 2008 and before January 1, 2012, these segment rates are adjusted by blending with the rate of interest for 30-year Treasury securities under the transition percentages specified in section 417(e)(3)(D)(iii).
 - (2) The mortality assumption shall be taken from the applicable mortality table specified for the Plan Year in which payment is made. The applicable mortality tables are set forth in section 1.430(h)(3)-1 of the regulations and Notice 2008-85, 2008-42 I.R.B. 905.

C-1.3 Administrator

“Administrator” means the Company.

C-1.4 Affiliated Company

“Affiliated Company” means the Company and any business entity that, together with the Company, constitutes a controlled group of corporations, a group of trades or businesses under common control, or an affiliated service group, all as defined in Code Section 414 (subject, however, to the provisions of Code Section 415(h) when applying the benefit limitations of Code Section 415).

C-1.5 Annuity Starting Date

“Annuity Starting Date” means the first day of the first period for which an amount is payable as an annuity or in any other form.

C-1.6 Applicable Exhibit

“Applicable Exhibit” means each of Exhibits J-N attached hereto that by its terms apply to a particular Participant and his Benefit, which is incorporated herein by reference and is a part of the Plan.

C-1.7 Beneficiary

“Beneficiary” means a person or trust designated in writing on forms supplied by the Administrator and delivered prior to death to the Administrator from time to time by a Participant or Former Participant (or by a Contingent Annuitant or Beneficiary who survives the Participant or Former Participant and who, as a result, is entitled to receive Benefits) to receive Benefits in the event of his death, as provided herein; or if no effective designation is made, then Beneficiary means either his spouse or if there is no spouse, the estate of the decedent. If a married Participant designated his or her spouse as Beneficiary and the Plan is provided with written proof of a subsequent legal divorce with such spouse, his or her ex-spouse shall be deemed to have predeceased the Participant for purposes of this Beneficiary designation except to the extent an applicable court order provides that death benefits are payable to the ex-spouse.

C-1.8 Benefit

“Benefit” means payments payable in the amounts, to the persons, at the times, and over the applicable period (including any final lump-sum payment) specified in the Applicable Exhibit.

C-1.9 Benefit Accrual Service

“Benefit Accrual Service” means Benefit Accrual Service as defined in the Applicable Exhibit.

C-1.10 Board

“Board” means the Board of Directors of the Company.

C-1.11 Break In Service

“Break in Service” means Break in Service as defined in the Applicable Exhibit. A Participant who incurs an absence that is covered under the Family and Medical Leave Act shall be credited with Hours of Service solely for the purpose of determining whether the Participant has incurred a Break in Service.

C-1.12 Code

“Code” means the Internal Revenue Code of 1986 as now in effect or as hereafter amended, and all regulations and interpretations of the Internal Revenue Service issued thereunder. All references to sections of the Code are to such sections as they may from time to time be amended or renumbered.

C-1.13 Committee

“Committee” means the Committee appointed in accordance with Section 5.1.

C-1.14 Company

“Company” means, effective August 31, 2020, L3Harris Technologies, Inc. Prior to August 31, 2020, “Company” meant L3 Technologies, Inc. The Company shall act with respect to the Plan through its Board of Directors.

C-1.15 Compensation Or Basic Compensation

“Compensation” or “Basic Compensation” is defined in the Applicable Exhibit and shall include compensation prior to November 10, 2005 determined in accordance with the terms of the Prior Plan, as defined in the Applicable Exhibit. Notwithstanding any contrary Plan provisions, Compensation and Basic Compensation for determining benefit accruals in any Plan Year shall be taken into account up to, but shall not exceed, the limit in Section 401(a)(17) of the Code in effect for that Plan Year. Any increase in the Section 401(a)(17) limit shall not apply to years preceding the first year for which the increase is effective. If a cost of living adjustment is declared under the Code Section 401(a)(17) with respect to any calendar year, it shall affect the Compensation or Basic Compensation for the Plan Year that begins on the January 1st of that same calendar year.

In addition, the eligible Participant’s Compensation or Basic Compensation shall include amounts received from the Employer for the period of short term disability and/or period of “qualified military service,” as defined in Code Section 414(u)(5) and to the extent required by Code Section 414(u).

Compensation for purposes of determining whether an Employee is a Highly Compensated Employee shall mean “compensation” as defined by Section 415(c)(3) of the Code.

Neither Compensation nor Basic Compensation shall include stock-based compensation (whether settled in cash or stock) or discretionary cash appreciation awards. For the avoidance of doubt, stock-based compensation includes cash payments made as dividend equivalents on stock-based awards, and cash payments earned as a result of stock price appreciation or total shareholder returns (whether on a relative or absolute basis).

⌋-1.16 Contingent Annuitant

“Contingent Annuitant” means a person properly designated by a Participant or Former Participant to receive Benefits, solely in accordance with the terms of the Plan, in the event of his death after the Participant’s or Former Participant’s Annuity Starting Date.

⌋-1.17 Death Benefit

“Death Benefit” means the Benefit payable following a Participant’s or Former Participant’s death before retirement under the Applicable Exhibit.

⌋-1.18 Disability

Except as may be set forth in an applicable Exhibit, Disability means the Participant is “totally disabled” as defined in the L3 Long Term Disability Plan and determined by the insurer for that Plan.

⌋-1.19 Early Retirement

“Early Retirement” means a Participant’s or Former Participant’s retirement upon his Early Retirement Date.

⌋-1.20 Early Retirement Benefit

“Early Retirement Benefit” means the Early Retirement Benefit payable to or with respect to a Participant or Former Participant under the Applicable Exhibit.

⌋-1.21 Early Retirement Date

“Early Retirement Date” means the Early Retirement Date under the Applicable Exhibit.

⌋-1.22 Effective Date

“Effective Date” of this amendment and restatement is August 31, 2020. The original effective date of the plan means November 10, 2004.

C-1.23 Eligible Employee

“Eligible Employee” means an Employee who meets the requirements of an Applicable Exhibit. Unless otherwise specifically provided in an applicable Exhibit, the term Eligible Employee excludes a person included in a unit of employees covered by a collective bargaining agreement which does not expressly provide for such person’s participation in the Plan, a person with no U.S. source income, and a “leased employee”. A person who is not an Employee of the Employer or an Affiliate and who performs services for the Employer or an Affiliate pursuant to an agreement between the Employer or Affiliate and a leasing organization shall be considered a “leased employee” if such person performed the services for a year and such services are performed under the primary direction or control of the Employer. A person who is considered a “leased employee” of the Employer or an Affiliate shall not be considered an Employee for purposes of the Plan.

If such a person participates in the Plan as a result of subsequent employment with the Employer, he shall receive credit for his period of employment as a leased employee for all purposes except determining the amount of his retirement benefit under Section C-6.1 of the Plan. Notwithstanding the preceding provisions of this Section, a leased employee shall be treated as an Employee for purposes of applying the requirements described in Section 414(n)(3) of the Code.

C-1.24 Employee

“Employee” means any person who renders services to the Employer in the status of an employee, as that term is defined in Section 3121(d) of the Code. The Employer’s classification of a person at the time services are performed by such person shall be conclusive for the purpose of the foregoing rules. No reclassification of a person’s status with the Employer, for any reason, without regard to whether it is initiated by a court, governmental agency or otherwise and without regard to whether or not the Employer agrees to such reclassification, either retroactively or prospectively, shall result in the person being regarded as an Employee during such time.

C-1.25 Employer

“Employer” means Warrior Systems - Infrared Products, a division of the Company.

C-1.26 Erisa

“ERISA” means the Employee Retirement Income Security Act of 1974 as it may be amended from time to time, and all regulations and interpretations of the Department of Labor or other government agency issued thereunder.

C-1.27 Former Participant

“Former Participant” means a person who has had a Separation from Service and is receiving or entitled to receive Benefits under the Plan.

C-1.28 Hours Of Service

“Hours of Service” means:

- (a) Except as otherwise provided in an Applicable Exhibit, the sum of:
- (1) A Participant’s or Former Participant’s hours of actual work on the job,
 - (2) his periods of vacation, holiday, Military Service, paid sick leave or paid leave of absence, computed on the basis of the number of hours in his regularly scheduled work day and work week, and
 - (3) his periods of receipt of employer-funded disability pay, converted to Hours of Service on the basis of 40 Hours of Service for each week in which he receives any such pay, and for a salaried Employee by dividing his most recent salary by the average number of regularly-scheduled hours of work in his salary period, ignoring holidays, sick leaves and vacations, and
 - (4) his hours for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company, and
 - (5) his Hours of Service with any other employer during which such employer is part of an affiliated service group (under Section 414(m) of the Code) of which the Company is a member, his Hours of Service as a Leased Employee, his Hours of Service credited under Section 414(o) of the Code, or his Hours of Service with any other employer during which such employer is a part of a controlled group of which the Company is a member.
- (b) the number of Hours of Service under subsections (2) or (4) shall be calculated and credited in accordance with 29 C.F.R. §2530.200b-2(b) and (c). Each Hour of Service thus credited shall be attributable to the computation period in which it occurs except to the extent that the Company, in accordance with 29 C.F.R. §2530.200b-1(b) and (c), credits such Hours of Service to another computation period under a reasonable method consistently applied.

C-1.29 Joint And Survivor Annuity

“Joint and Survivor Annuity” means the Joint and Survivor Annuity as defined in the Applicable Exhibit.

C-1.30 Late Retirement

“Late Retirement” means a Participant’s or Former Participant’s retirement upon his Late Retirement Date.

C-1.31 Late Retirement Benefit

“Late Retirement Benefit” means the Late Retirement Benefit payable under the Applicable Exhibit.

C-1.32 Late Retirement Date

“Late Retirement Date” means the first day of the calendar month coinciding with or next following a Participant’s or Former Participant’s Separation from Service occurring later than his Normal Retirement Date.

C-1.33 Military Service

Notwithstanding any provision of the Plan to the contrary, a Participant will be credited with service for eligibility, vesting and benefit accrual purposes for “qualified military service,” as defined in Code Section 414(u)(5) (“Military Service”), to the extent required by Code Section 414(u). In the case of a Participant who dies while performing qualified military service, the survivors of the Participant are entitled to any additional benefits because of death, including vesting and survivor benefits contingent on termination of employment, that would have been provided under the Plan had the Participant resumed employment and then terminated employment on account of death. An individual receiving a “differential wage payment,” as defined in Section 3401(h) of the Code, is treated as an employee of the Employer making the payment and the differential wage payment is treated as compensation for purposes of Code requirements applicable to the Plan.

C-1.34 Normal Retirement

“Normal Retirement” means a Participant’s retirement upon his Normal Retirement Date.

C-1.35 Normal Retirement Benefit

“Normal Retirement Benefit” means the Normal Retirement Benefit payable under the Applicable Exhibit.

C-1.36 Normal Retirement Date

“Normal Retirement Date” means the Normal Retirement Date as defined in the Applicable Exhibit.

C-1.37 Optional Forms Of Retirement Distribution

“Optional Forms of Retirement Distribution” means the Optional Forms of Retirement Distribution as defined in the Applicable Exhibit.

C-1.38 Participant

“Participant” means any person who is included in the Plan as provided in the Applicable Exhibit. With respect to each Applicable Exhibit, the term “Participant” shall include only the persons who satisfy the eligibility requirements prescribed in the Applicable Exhibit.

C-1.39 Plan

With respect to periods on or after January 1, 2013, “Plan” means Appendix C and Exhibits J-N of the L3 Link Simulation and Training Retirement Plan, as or may be amended from time to time and renamed the L3Harris Link Simulation and Training Pension Plan effective January 1, 2020. With respect to periods on or before December 31, 2012, “Plan” means the L-3 Communications Infrared Products Retirement Plan, as or may be amended from time to time.

C-1.40 Plan Enrolled Actuary

“Plan Enrolled Actuary” means that person who is enrolled by the Joint Board for the Enrollment of Actuaries established under Subtitle C of Title III of ERISA and who has been engaged by the Administrator to make and render all necessary actuarial determinations, statements, opinions, assumptions, reports, and valuations under the Plan as required by law or requested by the Administrator.

C-1.41 Plan Year

The Plan Year shall be the calendar year.

C-1.42 Separation From Service

“Separation from Service” means an Employee’s Separation from Service as defined in the Applicable Exhibit.

C-1.43 Social Security Retirement Date

“Social Security Retirement Date” means:

- (a) For a Participant or Former Participant born prior to 1938, the first day of the calendar month coincident with or next following his 65th birthday,

- (b) For a Participant or Former Participant born after 1937 and before 1955, the first day of the calendar month coincident with or next following his 66th birthday, and
- (c) For a Participant or Former Participant born after 1954, the first day of the calendar month coincident with or next following his 67th birthday.

C-1.44 Total Benefit Accrual Service

“Total Benefit Accrual Service” means with respect to each Employee the sum of his Benefit Accrual Service pursuant to the Applicable Exhibit under this Plan.

C-1.45 Trust

“Trust” means the trust established pursuant to the Trust Agreement.

C-1.46 Trust Agreement

“Trust Agreement” means the agreement between the Company and the Trustee, and any successor agreement made and entered into for the establishment of a trust to hold the assets of the Plan. By this reference, the Trust Agreement is incorporated herein.

C-1.47 Trustee

“Trustee” means the trustee acting under the Trust Agreement.

C-1.48 Trust Fund

“Trust Fund” means the cash, securities, and other property held by the Trustee for the purposes of the Plan.

C-1.49 Vested

“Vested” means the portion of a Participant’s or Former Participant’s Benefit that is non-forfeitable.

C-1.50 Vested Retirement Benefit

“Vested Retirement Benefit” means Vested Retirement Benefit as defined in the Applicable Exhibit.

C-1.51 Year Of Vesting Service

“Year of Vesting Service” means Year of Vesting Service as defined in the Applicable Exhibit. For purposes of determining a Year of Vesting Service under this Plan, a layoff shall only refer to a temporary layoff with recall rights.

ARTICLE C-II - ELIGIBILITY

C-2.1 Requirements For Participation

The requirements for participation are set forth in each Applicable Exhibit.

C-2.2 Termination Of Participation

A Participant shall cease to be a Participant and shall become entitled to Benefits, if any, in accordance with Article IV and the Applicable Exhibit, upon his Separation from Service from the Company and all Affiliated Companies.

C-2.3 Forfeitures

Forfeitures shall occur as set forth in the Applicable Exhibit.

C-2.4 Participation On Or After January 1, 2007

Notwithstanding any other provision in any Applicable Exhibit, the Plan shall be frozen effective as of January 1, 2007 as to new participation as follows:

- (a) An individual who is hired on or after January 1, 2007 shall not be eligible to participate in the Plan
- (b) An individual who becomes an Employee on or after January 1, 2007 as a result of a transfer of employment from an Affiliated Company shall be eligible to participate in the Plan under the terms of Exhibit L after satisfying the eligibility requirements of that Exhibit.

C-2.5 Termination Of Employment Followed By Reemployment On Or After January 1, 2007

- (a) A Participant who is eligible for benefits under an Applicable Exhibit and who terminates employment with the Employer and is subsequently reemployed by the Employer prior to January 1, 2007 shall be eligible to participate in the Plan under the terms of such Applicable Exhibit.
- (b) A Participant who terminates employment with the Employer on any date and is subsequently reemployed by the Employer on or after January 1, 2007 shall not be eligible to participate in the Plan. With respect to his period of reemployment, such Employee shall receive credit for Years of Vesting Service under the rules of the Applicable Exhibit and shall not receive credit for Benefit Accrual Service and Compensation.

ARTICLE C-III - FUNDING OF BENEFITS

C-3.1 Source Of Contributions

The cost of Benefits under the Plan, to the extent not provided by contributions of Participants if required under the Applicable Exhibit, shall be provided by Employer contributions not less than in such amounts, and at such times, as the Plan Enrolled Actuary shall certify to be necessary, to fund Benefits under the Plan in accordance with the actuarial assumptions selected by such Actuary from time to time in accordance the funding policies and method selected by the Company.

C-3.2 Limitations

Company contributions to the Trust Fund for any taxable year shall be not less than that amount necessary to maintain the qualified status of the Plan and Trust and to comply with all applicable legal requirements and shall be made no later than the due date, including extensions, for filing the Company's Federal income tax return.

C-3.3 Application Of Forfeitures

Forfeitures shall not be applied to increase the Benefits any Participant would otherwise receive under the Plan, and shall be applied to reduce contributions of the Company.

ARTICLE C-IV - BENEFITS

C-4.1 Benefits

- (a) A Participant or Former Participant shall be entitled to a Benefit upon retirement, termination or death as set forth in this Article and the Applicable Exhibit.
- (b) In no event shall the amount of a Participant's Normal Retirement Benefit under the Applicable Exhibit be less than the Early Retirement Benefit that would be payable to the Participant under the Applicable Exhibit at any time prior to his Normal Retirement Date.
- (c) If any benefit under any welfare benefit plan maintained by the Employer or Affiliate is dependent on "retirement" under this Plan, then the receipt of a Deferred Vested Pension shall not constitute "retirement."

C-4.2 Limitation On Benefits

- (a) The Annual Benefit otherwise payable under the Plan to a Participant at any time shall not exceed the Maximum Permissible Amount. If the Annual Benefit otherwise payable, beginning in a Limitation Year, is in excess of the Maximum Permissible Amount, the Annual Benefit will be reduced to the Maximum Permissible Amount.
- (b) The limitation described in subsection (a) above shall be deemed satisfied as to any Participant if the Annual Benefit otherwise payable under the Plan to such Participant does not exceed \$1,000 multiplied by such Participant's period of service (not to exceed 10) with the Company, and the Company has not at any time maintained a defined contribution plan, a welfare benefit plan as defined in Code Section 419(e), or an individual medical account as defined in Code Section 415(1)(2) in which such Participant participated.
- (c) If a Participant is, or has ever been, covered under more than one defined benefit plan maintained by the Company, the sum of the Participant's Annual Benefits from all such plans may not exceed the Maximum Permissible Amount.
- (d) For purposes of this Section C-4.2, the following terms shall have the following meanings:
 - (1) Annual Benefit. A retirement benefit which is payable annually in the form of a single life annuity under the Plan. The Annual Benefit does not include any benefits attributable to Participant contributions. Furthermore, if there is a transfer of assets from a qualified plan not maintained by the Company to this Plan, annual benefits attributable to the assets transferred will not be taken into account for purposes of these limits. No actuarial adjustment to a benefit is required for:

- (A) the value of a joint and survivor annuity where the Participant's spouse is the survivor annuitant,
 - (B) the value of benefits that are not directly related to retirement benefits (such as a qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), or
 - (C) the value of post-retirement cost-of-living increases made in accordance with regulations under the Code.
- (2) Compensation. The term "Compensation" for purposes of this Section C4.2 means compensation within the meaning of Code Section 415(c)(3) and the regulations issued thereunder, modified to include salary deferral contributions for qualified transportation fringe benefits under Code Section 132(f)(4). Solely with respect to the definition of compensation for purposes of Section 415 of the Code, amounts under Section 125 of the Code shall include amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. An amount will be treated as an amount under Section 125 of the Code only if the Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan.

For purposes of the limitation under Section 415 of the Code, Compensation for the limitation year shall include compensation paid by the later of 2-½ months after a Participant's severance from employment with the Company or an Affiliated Company or the end of the limitation year that includes the date of the Participant's severance from employment with the Company or an Affiliated Company, if:

- (i) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the Participant while the Participant continued in employment with the Company or an Affiliated Company; or
- (ii) the payment is for unused accrued bona fide sick, vacation or other leave that the Participant would have been able to use if employment had continued; or
- (iii) the payment is received by the Participant pursuant to a nonqualified unfunded deferred compensation plan and would have been paid at the

same time if employment had continued, but only to the extent includible in gross income.

Any payments not described above shall not be considered compensation if paid after severance from employment, even if they are paid by the later of 2-½ months after the date of severance from employment or the end of the limitation year that includes the date of severance from employment, except: (a) payments to an individual who does not currently perform services for the Company or an Affiliated Company by reason of qualified military service (within the meaning of Section 414(u)(1) of the Code) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Company or an Affiliated Company rather than entering qualified military service; or (b) compensation paid to a Participant who is permanently and totally disabled, as defined in Section 22(e)(3) of the Code, provided salary continuation applies to all Participants who are permanently and totally disabled for a fixed or determinable period, or the Participant was not a highly compensated employee, as defined in Section 414(q) of the Code, immediately before becoming disabled.

- (3) **Defined Benefit Dollar Limitation.** The Defined Benefit Dollar Limitation is \$160,000, and is automatically adjusted each January thereafter as provided under Code Section 415(d) in such manner as the Secretary of the Treasury shall prescribe. In each case, the adjusted limit will apply to Limitation Years ending within the calendar year of the date of the adjustment.
- (4) **Company.** The Company and all Affiliated Companies, except that solely for purposes of this Section C-4.4, the determination of controlled groups of corporations and trades or businesses under common control shall be made after taking into account the modifications required under Code Section 415(h).
- (5) **Highest Average Compensation.** The average Compensation for the three consecutive years of a period of service that provides the highest average.
- (6) **Limitation Year.** The calendar year.
- (7) **Maximum Permissible Amount.** The Maximum Permissible Amount for a Participant will be the lesser of the Defined Benefit Dollar Limitation or 100% of the Participant's Highest Average Compensation. The Maximum Permissible Amount will be adjusted when necessary, as follows:
 - (A) If the Participant's Benefit Service is less than 10 years, the Defined Benefit Dollar Limitation is reduced by one-tenth for each year (or part thereof) the Benefit Service is less than ten. If the

Participant's period of service is less than ten years, the compensation limitation is reduced by one-tenth for each year (or part thereof) the period of service is less than ten.

(B) If the Annual Benefit of a Participant commences prior to age 62, the Defined Benefit Dollar Limitation shall be the following amount:

(i) If the plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the dollar limitation (adjusted for years of participation less than 10, if required) with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table set forth in Section C-1.2(b) for the annuity starting date (and expressing the participant's age based on completed calendar months as of the annuity starting date).

(ii) If the plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the lesser of the limitation determined under paragraph (i) above and the dollar limitation (adjusted for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the immediately commencing straight life annuity under the plan at age 62, both determined without applying the limitations of this section.

(C) If the Annual Benefit of a Participant commences after age 65, the Defined Benefit Dollar Limitation shall be the following amount:

(i) If the plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the dollar limitation (adjusted for years of participation less than 10, if required) with actuarial equivalence computed using a 5 percent interest rate assumption and the applicable mortality table set forth in Section C-1.2(b) for that annuity starting date (and expressing the participant's age based on completed calendar months as of the annuity starting date).

(ii) If the plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the lesser of the limitation determined under paragraph (i) above and the dollar limitation (adjusted for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the plan at age 65, both determined without applying the limitations of this section.

(8) Projected Annual Benefit. The Annual Benefit to which a Participant is entitled will be based on the assumptions that for any applicable Limitation Year each Participant will continue employment until the later of current age or age 65 and that the Participant's compensation for the current Limitation Year and all other relevant factors used to determine benefits will remain constant for all future Limitation Years.

(e) Optional Benefit Forms: For purposes of Section 4.2, the actuarially equivalent straight life annuity of a form of benefit that is not subject to Code Section 417(e)(3) is equal to the greater of (1) the annual amount of the straight life annuity (if any) payable to the participant under the plan commencing at the same annuity starting date as the participant's form of benefit; and (2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a 5 percent interest rate assumption and the applicable mortality table set forth in Section C-1.2(b) for that annuity starting date.

For purposes of Section 4.2, the actuarially equivalent straight life annuity of a form of benefit not described in the prior paragraph is equal to the greatest of (I) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the interest rate and the mortality table (or other tabular factor) determined under the applicable exhibit to the plan for adjusting benefits in the same form; (II) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table set forth in Section C-1.2(b); and (III) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the applicable interest rate and the applicable mortality table set forth in Section C-1.2(b), divided by 1.05.

C-4.3 Small Payments

Whenever the provisions of the Plan would, but for this Section, give rise to a distribution,

- (a) If the monthly payments are less than \$50.00, the Administrator may make, or authorize others to make, Actuarially Equivalent payments at intervals sufficiently less frequent so that no payment is less than \$50.00, and
- (b) If the Actuarial Equivalent of the Participant's or Former Participant's Vested Accrued Benefit, if any, is not greater than \$5,000, the recipient will receive a distribution of the present value of the entire Vested Accrued Benefit as soon as administratively feasible following termination of employment with the Affiliated Company, provided that if such amount is more than \$1,000, it shall not be paid prior to the Participant's Normal Retirement Date without the Participant's consent.
- (c) Notwithstanding any contrary provision of the Plan, in the event that (a) a Participant separates from service with the Employer, and (b) the Participant has not, as of the date he separates from service, met the service and other requirements that would enable him to be 100% vested in all his accrued Plan benefits, then, (c) as of the date he separates from service, he shall be deemed to have received a distribution of his unvested accrued benefits under the Plan. The amount of this deemed distribution shall be zero. Following this deemed distribution, the Participant shall have no accrued Plan benefits.

C-4.4 Reemployment Of Former Participants

- (a) If a Participant's employment is terminated and he is subsequently reemployed by the Employer or Affiliated Company, any subsequent Pension benefit to which the Employee becomes entitled hereunder will be calculated as provided below in this Section and any Pension payments the Employee is receiving shall be suspended during any month in which he completes 40 or more Hours of Service after such reemployment as described in Section C-4.5 below.
- (b) Upon the subsequent termination of employment of the rehired Employee (whether or not he is an Eligible Employee on rehire), he shall be entitled to receive a Pension determined under the benefit formula in effect under this Plan when he first terminated employment, including the Optional Early and Early Pension provisions if applicable, based on his Benefit Service and Compensation as of the date of he first terminated employment, and his Years of Vesting Service as of the date of his termination of employment following reemployment. In the case of reemployment of an Employee who received any benefit payments hereunder prior to his reemployment (or during his reemployment), the Pension subsequently payable hereunder shall be reduced by the Actuarial Equivalent of any such benefit payments attributable to any such retained Benefit Accrual

Service, other than Disability Pension payments he received prior to his Normal Retirement Date (except that the Employee's subsequent Pension will not be reduced below the prior Pension payable to the Employee at the date such prior Pension was suspended hereunder, actuarially adjusted to the same form of payment as applies to the subsequent Pension).

- (c) In the case of the reemployment of an Employee under this Section who does not again become an Eligible Employee hereunder, the above benefit recalculation provisions shall apply, including eligibility for applicable Optional Early or Early Retirement if the Employee meets the applicable age and service requirements.
- (d) If a lump sum distribution is made to a Participant who is subsequently rehired by the Company, Benefit Accrual Service attributable to the period of employment for which the lump sum distribution was made shall be taken into account for purposes of determining the Participant's benefit under this Plan, provided that any subsequent distribution to the Participant under this Plan shall be offset and reduced by the amount previously distributed to the Participant.

C-4.5 Special Rules Concerning The Suspension Of Benefits

Anything herein to the contrary notwithstanding, the conditions set forth in paragraphs (a), (b), (c) and (d) below shall be applicable to (1) any Participant whose employment continues beyond his Normal Retirement Date and whose Pension payments will not commence at his Normal Retirement Date because of such continuing employment, and (2) any retired Participant reemployed after his Normal Retirement Date whose Pension payments have been suspended due to the forty-hour rule described in (e) below.

- (a) The Employee must be notified in writing during the first month including or after his Normal Retirement Date when payments are not made. The notification shall give the reasons for not making payment, including a description and copy of this Plan Section, and shall inform the Employee that the applicable Department of Labor regulations are in Section 2530.203-3 of the Code of Federal Regulations. The Employee shall also be informed of the procedure for requesting a review of the decision not to make his payments.
- (b) The amount of Benefit payment to be withheld in any month will be equal to the amount otherwise payable for such month (except that, as to any Benefits with no life contingency, the amount cannot exceed what would have been payable to the Employee on a single life annuity basis).
- (c) If during any month when an Employee is employed by the Company or an Affiliated Company, his Pension is, nevertheless, payable to him due to the forty (40) hour requirement described in (e) below, such Employee shall be treated as a retired Participant during such month for purposes of this Plan and his employment shall be treated as interrupted for such month.

- (d) If a Pension payment has already been made for a month when it is determined that the Employee was not entitled to such payment under the above provisions of this Section, the Committee may recover the amount of such payment from the next Pension payment otherwise payable to him hereunder; provided, however, in no event shall any Pension payment, other than the first such payment, be reduced by more than 25 percent in connection with such recovery. Once a payment has been withheld under this Section, the next payment to the Employee need not be made before the third month following his re-entitlement to payments, but must include any payments not made due to such delay.
- (e) No Employee shall receive a Pension payment for any month if during such month he completes at least 40 Hours of Service, as defined in DOL Regulation Sections 2530.200b-2(a)(1) and (2), for the Company or any Affiliated Company.
- (f) Notwithstanding any other provision of the Plan the contrary, suspension of benefit payment on reemployment by a member of the L3 Technologies, Inc. controlled group of corporations is not required if a Participant retires on or after Normal Retirement Age, begins receiving Benefits under the Plan and is rehired pursuant to the L3 Reemployment of Former Employees Policy, the terms of which, to the extent applicable, are incorporated herein, and made a part of the Plan, by reference.

3-4.6 Commencement Of Benefits

- (a) Anything contained herein to the contrary notwithstanding, unless the Participant or Former Participant elects to the contrary, the payment of Benefits hereunder to any Participant or Former Participant will begin not later than the 60th day after the latest of the close of the Plan Year in which occurs:
 - (1) the date on which the Participant or Former Participant attains the earlier of age 65 or Normal Retirement Age;
 - (2) the 10th anniversary of the year in which the Participant or Former Participant commenced participation in the Plan; or
 - (3) the Participant's Separation from Service with the Company and all Affiliated Companies.
- (b) If the Actuarial Equivalent of the Participant's or Former Participant's Vested Accrued Benefit is greater than \$5,000.00, the Participant or Former Participant must consent in writing to a distribution that commences prior to the Participant's or Former Participant's Normal Retirement Date.
- (c) All distributions under the Plan shall comply with the requirements of Section 401(a)(9) of the Code as incorporated in Appendix A.

- (d) If a Participant's Benefit payments do not commence after the Participant attains age 70½ (because the Participant has not had a Separation from Service) in accordance with subsection (c), the Participant's Accrued Benefit shall be actuarially increased to take into account the period after age 70½ in which the Participant does not receive any Benefits under the Plan. The period for the actuarial increase begins on the April 1 following the calendar year in which the Participant attains age 70½, and ends on the date on which benefits commence. The amount of actuarial increase payable as of the end of the period for actuarial increases shall be no less than the Actuarial Equivalent of the Participant's Benefits that would have been payable as of the date the actuarial increase must commence plus the Actuarial Equivalent of additional Benefit accrued after that date, reduced by the Actuarial Equivalent of any distributions made after that date. The amount of the actuarial increase shall reduce the Benefit accrual otherwise required under Section 411(b)(1)(h)(I) of the Code except that the rules on the suspension of Benefits (and the suspension of Benefits provisions of Section C-4.5) are not applicable; provided, however, that this reduction shall not apply to a Participant who was at least age 70½ on March 8, 2002.

C-4.7 Rollovers And Direct Transfers From The Plan

- (a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, subject to the Joint and Survivor Annuity provisions in the Applicable Exhibit, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.
- (b) The following definitions apply to subsection (a):
- (1) An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: a distribution of a Benefit for any year that is reasonably expected to be less than \$200.00, a distribution of a portion of a Benefit that is \$500.00 or less, any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually), made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).
 - (2) An Eligible Retirement Plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described

in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, a qualified trust described in Section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution, an annuity contract described in Section 403(b) of the Code, and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. An "eligible retirement plan" shall also include a Roth IRA described in Section 408A of the Code.

- (3) A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse. A "Distributee" also includes the Employee's non-spouse designated Beneficiary under Section C-1.8 of the Plan. In the case of a non-spouse Beneficiary, the direct rollover may be made only to an individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Code ("IRA") that is established on behalf of the designated Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Code.
- (4) A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

C-4.8 Election Procedures And Restrictions On Optional Forms Of Benefit

- (a) The Committee shall provide each Participant no less than 30 days and no more than 90 days prior to the Annuity Starting Date a written explanation of: (1) the terms and conditions of a qualified Joint and Survivor Annuity; (2) the Participant's right to make and the effect of an election to waive the qualified Joint and Survivor Annuity form of Benefit; (3) the rights of a Participant's spouse; (4) the right to make, and the effect of, a revocation of a previous election to waive the qualified Joint and Survivor Annuity; and (5) the relative values of the various optional forms of Benefit under the Plan.
- (b) The Annuity Starting Date for a distribution may be less than 30 days after receipt of the written explanation described in the preceding paragraph provided: (1) the Participant has been provided with an explanation that clearly indicates that the Participant has at least 30 days to consider whether to waive the qualified Joint and Survivor Annuity and elect a different form of distribution; (2) the Participant (with spousal consent if the Participant is married) elects to receive a distribution after the explanation has been provided but before the 30-day period has elapsed; (3) the Participant may revoke a distribution election until the later of the Annuity

Starting Date or the expiration of the 7-day period that begins the day after the explanation was provided to the Participant; (4) the Annuity Starting Date is after the date the explanation is provided to the Participant; and (5) distribution in accordance with the Participant's election does not begin before the expiration of the 7-day period that begins on the day after the explanation is provided to the Participant.

- (c) The Annuity Starting Date for a distribution may be prior to the date the written explanation is provided (referred to herein as a "retroactive annuity starting date") subject to the following: (1) the Participant has been provided with an explanation that clearly indicates that the Participant has at least 30 days to consider whether to waive the qualified Joint and Survivor Annuity and elect a different form of distribution; (2) distributions do not begin for at least 30 and not more than 90 days after the explanation has been provided, provided that distributions may begin less than 30 days after the explanation has been provided if the requirements of subsection (b) above are met; (3) the Participant and spouse, if applicable may elect to receive distributions based on a retroactive Annuity Starting Date or may elect an actuarially increased Benefit to be distributed as of an annuity starting date that is at least 30 days (or 7 days if the Participant and spouse have so elected under subsection (b) above) after the explanation has been received; (4) the Participant, with the spouse's consent, if applicable, elects to receive distributions based on a retroactive annuity starting date.
- (d) In the case of a retroactive annuity starting date distribution, make up payments for each Plan Year shall be adjusted for interest for the delayed payments based on the published Federal Mid-Term rate in effect for the month of August of the prior Plan Year, provided that for distributions occurring in 2007, the interest rate shall be the interest rate for August 2006 or November 2006, whichever produces the greater benefit. Such distribution of makeup payments plus interest will be paid in a lump sum on the distribution date. Subsequent to this lump sum distribution, the monthly Benefit amount payable shall be the same amount that would have been paid had payments actually commenced to the Participant on the retroactive annuity starting date. In the case of a retroactive Annuity Starting Date distribution, any actuarial adjustments to a Participant's Accrued Benefit shall be based on the actuarial assumptions otherwise stated in the Plan as are utilized for purposes of late retirement. The requirements of Treasury Regulation 1.417(e)-1 concerning retroactive annuity starting dates are hereby incorporated by reference.
- (e) An election may be changed or revoked if such change, or revocation is filed in writing with the Committee in accordance with the above time restrictions and subject to the spousal consent requirements described above.

- (f) If a Participant elects an optional form of payment and dies before the date as of which the Participant's Pension is to commence, such optional form election is canceled.
- (g) If a Participant elects an optional form of payment with a survivor benefit to be payable to a specified person upon the Participant's death and such person dies before the date as of which the Participant's Pension is to commence and no new survivor is duly designated prior to such date, then such optional form election is canceled.
- (h) If a Participant has elected an option with his spouse as his Contingent Annuitant or Beneficiary and his pension Benefits have commenced, he may change his designated Contingent Annuitant or Beneficiary (or Beneficiaries) but only if such change is in connection with the Participant's divorce or legal separation and the Participant's former spouse duly consents to such change and, in the case where the designation to be changed is one involving a joint pensioner, if the Contingent Annuitant last previously designated by him is alive when he files with the Committee his request for such change. The Committee may require a copy of any court decision(s) relevant to such former spouse's rights hereunder. The amount of Pension payable to the Participant upon the designation of a new Contingent Annuitant shall be actuarially redetermined, by the Committee, taking into account the age and sex of the former Contingent Annuitant, the new Contingent Annuitant and the Participant. Each such designation will be made in writing on a form required by the Committee and on completion will be filed with the Committee.
- (i) Any optional Benefit shall, if necessary, be adjusted to meet the incidental death benefit requirements under Code Section 401(a)(9).

C-4.9 Transfers

- (a) Service among Affiliates Credited for Eligibility and Vesting. Generally, Service performed for the Employer or any Affiliate will be credited among all Affiliates for the purposes of eligibility and vesting.
- (b) Vesting Continues after Transfer. Any Participant who transfers employment to an Affiliate shall not be treated as having terminated employment for vesting and distribution purposes. That is, his vesting under the Plan shall continue during his Service with the Affiliate, and he may not receive a distribution of Plan benefits until his Service with the Employer and any Affiliate ceases.

C-4.10 Termination of Benefit Accruals.

Notwithstanding any provision of the Plan, including Applicable Exhibits, to the contrary, no additional benefits shall accrue under this Plan, including Applicable Exhibits, after December 31, 2019 except as set forth in Appendix X attached hereto.

APPENDIX X

CASH BALANCE BENEFIT FOR CERTAIN PARTICIPANTS EFFECTIVE JANUARY 1, 2020

This Appendix X is applicable only with respect to a Participant in the L3Harris Link Simulation and Training Pension Plan who on January 1, 2020 is not a Highly Compensated Employee.

The portion of a Participant's Accrued Benefit attributable to service prior to January 1, 2020 shall be determined under the Legacy Plan Provisions. There shall be no increase in a Participant's Accrued Benefit under the Legacy Plan Provisions after December 31, 2019. Except as otherwise provided in this Appendix X, the Legacy Plan Provisions shall apply to the benefits set forth in this Appendix X.

I. Definitions

For purposes of this Appendix X, the following terms shall be defined as set forth below.

1. "Active Appendix X Participant" means an Appendix X Participant who has not ceased to be eligible for Pay Credits pursuant to Section II.2.
2. "Affiliated Company" means L3Harris Technologies, Inc. and any other entity that together with L3Harris Technologies, Inc. is part of a controlled group of corporations, a group of trades or businesses under common control or an affiliated service group, as defined in Code Section 414(b), (c) or (m).
3. "Annuity Starting Date" means the first day of the first period for which an amount is payable as an annuity or in any other form.
4. "Appendix X Participant" means a Participant who meets the eligibility requirements of Section II of this Appendix X.
5. "Cash Balance Account" means the hypothetical account established for each Appendix X Participant pursuant to Section III of this Appendix X.
6. "Compensation" means the following items of remuneration which an Appendix X Participant is paid for work or personal services performed for an Affiliated Company: (a) salary or wages, including lump sum merit increases; (b) commission paid pursuant to a sales incentive plan; (c) overtime premium, shift differential or additional compensation in lieu of overtime premium; (d) except as provided in the immediately following paragraph, compensation in lieu of vacation or paid time off; (e) any bonus or incentive compensation payable in the form of cash pursuant to an annual incentive plan, a performance reward plan, or other similar plan or award program adopted from time to time by an Affiliated Company; and (f) any differential wage payment (within the meaning of Section 3401(h)(2) of the Code) paid with respect to a period during which the Participant is performing service in the uniformed services while on active duty for more than 30 days; provided, however, that Compensation also shall include any remuneration which would have been paid to the Participant for work or personal services performed for an Affiliated Company but for the Participant's election to have his or her compensation reduced pursuant to a qualified cash or deferred arrangement described in section 401(k) of

the Code, a cafeteria plan described in section 125 of the Code or an arrangement providing qualified transportation fringes described in section 132(f) of the Code; provided further that the remuneration described in this paragraph shall be Compensation for purposes of the Plan only if it is paid on or before the later of (i) 2 ½ months after the Participant's severance from employment and (ii) the last day of the Plan Year during which the Participant's severance from employment occurs (the "Timing Limitation"), except that the Timing Limitation shall not apply to payments to a Participant who does not perform services for an Affiliated Company at the time of payment by reason of military service to the extent that such payments do not exceed the amounts such Participant would have received if the Participant had continued to perform services for the Affiliated Company rather than entering military service.

Notwithstanding the foregoing, the following items also shall be excluded from "Compensation": (1) any extraordinary compensation of a recurring or non-recurring nature, including one-time recognition awards and rewards under a referral program of an Affiliated Company; (2) any award made or amount paid pursuant to any L3Harris Technologies, Inc. equity incentive plan or any predecessor or successor thereto, including, but not limited to, performance shares, stock options, restricted stock, stock appreciation rights or other stock-based awards or dividend equivalents; (3) severance pay, separation pay, special retirement pay or parachute payments; (4) retention bonuses or completion bonuses, unless authorized by the Committee in a uniform and nondiscriminatory manner to be included in Compensation; (5) reimbursement or allowances with respect to expenses incurred in connection with employment, such as tax equalization, reimbursement for moving expenses, mileage or expense allowance or education expenses; (6) indirect compensation such as employer-paid group insurance premiums or contributions under this Plan or any other qualified employee benefit plan, other than contributions described in the immediately preceding paragraph; (7) compensation in lieu of vacation or paid time off that is paid in a lump sum at or following termination of employment, or that is accrued but unused vacation or paid time off paid in a lump sum during employment due to Affiliated Company restrictions on carryover of vacation or paid time off; or (8) payments under a nonqualified unfunded deferred compensation plan. For the avoidance of doubt, compensation which is attributable to the conversion of certain accrued vacation and paid time off to a deferred lump-sum amount, shall be considered nonqualified deferred compensation for purposes of the Plan and shall be excluded from "Compensation."

Notwithstanding any provision herein to the contrary, the Compensation of a Participant taken into account for any purpose under the Plan shall not exceed \$200,000 (as adjusted pursuant to section 401(a)(17)(B) of the Code). In addition, in the Plan Year in which an Eligible Employee becomes a Participant, only Compensation received on or after the date he or she becomes a Participant shall be taken into account under the Plan. Finally, in no event shall Compensation for purposes of this Plan include any amount that is not "compensation" within the meaning of section 415(c)(3) of the Code and Treasury Regulation section 1.415(c)-2.

7. "Highly Compensated Employee" means a Participant who had remuneration from an Affiliated Company during calendar year 2018 in excess of \$120,000 as shown on Box 5 of such Participant's Form W-2 for 2018.

8. "Interest Credits" means the amounts, if any, credited to an Appendix X Participant's Cash Balance Account pursuant to Section III.3 of this Appendix X.

9. "IRS Interest Rate" means the interest rate prescribed under Section 417(e)(3)(C) of the Code (as it reads effective on or after January 1, 2008) published by the Commissioner of Internal Revenue in the fourth calendar month immediately preceding the applicable stability period.

10. "IRS Mortality Table" means the mortality table prescribed under Section 417(e)(3)(B) of the Code (as it reads effective on and after January 1, 2008).

11. "Legacy Plan Provisions" means the provisions of this Plan, including any Applicable Exhibits, other than this Appendix X.

12. "Participant" means an individual who, on January 1, 2020, is employed by an Affiliated Company and who, on December 31, 2019, was a participant as defined in the Legacy Plan Provisions.

13. "Pay Credits" means the amounts, if any, credited to an Appendix X Participant's Cash Balance Account pursuant to Section III.2 of this Appendix X.

14. "Severance Date" means the earlier of: (i) the date an Appendix X Participant resigns, is discharged, retires from service with all Affiliated Companies or dies; or (ii) one year from the date the Appendix X Participant is continuously absent from service for any reason other than as provided in clause (i).

II. Eligibility

1. In General. Except as provided in Section II.2., the provisions of this Appendix X shall be applicable to each Participant who on January 1, 2020 is not a Highly Compensated Employee. A Participant who is not described in the preceding sentence on January 1, 2020 shall not at any time be eligible for the benefit described in this Appendix X. An Appendix X Participant shall not cease to be an Active Appendix X Participant merely because the Appendix X Participant becomes a highly compensated employee (as that term is defined in Section 414(q) of the Code) of an Affiliated Company on or after January 1, 2020.

2. Cessation of Eligibility for Pay Credits. An Appendix X Participant shall cease to be eligible for Pay Credits as of the Appendix X Participant's Severance Date. An Appendix X Participant shall not again become eligible for Pay Credits if, after the Appendix X Participant's Severance Date, he meets the conditions described in the first sentence of Section II.1. of this Appendix X.

III. Cash Balance Accounts

1. Establishment of Accounts. A separate Cash Balance Account shall be established for each Appendix X Participant. Each Cash Balance Account shall have an initial balance of zero until credited with any Pay Credit as provided herein. Each such account shall be for accounting purposes only, and there shall be no segregation of assets among such accounts. A Cash Balance Account shall consist of the cumulative value of the Appendix X Participant's Pay Credits and Interest Credits.

2. Pay Credits. For each calendar month beginning on and after January 1, 2020, an Appendix X Participant's Cash Balance Account shall be credited, as of the last day of each calendar month during which the Appendix X Participant is an Active Appendix X Participant, with an amount equal to 1% of Compensation received by such Appendix X Participant during such portion of such calendar month that the Appendix X Participant was an Active Appendix X Participant. If either (a) an Active Appendix X Participant ceases to be an Active Appendix X Participant on a date other than the last day of a calendar month, or (b) an Appendix X Participant's Severance Date occurs other than on the last day of a calendar month and, in either case, if the Appendix X Participant is entitled to have an amount

credited to his Cash Balance Account for such calendar month pursuant to the preceding sentence, such amount shall be credited to the Appendix X Participant's Cash Balance Account as of the last day of the month in which occurs the Appendix X Participant's ceasing to meet the definition of Active Appendix X Participant or the Appendix X Participant's Severance Date. The Pay Credit described in the preceding sentence shall be based on the Appendix X Participant's Compensation for the full pay period that contains, as applicable, (a) the date on which the Appendix X Participant ceased to be an Active Appendix X Participant, or (b) the Appendix X Participant's Severance Date.

3. Interest Credits. For each calendar month beginning on and after January 1, 2020, the Cash Balance Account of an Appendix X Participant shall be credited, as of the last day of each calendar month during which the Appendix X Participant is an Appendix X Participant, regardless of whether the Appendix X Participant is an Active Appendix X Participant, and thereafter until the Appendix X Participant's Annuity Starting Date, with interest equal to one-twelfth of the yield on 30-year Treasury Constant Maturities for the month of November of the prior Plan Year. The final interest credit shall be made as of the last day of the month before the Appendix X Participant's Annuity Starting Date and prior to the crediting of any Pay Credit for such calendar month. An Appendix X Participant's Cash Balance Account will not be credited with Interest Credits after the Appendix X Participant's Annuity Starting Date.

IV. Accrued Benefit

1. In General. An Appendix X Participant's accrued benefit attributable to his Cash Balance Account shall be the balance of the Appendix X Participant's Cash Balance Account.

2. Special Rules for Participants Who Continue in Employment Beyond Normal Retirement Age. If an Appendix X Participant continues employment beyond the end of the Plan Year that includes his Normal Retirement Date, the Committee shall provide the Appendix X Participant with a suspension of benefits notice in the time and form required by Section 203(a)(3)(B) of ERISA. The Appendix X Participant's Cash Balance Account payable at the Appendix X Participant's Late Retirement Date shall equal the greater of: (i) his Cash Balance Account determined without regard to this Section IV.2. of this Appendix X; or (ii) his Cash Balance Account to which the Participant would have been entitled under this Appendix X had he retired on his Normal Retirement Date, increased by an amount which is the Actuarial Equivalent of the monthly payments which would have been payable with respect to each month in which he worked fewer than eight days as determined under the provisions of Title 29 of the Code of Federal Regulations Section 2530.203-3.

V. Eligibility for Payment of Cash Balance Account

1. Normal Retirement. The right of an Appendix X Participant to his Cash Balance Account shall be nonforfeitable as of his Normal Retirement Age provided he is employed by an Affiliated Company at that time. An Appendix X Participant, upon termination of employment with all Affiliated Companies, may retire from active service and receive his Cash Balance Account beginning on his Normal Retirement Date, subject to the notice and timing requirements of the Legacy Plan Provisions.

2. Late Retirement. An Appendix X Participant who continues in service with an Affiliated Company after his Normal Retirement Date shall retire from service and receive his Cash Balance Account on his Late Retirement Date, subject to the notice and timing requirements of the Legacy Plan Provisions.

3. Vested Benefit. An Appendix X Participant shall be vested in, and have a nonforfeitable right to, his Cash Balance Account upon completion of three Years of Vesting Service. An Appendix X

Participant may elect to receive the Cash Balance Account benefit commencing on the first day of any month following his Severance Date and prior to his Normal Retirement Date as specified in his request therefor, after receipt by the Committee of written application therefor made by the Appendix X Participant and filed with the Committee, provided that such early payment shall be subject to notice and timing requirements described in the Legacy Plan Provisions.

4. Survivor's Benefit Applicable before Retirement. The surviving spouse of an Appendix X Participant who has completed three Years of Vesting Service or is otherwise entitled to a benefit under this Appendix X but, in either case, has not yet met the age and service eligibility requirements for an Early Retirement Benefit, shall automatically receive a benefit payable under the provisions of this Section V.4. of this Appendix X with respect to the Cash Balance Account in the event said Appendix X Participant should die after the effective date of coverage hereunder and prior to his Annuity Starting Date. The benefit payable to the Appendix X Participant's surviving spouse under the provisions of this Section V.4. of this Appendix X shall be equal to an amount payable as a single life annuity over the spouse's life that is Actuarially Equivalent to the Appendix X Participant's Cash Balance Account based on the IRS Interest Rate and IRS Mortality Table in effect as of the surviving spouse's Annuity Starting Date.

5. Additional Rules for Survivor's Benefit. The Appendix X Participant's Cash Balance Account shall continue to be credited with interest in the manner described in Section III.3 of this Appendix X until the spouse's Annuity Starting Date. An annuity benefit payable under Section V.4 of this Appendix X shall be Actuarially Equivalent to the Cash Balance Account determined as of the spouse's Annuity Starting Date. In no event shall a single lump sum payment be made under Section V.4 of this Appendix X following the date payments under Section V.4 of this Appendix X have commenced as an annuity.

VI. Distributions

1. Appendix X Participant. The normal form of benefit under this Appendix X for an unmarried Appendix X Participant is a single life annuity. The normal form of benefit under this Appendix X for a married Appendix X Participant is a 50% joint and survivor annuity for the benefit of the Active X Participant and any surviving spouse. The optional benefit forms for the benefit provided under this Appendix X are limited to the following: lump sum, single life annuity; 50%, 75% and 100% joint and survivor annuity for the benefit of the Active X Participant and any surviving spouse; and a ten-year certain and life annuity for the benefit of the Active X Participant and Beneficiary. The election of a form of benefit other than the normal form of benefit is subject to the notice, timing and spousal consent requirements described in the Legacy Plan Provisions. The forms of distribution that are provided by the Appendix X Participant's Cash Balance Account and that commence as of the Appendix X Participant's Annuity Starting Date shall be the Actuarial Equivalent of the single life annuity that could be provided by the Appendix X Participant's Cash Balance Account based on the IRS Interest Rate and IRS Mortality Table in effect as of the Appendix X Participant's Annuity Starting Date.

2. Beneficiary. The Beneficiary of an Appendix X Participant is determined under the Legacy Plan Provisions. If an Appendix X Participant dies prior to commencement of receipt of a benefit under this Appendix X, the Beneficiary will receive distribution of the portion of the Appendix X Participant's Accrued Benefit attributable to his Cash Balance Account in a single sum payment in an amount equal to the Appendix X Participant's Cash Balance Account as of the Beneficiary's Annuity Starting Date. If the Participant's Beneficiary is the surviving spouse, the spouse may elect to receive such Appendix X Participant's Cash Balance Account in the form of an annuity for the life of the spouse or in the form of a single lump sum payment equal to the Appendix X Participant's Cash Balance Account as of the Beneficiary's Annuity Starting Date to be paid or commence as of the first day of any

month following the Participant's date of death. If the Participant's Beneficiary is other than his spouse, the Appendix X Participant's Cash Balance Account shall be payable as a single lump sum equal to the Participant's Cash Balance Account determined as of the Beneficiary's Annuity Starting Date to be paid as soon as practicable following the Participant's date of death, and in no event later than one year after the Participant's date of death. If the Participant's Beneficiary is his surviving spouse, payments may not begin later than what would have been the Participant's Normal Retirement Date. If the spouse does not make an election regarding the timing and form of payments on or prior to the Participant's Normal Retirement Date, payment of said amount shall be made as an annuity for the life of the spouse commencing on the Participant's Normal Retirement Date. The annuity benefit payable to the spouse under this Section VI.2. shall be Actuarially Equivalent to the Cash Balance Account as of the spouse's Annuity Starting Date. For purposes of the preceding sentence, Actuarial Equivalent value shall be determined under the IRS Mortality Table and the IRS Interest Rate. The Participant's Cash Balance Account shall continue to be credited with interest in the manner described in Section III.3. until the Beneficiary's Annuity Starting Date.

VII. Other Plan Provisions

1. Definition of Participant. Notwithstanding anything contained herein to the contrary and solely for purposes of this Appendix X, a Participant who is an Appendix X Participant shall not cease to be a Participant on December 31, 2019.

2. Lump Sums. In the event the sum of: (a) the lump sum present value of the portion of the Appendix X Participant's Accrued Benefit determined under the Legacy Plan Provisions; plus (b) the portion of his Accrued Benefit attributable to his Cash Balance Account, in each case, that is payable to the Appendix X Participant or his surviving spouse or other Beneficiary exceeds \$5,000 upon initial determination, then with respect to the Appendix X Participant or his surviving spouse or Beneficiary who receives the sum of the Cash Balance Account and any cash balance benefit under the Legacy Plan Provisions in a single lump sum payment, the lump sum present value of any other portion of the Accrued Benefit shall be re-determined in accordance with the Legacy Plan Provisions as of a subsequent date as determined by Committee or its delegate and the Legacy Plan Provisions shall apply to the remaining Accrued Benefit.

3. Plan Termination. Notwithstanding anything contained herein to the contrary, (a) an Appendix X Participant's Cash Balance Account upon termination of the Plan shall be determined in the same manner as the Appendix X Participant's Cash Balance Account would be determined if the Plan was not terminated, and (b) to the extent applicable, the Interest Credit thereafter shall be determined by averaging the rates used during the five-year period ending on the date of the termination of the Plan.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit A – Former Participants In The Contributory Benefit Structure
Of The Raytheon Non-Bargaining Pension Plan**

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ARTICLE I-A

Definitions

Whenever used in this document, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-A Accrued Benefit

“Accrued Benefit” means as of a Participant’s Separation from Service, the greatest of (a), (b), or (c) without regard to the provisions of Section 4.13-A, as follows:

- (a) His Normal Retirement Benefit determined without regard to the Benefit Based on Final Average Monthly Compensation, but with reference to the greater of the Minimum Benefit or Career Average Benefit, calculated on the basis of his Benefit Accrual Service as of such Separation from Service, or
- (b) His Normal Retirement Benefit Based on Final Average Monthly Compensation calculated as provided in Section 4.3-A(a), but Section 4.3-A(b) shall be calculated as if there were added to his Total Benefit Accrual Service the period from the date of such Separation from Service to his Normal Retirement Date, and his Primary Insurance Amount were determined under Section 1.24-A.
- (c) The Actuarial Equivalent of his total Participant Contributions without interest, exclusive of Participant Contributions made prior to a break in Continuous Service commencing before 1976.
- (d) A Participant’s Accrued Benefit shall not be less than his accrued benefit as of February 10, 2000, under the Prior Plan.
- (e) Effective December 1, 1994, for purposes of providing a transition for the implementation of the limitation on Compensation in excess of \$150,000 (as adjusted) as provided in Sections 1.9-A (hereinafter “\$150,000 Compensation Limitation”), the Participant’s Accrued Benefit shall be the greater of (1) or (2), but in no event greater than (3), as follows:
 - (1) The Participant’s Accrued Benefit as of November 30, 1994 in accordance with subsection (e), plus the Participant’s Accrued Benefit accrued from December 1, 1994, with regard to the \$150,000 Compensation Limitation;
 - (2) The Participant’s Accrued Benefit determined on the basis of Total Benefit Accrual Service and by applying the \$150,000 Compensation Limitation to all such Benefit Accrual Service; or

- (3) The Participant's Accrued Benefit determined on the basis of Total Benefit Accrual Service without regard to the \$150,000 Compensation Limitation.

1.2-A Accrued Benefit Derived from Employer Contributions

"Accrued Benefit Derived from Employer Contributions" means that Benefit equal to the excess (if any) of the Participant's Accrued Benefit minus his Accrued Benefit Derived from Participant Contributions.

1.3-A Accrued Benefit Derived from Participant Contributions

"Accrued Benefit Derived from Participant Contributions" means the amount equal to his annual benefit in the form of a single life annuity (without ancillary benefits) commencing at Normal Retirement Date, determined by converting his Participant Contributions Account by using the actuarial assumptions under Section 1.4-A(b) as of such Normal Retirement Date.

1.4-A Actuarial Equivalent or Actuarially Equivalent

"Actuarial Equivalent or Actuarially Equivalent" means the equivalent of a given Benefit or a given amount payable under an Optional Form of Retirement Distribution, determined conclusively by or under direction of the Administrator based upon the interest rate and the table of adjusted mortality rates determined as follows:

(a) Except as provided in subsection (b):

- (1) For each Plan year, 100% of the applicable interest rate in effect for the month of November preceding each such year, or 100% of the applicable interest rate in effect on the first day of each such Plan Year, if lesser. For purposes hereof, the applicable interest rate means the interest rate for calculating immediate annuities (and for purposes of the Optional Forms of Retirement Distribution, the rate for immediate or deferred annuities, as applicable) which would be used by the Pension Benefit Guaranty Corporation in determining the present value of the lump sum distribution on Plan termination.
- (2) The table of adjusted mortality rates is a table of ages and corresponding annual mortality rates. The mortality rates are calculated by combining 80% of the rate for males and 20% of the rate for females from the 1971 Group Annuity Mortality Table. The attained age of the Participant in the year in which benefits commence shall be used to determine the mortality rate.

- (b) For purposes of determining the amount of the Optional Forms of Retirement Distribution payable in a lump sum form of benefit, the interest rate and mortality assumption shall be determined in accordance with Section 1.3.

1.5-A Benefit Accrual Service

“Benefit Accrual Service” means:

- (a) The total, expressed in years and fractional years, of those Accounting Months (treating each Accounting Month as one-twelfth year) for any part or all of which the Participant made contributions to the Plan as a Participant. Any such Participant Contributions will be maintained in a Participant Contributions Account, credited with interest from date of actual receipt, and subject to restrictions on withdrawals as provided in Article III-A.
- (b) The term Benefit Accrual Service shall include the “benefit accrual service,” as defined in the Prior Plan, that was credited to the Participant as of February 10, 2000, under the Prior Plan.

1.6-A Benefit Based on Final Average Monthly Compensation

“Benefit Based on Final Average Monthly Compensation” means the Benefit determined under Section 4.3-A.

1.7-A Break in Service Year

“Break in Service Year” means a period of twelve consecutive months beginning on the Participant’s Severance from Service Date, as defined herein, or any anniversary thereof, and ending on the next anniversary of such date, provided the Participant does not perform an Hour of Service during that period. The term Severance from the Service Date means the date the Participant is not employed by the Employer or an Affiliated Company. The Severance from Service Date begins on the date the Participant retires, quits, is discharged or dies, or if earlier, the 12-month anniversary of the date on which the Participant is otherwise first absent from employment.

For purposes of determining whether a Break in Service Year has occurred for vesting and eligibility purposes, an Employee who is absent from work that commences for maternity or paternity reasons, or as allowed under the Family and Medical Leave Act of 1993, shall receive credit for the Hours of Service that would otherwise have been credited to such Employee but for such absence, or in any case in which such hours cannot be determined, eight Hours of Service per day of such absence. For purposes hereof, an absence from work which commences for maternity or paternity reasons means an absence by reason of the pregnancy of the Employee, by reason of a birth of a child of the Employee, by reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee, or for purposes of caring for such child for a period beginning immediately following such birth or placement. The Hours

of Service credited hereunder for maternity or paternity reasons shall be credited in the computation period in which the absence begins if the crediting is necessary to prevent a Break in Service Year in that period, or in all other cases, in the following computation period.

1.8-A Career Average Benefit

“Career Average Benefit” means the Benefit determined under Section 4.5-A.

1.9-A Compensation

“Compensation” of a Participant for any Plan Year

- (a) shall include (except as provided in subsection (b)) his regular base pay, shift differential pay, payment for overtime hours, paid time off actually taken, holiday, bereavement, jury duty, military training pay when such payments are made by the Employer (or paid by a governmental agency and used as an offset by the Employer), off-site allowances, foreign service premiums, cost of living allowances and performance-based bonuses, and
- (b) shall exclude any compensation paid or not paid by an Employer (unless specifically included in paragraph (1)), allowances for education while in foreign service, contributions (except Employee contributions) or benefits, retainers, insurance benefits or Employer-paid premiums, payments for paid time off not taken, bonuses that are not performance-based, severance pay (whether paid for lump sum or installments), payments for unused vacation, and any other payments not specifically included in paragraph (a), and

1.10-A Continuous Service

“Continuous Service” means:

- (a) An Employee’s period as an Employee of the Employer or an Affiliated Company in any positions or classifications, but excluding other periods of unpaid absence while an Employee, excludable under the Employer personnel policy consistently applied, and not includable under the terms of any collective bargaining agreement. No such period of unpaid absence, however, shall be considered to be a break in Continuous Service. Continuous Service shall be broken by a Separation from Service under which the Employee has no recall rights.
- (b) The term Continuous Service shall include “continuous service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

1.11-A Cost of Living Adjustment

“Cost of Living Adjustment” means the adjustment determined under Section 4.13-A.

1.12-A Death Benefit

“Death Benefit” means the Benefit provided following the death of a Participant or Former Participant determined under Section 4.11-A.

1.13-A Early Retirement Benefit

“Early Retirement Benefit” means the Benefit payable to or with respect to a Participant or Former Participant under Section 4.7-A.

1.14-A Early Retirement Date

“Early Retirement Date” means the first day of a month before a Participant’s or Former Participant’s Normal Retirement Date so designated by a Participant or Former Participant who at the time of his Separation from Service has attained his 55th birthday. Such a Participant or Former Participant who has a Separation from Service by resignation or discharge may treat such resignation or discharge as a retirement and may treat the first day of any month next following the date of such resignation or discharge as his Early Retirement Date. A Participant or Former Participant who has a Separation from Service before his 55th birthday may elect Early Retirement, effective on or after his 55th birthday. The designated effective date of such election shall be his Early Retirement Date, and his Benefit shall be determined as provided in Section 4.12-A for a Vested Retirement Benefit.

1.15-A Final Average Monthly Compensation

“Final Average Monthly Compensation” means one-twelfth (1/12th) of:

(a) The amount determined by dividing:

(1) the Participant’s aggregate Compensation attributed to the lesser of:

(A) the five highest of his last ten qualifying twelve-Accounting-Month periods, and

(B) all of his qualifying twelve-Accounting-Month periods, by

(2) the number of periods taken into account under paragraph (1).

(b) For purposes of this Section,

(1) a Participant’s five highest qualifying 12-Accounting-Month periods under subsection (a)(1)(A) or all of the Participant’s qualifying 12-Accounting Month periods under subsection (a)(1)(B) is a period of 12 consecutive Accounting Months used for its payroll records ending with the end of the Accounting Month in which such Participant incurs a Separation from Service if such Participant had at least one Hour of

Service in the preceding 12 consecutive Accounting Months, or ending with the end of the same Accounting Month in an earlier year most nearly corresponding with such Accounting Month in which such Participant had at least one Hour of Service in the preceding 12 consecutive Accounting Months; provided, however, that Compensation paid within 30 days following such last Accounting Month shall be treated as if paid within such last Accounting Month; and

- (2) a Participant's last ten qualifying 12-Accounting-Month periods is a period of ten consecutive 12-Accounting-Month periods ending with the end of the Accounting Month in which such Participant incurs a Separation from Service whether or not the Participant has an Hour of Service in such Accounting Month (or ending with the end of the Accounting Month of the last day of actual work for any Participant who terminates employment due to disability).
- (c) If, in any qualifying twelve-Accounting-Month period, a Participant is credited with the lesser of either 2,080 hours or the number of hours he would have had during such period had he worked during the entire period at his regularly scheduled number of hours per week, then the Participant's Compensation will be adjusted or grossed-up as follows. For purposes of this Section, the Compensation attributed to a Participant with respect to any qualifying twelve-Accounting-Month period shall be the sum of:
- (1) the Compensation paid during such period (excluding bonuses and incentive compensation payments of any kind) multiplied by a fraction (not less than one) the numerator of which shall be the lesser of:
 - (A) 2,080, or
 - (B) the number of Hours of Service he would have had during such period had he worked during the entire period at his regularly scheduled number of hours per week,and the denominator of which shall be equal to his total actual Hours of Service in such period less his Hours of Service resulting from the payment of vacation not taken in such period; plus
 - (2) any bonuses and incentive compensation payments excluded in paragraph (1) that otherwise would be treated as Compensation.
- (d) If a Participant who incurs a Separation from Service followed by five consecutive Break in Service Years is reemployed by the Employer, the Compensation and Accounting Months before and after such Separation from Service will not be aggregated for purposes of calculating Final Average Monthly Compensation, but will be calculated separately and multiplied by the Benefit

Accrual Service attributable to the separate periods of employment for purposes of determining the Participant's Benefit.

- (e) Accounting Month means the month, or four-week or five-week period, regularly used by the Employer for its payroll records.
- (f) For purposes of determining a Participant's Final Average Monthly Compensation, any bonus or other similar incentive compensation paid with respect to a calendar year during the two and one-half month period following the end of that calendar year shall be treated as having been paid in the Accounting Month that includes February 15.

1.16-A Joint and Survivor Annuity

"Joint and Survivor Annuity" means the form of Benefit payable to or with respect to a Participant or Former Participant under Section 4.15-A.

1.17-A Late Retirement

"Late Retirement" means a Participant's or Former Participant's retirement after age 65.

1.18-A Late Retirement Benefit

"Late Retirement Benefit" means a Participant's or Former Participant's Benefit payable to or with respect to him under Section 4.9-A.

1.19-A Minimum Benefit

"Minimum Benefit" means the Benefit determined under Section 4.4-A.

1.20-A Normal Retirement Benefit

"Normal Retirement Benefit" means the Participant's or Former Participant's Benefit payable to or with respect to him under Section 4.2-A.

1.21-A Optional Forms of Retirement Distribution

"Optional Forms of Retirement Distribution" means a Participant's or Former Participant's optional form of Benefit payable to or with respect to him under Section 4.14-A.

1.22-A Participant Contributions

"Participant Contribution" means a Participant's contributions to the Plan under Section 3.1-A or credited to his Participant Contributions Account under Section 3.4-A(b).

1.23-A Participant Contributions Account

“Participant Contributions Account” means a Participant’s individual account established in accordance with Section 3.4-A.

1.24-A Primary Insurance Amount

“Primary Insurance Amount” means the monthly primary insurance amount of his old age insurance benefit determined as of the end of the Plan Year payable on his Normal Retirement Date under the federal Social Security Act as in effect on the date of his Separation from Service, whether more or less than the amount that would be payable if such Act remained un-amended until that Date and whether or not the Participant or Former Participant actually applies for and receives such amount for any month, by assuming that he will receive Compensation at rates applicable on the date of such Separation from Service, over a further period of employment extending to his Normal Retirement Date. The Primary Insurance Amount of a Participant or Former Participant who again becomes a Participant following his Separation from Service shall in no event exceed the amount which would produce that Normal Retirement Benefit to which such Participant or Former Participant would have been entitled had he not again become an Employee following such Separation from Service. The actual Compensation paid to the Participant or Former Participant by the Employer during all periods of service of the Participant or Former Participant for the Employer during which the Participant or Former Participant was covered by the Social Security Act shall be used in determining the Participant’s or Former Participant’s projected Primary Insurance Amount. In determining the Primary Insurance Amount, the Employer may not take into account any compensation from any other employer while the Employee is employed by the Employer. With respect to years before the Participant’s or Former Participant’s commencement of service for the Employer, it will be assumed that the Participant or Former Participant received compensation for such service in an amount computed by using a 6% salary scale projected backwards from the determination date to the Participant’s or Former Participant’s 21st birthday. However, if the Participant or Former Participant provides the Employer with satisfactory evidence of the Participant’s or Former Participant’s actual past compensation for the prior years treated as wages under the Social Security Act at the time the compensation was earned and the actual past compensation results in a smaller projected Primary Insurance Amount, the Plan must use the actual past compensation. Such documentation must be provided no later than a reasonable period of time following the later of the date of his Separation from Service and the time the Participant or Former Participant is notified of the Benefit to which he is entitled. At such time as regulations become effective and so require, each Participant or Former Participant shall be provided with written notice of his right to supply actual compensation history, and of the financial consequences of failing to supply such history. The notice shall be given each time the summary plan description is provided to the Participant or Former Participant and shall also be given upon the Participant’s or Former Participant’s Separation from Service. The notice shall also state that the Participant or Former Participant can obtain the actual compensation history from the Social Security

Administration. For any Participant or Former Participant for whom the Primary Insurance Amount cannot be ascertained as herein provided, said amount shall be that amount which the Administrator shall reasonably estimate. No Benefit hereunder shall be decreased by reason of any increase in the benefit levels payable under Title II of the Social Security Act or any increase in the wage base under such Title II, if such increase takes place after the earlier of the date of first receipt of such Benefits or the date of Separation from Service of the Participant or Former Participant to whom or with respect to whom such Benefits are paid, as the case may be.

1.25-A Prior Plan

“Prior Plan” means The Raytheon Non-Bargaining Retirement Plan as in effect on February 10, 2000.

1.26-A Separation from Service

“Separation from Service” means:

- (a) An Employee’s resignation, discharge, layoff (other than a temporary layoff), death, or Early, Normal or Late Retirement from the Employer and all Affiliated Companies.
- (b) A leave of absence (whether paid or unpaid) authorized by the Employer, a vacation period, a temporary layoff, or a transfer to an Affiliated Company shall not constitute a Separation from Service; provided, however, that:
 - (1) continuation upon a temporary layoff for a period in excess of the maximum period for temporary layoffs specified in the Employer manual shall be considered a layoff effective as of the end of such specified period; and
 - (2) failure to return to work upon expiration of any leave of absence, vacation, or temporary layoff shall be considered a quit effective as of the expiration of such leave of absence, vacation, or temporary layoff.
- (c) With respect to a Participant who suffered a disability on or before December 31, 2013, a Separation from Service will be deemed to have occurred upon the expiration of the following period as applicable from the last day worked during which a Participant is receiving long term disability benefits (LTD):
 - (1) 29 months for Participants with less than ten years of Continuous Service;
 - (2) 60 months for Participants with Continuous Service of ten or more years.

ARTICLE II-A

Eligibility

.1-A Participation

This Exhibit A shall apply only to those individuals (a) who, on February 10, 2000, were employees of Raytheon Company and were eligible for benefits under the contributory benefit structure of Exhibit A to the Prior Plan, (b) who became Employees of the Employer on February 11, 2000, and (c) for whom assets and liabilities with respect to their accrued benefit under the Prior Plan were transferred to this Plan.

2.2-A Suspension During Continuous Service

A Participant may suspend his participation in the Plan during his Continuous Service at any time by giving such advance written notice to the Administrator that he declines to make contributions under Section 3.1-A, which notice shall be effective and irrevocable for a period of 12 calendar months upon receipt by the Administrator.

ARTICLE III-A

Funding Benefit

3.1-A Participant Contributions

As a condition of continued active participation in the Plan, each Participant shall contribute to his Participant Contributions Account for each payroll period 3% of his Compensation earned in the Plan Year.

3.2-A Withholding of Contributions

A Participant's Contributions to his Participant Contributions Account shall be withheld by the Employer for each payroll period from his pay.

3.3-A Deposit of Participant Contributions

A Participant's Contributions shall be transmitted to the Trustee not later than the end of the calendar month following the calendar month in which such contributions are made.

3.4-A Participant Contributions Accounts

- (a) The Administrator shall maintain a Participant Contributions Account for each Participant who has made Participant Contributions to the Plan, to which Account shall be credited the contributions or repayments, if any, under Section 3.1-A or 3.5-A(b), and less withdrawals under Section 3.5-A(a) and, on the aggregate net amount so credited, interest compounded annually from the end of the Plan Year in which they were credited to his Participant Contributions Account and ending with the determination date on which the determination is being made, at 120% of the federal mid-term rate as in effect under Section 1274 of the Code on the first day of each Plan Year. In addition, for purposes of calculating the Accrued Benefit derived from Participant Contributions and crediting interest herein, from the determination date and ending on his Normal Retirement Date, the Participant Contributions Account shall be credited using the actuarial assumptions provided under Section 1.4-A(b) as of the determination date. For this purpose, the determination date shall be the earlier of date of withdrawal of the Participant Contributions Account or the Participant's Annuity Starting Date.
- (b) For purposes of subsection (a), the Participant Contributions Account of each Participant shall be credited with an amount equal to the balance of the Participant's Contributions Account in the Prior Plan determined immediately prior to the date such assets are transferred to this Plan.

3.5-A Withdrawals and Repayments

- (a) Subject to the cash out of small benefits provisions of Section 4.3 and the spousal consent requirements of Joint and Survivor Annuity provisions of Section 4.15-A,

a Participant who has a Separation from Service may withdraw in cash the amount referred to in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit upon written notice to the Administrator at any time during a Separation from Service provided that such written notice is given prior to the Participant's Annuity Starting Date. If the withdrawal occurs in connection with the retirement of the Participant, the determination of the amount of the withdrawal will be calculated to the Participant's Annuity Starting Date. For all other withdrawals hereunder, interest shall be calculated on the amount of the withdrawal as of the first day of the month following the receipt of written notice.

- (b) Any Participant, other than a Former Participant, may within 60 months following his first rehire or recall and prior to his Annuity Starting Date while employed by the Employer, repay to the Trust in full (but not partially) the amount he withdrew under subsection (a), together with interest compounded annually on such amount at the rate referred to in Section 3.4-A then prevailing at the time of repayment, and shall thereby be restored to the same Accrued Benefit he would have had if no withdrawal had been made.
- (c) Withdrawals from the Plan other than as permitted in subsection (a) are prohibited.

ARTICLE IV-A

Retirement, Termination, or Death

4.1-A Normal Retirement

A Participant or Former Participant shall be entitled to his Normal Retirement Benefit hereunder on his Normal Retirement Date, unless the Participant or Former Participant elects his Early Retirement Benefit or Late Retirement Benefit.

4.2-A Normal Retirement Benefit

- (a) A Participant or Former Participant who retires on his Normal Retirement Date shall receive a Normal Retirement Benefit, which, subject to the provisions of the Optional Forms of Retirement Distribution and the Joint and Survivor Annuity, shall consist of:
- (1) a monthly payment on the first day of each calendar month commencing with his Normal Retirement Date and ending with the last such payment before his death, and
 - (2) a payment within five years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of
 - (A) the sum, net of any unrepaid withdrawals under Section 3.5-A, of:
 - (i) the balance in the Participant Contributions Account, and
 - (ii) interest compounded annually to the date of his first monthly payment, with proper allowance for any earlier un-repaid withdrawal under Section 3.5-A, at the rate of interest specified in Section 3.4-A, and on the balance in the Participant Contributions Account equal to the amount of the Participant Contributions, from the end of the Plan Year in which they were credited to his Participant Contributions Account, minus
 - (B) the aggregate of all payments made to him under paragraph (1).
- (b) The monthly Benefit payment described in subsection (a)(1) shall be the greatest of alternative Benefits determined under the Benefit Based on Final Average Monthly Compensation, the Minimum Benefit, and the Career Average Benefit, reduced to eliminate the Actuarial Equivalent of any prior withdrawals under Section 3.5-A(a) not repaid under Section 3.5-A(b), and then adjusted pursuant to the Cost of Living Adjustment.

4.3-A Alternative Formula: Benefit Based on Final Average Monthly Compensation

A Participant's or Former Participant's alternative Benefit determined under this Section shall be an amount determined by calculating:

- (a) The product of:
 - (1) the factor of .0175,
 - (2) his Benefit Accrual Service, and
 - (3) his Final Average Monthly Compensation, minus
- (b) The product of:
 - (1) the factor of .015,
 - (2) his Total Benefit Accrual Service (not in excess of 33-1/3 years),
 - (3) the factor determined by dividing
 - (A) his Benefit Accrual Service by
 - (B) his Total Benefit Accrual Service, and
 - (4) his Primary Insurance Amount.
- (c) If a Participant or Former Participant who incurs a Separation from Service followed by five consecutive Break in Service Years is reemployed by the Employer, then Final Average Monthly Compensation and the Benefit Accrual Service before and after such Separation from Service will not be aggregated for purposes of calculating the Benefit under this Section, but the Benefit under this Section will be calculated separately for each such separate period of employment.
- (d) If a Participant or Former Participant incurs a Separation from Service prior to age 62, the product of (b)(1) times (b)(2) times (b)(3) shall not exceed the maximum fraction determined as follows:

Age as of the Separation <u>from the Service</u>	Maximum <u>Fraction</u>
55	.37
56	.39
57	.42
58	.44
59	.47
60	.49
61	.50

4.4-A Alternative Formula: Minimum Benefit

A Participant's or Former Participant's alternative Benefit determined under this Section shall be the product of:

- (a) His Benefit Accrual Service, and
- (b) The sum of:
 - (1) \$13.00 and
 - (2) the product of:
 - (A) the factor of .005 and
 - (B) his Final Average Monthly Compensation.

4.5-A Alternative Formula: Career Average Benefit

A Participant's or Former Participant's alternative Benefit determined under this Section shall be the sum of (a), (b), and (c).

- (a) The product of:
 - (1) the fraction one twenty-fourth (1/24th) and
 - (2) the amount equal to the aggregate principal amount of his Participant Contributions as of December 31, 1985, net of any unrepaid withdrawals under Section 3.5-A, and
- (b) The amount by which
 - (1) his Accrued Benefit under the Hughes Non-Bargaining Retirement Plan as of December 31, 1975 (as shown on the Administrator's records) exceeds
 - (2) one twenty-fourth (1/24th) of the aggregate principal amount of his Participant Contributions determined as of such date, and
- (c) one-twelfth (1/12th) of the sum of 1% of the first \$3,600 of his Compensation earned in a Plan Year and 2% of such Compensation in excess of \$3,600; provided, however, any of his Compensation for which the required Participant Contributions under Section 3.1-A are not made will be disregarded for purposes of determining the Participant's or Former Participant's Benefit under this subsection. For purposes of this subsection, for any Participant or Former Participant receiving benefits under the L3 Long Term Disability Plan (or a predecessor plan), Compensation shall mean his regular pay, including any shift

differential and then current cost-of-living allowances for his job classification and regularly-scheduled work-week at the rate in effect on his last day on the job.

4.6-A Early Retirement

A Participant or Former Participant shall be entitled to his Early Retirement Benefit hereunder on his Early Retirement Date.

4.7-A Early Retirement Benefit

- (a) A Participant or Former Participant who retires on his Early Retirement Date shall receive an Early Retirement Benefit which, subject to the provisions of the Cost of Living Adjustment, the Optional Forms of Retirement Distribution, and the Joint and Survivor Annuity, shall consist of:
- (1) a monthly payment on the first day of each calendar month commencing with his Early Retirement Date and ending with the last such payment before his death, and
 - (2) a payment within five years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of
 - (A) the amount remaining in the Participant Contributions Account described in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit, minus
 - (B) the aggregate of all payments made to him under paragraph (1).
- (b) The amount of each such monthly payment as provided in subsection (a)(1), except as provided in subsection (c) and Section 4.13-A (the Cost of Living Adjustment), shall be equal to the excess, expressed in terms of a monthly payment, of the Actuarial Equivalent of his Accrued Benefit computed without regard to the Cost of Living Adjustment minus the Actuarial Equivalent of any prior withdrawals under Section 3.5-A(a) not repaid under Section 3.5-A(b).
- (c) A Participant or Former Participant on the United States payroll, the sum of whose full years of Continuous Service on his Severance from Service Date and age in years as of his last birthday coinciding with or preceding his Separation from Service equals or exceeds 75 ("rule of 75"), may elect to receive an Early Retirement Benefit beginning on his Early Retirement Date. The amount of each such monthly payment shall be subsidized by the Employer in an amount equal to the excess of the value of his Normal Retirement Benefit over his Early Retirement Benefit in subsection (b), so that each monthly payment will be equal to the monthly payment (including adjustments under the Cost of Living Adjustment) included in his Accrued Benefit payable at age 65. If a Participant or

Former Participant who incurs a Separation from Service followed by five consecutive Break in Service Years is reemployed by an Employer, then for purposes of determining whether the rule of 75 applies, the Participant's or Former Participant's Benefit accrued before and after such Separation from Service will not be aggregated, and whether the rule of 75 has been satisfied with respect to each such Benefit will be determined separately and will be based on the Participant's or Former Participant's age and full years of Continuous Service at the time of each such Separation from Service.

(d) Any Participant or Former Participant who incurs a Separation from Service on account of layoff, and who at the time of such Separation from Service:

- (1) has 15 or more Years of Continuous Service,
- (2) is age 50 or older,
- (3) is within five years of satisfying the rule of 75, and
- (4) executes an Agreement to Arbitrate Claims in form satisfactory to the Administrator,

may elect to receive his Accrued Benefit (including adjustments under the Cost of Living Adjustment) determined in accordance with subsection (c) as if the rule of 75 had been satisfied and as if he had reached his Early Retirement Date on the first day of the month following such Separation from Service, but his Accrued Benefit shall be reduced by one and one-half percent (1-1/2%) per month for each month (or portion thereof) that the Participant's or Former Participant's Separation from Service on account of layoff precedes the date that the rule of 75 would have been satisfied (such that a Participant who has met the rule of 75 would have no reduction); provided, however, in no event will any Participant's or Former Participant's Accrued Benefit under this subsection be less than the Participant or Former Participant would have otherwise been entitled to receive under this Section.

4.8-A Late Retirement

A Participant or Former Participant shall be entitled to his Late Retirement Benefit hereunder on his Late Retirement Date, or on his Annuity Starting Date if occurring later than his Normal Retirement Date.

4.9-A Late Retirement Benefit

(a) A Participant or Former Participant who retires on his Late Retirement Date, or who elects an Annuity Starting Date occurring later than his Normal Retirement Date, shall receive a Late Retirement Benefit which, subject to the provisions of

the Cost of Living Adjustment, the Optional Forms of Retirement Distribution and the Joint and Survivor Annuity, shall consist of:

- (1) a monthly payment on the first day of each calendar month commencing with his Annuity Starting Date, which would be his Late Retirement Date if no election to defer the Annuity Starting Date is made, and ending with the last such payment before his death, and
 - (2) a payment within five years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of:
 - (A) the amount remaining in the Participant Contributions Account described in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit, minus
 - (B) the aggregate of all payments made to him under paragraph (1).
- (b) For eligible Participants determined for the Plan Years ending on or before January 1, 1988 who so elect, to the amount of each monthly payment determined in Section 4.2-A(a)(1) of the Normal Retirement Benefit, shall be added the excess (and in no event less than zero), expressed in terms of a monthly payment, of the Actuarial Equivalent of the Normal Retirement Benefit he would have received under Section 4.2-A(a)(1) of the Normal Retirement Benefit (after application of the Cost of Living Adjustment and an interest rate equal to 9% per annum (or at such time as the interest rate determined under Section 1.4-A(a) is equal to or greater than 9%, then such interest rate determined under Section 1.4-A(a)), had he retired upon his Normal Retirement Date, minus the Accrued Benefit (if any) of such Participant or Former Participant as determined in Section 1.1-A. For eligible Participants or Former Participants determined for Plan Years beginning on or after January 1, 1988 and who do not elect as provided in the first sentence of this paragraph, to the amount of each monthly payment determined at the Participant's or Former Participant's Late Retirement Date Benefit shall be added the monthly Actuarial Equivalent of the Accrued Benefit Derived from Participant Contributions as of his Late Retirement Date, minus the sum of the Accrued Benefit Derived from Participant Contributions as of his Normal Retirement Date, plus the Accrued Benefit Derived from Participant Contributions attributable to contributions made in each Plan Year after Normal Retirement Date. Amounts determined in the prior sentence shall be on the basis of the actuarial assumptions under Section 1.4-A(b) that would be used as of the Late Retirement Date.

4.10-A Actuarial Equivalence

The Participant's or Former Participant's Optional Forms of Retirement Distribution or the Joint and Survivor Annuity shall be the Actuarial Equivalent of his Early, Normal, or

Late Retirement Benefit, such Actuarial Equivalent being computed as of his Annuity Starting Date.

4.11-A Death Benefit

- (a) No Survivor Annuity Payable; Distribution of Employee Contributions. If a Participant or Former Participant dies prior to the due date of the first monthly Benefit payment payable to him under the Plan, and if the other subsections of this Section are not applicable, there shall be paid in cash in a lump sum to his properly designated Beneficiary or Beneficiaries an amount equal to the balance of his Participant Contributions Account and all his other Benefits (if any) shall be forfeited.
- (b) Death of Participant Eligible for Retirement. If a Participant or Former Participant is age 55 or older, has a Separation from Service due to his death, or has a Separation from Service because of retirement but dies prior to the first day of the month coinciding with or next following retirement within which the initial payment of any Benefit is or would be payable to him, and leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall elect to receive either the Benefit described in subsection (c) or the Benefit described in subsection (d). In the event Benefits are paid under this subsection, then no Beneficiary (other than the spouse) shall be entitled to receive benefits under the Plan, except as provided in subsection (c)(2).
- (c) Survivor Benefit for Spouse of Retirement Eligible Participant. The Benefit described in this subsection shall consist of:
 - (1) 100% Survivor Annuity. A monthly payment to such spouse on the first day of each calendar month commencing with the month following the month of such Participant's or Former Participant's death, and continuing through the month of such spouse's death, in an amount equal to the monthly Benefit that such spouse would have received under Section 4.14-A(b)(1)(A) of the Optional Forms of Retirement Distribution had the Participant or Former Participant retired immediately prior to his death and elected under Section 4.14-A(b)(1)(A) of the Optional Forms of Retirement Distribution to receive monthly payments of his Early Retirement Benefit, Normal Retirement Benefit or Late Retirement Benefit, as the case may be, subject to adjustment in the manner provided in the Cost of Living Adjustment, naming such spouse as Contingent Annuitant and providing that such monthly payments to the surviving Contingent Annuitant after the Participant's or Former Participant's death shall be equal to 100% of the payments to the Participant or Former Participant during his life, subject to adjustment in the manner provided in the Cost of Living Adjustment, and

- (2) upon the death of such spouse, payment in cash in a lump sum to such Participant's or Former Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of:
 - (A) the amount remaining in the Participant Contributions Account described in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit, minus
 - (B) the aggregate of all payments made under paragraph (1).
- (d) Withdrawal of Employee Contributions and Remaining Benefit Paid As Survivor Annuity. The Benefit described in this subsection shall consist of:
 - (1) a lump sum payment payable not later than the end of the Plan Year following the Plan Year of the death of such Participant or Former Participant to the surviving spouse in an amount equal to the sum referred to in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit, and
 - (2) a monthly payment, adjusted in the manner provided in the Cost of Living Adjustment, on the first day of each calendar month commencing with the month following the month of such Participant's or Former Participant's death, and ending with the month of such spouse's death, in an amount Actuarially Equivalent as so adjusted to the Participant's or Former Participant's Accrued Benefit Derived from Employer Contributions.
- (e) Death of Participant Not Eligible for Retirement. Unless the provisions of Section 4.11-A(b) of the Death Benefit apply, if a Participant or Former Participant dies and such death is prior to the due date of the first monthly Benefit payable to him under the Plan and if he leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a survivor annuity consisting of:
 - (1) Death After Earliest Retirement Age. If a Participant or Former Participant dies after his earliest retirement age, such spouse shall elect to receive either the Benefit described in subsection (A) or the Benefit described in subsection (B).
 - (A) 100% Survivor Annuity. The Benefit described in this subsection shall consist of:
 - (i) a monthly payment to such spouse on the first day of each calendar month commencing with the month following the month of such Participant's or Former Participant's death, and continuing through the month of such spouse's death, in an amount equal to the monthly Benefit that such spouse would have received under Section 4.14-A(b)(1)(A) of the

Optional Forms of Retirement Distribution had the Participant or Former Participant retired immediately prior to his death and elected under Section 4.14-A(b)(1)(A) of the Optional Forms of Retirement Distribution to receive monthly payments of his Early Retirement Benefit, Normal Retirement Benefit or Late Retirement Benefit, as the case may be, in the form of a fixed annuity contract naming such spouse as Contingent Annuitant and providing that such monthly payments to the surviving Contingent Annuitant after the Participant's or Former Participant's death shall be equal to 100% of the payments to the Participant or Former Participant during his life, and

- (ii) upon the death of such spouse, payment in cash in a lump sum to such Participant's or Former Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of the sum described in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit, minus the aggregate of all payments made under item (i).

(B) Withdrawal of Employee Contributions and Remaining Benefit Paid as Survivor Annuity. The Benefit described in this subsection shall consist of:

- (i) a lump sum payment payable not later than the end of the Plan Year following the Plan Year of the death of such Participant or Former Participant to the surviving spouse in an amount equal to the sum referred to in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit, and
- (ii) a monthly payment, on the first day of each calendar month commencing with the month following the month of such Participant's or Former Participant's death, and ending with the month of such spouse's death, in an amount Actuarially Equivalent as so adjusted to the Participant's or Former Participant's Accrued Benefit Derived from Employer Contributions.

(2) Death Before Earliest Retirement Age - 50% Survivor Annuity. If the Participant or Former Participant dies prior to his earliest retirement age, a monthly payment commencing on the first day of the calendar month following the month in which the Participant or Former Participant would have attained his earliest retirement age and ending with the calendar month in which the spouse dies, equal to 50% of the monthly amount the Participant or Former Participant would have received if he retired electing a Joint and Survivor Annuity, and if such Participant or Former

Participant had a Separation from Service on or prior to the date of death, survived to the earliest retirement age, retired with an immediate qualified Joint and Survivor Annuity at the earliest retirement age, and died on the day after the day on which such Participant or Former Participant would have attained the earliest retirement age.

Upon the death of such spouse, payment shall be made in cash in a lump sum to such Participant's or Former Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of :

- (A) the amount remaining in the Participant Contributions Account described in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit, minus
- (B) the aggregate of all payments made under this paragraph (2).

4.12-A Vested Retirement Benefit

- (a) In the event of his Separation from Service prior to his Normal Retirement Date, except for the Joint and Survivor Annuity and the Death Benefit provisions, such Participant or Former Participant shall upon his Normal Retirement Date become entitled to a Normal or Optional Forms of Retirement Distribution, or upon his Early Retirement Date may receive an Early or Optional Forms of Retirement Distribution, as he shall elect, or in the absence of such election, as determined under the provisions of the Normal Retirement Benefit, the Cost of Living Adjustment, the Optional Forms of Retirement Distribution, and the Joint and Survivor Annuity, but, in each case, if his Separation from Service preceded his 55th birthday, without regard to the Cost of Living Adjustment and the "rule of 75" under Section 4.7-A(c), all in an amount Actuarially Equivalent to the sum of:
 - (1) 100% his Accrued Benefit Derived from Participant Contributions, and
 - (2) 100% of his Accrued Benefit Derived from Employer Contributions.
- (b) Notwithstanding subsection (a) above:
 - (1) If the lump sum Actuarial Equivalent of the sum of the Participant's Accrued Benefit is not more than \$1,000 the Participant shall receive payment of such amount as soon as administratively feasible following termination of employment in the form of a lump sum.
 - (2) If the lump sum Actuarial Equivalent of the sum of the Participant's Accrued Benefit is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of such amount as soon as administratively feasible following termination of employment in the form of a lump sum.

- (3) If the lump sum Actuarial Equivalent of the sum of the Participant's Accrued Benefit is more than \$5,000 but not more than \$20,000, the Participant may elect, with spousal consent if applicable, to receive payment of such amount as soon as administratively feasible following termination of employment in the form of a lump sum or either a single life annuity if the Participant is not married on his Annuity Starting Date or a Joint and Survivor Annuity if the Participant is married on his Annuity Starting Date.

4.13-A Cost of Living Adjustment

- (a) The monthly Benefit payable under Section 4.2-A(a)(1) of the Normal Retirement Benefit, Section 4.7-A(a)(1) of the Early Retirement Benefit for any Former Participant who had a Separation from Service on or after his 55th birthday, Section 4.7-A(d) on account of layoff, or Section 4.9-A(a)(1) of the Late Retirement Benefit to or in respect of a Former Participant during any calendar year (the "subject calendar year") after the first calendar year in which monthly Benefits were so payable shall be adjusted by multiplying the monthly Benefit so payable during the calendar year immediately preceding the subject calendar year (after applying the Cost of Living Adjustment to such preceding calendar year) by a factor (not over 1.040 and not under 0.960) computed to at least three decimal places, determined by dividing:
 - (1) the United States Bureau of Labor Statistics Consumer Price Index (All Urban Consumers, all items, United States city average, 1967 = 100) as revised, for the September next before the subject calendar year by
 - (2) such Index for the September of the second year before the subject calendar year.
- (b) Notwithstanding the provisions of subsection (a), the adjustment provided in such subsection shall not result in a monthly Benefit either less than the monthly Benefit initially payable to or in respect of the Former Participant or more than allowed by the maximum benefit limitation in effect under Section 415 of the Code for each such year following the Former Participant's retirement.
- (c) If the Plan is terminated, no further adjustments shall be made under this Section, except as to a Former Participant who had retired under a Normal Retirement Benefit, Early Retirement on or after his 55th birthday, or Late Retirement Benefit on or prior to the date of such termination.
- (d) No adjustment shall be made under this Section to a Benefit payment payable either in a lump sum on the death of a Participant or Former Participant as described in Section 4.2-A(a)(2) of the Normal Retirement Benefit. If a Participant or Former Participant who incurs a Separation from Service followed by five consecutive Break in Service Years is reemployed by the Employer, then

for purposes of determining whether the Cost of Living Adjustment applies, the Participant's or Former Participant's Benefit accrued before and after such Separation from Service will not be aggregated, and whether the Cost of Living Adjustment applies will be determined separately for each such Benefit.

4.14-A Optional Forms of Retirement Distribution

A Participant or Former Participant entitled to receive a Normal, Early, or Late Retirement Benefit shall receive the 50% Joint and Survivor Annuity (if applicable) unless he elects not to receive such annuity, elects instead to receive a distribution in accordance with this Section and his spouse consents in writing to such election. A Participant or Former Participant to whom a Joint and Survivor Annuity does not apply and who makes no election under this Section shall receive a Benefit in accordance with subsection (a). A Participant or Former Participant may not make or change an election hereunder after his Annuity Starting Date. A Participant or Former Participant may elect to receive his Benefit as follows:

- (a) A Normal, Early or Late Retirement Benefit, as the case may be,
- (b) A Benefit that is the Actuarial Equivalent of his Benefit in subsection (a) consisting of:
 - (1) monthly payments commencing on his Annuity Starting Date:
 - (A) in the form of a joint and survivor annuity payable to the Participant or Former Participant for his life, and monthly payments to his Contingent Annuitant for life (in amounts as selected by the Participant or Former Participant equal to a survivor annuity of 50%, 75% or 100% of the monthly amount paid to such Participant or Former Participant), or
 - (B) in the form of a period certain and continuous annuity payable to the Participant or Former Participant and his Beneficiaries over the later of a period certain for a guaranteed number of payments (for a period as selected by the Participant or Former Participant of 10, or 15 years) or the life of the Participant or Former Participant, or
 - (C) in the form of a five-year certain only annuity payable to the Participant or Former Participant and his Beneficiaries for a guaranteed period of five years, or
 - (D) in the form of a five-year temporary modified cash refund annuity payable to the Participant or Former Participant over the earlier of a five-year or the life of the Participant or Former Participant, and adjusted in the manner provided in the Cost of Living Adjustment, or

- (E) in the form of social security level income annuity, with a monthly payment commencing on his Annuity Starting Date consisting of the permanent portion and the temporary portion of the Benefit payable through the earlier of the month in which he dies or the month of his 62nd birthday, and thereafter through the month in which he dies reduced by the temporary portion of this Benefit that is an amount estimated to equal his monthly Social Security old age benefits payable at such birthday as projected by the Administrator, and further reduced by the Cost of Living Adjustment attributable to the temporary portion of the Benefit, and with the permanent portion of this Benefit adjusted in the manner provided in the Cost of Living Adjustment, and
- (2) upon the death of the Participant or Former Participant, payment to his Contingent Annuitant (if applicable, and if surviving the Participant or Former Participant), otherwise either to the primary Beneficiary (if surviving the Participant or Former Participant), or if his Contingent Annuitant or primary Beneficiary does not survive the Participant or Former Participant, then to the Participant's or Former Participant's contingent Beneficiary who survives the Participant or Former Participant or otherwise to the estate of the Participant or Former Participant, in cash in a lump sum an amount equal to the excess, if any, of:
 - (A) the amount remaining in the Participant Contributions Account described in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit, minus
 - (B) the aggregate of all payments made under paragraph (1).
- (c) The option provided in subsection (b)(1)(E) may be elected with the Normal, Early or Late Retirement Benefit under subsection (a), the Joint and Survivor Annuity payable under Section 4.15-A, or a joint and survivor annuity option under subsection (b)(1)(A), but may not be coupled with any other option provided in subsection (b).
- (d) No Optional Forms of Retirement Distribution may be selected where the Beneficiary or Contingent Annuitant is other than the spouse, unless such option will assure that at least 50% of the present value of the Benefit available for distribution is payable within the life expectancy of the Participant.
- (e) If a Participant or Former Participant dies after his Annuity Starting Date, the remaining portion of his Benefit, if any, may continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's or Former Participant's death to the Contingent Annuitant, if surviving the Participant or Former Participant, or otherwise to the Participant's or Former Participant's designated primary Beneficiary; provided, however, if the primary

Beneficiary is the estate of the Participant or Former Participant, or if the primary Beneficiary dies prior to the Participant or Former Participant, the remaining portion of his Benefit will be distributed in a lump sum to the Participant's or Former Participant's contingent Beneficiary who survives the Participant or Former Participant or otherwise to the estate of the Participant or Former Participant. If a Participant or Former Participant dies before his Annuity Starting Date, the Participant's or Former Participant's entire Benefit will be limited to and distributed as a Death Benefit in accordance with Section 4.11-A.

- (f) If the lump sum Actuarial Equivalent vested benefit is greater than \$5,000 but not greater than \$20,000, a lump sum payment.

4.15-A Joint and Survivor Annuity

- (a) Notwithstanding anything in the Plan to the contrary, the Benefit, if any, of a Participant or Former Participant commencing on his Annuity Starting Date shall be a Joint and Survivor Annuity, as described in subsection (b), if
- (1) he was married on his Annuity Starting Date, and
 - (2) he has not otherwise elected an Optional Form Retirement Distribution with the consent of his spouse.
- (b) The Joint and Survivor Annuity of a Participant or Former Participant shall be a Benefit, reduced as provided in subsection (c) and adjusted under the Cost of Living Adjustment (if eligible), consisting of:
- (1) monthly payments to him beginning on his Annuity Starting Date and ending with the calendar month in which his death occurs with the provision that, if he dies after his Annuity Starting Date survived by the spouse to whom he was married on his Annuity Starting Date, such spouse shall receive monthly payments of 50% of such reduced Benefit adjusted under the Cost of Living Adjustment, beginning on the first day of the calendar month next following his death and ending with the calendar month in which such spouse dies, plus
 - (2) as soon as both such Participant or Former Participant and his surviving spouse are dead, a lump sum payment to the primary Beneficiary of whomever dies last if surviving the Participant or Former Participant and his spouse, or if the primary Beneficiary does not survive the Participant or Former Participant and his spouse, then to the contingent Beneficiary of whomever dies last if surviving the Participant or Former Participant and his spouse or otherwise to the estate of the Participant or Former Participant or spouse of whomever dies last, in an amount equal to the excess, if any, of

- (A) the amount remaining in the Participant Contributions Account described in Section 4.2-A(a)(2)(A) of the Normal Retirement Benefit, minus
 - (B) the aggregate of all payments made under this subsection to the Participant or Former Participant and his spouse.
- (c) The reduced Benefit payable under this Section to a Participant or Former Participant during his lifetime shall be at a monthly rate such that his Joint and Survivor Annuity is the Actuarial Equivalent of his Early, Normal or Late Retirement Benefit.

4.16-A Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit A after December 31, 2019.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit B – New Hires And Former Participants In The
Non-Contributory Benefit Structure Of The
Raytheon Non-Bargaining Pension Plan**

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ARTICLE I-B

DEFINITIONS

Whenever used in this document, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-B Accrued Benefit

“Accrued Benefit” means:

- (a) The Participant’s Normal Retirement Benefit based upon the Participant’s Benefit Accrual Service accumulated on or before December 31, 2018 to date and the Participant’s Compensation paid during all Benefit Accrual Service.
- (b) The Accrued Benefit of each Participant described in Section 2.1-B(a) shall not be less than his accrued benefit as of February 10, 2000, under the Prior Plan.
- (c) Effective December 1, 1994, for purposes of providing a transition for the implementation of the limitation on Compensation in excess of \$150,000 (as adjusted) as provided in Section 1.16 (hereinafter “\$150,000 Compensation Limitation”), the Participant’s Accrued Benefit shall be the greater of (1) or (2), but in no event greater than (3), as follows:
 - (1) The Participant’s Accrued Benefit as of November 30, 1994, in accordance with subsection (a), plus the Participant’s Accrued Benefit accrued from December 1, 1994, with regard to the \$150,000 Compensation Limitation,
 - (2) The Participant’s Accrued Benefit determined on the basis of Total Benefit Accrual Service completed on or before December 31, 2018 and by applying the \$150,000 Compensation Limitation to all Benefit Accrual Service, or
 - (3) The Participant’s Accrued Benefit determined on the basis of Total Benefit Accrual Service completed on or before December 31, 1994 without regard to the \$150,000 Compensation Limitation.

1.2-B Actuarial Equivalent or Actuarially Equivalent

“Actuarial Equivalent or Actuarially Equivalent” means the equivalent of a given Benefit or a given amount payable under an Optional Form of Retirement Distribution, determined conclusively by or under direction of the Administrator based upon the interest rate and the table of adjusted mortality rates determined as follows:

- (a) Except as provided in subsection (b),
- (1) For each Plan Year, the interest rate shall be 100% of the applicable interest rate in effect for the month of November preceding each such Year, or 100% of the applicable interest rate in effect on the first day of each such Plan Year, if lesser. For purposes hereof, the applicable interest rate means the interest rate for calculating immediate annuities (and for purposes of the Optional Forms of Retirement Distribution, the rate for immediate or deferred annuities, as applicable) which would be used by the Pension Benefit Guaranty Corporation in determining the present value of the lump sum distribution on Plan termination.
 - (2) The table of adjusted mortality rates is a table of ages and corresponding annual mortality rates. The mortality rates are calculated by combining 80% of the rate for males and 20% of the rate for females from the 1971 Group Annuity Mortality Table. The attained age of the Participant in the Year in which benefits commence shall be used to determine the mortality rate.
- (b) For purposes of determining the amount of the Optional Forms of Retirement Distribution payable in a lump sum form of payment, the interest rate and mortality assumption shall be determined in accordance with Section 1.3.

1.3-B Benefit Accrual Service

“Benefit Accrual Service” means:

- (a) The total, expressed in years and fractional years, of those Accounting Months (treating each Accounting Month as one-twelfth of a year) for any part or all of which the Participant was employed by the Employer, but excluding those Accounting Months during which the Participant was participating in, or eligible to participate in, any other qualified defined benefit plan of an Affiliated Company, the Participant did not receive Compensation from the Employer, or the Participant did not satisfy the eligibility requirements of Section 2.1-B.
- (b) The term Benefit Accrual Service, for each Participant described in Section 2.1-B(a), shall include the “benefit accrual service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

1.4-B Compensation

“Compensation” of a Participant for any Plan Year:

- (a) means (except as provided in subsection (b)) his regular base pay, paid time off actually taken, shift differentials, payment for overtime hours, holiday, bereavement, jury duty, military training pay when such payments are made by the Employer (or paid by a governmental agency and used as an offset by the Employer) and performance-based bonuses, but
- (b) shall exclude any compensation paid or not paid by an Employer (unless specifically included in paragraph (a)), payments for paid time off not taken, tax differentials, retainers, insurance benefits, off site allowance, overseas bonus, any bonus that is not a performance-based bonus, education allowance paid during foreign service, contributions (except Employee contributions) or benefits, company paid premiums, severance pay (whether paid in a lump sum or installments), payments for unused vacation and any other special payments or allowances not specifically included in paragraph (a).
- (c) shall include, for a Participant described in Section 2.1-B(a), “compensation,” as defined in the Prior Plan, credited to the Participant prior to February 11, 2000, under the Prior Plan.

1.5-B Continuous Service

“Continuous Service” means:

- (a) An Employee’s period as an Employee of the Employer or an Affiliated Company in any positions or classifications but excluding other periods of unpaid absence while an Employee, excludable under the Employer personnel policy consistently applied, and not includable under the terms of any collective bargaining agreement. No such period of unpaid absence, however, shall be considered to be a break in Continuous Service. Continuous Service shall be broken by a Separation from Service under which the Employee has no recall rights.
- (b) The term Continuous Service, for a Participant described in Section 2.1-B(a) shall include the “continuous service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

1.6-B Covered Compensation

“Covered Compensation” means for any Plan Year, the average (without indexing) of the Social Security Taxable Wage Base in effect for each calendar year during the 35-year period ending with the calendar year in which a Participant attains or will attain his Social Security Retirement Date. In determining a Participant’s Covered Compensation for a Plan Year, the Social Security Taxable Wage Base for the current and any subsequent Plan Year shall be assumed to be the same as in effect for the Plan Year for which the determination is being made. A Participant’s Covered Compensation for any Plan Year after the 35-year period is the Covered Compensation for the Plan Year in which the Participant attained Social Security Retirement Date. A Participant’s Covered

Compensation shall be automatically adjusted for each Plan Year in accordance with this Section.

1.7-B Death Benefit

“Death Benefit” means the Benefit provided following the death of a Participant determined under Section 3.8-B.

1.8-B Early Retirement Benefit

“Early Retirement Benefit” means the Benefit payable to or with respect to a Participant or Former Participant under Section 3.4-B.

1.9-B Early Retirement Date

“Early Retirement Date” means the first day of a month before a Participant’s or Former Participant’s Normal Retirement Date so designated by a Participant or Former Participant who at the time of his Separation from Service has attained his 55th birthday. Such a Participant or Former Participant who has a Separation from Service by resignation or discharge may treat such resignation or discharge as a retirement and may treat the first day of any month next following the date of such resignation or discharge as his Early Retirement Date. A Participant or Former Participant who has a Separation from Service before his 55th birthday may elect Early Retirement, effective on or after his 55th birthday. The designated effective date of such election shall be his Early Retirement Date, and his Benefit shall be determined as provided in Section 3.9-B for a Vested Retirement Benefit.

1.10-B Final Average Monthly Compensation

“Final Average Monthly Compensation” means one-twelfth (1/12th) of:

(a) The amount determined by dividing:

(1) the Participant’s aggregate Compensation attributed to the lesser of:

(A) the five highest of his last ten qualifying 12-Accounting-Month periods, or, all of the Accounting-Month periods if the Participant has fewer than five, and

(B) all of his qualifying 12-Accounting-Month periods, by

(2) the number of periods taken into account under paragraph (1).

(b) For purposes of this Section,

(1) a Participant’s five highest qualifying 12-Accounting-Month periods under subsection (a)(1)(A) or all of the Participant’s qualifying 12-

Accounting Month periods under subsection (a)(1)(B) is a period of 12 consecutive Accounting Months used for payroll records ending with the end of the Accounting Month in which such Participant incurs a Separation from Service if such Participant had at least one Hour of Service in the preceding 12 consecutive Accounting Months, or ending with the end of the same Accounting Month in an earlier year most nearly corresponding with such Accounting Month in which such Participant had at least one Hour of Service in the preceding 12 consecutive Accounting Months; provided, however, that Compensation paid within 30 days following such last Accounting Month shall be treated as if paid within such last Accounting Month; and

- (2) a Participant's last ten qualifying 12-Accounting-Month periods is a period of ten consecutive 12-Accounting-Month periods ending with the end of the Accounting Month in which such Participant incurs a Separation from Service whether or not the Participant has an Hour of Service in such Accounting Month (or ending with the end of the Accounting Month of the last day of actual work for any Participant who terminates employment due to disability).
- (c) If, in any qualifying 12-Accounting-Month period, a Participant is not credited with the lesser of either 2,080 hours or the number of hours he would have had during such period had he worked during the entire period at his regularly scheduled number of hours per week, then the Participant's Compensation will be adjusted or grossed-up as follows. For purposes of this Section, the Compensation attributed to a Participant with respect to any qualifying 12-Accounting-Month period shall be the sum of:
- (1) the Compensation paid during such period (excluding bonuses and incentive compensation payments of any kind) multiplied by a fraction (not less than one) the numerator of which shall be the lesser of:
 - (A) 2,080, or
 - (B) the number of Hours of Service he would have had during such period had he worked during the entire period at his regularly scheduled number of hours per week,

and the denominator of which shall be equal to his total actual Hours of Service in such period less his Hours of Service resulting from the payment of vacation not taken in such period; plus

- (2) any bonuses and incentive compensation payments excluded in paragraph (1) that otherwise would be treated as Compensation.

- (d) If a Participant who incurs a Separation from Service followed by five consecutive Break in Service Years is reemployed by the Employer, the Compensation and Accounting Months before and after such Separation from Service will not be aggregated for purposes of calculating Final Average Monthly Compensation, but will be calculated separately and multiplied by the Benefit Accrual Service attributable to the separate periods of employment for purposes of determining the Participant's Benefit.
- (e) Accounting Month means the month, or four-week or five-week period, regularly used by the Employer for its payroll records.
- (f) For purposes of determining a Participant's Final Average Monthly Compensation, any bonus or other similar incentive compensation paid with respect to a calendar year during the two and one-half month period following the end of the calendar year shall be treated as having been paid in the Accounting Month that includes February 15.

l.11-B Joint and Survivor Annuity

"Joint and Survivor Annuity" means the form of Benefit payable to or with respect to a Participant or Former Participant under Section 3.11-B.

l.12-B Late Retirement

"Late Retirement" means a Participant's or Former Participant's retirement upon his Late Retirement Date.

l.13-B Late Retirement Benefit

"Late Retirement Benefit" means a Participant's or Former Participant's Benefit payable to or with respect to him under Section 3.6-B.

l.14-B Normal Retirement Benefit

"Normal Retirement Benefit" means the Benefit payable to or with respect to a Participant or Former Participant under Section 3.2-B.

l.15-B Optional Forms of Retirement Distribution

"Optional Forms of Retirement Distribution" means the optional form of Benefit payable to or with respect to a Participant or Former Participant under Section 3.10-B.

l.16-B Prior Plan

“Prior Plan” means the Raytheon Non-Bargaining Pension Plan as in effect on February 10, 2000.

l.17-B Separation from Service

“Separation from Service” means:

- (a) An Employee’s resignation, discharge, layoff (other than a temporary layoff), death, or Early, Normal or Late Retirement from the Employer and all Affiliated Companies.
- (b) A leave of absence, (whether paid or unpaid) authorized by the Employer, a vacation period, a temporary layoff, or a transfer to an Affiliated Company shall not constitute a Separation from Service; provided, however, that:
 - (1) continuation upon a temporary layoff for a period in excess of twelve months shall be considered a layoff effective as of the end of such specified period; and
 - (2) failure to return to work upon expiration of any leave of absence, vacation, or temporary layoff shall be considered a quit effective as of the expiration of such leave of absence, vacation, or temporary layoff.

l.18-B Social Security Taxable Wage Base

“Social Security Taxable Wage Base” means the contribution and benefit limit in effect under Section 3121(a) of the Code.

l.19-B Vested Retirement Benefit

“Vested Retirement Benefit” means the Benefit which is non-forfeitable in accordance with Section 3.9-B.

1.20-B Year of Vesting Service

- (a) “Year of Vesting Service” means 12 months of Service. Years of Vesting Service (including partial Years of Vesting Service counting months and days) shall be aggregated for purposes of determining whether a Participant has a vested interest hereunder on his Severance from Service Date, even though such years may not have been consecutive; provided, however, for an Employee who has a Severance from Service Date prior to being Vested, Years of Vesting Service before any period of consecutive Break in Service Years shall not be required to be taken into account if the number of Consecutive Break in Service Years within such period equals or exceeds the greater of five or the aggregate number of Years of Vesting Service before such period.
- (b) For purposes of subsection (c), the following definitions shall apply:
- (1) “Break in Service Year” means with respect to any Employee, a period of twelve consecutive months beginning on the Employee’s Severance from Service Date or any anniversary thereof, and ending on the next anniversary of such date, provided the Employee does not perform an Hour of Service during that period. For purposes of determining whether a Break in Service Year has occurred for vesting purposes, an Employee who is absent for maternity or paternity reasons shall be deemed to have a Severance from Service Date as of the second anniversary of the first date of such absence.
 - (2) Except as otherwise provided in subsection (c), “Service” means that period of time beginning on the date an Employee is first credited with an Hour of Service with the Employer or an Affiliated Company and ending on the Employee’s Severance from Service Date. In addition, if an Employee incurs a Severance from Service Date and is reemployed within 12 consecutive months by the Employer or an Affiliated Company, his Service shall also include all days between his Severance from Service Date and his subsequent reemployment. An Employee’s Service shall be expressed in months and days and shall be measured in cumulative whole month increments (with 30 days equal to one month) which shall be credited to the Employee for each full month of Service prior to a Severance from Service Date.
 - (3) “Severance From Service Date” means the date the Employee is not employed by the Employer or an Affiliated Company. The Severance from Service Date begins on the date the Employee retires, quits, is discharged or dies, or if earlier, the 12-month anniversary of the date on which the Employee is otherwise first absent from Service.

- (c) The term Service, for a Participant described in Section 2.1-B(a), shall include “service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

ARTICLE II-B

ELIGIBILITY

2.1-B Requirements for Participation

- (a) An Employee (1) who, on February 10, 2000, was an employee of Raytheon Company and was eligible for benefits under the non-contributory benefit structure of Exhibit B to the Prior Plan, (2) who became an Employee of the Employer on February 11, 2000, and (3) for whom assets and liabilities with respect to his accrued benefit under the Prior Plan were transferred to this Plan shall be eligible to participate in the Plan on February 11, 2000.
- (b) An Employee who (1) was an employee of Raytheon Company on February 10, 2000, (2) became an Employee of the Employer after February 11, 2000 and on or before August 31, 2000, and (3) is scheduled to work for the Employer at least 1,000 hours during the calendar year (prorated for the first year if it is less than 12 months) shall be eligible to participate in the Plan on the date he first completes one Hour of Service.
- (c) An Employee other than an Employee described in subsection (a) or (b) who is employed prior to January 1, 2007 shall become a Participant on the first day of the calendar month coincident with or next following his completion of one year of Service, provided that an Employee who is classified as a Training employee or a functional employee shall not be eligible to participate in the Plan unless such Training employee or functional employee provides headquarters support functions and is identified by organization codes listed in the Pension Eligibility Matrix maintained by the Employer. An Employee who is hired by the Employer on or after January 1, 2007 shall not be eligible to participate in the Plan.

2.2-B Forfeitures

If a Participant has a Separation from Service for any reason prior to being Vested, his unvested Accrued Benefit shall be forfeited when the number of his Consecutive Break in Service Years equals the greater of five or the aggregate number of Years of Vesting Service before such Consecutive Break in Service Years.

ARTICLE III-B

RETIREMENT, TERMINATION OR DEATH

3.1-B Normal Retirement

A Participant or Former Participant shall be entitled to Normal Retirement Benefits hereunder on his Normal Retirement Date, unless the Participant or Former Participant elects his Early Retirement Benefit or Late Retirement Benefit.

3.2-B Normal Retirement Benefit

A Participant or Former Participant who retires on his Normal Retirement Date shall receive a Normal Retirement Benefit, which, subject to the provisions of the Optional Forms of Retirement Distribution and Joint and Survivor Annuity, shall equal a monthly payment on the first day of each month commencing with his Normal Retirement Date and ending with the last such payment before his death equal to:

(a) The product of:

- (1) the factor of .015,
- (2) that portion of his Benefit Accrual Service completed on or before December 31, 2018 which is included in the first 35 years of Total Benefit Accrual Service, and
- (3) his Final Average Monthly Compensation; minus

(b) The product of:

- (1) the factor of .006,
- (2) that portion of his Benefit Accrual Service completed on or before December 31, 2018 which is included in the first 35 years of Total Benefit Accrual Service, and
- (3) his Final Average Monthly Compensation not in excess of Covered Compensation; plus

(c) The product of:

- (1) the factor of .005,
- (2) that portion of his Benefit Accrual Service completed on or before December 31, 2018 which is included in the Total Benefit Accrual Service in excess of 35 years, and
- (3) his Final Average Monthly Compensation.

- (d) In the event the Normal Retirement Date occurs prior to a Participant's or Former Participant's Social Security Retirement Date, then the Benefit hereunder shall be actuarially reduced in accordance with the terms of Early Retirement Benefit. If a Participant or Former Participant who incurs a Separation from Service followed by five consecutive Break in Service Years is rehired (not recalled or reinstated) by the Employer, then the Final Average Monthly Compensation and the Benefit Accrual Service before and after such Separation from Service will not be aggregated for purposes of calculating his Normal Retirement Benefit, but the Normal Retirement Benefit will be calculated separately for each such periods of employment.
- (e) If a Participant has an Hour of Service on December 31, 2018, the Participant's accrued benefit determined under this Section 3.2-B at any time after December 31, 2018 shall not be less than the accrued benefit under this Section 3.2-B determined as of December 31, 2018.

3.3-B Early Retirement

A Participant or Former Participant shall be entitled to his Early Retirement Benefit hereunder on his Early Retirement Date.

3.4-B Early Retirement Benefit

A Participant or Former Participant who has a Vested Accrued Benefit and who retires on his Early Retirement Date shall receive an Early Retirement Benefit which, subject to the provisions of the Optional Forms of Retirement Distribution and the Joint and Survivor Annuity and the vesting provisions of Section 3.9-B, shall consist of a monthly payment on the first day of each calendar month commencing with his Early Retirement Date and ending with the last such payment before his death. The monthly payment shall equal the greater of (a) the Actuarial Equivalent of his Vested Accrued Benefit as of his Early Retirement Date, or (b) his Vested Accrued Benefit reduced by 1/2% for each month the Participant or Former Participant's Early Retirement Date precedes his Social Security Retirement Date, except there shall be no reduction for a Participant or Former Participant who at the time of his Separation from Service is within three years of his Social Security Retirement Date or older and has ten or more years of Continuous Service.

3.5-B Late Retirement

A Participant or Former Participant shall be entitled to his Late Retirement Benefit hereunder on his Late Retirement Date, or on his Annuity Starting Date if occurring later than his Normal Retirement Date.

3.6-B Late Retirement Benefit

A Participant or Former Participant who retires on his Late Retirement Date shall receive a Late Retirement Benefit which, subject to the provisions of the Optional Forms of Retirement Distribution and the Joint and Survivor Annuity, shall consist of a monthly payment on the first day of each calendar month commencing with his Late Retirement Date, and ending with the last such payment before his death, equal to his Normal Retirement Benefit but with Covered Compensation and Final Average Monthly Compensation determined as of his Late Retirement Date and Benefit Accrual Service determined as of the earlier of his Late Retirement Date or December 31, 2018.

3.7-B Actuarial Equivalence

The Participant's or Former Participant's Optional Forms of Retirement Distribution or the Joint and Survivor Annuity Benefit shall, except for the vesting provisions under Section 3.9-B, be the Actuarial Equivalent of his Early, Normal, or Late Retirement Benefit, such Actuarial Equivalent being computed as of his Annuity Starting Date.

3.8-B Death Benefit.

- (a) Death of Vested Participant Eligible for Retirement. If a Participant or Former Participant is age 55 or older, is entitled to a Vested Retirement Benefit, has a Separation from Service due to his death, or has a Separation from Service because of retirement but dies prior to the first day of the month coinciding with or next following retirement within which the initial payment of any benefit is or would be payable to him, and leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a monthly payment on the first day of each calendar month commencing with the month following the month of such Participant's or Former Participant's death, and continuing through the month of such spouse's death, in an amount equal to the Preretirement Survivor Annuity, as defined in subsection (c).
- (b) Death of Vested Participant Not Eligible for Retirement. Unless the provisions of Section 3.8-B(a) of the Death Benefit apply, if a Participant or Former Participant dies with a Vested Retirement Benefit and prior to the due date of the first monthly Benefit payable to him under the Plan and if he leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a Preretirement Survivor Annuity, as defined in subsection (c).
- (c) Preretirement Survivor Annuity. A Preretirement Survivor Annuity is a survivor annuity for the life of the surviving spouse of the Participant or Former Participant under which the periodic payments to the surviving spouse are not less than the periodic payments that would be payable under the Joint and Survivor Annuity (or the Actuarial Equivalent thereof) if:
- (1) In the case of such a Participant or Former Participant who dies after reaching his earliest retirement date, the Participant or Former Participant had retired either under Exhibit B with an immediate 100% joint and survivor annuity or had retired under Exhibits D or E with an immediate 50% joint and survivor annuity on the day before his death, or
 - (2) In the case of such a Participant or Former Participant who dies before the date on which he would have attained his Early Retirement Date, by assuming the Participant or Former Participant had a Separation from Service on or prior to the date of death, had survived to his Early Retirement Date, had commenced to receive payments under an immediate 50% joint and survivor annuity at his Early Retirement Date, and had died on the day after the day on which he would have attained his Early Retirement Date.

3.9-B Vested Retirement Benefit

- (a) Each Participant or Former Participant shall be entitled to a Vested Retirement Benefit in the amount provided in this Section. In the event of his Separation from Service prior to his Normal Retirement Date, except for the Joint and Survivor Annuity and the Death Benefit provisions, such Participant or Former Participant shall upon his Normal Retirement Date become entitled to a Normal or Optional Forms of Retirement Distribution, or upon his Early Retirement Date may receive an Early or Optional Forms of Retirement Distribution, as he shall elect, or in the absence of such election, as determined under the provisions of the Normal Retirement Benefit, the Optional Forms of Retirement Distribution and Joint and Survivor Annuity, all in an amount Actuarially Equivalent to that percentage of his Accrued Benefit determined on the basis of his Years of Vesting Service as follows:

Years of Vesting Service	Vested Percentage
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Less than 5	0%
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5 or more	100%
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- (b) A Participant's or Former Participant's Accrued Benefit to the extent not forfeited under Section 2.3-B or paid as a Death Benefit shall become 100% vested if he is then employed by the Employer or an Affiliated Company on his 65th birthday, provided, however, that a Participant described in Section 2.1-B(a) and (b) shall be 100% Vested in his Accrued Benefit, regardless of his Years of Vesting Service.
- (c) Notwithstanding subsection (a) above:
- (1) If the lump sum Actuarial Equivalent of the Participant's Vested Retirement Benefit is not more than \$1,000, the Participant shall receive payment of his or her Vested Retirement Benefit as soon as administratively feasible following termination of employment in the form of a lump sum.
 - (2) If the lump sum Actuarial Equivalent of the Participant's Vested Retirement Benefit is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his or her Vested Retirement Benefit as soon as administratively feasible following termination of employment in the form of a lump sum.
 - (3) If the lump sum Actuarial Equivalent of the Participant's Vested Retirement Benefit is more than \$5,000 but not more than \$20,000, the Participant may elect, with spousal consent if applicable, to receive payment of his or her Vested Retirement Benefit as soon as administratively feasible following termination of employment in the form

of either a lump sum or the normal form of benefit which is a single life annuity for a Participant who is not married on his Annuity Starting Date and a Joint and Survivor Annuity for a Participant who is married on his Annuity Starting Date

3.10-B Optional Forms of Retirement Distribution

A Participant or Former Participant entitled to receive a Normal, Early, or Late Retirement Benefit shall receive the 50% Joint and Survivor Annuity (if applicable) unless he elects not to receive such annuity, elects instead to receive a distribution in accordance with this Section and his spouse consents in writing to such election. A Participant or Former Participant to whom a Joint and Survivor Annuity does not apply and who makes no election under this Section shall receive a Benefit in accordance with subsection (a). A Participant or Former Participant may not make or change an election hereunder after his Annuity Starting Date. A Participant or Former Participant may elect to receive his Benefit as follows

- (a) A Normal, Early or Late Retirement Benefit, as the case may be,
- (b) A Benefit consisting of monthly payments commencing on his Annuity Starting Date:
 - (1) in the form of a Joint and Survivor Annuity payable to the Participant or Former Participant for his life, and monthly payments to his Contingent Annuitant for life (in amounts as selected by the Participant or Former Participant equal to a survivor annuity of 50%, 75% or 100% of the monthly amount paid to such Participant or Former Participant), or
 - (2) in the form of a Ten Year Certain and Continuous Annuity payable to the Participant or Former Participant and his Beneficiaries over the later of a period certain for a guaranteed number of payments of ten years or the life of the Participant or Former Participant; or
 - (3) in the form of a Ten Year Certain Only Annuity to the Participant or Former Participant and his Beneficiaries for a period certain for a guaranteed number of payments of 10 years.
- (c) If the lump sum Actuarial Equivalent vested benefit is greater than \$5,000 but not greater than \$20,000, a lump sum payment.
- (d) If a Participant or Former Participant dies after his Annuity Starting Date, the remaining portion of his Benefit, if any, may continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's or Former Participant's death to the Contingent Annuitant, if surviving the Participant or Former Participant, or otherwise to the Participant's or Former Participant's designated primary Beneficiary; provided, however, if the primary

Beneficiary is the estate of the Participant or Former Participant, or if the primary Beneficiary dies prior to the Participant or Former Participant, the remaining portion of his Benefit will be distributed in a lump sum to either the Participant's or Former Participant's contingent Beneficiary who survives the Participant or Former Participant or otherwise to the estate of the Participant or Former Participant, as applicable. If a Participant or Former Participant dies before his Annuity Starting Date, the Participant's or Former Participant's entire Benefit will be limited to, and distributed as, a Death Benefit in accordance with Section 3.8-B.

3.11-B Joint and Survivor Annuity

- (a) Notwithstanding anything in the Plan to the contrary, the Benefit, if any, of a Participant or Former Participant commencing on his Annuity Starting Date shall be a Joint and Survivor Annuity, as described in subsection (b), if
 - (1) he was married on his Annuity Starting Date, and
 - (2) he has not otherwise elected an Optional Form of Retirement Distribution with the consent of his spouse.
- (b) The Joint and Survivor Annuity of a Participant or Former Participant shall be a Benefit, reduced as provided in subsection (c), consisting of monthly payments to him beginning on his Annuity Starting Date and ending with the calendar month in which his death occurs with the provision that, if he dies after his Annuity Starting Date survived by the spouse to whom he was married on his Annuity Starting Date, such spouse shall receive monthly payments of 50% of such reduced Benefit adjusted, beginning on the first day of the calendar month next following his death and ending with the calendar month in which such spouse dies.
- (c) The reduced Benefit payable under this Section to a Participant or Former Participant during his lifetime shall be at a monthly rate such that his Joint and Survivor Annuity is the Actuarial Equivalent of his Early, Normal or Late Retirement Benefit.

3.12-B Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit B after December 31, 2019.

Appendix 1 – (HERP and Re-diffusion Plan Mergers and Other Matters)

Paragraphs A, B and C of this Appendix 1 contain additional terms of the Plan that apply to Participants whose benefit is determined under Exhibit B relating in part to former Participants of Hughes Employees' Retirement Plan (the "HERP") and Re-diffusion Simulation Incorporated Retirement Plan (the "Re-diffusion Plan"). Paragraph D of this Appendix 1 contains additional terms of the Plan that apply to employees who transferred employment from CAE Link Corporation ("CAE Link") on February 24, 1995 to Raytheon Company ("Link Transferor").

A. As the Plan applies to the Employees of Raytheon Training, Inc. and its predecessor Hughes Simulation Systems, Inc. (hereinafter jointly referred to as the "Company"), the Plan shall be modified as follows:

1. Except as provided in Paragraph C contained herein, Participation in the Plan is limited to Employees of the Training and Control Systems Division of the Company.

2. With respect to the Benefits provided, a new Section 3.12-B is added to the Plan as follows:

3.12-B Benefits Payable to Former Honeywell Employees under Merged Plans.

With respect to the former employees of Honeywell in its Training and Control Systems Division as of December 31, 1988, the provisions of the Honeywell Plan in effect on December 31, 1988, including all benefits or optional forms of benefit payment, pre-retirement survivor annuities and early retirement subsidies under the Honeywell Plan are hereby incorporated into the Plan by reference, as modified as follows:

(a) Subject to receipt of the transfer of the required assets from the Honeywell Plan, any benefits payable under the Honeywell Plan for participation therein prior to December 31, 1988, shall be treated as fully vested and nonforfeitable under this Plan (and which shall be no less than the Honeywell Plan liability with respect to the former Honeywell employees under Section 414(l) of the Internal Revenue Code of 1986 as if the Honeywell Plan had terminated on December 31, 1988), shall be paid as a minimum benefit in accordance with the applicable incorporated provisions of the Honeywell Plan. A payment of this benefit shall commence no earlier than such former Honeywell employee's termination of employment with the Company, by treating employment with the Company as employment under the Honeywell Plan. Furthermore, employment with the Company will be used for purposes of determining eligibility for any benefit or optional form of benefit, pre-retirement survivor annuity, or early retirement subsidy (including the "Rule of 85" subsidy) provided under the Honeywell Plan; or

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L3Harris Link Simulation and Training
Pension Plan – Exhibit B

(b) For service prior to December 31, 1988, a Benefit will be paid by the Plan based upon Final Average Monthly Compensation and Primary Insurance Amount of each Participant as of the date of Separation from Service. Any Benefit under this paragraph shall be paid in accordance with the applicable incorporated provisions of the Honeywell Plan, commencing no earlier than such former Honeywell employee's termination of employment with the Company, by treating employment with the Company as employment under the Honeywell Plan for purposes of determining eligibility for any benefit or optional form of benefit, pre-retirement survivor annuity, or early retirement subsidy (including the "Rule of 85" subsidy) provided under the Honeywell Plan; provided, however, (i) if a Participant or former Participant is age 60 or older, or, alternatively, if a Participant is under age 60 but has 85 points under the Rule of 85, there will be no adjustment to such additional benefit paid as a part of his Early Retirement Benefit; and (ii) if a Participant is under age 60 and does not have 85 points under the Rule of 85, then such additional benefit paid as part of his Early Retirement Benefit will be reduced .3% for each month the Participant or former Participant's Early Retirement Date precedes his attaining age 60.

B. As the Plan applies to the Employees of the Hughes Danbury Optical Systems, Inc. (the "Company"), the Plan shall be modified to provide that Employees who were employed by the Company on December 22, 1989 shall receive credit for service with Perkin-Elmer Corporation for the purposes of determining their Years of Vesting Service, Hours of Service, Continuous Service and Anniversary Date. Except as otherwise provided herein, prior service with Perkin-Elmer Corporation will not be counted for Benefit Accrual Service or any other purpose.

C. As the Plan applies to the Employees of Raytheon Training, Inc. and its predecessor, Hughes Simulations Systems Inc.--Arlington (hereinafter jointly referred to as the "Company"), the Plan shall be modified as follows:

1. With respect to the Benefits provided, a new Section 3.13-B is added to the Plan to read as follows:

3.13-B Benefits Payable to Former Re-diffusion Employees under Merged Plans.

With respect to participants in the Re-diffusion Plan, there shall be payable a Benefit equal to not less than the benefit determined under the Re-diffusion Plan on November 30, 1991, including all benefits or optional forms of benefit payment, pre-retirement survivor annuities and early retirement subsidies under the Re-diffusion Plan, which are hereby incorporated by reference.

D. As the Plan applies to any Link Transferor, effective July 1, 1996, the Plan shall be modified as follows:

1. Each such Link Transferor shall receive credit for service with CAE Link for the purposes of determining Years of Vesting Service, Hours of Service, Continuous Service and Anniversary Date;

2. Except as otherwise provided herein, prior service with CAE Link and service with the Company prior to July 1, 1996, will not be counted for Benefit Accrual Service or any other purpose; and

3. For purposes of determining Compensation under Section 1.4-B and Final Average Monthly Compensation under Section 1.10-B, amounts paid by CAE Link and by the Company prior to July 1, 1996, that otherwise would have been treated as Compensation if the Link Transferor had been a Participant in the Plan prior to such date, will be included in Compensation.

APP-3

L3Harris Link Simulation and Training
Pension Plan – Exhibit B

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L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit C – Former Participants In The Raytheon Non-Bargaining Retirement Plan
Who Were Salaried Non-Bargaining Former Employees Of
General Dynamics Corporation**

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ARTICLE I-C

DEFINITIONS

Whenever used in this Exhibit C, the following items shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-C Accrued Benefit

“Accrued Benefit” means:

- (a) The Participant’s Normal Retirement Benefit based upon the Participant’s Benefit Accrual Service accumulated to date and the Participant’s Compensation paid during such Benefit Accrual Service. A Participant’s Accrued Benefit shall not be less than his accrued benefit as of February 10, 2000 under the Prior Plan.
- (b) Effective December 1, 1994, for purposes of providing a transition for the implementation of the limitation on Compensation in excess of \$150,000 (as adjusted) as provided in Section 1.24-C (hereinafter “\$150,000 Compensation Limitation”), the Participant’s Accrued Benefit shall be the greater of (1) or (2), but in no event greater than (3), as follows:
 - (1) The Participant’s Accrued Benefit as of November 30, 1994, in accordance with subsection (a), plus the Participant’s Accrued Benefit accrued from December 1, 1994, with regard to the \$150,000 Compensation Limitation,
 - (2) The Participant’s Accrued Benefit determined on the basis of Total Benefit Accrual Service and by applying the \$150,000 Compensation Limitation to all such Benefit Accrual Service, or
 - (3) The Participant’s Accrued Benefit determined on the basis of Total Benefit Accrual Service without regard to the \$150,000 Compensation Limitation.
- (c) The Actuarial Equivalent of his total Participant Contributions without interest, exclusive of Participant Contributions made prior to a break in Continuous Service commencing before 1976.
- (d) Effective December 1, 1994, for purposes of providing a transition for the implementation of the limitation on Compensation in excess of \$150,000 (as adjusted) as provided in Section 1.24-C (hereinafter “\$150,000 Compensation Limitation”), the Participant’s Accrued Benefit shall be the greater of (1) or (2), but in no event greater than (3), as follows:
 - (1) The Participant’s Accrued Benefit as of November 30, 1994, in accordance with subsection (a), plus the Participant’s Accrued Benefit accrued from December 1, 1994, with regard to the \$150,000 Compensation Limitation,
 - (2) The Participant’s Accrued Benefit determined on the basis of Total Benefit Accrual Service and by applying the \$150,000 Compensation Limitation to all such Benefit Accrual Service, or
 - (3) The Participant’s Accrued Benefit determined on the basis of Total Benefit Accrual Service without regard to the \$150,000 Compensation Limitation.

1.2-C Accrued Benefit Derived from Employer Contributions

“Accrued Benefit Derived from Employer Contributions” means that Benefit equal to the excess (if any) of the Participant’s Accrued Benefit minus his Accrued Benefit Derived from Participant Contributions

1.3-C Accrued Benefit Derived from Participant Contributions

“Accrued Benefit Derived from Participant Contributions” means the amount equal to his annual benefit in the form of a single life annuity (without ancillary benefits) commencing at Normal Retirement Date, determined by converting his Participant Contributions Account by using the actuarial assumptions under Section 1.4-C(c) as of such Normal Retirement Date.

1.4-C Actuarial Equivalent; Actuarially Equivalent

“Actuarial Equivalent; Actuarially Equivalent” means equality in value of the aggregate amounts expected to be received under different forms of payment, determined from actuarial calculations based on actuarial assumptions specified for such purpose.

- (a) Except as provided in subsection (b) and (c) below, all Actuarial Equivalent values shall be computed based upon the 1984 Unisex Pension mortality table (UP-1984 Table) with 7% per annum compound interest. For any values involving a single life, the mortality table shall be set back one year and for values involving joint lives, there shall be no adjustment for the primary annuitant and a setback of three years for the contingent/joint annuitant.
- (b) If a benefit is distributed in accordance with an option described in Section 4.10C(b)(1)(C), Actuarial Equivalence shall be determined on the mortality basis specified above and the interest rate in paragraph (1) or (2) below, or based on the actuarial assumptions under paragraphs (c)(1) and (c)(2) below, whichever provides the greater benefit:
 - (1) The interest rate specified in subsections (a), or
 - (2) The interest rate which would be used as of January 1 of the calendar year in which the distribution occurs by the Pension Benefit Guaranty Corporation (“PBGC”) for purposes of determining the present value of the individual’s benefit under the Plan if the Plan had terminated on such January 1 with insufficient assets to provide benefits guaranteed by the PBGC.
- (c) If a benefit is distributed in accordance with an option described in Section 4.10C(b)(1)(C) or Section 4.10-C(c), Actuarial Equivalence shall be determined using the interest rate and mortality assumption determined in accordance with Section 1.3.

1.5-C Basic Compensation

“Basic Compensation” means the base compensation paid by the Employer but excluding overtime, severance pay (whether paid in a lump sum or installments), payments for unused vacation, shift differentials, expense or living allowances, long-term disability benefits, royalties or payments of like nature. Except as specifically provided herein, payments under any incentive compensation plan, bonuses but only to the extent they are performance-based bonuses and commissions paid to a Participant shall be included only to the extent that they shall be deemed by the Administrator to be part of regular compensation.

Notwithstanding any other provision contained herein, in the determination of Basic Compensation for a Plan Year, any amounts described in the career average pay benefit under Section 4.2-C(b)(3) for the year which are in excess of 50% of the amount awarded under any incentive compensation plan shall be excluded; and the term Basic Compensation shall include the “basic compensation,” as defined in the Prior Plan, credited to the Participant prior to February 11, 2000, under the Prior Plan.

1.6-C Benefit Accrual Service

“Benefit Accrual Service” means:

- (a) The total, expressed in years and fractional years, of those Accounting Months (treating each Accounting Month as one-twelfth of a year) for any part or all of which the Participant was employed by the Employer but excluding those Accounting Months during which the Participant was participating in, or eligible to participate in, any other qualified defined benefit plan of an Affiliated Company, the Participant did not receive Compensation from the Employer; or the Participant did not satisfy the eligibility requirements of Section 2.1-C. Hours of Service completed as an Employee, other than a Participant under this Exhibit and as provided herein, will not be taken into account for Benefit Accrual Service.
- (b) The term Benefit Accrual Service shall include “benefit accrual service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

1.7-C Break in Service Year

“Break in Service Year” means a Participant will incur a Break in Service Year as of his Separation from Service, if the Participant does not have an Hour of Service within 12 months from that date; provided, however, if the Separation from Service occurs because of a layoff, a Break in Service Year will occur on the earlier of:

- (a) The date the Participant refuses to return to work with the Employer; or
- (b) The date 24 months after the Participant went on layoff.

For purposes of determining whether a Break in Service Year has occurred for vesting and eligibility purposes, an Employee who is absent from work that commences for maternity or paternity reasons, or as allowed under the Family and Medical Leave Act of 1993, shall receive credit for the Hours of Service which would otherwise have been credited to such Employee but for such absence, or in any case in which such hours cannot be determined, eight Hours of Service per day of such absence. For purposes hereof, an absence from work which commences for maternity or paternity reasons means an absence by reason of the pregnancy of the Employee, by reason of a birth of a child of the Employee, by reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee, or for purposes of caring for such child for a period beginning immediately following such birth or placement. The Hours of Service credited hereunder for maternity or paternity reasons shall be credited in the computation period in which the absence begins if the crediting is necessary to prevent a Break in Service Year in that period, or in all other cases, in the following computation period.

1.8-C Continuous Service

“Continuous Service” means:

- (a) Except as otherwise provided below, a Participant’s period of employment as an Employee of the Employer or an Affiliated Company in any positions or classifications commencing on the date he first completes an Hour of Service and ending on the Separation from Service. In the event an Employee is rehired by the Employer following a Break in Service Year, the Employee will have his Continuous Service at his Separation from Service restored in determining his rights under the Plan provided he shall have completed at least one year of Continuous Service following rehire, but time between the Separation from Service and rehire will not be counted as Continuous Service. If a Participant incurs a Separation from Service but is rehired by the Employer or an Affiliated Company prior to a Break in Service Year, the Participant’s Continuous Service will not be broken and will be credited for the period of time between the Separation from Service and the date of rehire.
- (b) If a Participant becomes a Disabled Employee on or before December 31, 2013, the period of time during which a Participant is Disabled shall be taken into consideration in determining his Continuous Service, but shall not be taken into consideration in determining the amount of any Retirement Benefit.
- (c) The term Continuous Service shall include “continuous service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

1.9-C Death Benefit

“Death Benefit” means the Benefit provided following the death of a Participant or Former Participant determined under Section 4.8-C.

1.10-C Disabled Employee

“Disabled Employee” means any Employee who is “totally disabled” as defined in the L3 Long-Term Disability Plan and as determined by the insurer for such plan.

1.11-C Early Retirement Benefit

“Early Retirement Benefit” means the Benefit payable to or with respect to a Participant or Former Participant under Section 4.4-C.

1.12-C Early Retirement Date

“Early Retirement Date” means the first day of a month before a Participant’s or Former Participant’s Normal Retirement Date so designated by a Participant or Former Participant who at the time of his Separation from Service has attained his 55th birthday and is credited with at least ten years of Continuous Service. Such a Participant or Former Participant who has a Separation from Service by resignation or discharge may treat such resignation or discharge as a retirement and may treat the first day of any month next following the date of such resignation or discharge as his Early Retirement Date. A Participant or Former Participant who has a Separation from Service before his 55th birthday and who is credited with ten or more years of Continuous Service may elect Early Retirement, effective on or after his 55th birthday. The designated effective date of such election shall be his Early Retirement Date.

1.13-C Excess Compensation

“Excess Compensation” means the aggregate of that portion, if any, of Basic Compensation for each month in the year while a Participant which is in excess of \$1,950; provided that such \$1,950 shall be prorated for any month to reflect the period of active Plan Membership in the month, if the person was not an Active Participant throughout the month.

1.14-C Final Average Monthly Salary

“Final Average Monthly Salary” means the average of the Salary Rates in effect on the first day of each of the 60 consecutive months of Plan Membership for which a Participant’s Salary Rate was the highest out of the 120 months of Plan Membership immediately preceding the date of the most recent Separation from Service. If a Participant shall have completed less than 60 consecutive months of Plan Membership, then Final Average Monthly Salary shall be determined as the average over the actual number of months of the Participant’s Plan Membership. Except as specifically provided in the following paragraph, payments under an incentive compensation plan, bonuses and

commissions paid to a Participant during Plan Membership shall not be included by the Administrator as part of regular compensation.

- (a) Amounts deferred by a Participant which are contributed by the Employer under a cash or deferred arrangement under Section 401(k) of the Code and amounts deferred by a Participant to a flexible spending account in an Employer cafeteria plan under Section 125 of the Code, and amounts deferred under Code Section 132(f)(4) shall be included in the determination of Final Average Monthly Salary for the month in which such amounts are deferred.
- (b) If a Participant who has a Break in Service Year is reemployed by the Employer and completes five years of Continuous Service following reemployment, then his final average pay benefit under Section 4.2-C(b)(1) will be based on his combined Final Average Monthly Pay both before his most recent Separation from Service and after reemployment. If such a Participant does not complete five years of Continuous Service, then the Participant's final average pay benefit will be based on Final Average Monthly Salary determined at his most recent Separation from Service and in accordance with this Exhibit C.

1.15-C Joint and Survivor Annuity

"Joint and Survivor Annuity" means the form of Benefit payable to or with respect to a Participant or Former Participant under Section 4.11-C.

1.16-C Late Retirement

"Late Retirement" means a Participant's or Former Participant's retirement upon his Late Retirement Date.

1.17-C Late Retirement Benefit

"Late Retirement Benefit" means the Benefit payable to or with respect to a Participant or Former Participant under Section 4.6-C.

1.18-C Normal Retirement Benefit

"Normal Retirement Benefit" means the Benefit payable to or with respect to a Participant or Former Participant under Section 4.2-C.

1.19-C Optional Forms of Retirement Distribution

"Optional Forms of Retirement Distribution" means the optional forms of distribution payable to or with respect to a Participant or Former Participant under Section 4.10-C.

1.20-C Participant Contribution

“Participant Contribution” means a Participant’s contributions made under the terms of the Prior Plan and transferred to this Plan).

1.21-C Participant Contributions Account

“Participant Contributions Account” means a Participant’s individual account established in accordance with Section 3.2-C.

1.22-C Plan Membership

“Plan Membership” means each calendar month in which an Employee is a Participant and receives base compensation as a salaried Employee. The term Plan Membership shall include the “plan membership,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

1.23-C Prior Plan

“Prior Plan” means the Raytheon Non-Bargaining Pension Plan, as in effect on February 10, 2000.

1.24-C Salary Rate

“Salary Rate” means the rate of regular base compensation payable monthly by the Employer or, if payments are made more than once a month, one-twelfth of the annual rate of regular base compensation which would be payable to a Participant during Plan Membership based on the books and records of the Employer (before any deductions or deferrals by a Participant which are contributed by the Employer under a cash or deferred arrangement under Section 401(k) of the Code and to a Participant’s flexible spending account in an Employer cafeteria plan under Section 125 of the Code), but excluding overtime, premium pay, shift differentials, expense or living allowances, contingent compensation, disability benefits, royalties or payments of like nature, and excluding:

Notwithstanding any other provision contained herein,

- (a) The term Salary Rate shall include the “salary rate,” as defined in the Prior Plan, credited to the Participant prior to February 11, 2000, under the Prior Plan.
- (b) Any rate of compensation in excess of \$200,000, as adjusted by the Secretary of the Treasury for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code.

1.25-C Separation from Service

“Separation from Service” of an individual shall occur on the earliest of:

- (a) The date as of which employment with the Employer and all Affiliated Companies shall be terminated whether due to voluntary termination, dismissal, retirement or death, except in the case of cessation of active employment due to a reduction in force.
- (b) The date as of which the former Employee fails to comply with a request to return to active employment within 24 months following cessation of active employment due to a reduction in work force.
- (c) The date which shall be at the end of the 24 months following cessation of active employment due to a reduction in work force.

ARTICLE II-C

ELIGIBILITY

2.1-C Participation

This Exhibit C shall apply only to those individuals (a) who, on February 10, 2000, were employees of Raytheon Company and were eligible for benefits under the terms of Exhibit D to the Prior Plan because they were salaried non-bargaining former employees of General Dynamics Corporation, (b) who became Employees of the Employer on February 11, 2000, and (c) for whom assets and liabilities with respect to their accrued benefits under the Prior Plan were transferred to this Plan.

ARTICLE III-C

Funding Benefit

3.1-C Participant Contributions

The Prior Plan required, prior to January 1, 1982, that each Participant contribute to his Participant Contributions Account. Participant Contributions are no longer required for continued participation.

3.2-C Participant Contributions Accounts

The Administrator shall maintain a Participant Contributions Account for each Participant who has Participant Contributions, to which Account shall be credited the Participant Contributions in an amount equal to the amount of the Participant Contributions transferred from the Prior Plan, less withdrawals, and interest compounded annually from the end of the Plan Year in which they were credited to his Participant Contributions Account and ending with the determination date on which the determination is being made, at 120% of the federal mid-term rate as in effect under Section 1274 of the Code on the first day of each Plan Year. In addition, for purposes of calculating the Accrued Benefit derived from Participant Contributions and crediting interest herein, from the determination date and ending on his Normal Retirement Date, the Participant Contributions Account shall be converted using the actuarial assumptions as provided under Section 1.4-C(c) as of the determination date. For this purpose, the determination date shall be the earlier of date of withdrawal of the Participant Contributions Account or the Participant's Annuity Starting Date.

3.3-C Withdrawals and Repayments

- (a) Subject to the cash out of small benefits provisions of Section 4.3 and the spousal consent requirements of Section 4.9, a Participant who has a Separation from Service prior to age 55 may withdraw in cash the amount referred to in Section 4.2C(a)(2)(A) of the Normal Retirement Benefit upon written notice to

the Administrator at any time during a Separation from Service provided that such written notice is given prior to the Participant's Annuity Starting Date and up to one year prior to age 65. If the withdrawal occurs in connection with the retirement of the Participant, the determination of the amount of the withdrawal will be calculated to the Participant's Annuity Starting Date. For all other withdrawals hereunder, interest shall be calculated on the amount of the withdrawal as of the first day of the month following the receipt of written notice.

- (b) Any Participant, other than a Former Participant, may within 60 months following his first rehire or recall and prior to his Annuity Starting Date while employed by the Employer, repay to the Trust in full (but not partially) the amount he withdrew under subsection (a), together with interest compounded annually on such amount at the rate referred to in Section 3.2-C then prevailing at the time of repayment, and shall thereby be restored to the same Accrued Benefit he would have had if no withdrawal had been made.
- (c) Withdrawals from the Plan other than as permitted in subsection (a) are prohibited.

ARTICLE IV-C

Retirement, Termination, or Death

4.1-C Normal Retirement

A Participant or Former Participant shall be entitled to his Normal Retirement Benefit hereunder on his Normal Retirement Date, unless the Participant or Former Participant elects his Early Retirement Benefit or Late Retirement Benefit.

4.2-C Normal Retirement Benefit

- (a) A Participant or Former Participant who retires on his Normal Retirement Date shall receive a Normal Retirement Benefit, which, subject to the provisions of the Optional Forms of Retirement Distribution and the Joint and Survivor Annuity, shall consist of:
- (1) A monthly payment on the first day of each calendar month commencing with his Normal Retirement Date and ending with the last such payment before his death, and
 - (2) A payment within five years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of
 - (A) the sum, net of any un-repaid withdrawals under Section 3.3-C, of:
 - (i) the balance in the Participant Contributions Account, and
 - (ii) interest compounded annually to the date of his first monthly payment, with proper allowance for any earlier un-repaid withdrawal under Section 3.3-C, at the rate of interest specified in Section 3.2-C, and on the balance in the Participant Contributions Account equal to the amount of the Participant Contributions made from the end of the Plan Year in which they were credited to his Participant Contributions Account, minus
 - (B) the aggregate of all payments made to him under paragraph (1).
- (b) The Normal Retirement Benefit described in subsection (a)(1) shall consist of a monthly payment on the first day of each month commencing with his Normal Retirement Date and ending with the last such payment before his death equal to the greatest of (1), (2) or (3) below, reduced to eliminate the Actuarial Equivalent of any prior withdrawals that were not repaid:
- (1) For the final average pay benefit, the product of:

- (A) The factor of 1-1/3%;
 - (B) That portion of his Benefit Accrual Service which is included in the first 40 years of total Benefit Accrual Service;
 - (C) His Final Average Monthly Salary.
- (2) For the minimum benefit, the product of:
- (A) \$26 and
 - (B) Total Benefit Accrual Service.
- (3) For the career average pay benefit, an amount equal to the sum of (A) and (B) below:
- (A) For the period of Continuous Service in any calendar year while an active Participant and prior to the date that benefits shall have accrued under the provisions of this subparagraph (3)(A) for a total of 35 years of Continuous Service, one-twelfth of the sum of 1.75% of the aggregate of his Basic Compensation for such period (but not in excess of \$1,950 for each month) and 2.0% of his Excess Compensation for such period.
 - (B) For the period of Continuous Service while an active Participant and subsequent to the date that benefits shall have accrued under the provisions of subparagraph (3)(A) in excess of a total of 35 years of Continuous Service, one-twelfth of 2.0% of his Basic Compensation for such period.
- (c) Benefits shall accrue under the provisions of subsection (b)(3) only for those individuals who were either participants of the General Dynamics Retirement Plan on July 1, 1990 or were salaried employees of General Dynamics who had not satisfied the service requirement for membership in the General Dynamics Retirement Plan on such date and who did not have a Separation from Service prior to August 22, 1992. Except as specifically provided in the preceding sentence, no benefits shall accrue under Section 4.2-C(b)(3). Moreover, eligibility to continue to accrue benefits under the provisions of subsection (b) (3) shall cease at an individual's Separation from Service.

4.3-C Early Retirement

A Participant or Former Participant shall be entitled to his Early Retirement Benefit hereunder on his Early Retirement Date.

4.4-C Early Retirement Benefit

- (a) A Participant or Former Participant may retire on an Early Retirement Date which shall be the first day of any month which he specifies following the later of attainment of age 55 and completion of ten or more years of Continuous Service and before he has attained age 65.
- (b) A Participant or Former Participant who retires on his Early Retirement Date shall receive an Early Retirement Benefit which, subject to the provisions of the Cost of Living Adjustment, the Optional Forms of Retirement Distribution, and the Joint and Survivor Annuity, shall consist of:
 - (1) A monthly payment on the first day of each calendar month commencing with his Early Retirement Date and ending with the last such payment before his death, and
 - (2) A payment within five years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of
 - (A) the amount remaining in the Participant Contributions Account described in Section 4.2-C(a)(2)(A) of the Normal Retirement Benefit, minus
 - (B) the aggregate of all payments made to him under paragraph (1).
- (c) The Early Retirement Benefit described in subsection (b)(1) shall consist of a monthly payment on the first day of each calendar month commencing with his Early Retirement Date and ending with the last such payment before his death. equal to the Actuarial Equivalent of his Accrued Benefit determined at his Early Retirement Date Adjustment minus the Actuarial Equivalent of any prior withdrawals that were not repaid under Section 3.3-C unless he shall elect an Early Retirement Benefit as provided below. A Participant or Former Participant whose Separation from Service occurs after his Early Retirement Date may file with the Administrator a notice in writing on a form prescribed by the Administrator electing an Early Retirement Benefit payable commencing on his Early Retirement Date or commencing on the first day of any month subsequent to his Early Retirement Date and prior to his Normal Retirement Date, equal to the greater of (1) or (2) as follows:
 - (1) Final Average Pay Benefit. If the Participant or Former Participant shall have attained age 62 at the date of commencement of his benefits, the Accrued Benefit determined under the provisions of Section 4.2-C(b)(1) relating to the final average pay benefit at his Early Retirement Date shall be subsidized by the Employer in an amount equal to the excess of the value of the Normal Retirement Benefit over the Actuarial Equivalent of

his Accrued Benefit and shall be payable without reduction. If benefits shall commence to be payable prior to age 62, then the Accrued Benefit determined under the provisions of Section 4.2-C(b)(1) or Section 4.2-C(b)(2), whichever shall be greater, at his Early Retirement Date shall be reduced by 2-1/2% of such amount for each year, with months counting as twelfths, between the first day of the month coincident or next following attainment of age 62, whichever is applicable, and the date of commencement of his benefit.

(2) Career Average Pay Benefit. For a Participant or Former Participant who shall have an Accrued Benefit under the provisions of Section 4.2-C(b)(3):

(A) If the sum of his age and the number of years of his Continuous Service at the date of commencement of his benefits (such sum hereinafter referred to as his "Points") shall equal or exceed the number of Points as set forth below opposite his attained age at the date of commencement of his benefits, the Accrued Benefit determined under the provisions of Section 4.2-C(b)(3) or Section 4.2-C(b)(2), whichever shall be greater, at his Early Retirement Date shall be subsidized by the Employer in an amount equal to the excess of the value of the Normal Retirement Benefit over the Actuarial Equivalent of his Accrued Benefit and shall be payable without reduction.

Attained Age	Required	Attained Age	Required
<u>Last Birthday</u>	<u>Points</u>	<u>Last Birthday</u>	<u>Points</u>

55	85	60	80
56	84	61	76
57	83	62	72
58	82	63	68
59	81	64	69

In computing the number of Points of a Participant or Former Participant, such computation shall be made to completed twelfths (months) and shall be equal to the sum of his age, computed in years and completed twelfths (months), and his period of Continuous Service, computed in years and completed twelfths (months); or

(B) If his Points are less than the required number of Points as set forth in the table in subsection (1) above opposite his attained age at the date of commencement of his benefits, the Accrued Benefit determined under the provisions of Section 4.2-C(b)(3) or Section 4.2-C(b)(2), whichever shall be greater, at his Early Retirement Date shall be reduced by the lesser of:

- (i) 2-1/2% of such amount times the number by which such required Points shall exceed his actual Points, or
 - (ii) 2-1/2% of such amount for each year between his Normal Retirement Date and the date of commencement of his benefits.
- (d) Notwithstanding the requirement for completion of ten years of Continuous Service specified in the first paragraph of this Section 4.4-C, a Participant or Former Participant who shall accrue benefits under the provisions of Section 4.2-C(b)(3) shall be entitled to retire under the provisions of this Section 4.4-C(c)(2) without regard to the requirement for ten years of Continuous Service. In order to be eligible for benefits under the provisions of Section 4.2-C(c)(1), however, the requirement for ten years of Continuous Service must be satisfied.

4.5-C Late Retirement

A Participant or Former Participant shall be entitled to his Late Retirement Benefit hereunder on his Late Retirement Date, or on his Annuity Starting Date if occurring later than his Normal Retirement Date.

4.6-C Late Retirement Benefit

- (a) A Participant or Former Participant who retires on his Late Retirement Date, or who elects an Annuity Starting Date occurring later than his Normal Retirement Date, shall receive a Late Retirement Benefit which, subject to the provisions of the Optional Forms of Retirement Distribution and the Joint and Survivor Annuity, shall consist of:
- (1) A monthly payment on the first day of each calendar month commencing with his Annuity Starting Date, which would be his Late Retirement Date if no election to defer the Annuity Starting Date is made, and ending with the last such payment before his death, and
 - (2) A payment within five years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of:
 - (A) the amount remaining in the Participant Contributions Account described in Section 4.2-C(a)(2)(A) of the Normal Retirement Benefit, minus
 - (B) the aggregate of all payments made to him under paragraph (1).

The Late Retirement Benefit under subsection (a) shall consist of a monthly payment on the first day of each calendar month commencing with his Late Retirement Date and ending with the last such payment before his death equal to

his Normal Retirement Benefit but with Benefit Accrual Service, Covered Compensation and Final Average Monthly Salary determined as of his Late Retirement Date.

For eligible Participants or Former Participants determined for Plan Years beginning on or after January 1, 1988 and who do not elect as provided in the first sentence of this paragraph, to the amount of each monthly payment determined at the Participant's or Former Participant's Late Retirement Date Benefit shall be added the monthly Actuarial Equivalent of the Accrued Benefit Derived from Participant Contributions as of his Late Retirement Date, minus the sum of the Accrued Benefit Derived from Participant Contributions as of his Normal Retirement Date, plus the Accrued Benefit Derived from Participant Contributions attributable to contributions made in each Plan Year after Normal Retirement Date. Amounts determined in the prior sentence shall be on the basis of the actuarial assumptions that would be used as of the Late Retirement Date as provided under Section 1.4-C(c) of the Plan.

4.7-C Actuarial Equivalence

The Participant's or Former Participant's Optional Forms of Retirement Distribution or the Joint and Survivor Annuity Benefit shall be the Actuarial Equivalent of his Early, Normal, or Late Retirement Benefit, such Equivalent being computed as of his Annuity Starting Date.

4.8-C Death Benefit

- (a) If a Participant or Former Participant dies and such death is prior to the due date of the first monthly Benefit payable to him under the Plan and if he is survived by the spouse to whom he was continuously married throughout the 365-day period immediately preceding his death, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a Preretirement Survivor Annuity described in subsection (b) or the benefit described in subsection (c).
- (b) A Preretirement Survivor Annuity is a survivor annuity for the life of the surviving spouse of the Participant or Former Participant under which the periodic payments to the surviving spouse are not less than the periodic payments that would be payable under the joint and survivor annuity (or the Actuarial Equivalent thereof) if:
 - (1) In the case of such a Participant or Former Participant who dies after reaching his earliest retirement date, the Participant or Former Participant had retired either under Exhibit B with an immediate 100% joint and survivor annuity or had retired under Exhibits D or E with an immediate 50% joint and survivor annuity on the day before his death, or

- (2) In the case of such a Participant or Former Participant who dies on or before the date on which he would have attained his Early Retirement Date, by assuming the Participant or Former Participant had a Separation from Service on or prior to the date of death, had survived to his Early Retirement Date, had commenced to receive payments under an immediate 50% joint and survivor annuity at his Early Retirement Date, and had died on the day after the day on which he would have attained his Early Retirement Date; and

Upon the death of the spouse, payment in case in a lump sum to such Participant's Beneficiary of an amount equal to the excess, if any, of the amount remaining the Participant Contributions Account of the Normal Retirement Benefit, minus the aggregate of all payments made under this subsection (b).

- (c) The benefit described in this subsection (c) shall consist of:
 - (1) A lump sum payment payable not later than the end of the Plan Year following the Plan Year of the death of such Participant or Former Participant to the surviving spouse in an amount equal to the sum referred to in Section 4.2-C(a)(2)(A) of the Normal Retirement Benefit, and
 - (2) A monthly payment on the first day of each calendar month commencing with the month following the month of such Participant's or Former Participant's death and ending with the month of such spouse's death, in an amount Actuarially Equivalent to the Participant's or Former Participant's Accrued Benefit Derived from Employer Contributions.
- (d) If a Participant or Former Participant dies prior to the due date of the first monthly Benefit payment payable to him under the Plan, and if the other subsections of this Section are not applicable, there shall be paid in cash in a lump sum to his properly designated Beneficiary or Beneficiaries an amount equal to the balance of his Participant Contributions Account and all his other Benefits (if any) shall be forfeited.

4.9-C Vested Retirement Benefit

- (a) In the event of his Separation from Service prior to his Early Retirement Date with less than ten years of Continuous Service, except for the Joint and Survivor Annuity and the Death Benefit provisions, such Participant or Former Participant shall upon his Normal Retirement Date become entitled to a Normal or Optional Forms of Retirement Distribution, or for a Participant or Former Participant entitled to a final average pay benefit under Section 4.2-C(b)(1) with ten or more years of Continuous Service and for a Participant or Former Participant entitled to a career average pay benefit under Section 4.2-C(b)(3) with five or more years of Continuous Service upon his Early Retirement Date may receive an Early or Optional Forms of Retirement Distribution, as he shall elect, or in the absence of

such election, as determined under the provisions of the Normal Retirement Benefit, the Optional Forms of Retirement Distribution and Joint and Survivor Annuity, all in an amount Actuarially Equivalent to 100% of his Accrued Benefit.

(b) Notwithstanding subsection (a) above:

- (1) If the lump sum Actuarial Equivalent of the Participant's Accrued Benefit is not more than \$1,000, the Participant shall receive payment of his or her Accrued Benefit as soon as administratively feasible following termination of employment in a lump sum.
- (2) If the lump sum Actuarial Equivalent of the Participant's Accrued Benefit is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his or her Accrued Benefit as soon as administratively feasible following termination of employment in a lump sum.
- (3) If the lump sum Actuarial Equivalent of the Participant's Accrued Benefit is more than \$5,000 but not more than \$20,000, the Participant may elect, with spousal consent if applicable, to receive payment of his or her Accrued Benefit as soon as administratively feasible following termination of employment in a lump sum or a single life annuity if the Participant is not married on his Annuity Starting Date and a Joint and Survivor Annuity if the Participant is married on his Annuity Starting Date.

4.10-C Optional Forms of Retirement Distribution

A Participant or Former Participant entitled to receive a Normal, Early, or Late Retirement Benefit shall receive the 50% Joint and Survivor Annuity (if applicable) unless he elects not to receive such annuity, elects instead to receive a distribution in accordance with this Section and his spouse consents in writing to such election. A Participant or Former Participant to whom a Joint and Survivor Annuity does not apply and who makes no election under this Section shall receive a Benefit in accordance with subsection (a). A Participant or Former Participant may not make or change an election hereunder after his Annuity Starting Date. A Participant or Former Participant may elect to receive his Benefit as follows:

- (a) A single life annuity under a Normal, Early or Late Retirement Benefit, as applicable,
- (b) A Benefit that is the Actuarial Equivalent of his benefit in subsection (a):
 - (1) consisting of monthly payments commencing on his Annuity Starting Date:
 - (A) in the form of a joint and survivor annuity payable to the Participant or Former Participant for his life, and monthly

payments to his Beneficiaries or his Contingent Annuitant for life (in amounts as selected by the Participant or Former Participant equal to a survivor annuity of 50%, 75% or 100% of the monthly amount paid to such Participant or Former Participant),

- (B) in the form of a 10-year certain and continuous annuity payable to the Participant or Former Participant and his Beneficiaries over the later of a period certain for a guaranteed number of payments of ten years or the life of the Participant or Former Participant; or
 - (C) A social security level income annuity, which is the Actuarial Equivalent of his Benefit in subsection (a) consisting of a monthly payment commencing on his Annuity Starting Date payable through the earlier of the month in which he dies or the month after his 62nd birthday, and thereafter through the month in which he dies reduced by an amount estimated to equal his monthly Social Security old age benefits payable at such birthday as projected by the Administrator. The option provided in this subsection may be elected with the Normal, Early or Late Retirement Benefit under subsection (a), the Joint and Survivor Annuity payable under Section 4.11-C, or a joint and survivor annuity under subsection (b)(1)(A), but may not be coupled with the 10-year certain and continuous annuity provided in subsection (b)(1)(B).
- (2) Upon the death of the Participant or Former Participant, payment to his Contingent Annuitant (if applicable, and if surviving the Participant or Former Participant), otherwise either to the primary Beneficiary (if surviving the Participant or Former Participant), or if his Contingent Annuitant or primary Beneficiary does not survive the Participant or Former Participant, then to the Participant's or Former Participant's contingent Beneficiary who survives the Participant or Former Participant or otherwise to the estate of the Participant or Former Participant, in cash in a lump sum an amount equal to the excess, if any, of:
- (A) the amount remaining in the Participant Contributions Account described in Section 4.2-C(a)(2)(A) of the Normal Retirement Benefit, minus
 - (B) the aggregate of all payments made under paragraph (1).
- (c) If the lump sum Actuarial Equivalent vested benefit is greater than \$5,000 but not greater than \$20,000, a lump sum payment.
- (d) If a Participant or Former Participant dies after his Annuity Starting Date, the remaining portion of his Benefit, if any, may continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's or

Former Participant's death. If a Participant or Former Participant dies before his Annuity Starting Date, the Participant's or Former Participant's entire Benefit will be limited to and distributed as a Death Benefit under Section 4.8-C.

4.11-C Joint and Survivor Annuity

- (a) Notwithstanding anything in the Plan to the contrary, the Benefit, if any, of a Participant or Former Participant commencing on his Annuity Starting Date shall be a Joint and Survivor Annuity, as described in subsection (b), if
 - (1) He was married on his Annuity Starting Date, and
 - (2) He has not otherwise elected an Optional Form of Retirement Distribution with the consent of his spouse.
- (b) The Joint and Survivor Annuity of a Participant or Former Participant shall be a Benefit, reduced as provided in subsection (c), consisting of monthly payments to him beginning on his Annuity Starting Date and ending with the calendar month in which his death occurs with the provision that, if he dies after his Annuity Starting Date survived by the spouse to whom he was married on his Annuity Starting Date, such spouse shall receive monthly payments of 50% of such reduced Benefit adjusted, beginning on the first day of the calendar month next following his death and ending with the calendar month in which such spouse dies.
- (c) The reduced Benefit payable under this Section to a Participant or Former Participant during his lifetime shall be at a monthly rate such that his Joint and Survivor Annuity is the Actuarial Equivalent of his Early, Normal or Late Retirement Benefit.
- (d) As soon as both such Participant or Former Participant and his surviving spouse are dead, a lump sum payment to the primary Beneficiary of whomever dies last if surviving the Participant or Former Participant and his spouse, or if the primary Beneficiary does not survive the Participant or Former Participant and his spouse, then to the contingent Beneficiary of whomever dies last if surviving the Participant or Former Participant and his spouse or otherwise to the estate of the Participant or Former Participant or spouse of whomever dies last, in an amount equal to the excess, if any, of
 - (1) The amount remaining in the Participant Contributions Account described in Section 4.2-C(a)(2)(A) of the Normal Retirement Benefit, minus
 - (2) The aggregate of all payments made under this subsection to the Participant or Former Participant and his spouse.

4.12-C Withdrawal of Employee Contributions and Survivor Annuity

- (a) A lump sum payment payable not later than the end of the Plan Year following the Plan Year of the death of such Participant or Former Participant to the surviving spouse in an amount equal to the sum referred to in Section 4.2-C(a)(2)(A) of the Normal Retirement Benefit, and
- (b) A monthly payment, adjusted in the manner provided in the Cost of Living Adjustment, on the first day of each calendar month commencing with the month following the month of such Participant's or Former Participant's death, and ending with the month of such spouse's death, in an amount Actuarially Equivalent as so adjusted to the Participant's or Former Participant's Accrued Benefit Derived from Employer Contributions.

4.13-C Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit C after December 31, 2019.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit D - Former Participants In The Raytheon Non-Bargaining Pension
Plan Who Were Hourly Non-Bargaining Former Employees
Of General Dynamics Corporation**

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ARTICLE I-D

DEFINITIONS

Whenever used in this Exhibit D, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-D Accrued Benefit

“Accrued Benefit” means:

- (a) A Participant’s Normal Retirement Benefit based upon the Participant’s Benefit Accrual Service accumulated to date.
- (b) A Participant’s Accrued Benefit shall not be less than his accrued benefit as of February 10, 2000 under the Prior Plan.

1.2-D Actuarial Equivalent; Actuarially Equivalent

“Actuarial Equivalent; Actuarially Equivalent” means equality in value of the aggregate amounts expected to be received under different forms of payment, determined from actuarial calculations based on actuarial assumptions specified for such purpose.

- (a) Except as provided in subsection (b), all Actuarial Equivalent values shall be computed based upon the 1984 Unisex Pension mortality table (UP-1984 Table) with 7% per annum compound interest. For any values involving a single life, the mortality table shall be set back one year and for values involving joint lives, there shall be no adjustment for the primary annuitant and a setback of three years for the contingent/joint annuitant.
- (b) Notwithstanding the above, Actuarial Equivalence shall be determined on the mortality basis specified above and the interest rate in paragraph (1) or (2) below whichever provides the greater benefit:
 - (1) the interest rate specified in subsection (a) or
 - (2) the interest rate which would be used as of January 1 of the calendar year in which the distribution occurs by the Pension Benefit Guaranty Corporation (“PBGC”) for purposes of determining the present value of the individual’s benefit under the Plan if the Plan had terminated on such January 1 with insufficient assets to provide benefits guaranteed by the PBGC.
- (c) If a benefit is distributed in accordance with an option described in Section 3.10D(c) or Section 3.10-D(d), Actuarial Equivalence shall be

determined based on the interest rate and mortality assumption determined in accordance with Section 1.3.

1.3-D Benefit Accrual Service

“Benefit Accrual Service” means:

- (a) The total, expressed in years and fractional years, of service with the Employer during Plan Membership in a calendar year. One year of Benefit Accrual Service is credited for each such calendar year in which the Participant has been credited with a minimum of 1,800 Hours of Service. In any calendar year in which the Participant during Plan Membership is credited with less than 1,800 Hours of Service, he will accrue one-twelfth of a year of Benefit Accrual Service for each 150 Hours of Service or part thereof credited during such calendar year. For purposes of Benefit Accrual Service, hours of premium time are considered to be straight time hours and no more than a full year of Benefit Accrual Service will be credited during any calendar year. No hours will be counted during which the Participant was participating in, or eligible to participate in, any other qualified defined benefit plan of an Affiliated Company, the Participant did not receive Compensation from the Employer, or the Participant did not satisfy the eligibility requirements of Section 2.1-D. Hours of Service completed as an Employee, other than a Participant under this Exhibit D and as provided herein, will not be taken into account for Benefit Accrual Service.
- (b) The term Benefit Accrual Service Credit shall include “benefit service credit,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000 under the Prior Plan.

1.4-D Break in Service Year

“Break in Service Year” means a Participant will incur a Break in Service Year as of his Separation from Service, if the Participant does not have an Hour of Service within 12 months from that date; provided, however, if the Separation from Service occurs because of a layoff, a Break in Service Year will occur on the earlier of:

- (a) The date the Participant refuses to return to work with the Employer; or
- (b) The date 24 months after the Participant went on layoff.

For purposes of determining whether a Break in Service Year has occurred for vesting and eligibility purposes, an Employee who is absent from work that commences for maternity or paternity reasons, or as allowed under the Family and Medical Leave Act of 1993, shall receive credit for the Hours of Service which would otherwise have been credited to such Employee but for such absence, or in any case in which such hours cannot be determined, eight Hours of Service per day of such absence. For purposes

hereof, an absence from work which commences for maternity or paternity reasons means an absence by reason of the pregnancy of the Employee, by reason of a birth of a child of the Employee, by reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee, or for purposes of caring for such child for a period beginning immediately following such birth or placement. The Hours of Service credited hereunder for maternity or paternity reasons shall be credited in the computation period in which the absence begins if the crediting is necessary to prevent a Break in Service Year in that period, or in all other cases, in the following computation period.

1.5-D Continuous Service

“Continuous Service” means:

- (a) Except as otherwise provided below, a Participant’s period of employment as an Employee of the Employer or an Affiliated Company in any positions or classifications commencing with the date he first completes an Hour of Service and ending on the Separation from Service, provided, however, for members of the San Diego and Sycamore Canyon hourly bargaining unit, Continuous Service of a Participant will include any period of layoff ending on the earlier of 36 months from date of layoff or his Annuity Starting Date. In the event an Employee is rehired by the Employer or an Affiliated Company following a Break in Service Year, the Employee will have his Continuous Service at his Separation from Service restored in determining his rights under the Plan, following completion of one Year of Continuous Service, but time between the Separation from Service and rehire will not be counted as Continuous Service. If a Participant incurs a Separation from Service but is rehired by the Employer prior to a Break in Service Year, the Participant’s Continuous Service will not be broken and will be credited for the period of time between the Separation from Service and the date of rehire.
- (b) The term Continuous Service shall include “continuous service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000 under the Prior Plan.

1.6-D Death Benefit

“Death Benefit” means the Benefit provided following the death of a Participant or Former Participant determined under Section 3.6-D.

1.7-D Early Retirement Benefit

“Early Retirement Benefit” means the Benefit payable to or with respect to a Participant or Former Participant under Section 3.3-D.

1.8-D Early Retirement Date

“Early Retirement Date” means the first day of a month before a Participant’s or Former Participant’s Normal Retirement Date so designated by a Participant or Former Participant who at the time of his Separation from Service has attained his 55th birthday. Such a Participant or Former Participant who has a Separation from Service by resignation or discharge may treat such resignation or discharge as a retirement and may treat the first day of any month next following the date of such resignation or discharge as his Early Retirement Date. A Participant or Former Participant who has a Separation from Service before his 55th birthday and who is credited with five or more years of Continuous Service may elect Early Retirement, effective on or after his 55th birthday. The designated effective date of such election shall be his Early Retirement Date, and his Benefit shall be determined as provided in Section 3.9-D for a Vested Retirement Benefit.

1.9-D Joint and Survivor Annuity

“Joint and Survivor Annuity” means the form of Benefit payable to or with respect to a Participant or Former Participant under Section 3.11-D.

1.10-D Late Retirement Benefit

“Late Retirement Benefit” means the Benefit payable to or with respect to a Participant or Former Participant under Section 3.4-D.

1.11-D Normal Retirement Benefit

“Normal Retirement Benefit” means the Benefit payable to or with respect to a Participant or Former Participant under Section 3.2-D.

1.12-D Optional Forms of Retirement Distribution

“Optional Forms of Retirement Distribution” means the optional forms of Benefit payable to or with respect to a Participant or Former Participant under Section 3.10-D.

1.13-D Plan Membership

“Plan Membership” means each calendar month in which an Employee is a Participant and receives base compensation as an hourly non-bargaining Employee. The term Plan Membership shall include “plan membership,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

1.14-D Prior Plan

“Prior Plan” means the Raytheon Non-Bargaining Retirement Plan.

1.15-D Separation from Service

“Separation from Service” of an individual shall occur on the earliest of:

- (a) The date as of which employment with the Employer and all Affiliated Companies shall be terminated whether due to voluntary termination, dismissal, retirement or death, except in the case of cessation of active employment due to a reduction in force.
- (b) The date as of which the former Employee fails to comply with a request to return to active employment within 24 months following cessation of active employment due to a reduction in work force.
- (c) The date which shall be at the end of the 24 months following cessation of active employment due to a reduction in work force.

1.16-D Total and Permanent Disability

A Participant will be deemed to be suffering from a Total and Permanent Disability if the Participant is “totally disabled” as defined in the L3 Long Term Disability Plan and determined by the insurer for that Plan.

1.17-D Total and Permanent Disability Retirement Benefit

“Total and Permanent Disability Retirement Benefit” means the Benefit payable to or with respect to a Participant under Section 3.8-D.

1.18-D Total and Permanent Disability Retirement Date

“Total and Permanent Disability Retirement Date” means the first day of the calendar month following the last to occur of:

- (a) Separation from Service and receipt by the Administrator of proof of the Participant’s Total and Permanent Disability; or
- (b) The first day of the calendar month following the completion of a period of six months from the date on which the Total and Permanent Disability was incurred.

ARTICLE II-D

Eligibility

2.1-D Participation Originating on the Effective Date

This Exhibit D shall apply only to those individuals (1) who, on February 10, 2000, were employees of Raytheon Company and were eligible for benefits under the terms of Exhibit E of the Raytheon Plan because they were hourly non-bargaining former employees of General Dynamics Corporation, (2) who became Employees of the Employer on February 11, 2000, and (3) for whom assets and liabilities with respect to their accrued benefit under the Prior Plan were transferred to this Plan.

ARTICLE III-D

Retirement, Termination or Death

3.1-D Normal Retirement

A Participant or Former Participant shall be entitled to Normal Retirement Benefits hereunder on his Normal Retirement Date, unless the Participant elects his Early Retirement Benefit or Late Retirement Benefit.

3.2-D Normal Retirement Benefit

A Participant or Former Participant who retires on his Normal Retirement Date shall receive a Normal Retirement Benefit, which, subject to the provisions of the Optional Forms of Retirement Distribution and Joint and Survivor Annuity, shall equal a monthly payment on the first day of each month commencing with his Normal Retirement Date and ending with the last such payment before his death equal to the product of:

- (a) \$18 for Camden and \$10 for NAPI and Fort Defiance; and
- (b) Total Benefit Accrual Service.

3.3-D Early Retirement Benefit

A Participant or Former Participant may retire on an Early Retirement Date which shall be the first day of any month which he specifies following the attainment of age 55 and before he has attained age 65 provided Retirement has occurred. A Participant or Former Participant who shall elect to retire on an Early Retirement Date shall be entitled to his Accrued Benefit payable on his Normal Retirement Date determined at his Early Retirement Date. A Participant or Former Participant whose Retirement shall occur prior to his Normal Retirement Date may file with the Administrator a notice in writing on a form prescribed by the Administrator electing an Early Retirement Benefit payable commencing on his Early Retirement Date or commencing on the first day of any month subsequent to his Early Retirement Date and prior to his Normal Retirement Date, equal to the Accrued Benefit determined at such Early Retirement Date:

- (a) Reduced by one-fourth of one percent (1/4%) of such amount for each full month between his Normal Retirement Date and the later of his 60th birthday or the date of commencement of his benefits, and
- (b) If the date of commencement of his benefits is prior to age 60, further reduced by five-twelfths of one percent (5/12%) of such amount for each full month from age 60 to said date.

3.4-D Late Retirement Benefit

A Participant or Former Participant who retires on his Late Retirement Date, shall receive a Late Retirement Benefit which, subject to the provisions of the Optional

Forms of Retirement Distribution and the Joint and Survivor Annuity, shall consist of a monthly payment on the first day of each calendar month commencing with his Late Retirement Date, and ending with the last such payment before his death, equal to his Normal Retirement Benefit but with Benefit Accrual Service, determined as of his Late Retirement Date.

3.5-D Actuarial Equivalence

The Participant's or Former Participant's Optional Forms of Retirement Distribution or the Joint and Survivor Annuity Benefit shall be the Actuarial Equivalent of his Early, Normal, or Late Retirement Benefit, such Equivalent being computed as of his Annuity Starting Date.

3.6-D Death Benefit

If a Participant or Former Participant dies and such death is prior to the due date of the first monthly Benefit payable to him under the Plan and if he is survived by the spouse to whom he was continuously married throughout the 365-day period immediately preceding his death, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a Pre-retirement Survivor Annuity. A Pre-retirement Survivor Annuity is a survivor annuity for the life of the surviving spouse of the Participant or Former Participant under which the periodic payments to the surviving spouse are not less than the periodic payments that would be payable under the joint and survivor annuity (or the Actuarial Equivalent thereof) if:

- (a) In the case of such a Participant or Former Participant who dies after reaching his earliest retirement date, the Participant or Former Participant had retired either under Exhibit B with an immediate 100% joint and survivor annuity or had retired under Exhibits D or E with an immediate 50% joint and survivor annuity on the day before his death, or
- (b) In the case of such a Participant or Former Participant who dies on or before the date on which he would have attained his Early Retirement Date, by assuming the Participant or Former Participant had a Separation from Service on or prior to the date of death, had survived to his Early Retirement Date, had commenced to receive payments under an immediate 50% joint and survivor annuity at his Early Retirement Date, and had died on the day after the day on which he would have attained his Early Retirement Date.

3.7-D Total and Permanent Disability Retirement

A Participant shall be entitled to his Total and Permanent Disability Retirement Benefit hereunder on his Total and Permanent Disability Retirement Date.

3.8-D Total and Permanent Disability Retirement Benefit

A Participant who incurs a Total and Permanent Disability, following the completion of at least ten years of Continuous Service may retire on a Disability Retirement Date.

The monthly Total and Permanent Disability Retirement Benefit of a Participant shall commence as of the Disability Retirement Date and shall be in an amount equal to the Accrued Benefit determined at his Disability Retirement Date. The monthly Total and Permanent Disability Retirement Benefit shall continue unless discontinued or terminated as provided herein to and including the first day of the calendar month in which the disabled Participant attains age 65. Such Total and Permanent Disability Retirement Benefit shall cease with such final payment and, commencing with the first day of the calendar month following the month in which the disabled Participant attains age 65, he shall be entitled to receive a retirement Benefit in the amount of the Normal Retirement Benefit which he would have been entitled to receive pursuant to Section 3.2-D hereof based on his Credited Service at his Total and Permanent Disability Retirement Date. Any Total and Permanent Disability Retirement Benefit provided shall terminate with the payment required to be made for the calendar month in which death occurs.

3.9-D Vested Retirement Benefit

- (a) In the event of his Separation from Service prior to his Early Retirement Date, except for the Joint and Survivor Annuity and Death Benefit provisions, such Participant or Former Participant shall upon his Normal Retirement Date become entitled to a Normal or Optional Forms of Retirement Distribution, or upon his Early Retirement Date may receive an Early or Optional Forms of Retirement Distribution, as he shall elect, or in the absence of such election, as determined under the provisions of the Normal Retirement Benefit, the Optional Forms of Retirement Distribution and Joint and Survivor Annuity, all in an amount Actuarially Equivalent to 100 percent of his Accrued Benefit.
- (b) In the event of his Separation from Service prior to his Early Retirement Date, except for the Joint and Survivor Annuity and the Death Benefit provisions, such Participant or Former Participant shall upon his Normal Retirement Date become entitled to a Normal or Optional Forms of Retirement Distribution, or upon his Early Retirement Date may receive an Early Retirement Benefit in the form of his single life annuity reduced by the actuarial factors applicable at the various ages described as follows:

<u>Age When</u>	<u>Early</u>	<u>Age When</u>	<u>Early</u>
<u>Benefit</u>	<u>Payment</u>	<u>Benefit</u>	<u>Payment</u>
<u>Begins</u>	<u>Factor</u>	<u>Begins</u>	<u>Factor</u>
55	36.52%	61	65.19%
56	40.05%	62	72.29%
57	43.99%	63	80.34%
58	48.40%	64	89.52%
59	53.35%	65	100.00%
60	58.91%		

(c) Notwithstanding subsections (a) and (b) above:

- (1) If the lump sum Actuarial Equivalent of the Participant's Deferred Vested Termination Benefit is not more than \$1,000, the Participant shall receive payment of his or her Deferred Vested Termination Benefit as soon as administratively feasible following termination of employment in the form of a lump sum.
- (2) If the lump sum Actuarial Equivalent of the Participant's Deferred Vested Termination Benefit is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his or her Deferred Vested Termination Benefit as soon as administratively feasible following termination of employment in the form of a lump sum.
- (3) If the lump sum Actuarial Equivalent of the Participant's Deferred Vested Termination Benefit is more than \$5,000 but not more than \$20,000, the Participant may elect, with spousal consent if applicable to receive payment of his or her Deferred Vested Termination Benefit as soon as administratively feasible following termination of employment in the form of either a lump sum or a single life annuity if the Participant is not married on his Annuity Starting Date or a Joint and Survivor Annuity if the Participant is married on his Annuity Starting Date.

3.10-D Optional Forms of Retirement Distribution

A Participant or Former Participant entitled to receive a Normal, Early, or Late Retirement Benefit shall receive the 50% Joint and Survivor Annuity (if applicable) unless he elects not to receive such annuity, elects instead to receive a distribution in accordance with this Section and his spouse consents in writing to such election. A Participant or Former Participant to whom a Joint and Survivor Annuity does not apply and who makes no election under this Section shall receive a Benefit in accordance with subsection (a). A Participant or Former Participant may not make or change an election hereunder after his Annuity Starting Date. A Participant or Former Participant may elect to receive his Benefit as follows:

- (a) A single life annuity under a Normal, Early or Late Retirement Benefit, as applicable,
- (b) A Benefit consisting of monthly payments commencing on his Annuity Starting Date:
 - (1) in the form of a Joint and Survivor Annuity Option payable to the Participant or Former Participant for his life, and monthly payments to his Beneficiaries or his Contingent Annuitant for life (in amounts as selected by the Participant or Former Participant equal to a survivor annuity of 50%, 75% or 100% of the monthly amount paid to such Participant or Former Participant); or
 - (2) in the form of a ten year certain and continuous annuity years payable to the Participant or Former Participant and his Beneficiaries over the later of a period certain for a guaranteed number of payments of 10 years or the life of the Participant or Former Participant; or
- (c) A social security level income annuity, which is the Actuarial Equivalent of his Benefit in subsection (a) consisting of a monthly payment commencing on his Annuity Starting Date payable through the earlier of the month in which he dies or the month after his 62nd birthday, and thereafter through the month in which he dies reduced by an amount estimated to equal his monthly Social Security old age benefits payable at such birthday as projected by the Administrator. The option provided in this subsection may be elected with the Normal, Early or Late Retirement Benefit under subsection (a), the Joint and Survivor Annuity payable under Section 3.11-D, or a Joint and Survivor Annuity Option under subsection (b)(1), but may not be coupled with the 10-year certain option provided in subsection (b)(2).
- (d) If the lump sum Actuarial Equivalent vested benefit is greater than \$5,000 but not greater than \$20,000, a lump sum payment.
- (e) No Optional Forms of Retirement Distribution may be selected where the Beneficiary or Contingent Annuitant is other than the spouse, unless such option will assure that at least 50% of the present value of the Benefit available for distribution is payable within the life expectancy of the Participant.
- (f) If a Participant or Former Participant dies after his Annuity Starting Date, the remaining portion of his Benefit, if any, may continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's or Former Participant's death. If a Participant or Former Participant dies before his Annuity Starting Date, the Participant's or Former Participant's Benefit will be limited to, and distributed as a Death Benefit in accordance with Section 3.6D.

3.11-D Joint and Survivor Annuity

- (a) Notwithstanding anything in the Plan to the contrary, the Benefit, if any, of a Participant or Former Participant commencing on his Annuity Starting Date shall be a Joint and Survivor Annuity, as described in subsection (b), if.
 - (1) he was married on his Annuity Starting Date, and
 - (2) he has not otherwise elected an Optional Form of Retirement Distribution with the consent of his spouse.
- (b) The Joint and Survivor Annuity of a Participant or Former Participant shall be a Benefit, reduced as provided in subsection (c), consisting of monthly payments to him beginning on his Annuity Starting Date and ending with the calendar month in which his death occurs with the provision that, if he dies after his Annuity Starting Date survived by the spouse to whom he was married on his Annuity Starting Date, such spouse shall receive monthly payments of 50% of such reduced Benefit adjusted, beginning on the first day of the calendar month next following his death and ending with the calendar month in which such spouse dies.
- (c) The reduced Benefit payable under this Section to a Participant or Former Participant during his lifetime shall be at a monthly rate such that his Joint and Survivor Annuity is the Actuarial Equivalent of his Early, Normal or Late Retirement Benefit.

3.12-D Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit D after December 31, 2019.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit E – Former Participants In The
Raytheon Company Pension Plan For Salaried Employees**

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ARTICLE I-E

DEFINITIONS

Whenever used in this Exhibit E, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-E Accrued Benefit

“Accrued Benefit” means the Benefit determined in accordance with Article IV-E expressed in the form of a monthly benefit commencing at Normal Retirement Date. In no event shall a Participant’s Accrued Benefit be less than his accrued benefit as of February 10, 2000, under the Prior Plan.

1.2-E Actuarial Equivalent

(a) “Actuarial Equivalent” means the value of a Benefit as determined by the actuary for the Plan. For the purpose of determining the actuarial equivalency of optional Benefits, the interest rate assumption shall be 100% of the interest rate used by the Pension Benefit Guaranty Corporation for valuing immediate and deferred annuities that is in effect for the period commencing two months prior to the actual retirement date. The mortality assumptions shall be those published in the 1984 Pension Mortality Table (UP84).

(b) Notwithstanding the above, if a Benefit is distributed in a lump sum form of payment, the interest rate and mortality assumption shall be determined in accordance with Section 1.3.

1.3-E Annuity Starting Date

“Annuity Starting Date” means the first day of the first period for which a Pension Benefit is payable as an annuity or, in the case of a benefit not payable as an annuity, the first day on which all events have occurred which entitle the Participant to such benefit.

1.4-E Credited Interest

“Credited Interest” means interest, calculated at specified per annum rates, on the contributions of a Participant compounded annually for the number of completed months following the date of first payment to the date to which interest is being calculated. Subsequent to December 31, 1980, the Company shall establish the rate of Credited Interest, provided that such rate shall be not less than 5% per annum compounded annually. Effective January 1, 1981, the rate shall be 8% until changed by written

direction from the Company¹. Effective January 1, 1989, the rate shall be the greater of 8% or 120% of the Federal mid-term rate for the beginning of the Plan Year for which the interest is to be credited.

1.5-E Early Retirement Date

“Early Retirement Date” means the first day of any month within the ten-year period preceding Normal Retirement Date which occurs after the Participant completes a Period of Service of at least ten years and which shall have been designated by the Participant as his retirement date in a written application filed with the Administrator, provided that the Participant actually retires on such designated day.

1.6-E Early Retirement Pension

“Early Retirement Pension” means a Pension Benefit payable under Section 4.2-E.

1.7-E Estimated Primary Social Security Benefit

“Estimated Primary Social Security Benefit” means as to Participants retiring on or after their Normal Retirement Date, the annual unreduced Primary Insurance Amount to which the Participant would be entitled under Title II of the Social Security Act as in effect on the earlier of the Participant’s actual retirement date or the date on which the Participant attains age 70, without regard as to whether the Participant is actually entitled to an unreduced Primary Insurance Amount and computed on the basis of an estimated earnings history throughout the maximum period during which the Participant could have been covered under the Social Security Act.

As to Participants who become Vested Terminees prior to their Early Retirement Date, Estimated Primary Social Security Benefit means the annual unreduced Primary Insurance Amount to which the Participant would be entitled under Title II of the Social Security Act, assuming that the Participant’s Period of Service continued until the Participant attained age 65, that until the date on which the Participant would have attained age 65 the Participant received the same rate of compensation in effect when he last performed an Hour of Service, that the Participant is actually entitled to an unreduced Primary Insurance Amount, and that said Primary Insurance Amount is computed on the basis of an estimated earnings history throughout the maximum period during which the Participant could have been covered under the Social Security Act.

As to Participants who retire on or after their Early Retirement Date but prior to their Normal Retirement Date, Estimated Primary Social Security Benefit means the annual unreduced Primary Insurance Amount to which the Participant would be entitled under the Social Security Act assuming that the Participant received no earnings subsequent to the Participant’s Retirement Date, that the Participant is actually entitled to an unreduced Primary Insurance Amount, and that said Primary Insurance Amount is computed on the

¹ For rates in effect during earlier periods, see provisions in effect as of December 31, 1980.

basis of an estimated earnings history throughout the maximum period during which the Participant could have been covered under the Social Security Act. Estimated earnings under this Section will be computed by the Administrator on a uniform and nondiscriminatory basis in compliance with Revenue Ruling 8445 and any other applicable statutory or administrative requirement.

The Administrator shall give written notice to each Participant advising him of his right to supply actual salary history and of the financial consequences of failing to supply such history. Said notice will also advise the Participant that actual salary history can be obtained from the Social Security Administration. If, within the period of one year from the later of the Participant's Severance from Service Date and the date on which the Participant is notified of the Pension Benefit to which he is entitled, the Participant furnishes documentation as to actual earnings which, when applied to the formula specified in Section 4.1-E(b), will result in a higher Pension Benefit, the Participant's Pension Benefit will be adjusted retroactive to the date of initial payment to reflect said higher amount.

1.8-E Final Average Earnings

"Final Average Earnings" means the period of 60 consecutive calendar months in which the Participant's average Monthly Earnings are the highest in the most recent 120 calendar months of the Participant's Period of Service as a Salaried Employee preceding the first day of the month immediately following the date of termination of the Participant's most recent Period of Participation. If a Participant has less than 60 consecutive calendar months of Monthly Earnings prior to said date, then "Final Average Earnings" means the average of a Participant's total Monthly Earnings.

1.9-E Monthly Earnings

"Monthly Earnings" means the base pay and lump sum payments in lieu of salary increases, performance-based bonuses, awards for service extension or completion of overseas assignments, and shift premiums actually paid to the Participant in each calendar month, and shall exclude salary continuance or severance pay (whether paid in a lump sum or installments), and payments for unused vacation. In computing Monthly Earnings, the Administrator shall use the earnings statement for each calendar month, where available. If an earnings statement is not available for a particular calendar month, the Administrator shall use the earnings statement for the year, prorated for each month in accordance with a uniform and equitable procedure established by the Administrator.

The term Monthly Earnings also shall include amounts deferred by the Participant under a plan maintained by the Company under Code Section 125, 132(f)(4) or 401(k), amounts received from the Employer for the period of short term disability and/or period of "qualified military service," as defined in Code Section 414(u)(5) and to the extent required by Code Section 414(u), and "monthly earnings," as defined in the Prior Plan, credited to the Participant as of November 19, 2004 under the Prior Plan.

Monthly Earnings for determining benefit accruals in any Plan Year shall be taken into account up to, but shall not exceed, the limit in Section 401(a)(17) of the Code in effect for that Plan Year. Any increase in the Section 401(a)(17) limit shall not apply to years preceding the first year for which the increase is effective. If a cost of living adjustment is declared under the Code Section 401(a)(17) with respect to any calendar year, it shall affect the Monthly Earnings for the Plan Year that begins on the January 1st of that same calendar year.

1.10-E Normal Retirement Age

“Normal Retirement Age” means the Participant’s 65th birthday.

1.11-E Normal Retirement Date

“Normal Retirement Date” means the first day of the first month immediately following the Participant’s 65th birthday.

1.12-E Pension Benefit

“Pension Benefit” means the benefit under Article IV-E.

1.13-E Period of Participation

“Period of Participation” means:

- (a) that portion of a Period of Service during which the Salaried Employee was a Participant; and
- (b) for purposes of determining the Pension Benefit payable under Article 4.1-E(b) that portion of a Period of Service as a Salaried Employee subsequent to the first day of the month immediately following the date on which the Participant has attained age 21 and has completed a Period of Service of one year, excluding any portion of a Period of Service prior to January 1, 1981, during which the Participant while eligible to contribute to the Plan did not do so and any portion of a Period of Service prior to January 1, 1981, with respect to which contributions were withdrawn by the Participant prior to January 1, 1981, and not re-deposited.

1.14-E Period of Service

“Period of Service” means the period of time beginning on the date the Participant first completes an Hour of Service and ending on the Participant’s Severance from Service Date.

1.15-E Prior Plan

“Prior Plan” means the Raytheon Company Pension Plan For Salaried Employees as in effect on February 10, 2000.

1.16-E Salaried Employee

“Salaried Employee” means an Employee on either the nonexempt salaried payroll or the exempt salaried payroll.

1.17-E Severance From Service Date

“Severance From Service Date” means the earlier of

- (a) the date on which an Employee quits, retires, is discharged, or dies; or
- (b) the first anniversary of the first date of a period during which an Employee is absent for any reason other than quit, retirement, discharge or death; provided that in the case of an Employee who is absent from service beyond the first anniversary of the first day of absence (1) by reason of the pregnancy of the Employee, (2) by reason of the birth of a child to the Employee, (3) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement, the Severance from Service Date shall be the second anniversary of the first day of such absence. The period between the first and second anniversaries of the first day of absence is neither a Period of Service nor a Period of Severance.

1.18-E Statutory Accumulated Contributions

“Statutory Accumulated Contributions” means the sum of a Participant’s contributions to the Plan during a period when the Plan required Participant contributions, and subsequent thereto with regard to service credit being purchased as to a period when the Plan required Participant contributions, with annual compound interest for the number of completed months following the first payment of Participant contributions through the date on which the interest is being calculated. Interest shall be credited at the following rates: (a) through December 31, 1974, at the rate, if any, provided in the Plan; (b) from January 1, 1975 through December 31, 1987, at the rate of 5% compounded annually; (c) from January 1, 1988 through the “determination date,” (i.e., the date on which the Participant’s Pension Benefit is scheduled to commence or, if earlier, the date on which such Participant’s contributions are withdrawn), at a rate of 120% of the Federal midterm rate (as in effect under Section 1274 of the Code for the first day of each Plan Year); and (d) from the “determination date” through the Participant’s Normal Retirement Date, at a rate equal to the interest rate which would be used under the Plan under Section 417(e)(3) of the Code, as in effect on the determination date.

1.19-E Vested Terminee

“Vested Terminee” means a Participant who is no longer employed by the Employer and who has a right to a Pension Benefit.

ARTICLE II-E

ELIGIBILITY AND PARTICIPATION

2.1-E Participation

This Exhibit E shall apply only to those individuals (a) who, on February 10, 2000, were employees of Raytheon E-Systems, Inc. and were participants in the Raytheon Company Pension Plan For Salaried Employees, (b) who became Employees of the Employer on February 11, 2000, and (c) for whom assets and liabilities with respect to their accrued benefits under the Prior Plan were transferred to this Plan.

ARTICLE III-E

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

3.1-E Withdrawal of Contributions and Repayments

A Participant or Vested Terminee may withdraw his contributions from the Plan at any time in which case he shall be entitled to a Pension Benefit based on the accrued benefit derived from Employer contributions. Said Pension Benefit shall be the pension to which the Participant is otherwise entitled, reduced as provided in Section 4.1-E(e). Withdrawal of contributions may be effected only by the Participant's filing a request for withdrawal with the Administrator on a form provided by the Administrator, except that upon a Participant's death the Participant's spouse may effect a withdrawal by filing a request with the Administrator prior to the commencement of the payment of a Surviving Spouse Benefit pursuant to Section 5.3-E, but no later than three months following the date of the Participant's death.

The Participant may elect to receive his Contributions in the standard form of Pension Benefit applicable to the Participant or in the form of a lump sum provided that in the case of a married Participant the Participant's spouse has consented thereto in writing and such consent acknowledges the effect of such election and is witnessed by a Plan representative or notary public, or it is established to the satisfaction of the Administrator that the consent required may not be obtained because there is no spouse, because the spouse cannot be located, or because of such other circumstances as the Secretary may by regulations prescribe. Any consent by a spouse (or establishment that consent of a spouse may not be obtained) under the preceding sentence shall be effective only with respect to such spouse. No withdrawal may be made on or subsequent to the date as of which a Pension Benefit is first due to be paid to the Participant, his Joint Annuitant, or Beneficiary, except that, if a Participant (or, in the event of the Participant's death, the Participant's Beneficiary, Joint Annuitant, or surviving spouse) files a withdrawal request within the same calendar year in which he is retiring but prior to his actual retirement date (or, in the event of the Participant's death, prior to payment of a death benefit under Section 5.1-E, or commencement of a Surviving Spouse Benefit pursuant to Section 5.3-E), he may elect to defer receipt of the withdrawn contributions until January of the year next following the Participant's actual retirement. In such event, the Pension Benefit payable as of the actual retirement date shall be reduced as provided in Section 4.1-E(e), even though the actual receipt of Participant contributions has been deferred. No re-deposits may be made with respect to any contributions withdrawn under this Section 3.1-E.

ARTICLE IV-E

PENSION BENEFITS

4.1-E Normal Retirement Pension

- (a) Eligibility. A Participant shall be eligible for a Normal Retirement Pension as of his Normal Retirement Date.
- (b) Standard Formula. The Pension Benefit payable to a Participant on his Normal Retirement Date shall be an annual benefit for life in the form of a single life annuity derived from the following formula:

Participant's Final Average Earnings less Participant's Estimated Primary Social Security Benefit, multiplied by 1.8 percent for each year during the Participant's Period of Participation, in the aggregate, to a maximum of 20 years, and multiplied by 1.2 percent for each additional year in excess of 20 of the Participant's Period of Participation, in the aggregate.

- (c) Alternate Formula. A Participant who, as of December 31, 1980, was a Participant of the Prior Plan shall be entitled to a Pension Benefit calculated under the provisions of the Prior Plan in effect on December 31, 1980, if said Pension Benefit would be higher than the Pension Benefit determined pursuant to Section 4.1-E(b). In determining the Pension Benefit described in this subsection (c), the Administrator will increase the benefit accrued as of December 31, 1980, by 10% and add to said benefit the additional benefit which the Participant would have earned under the provisions of the Prior Plan in effect on December 31, 1980, if said Plan had remained in effect from January 1, 1981, through the Participant's Severance from Service Date, had provided for accrual of pension credit while in a Period of Service and the Participant had continued to contribute to the Plan until the Participant's Severance from Service Date. For purposes of determining said additional benefit, the Administrator will add to the "annual earnings" as defined in the Prior Plan in effect as of December 31, 1980, any bonuses payable to a Participant on or subsequent to January 1, 1981, which were deferred in accordance with the terms of the Voluntary Deferment Bonus Plan for Raytheon Company and Subsidiaries.
- (d) Minimum Benefit. The annual Pension Benefit payable under subsection (b) or (c), as applicable, shall not be less than \$348 times the number of years in the Participant's Period of Service as a Salaried Employee, in the aggregate, provided that, in determining the minimum benefit for Participants who were Participants prior to January 1, 1981, the Administrator shall add to said minimum annual benefit 20% of the total contributions in the Participant's account in the Plan as of January 1, 1981, minus the Actuarial Equivalent of any other pension benefit payable under any plan sponsored by the Employer (or any predecessor

employer), in which the Participant was eligible to participate while in a Period of Service which is taken into account in determining this minimum benefit.

- (e) Reduction in Benefit for Withdrawal of Contributions. Any annual Pension Benefit payable under subsections (b), (c) or (d) to a Participant who withdraws contributions made prior to January 1, 1981 shall be reduced in accordance with this subsection (e), except that a benefit payable under subsection (d) (Minimum Benefit) shall not be reduced pursuant to this subsection (e) to an amount which is lower than \$240 times the number of years in the Participant's Period of Service as a Salaried Employee. Said reduction shall be determined by using (1) the sum of (i) the Participant's contributions and Credited Interest as of the date of withdrawal and (ii) interest on the amount determined under (i) at a rate equal to the annual interest rate on 30-year U.S. Treasury securities for the month of August prior to the Plan Year in which falls the date as of which the determination is made from the date of withdrawal to the date said Participant attains Normal Retirement Age, provided that for distributions occurring in 2007, the interest rate shall be the interest rate for August 2006 or November 2006, whichever produces the greater benefit, and (2) converting such amount in paragraph (1) to an annuity using the interest rate under (ii) above and the mortality assumption taken from the mortality table prescribed in Rev. Rul. 2001-62.

4.2-E Early Retirement Pension

- (a) Participants. A Participant (other than a Vested Terminee) who attains his Early Retirement Date shall be entitled to a Pension Benefit based upon the Pension Benefit payable on the Participant's Normal Retirement Date to which the Participant is entitled under Section 4.1-E, reduced on the basis of the Participant's age at Early Retirement Date as follows:

Age Attained as of
Commencement of Pension Benefit Percentage of Normal
Retirement Benefit²

64	100%
63	100%
62	100%
61	100%
60	100%
59	93%
58	86%
57	79%
56	72%
55	65%

² Interpolations will be made for months between stated ages.

The payment of this Early Retirement Pension shall commence on the Early Retirement Date and shall continue during the Participant's lifetime. The Participant may defer receiving his Early Retirement Pension until a later date up to but not beyond his Normal Retirement Date. In such event, the Participant's Early Retirement Pension under the foregoing formula shall be based upon the Participant's age at the date to which receipt of the benefit is deferred and upon Period of Service and Period of Participation only to said Early Retirement Date. For purposes of this subsection (a) and subsection (b), the Pension Benefit of a Participant with at least 25 Years of Service who is involuntarily laid off prior to attainment of the Participant's Early Retirement Date will be determined on the basis of the reduction schedule in subsection (a) rather than the schedule in subsection (b).

- (b) Vested Terminees. The Early Retirement Pension of a Participant who terminates employment prior to attaining eligibility for an Early Retirement Pension, shall be the Vested Terminee's Normal Retirement Pension actuarially reduced as follows (provided that in no event shall said reduction reduce the benefit accrued to the Participant as of December 31, 1980) and shall be his Vested Retirement Benefit:

Age Attained as of
Commencement of Pension Benefit Percentage of Normal
Retirement Benefit³

65	100.0%
64	93.3%
63	86.7%
62	80.0%
61	73.3%
60	66.7%
59	63.3%
58	60.0%
57	56.7%
56	53.3%
55	50.0%

The percentage reduction for an immediate Early Retirement Pension shall be determined as of the Participant's or Vested Terminee's Early Retirement Date; the reduction for a deferred Early Retirement Pension shall be determined as of the date to which payment of the Early Retirement Pension is deferred.

- (c) De Minimis Lump Sum. Notwithstanding subsection (a) and (b) above:

- (1) If the lump sum Actuarial Equivalent of the Participant's (including a Vested Terminee) vested Accrued Benefit is not more than \$1,000, the

³ Interpolations will be made for months between stated ages.

Participant shall receive payment of his or her Vested Retirement Benefit as soon as administratively feasible following termination of employment in the form of a lump sum.

- (2) If the lump sum Actuarial Equivalent of the Participant's (including a Vested Terminee) vested Accrued Benefit is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his or her Vested Retirement Benefit as soon as administratively feasible following termination of employment in the form of a lump sum.
- (3) If the lump sum Actuarial Equivalent of the Participant's (including a Vested Terminee) vested Accrued Benefit is more than \$5,000 but not more than \$20,000, the Participant may elect, with spousal consent if applicable, to receive payment of his or her Vested Retirement Benefit as soon as administratively feasible following termination of employment in the form of either a lump sum or the normal form of benefit which is a single life annuity for a Participant who is not married on his Annuity Starting Date and a Joint and Survivor Annuity for a Participant who is married on his Annuity Starting Date.

4.3-E Accrual of Benefits During Disability

If a Participant who is actively employed or on an Authorized Leave of Absence becomes disabled on or before December 31, 2013, the Participant shall receive credit for a Pension Benefit from the date of commencement of disability until his Normal Retirement Date or Early Retirement Date or such earlier date on which he ceases to be disabled. In determining the applicable credit under subsections (b) and (c) of Section 4.1-E of this Article IV, the earnings of a Participant who became disabled on or before December 31, 2013 during the period of disability shall be determined by using the base rate and any supervisory differential or shift premium in effect as of the date on which the Participant becomes disabled and any commissions, bonuses, or incentive pay received during the 12 calendar months immediately preceding the date of disability and, to the extent any of the foregoing earnings are used in determining the Participant's Final Average Earnings, the Final Average Earnings will be offset by the Estimated Primary Social Security Benefit determined under Title II of the Social Security Act, as in effect during the last pay period preceding the Participant's disability. In determining the Pension Benefit under the alternate formula in subsection (c) of Section 4.1-E of this Article IV, the Administrator shall apply the provisions of the Plan in effect on December 31, 1980. For purposes of this Section, a Participant is disabled if he is "totally disabled" as defined in the L3 Long Term Disability Plan and as determined by the insurer of such plan.

4.4-E Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit E after December 31, 2019.

ARTICLE V-E

DEATH BENEFITS

5.1-E Death Prior to Annuity Starting Date

If the Participant's death occurs prior to his Annuity Starting Date, any contributions made by the Participant and not withdrawn, plus Credited Interest, to the first day of the month in which death occurs shall be paid in a lump sum to the Participant's Beneficiary, unless said Participant has a surviving spouse who is eligible for a Surviving Spouse Benefit as provided in Section 5.3-E or unless a death benefit is payable under an optional form of benefit selected by the Participant.

5.2-E Death After Annuity Starting Date

If the Participant's death occurs after his Annuity Starting Date, a Participant's Beneficiary shall receive in a lump sum the unpaid portion of the total amount of the Participant's contributions plus Credited Interest to his Annuity Starting Date that was not received by the Participant prior to his death unless (a) the Participant's form of benefit as provided in Section 6.1-E was a 50% Joint and Survivor Annuity (and said Participant has not made an unrevoked election to take a single life annuity in lieu thereof), or (b) the Participant had elected a Joint and Survivor Annuity as provided in Section 6.3-E, or a TenYear Certain and Continuous Benefit as provided in Section 6.4E.

In the event the applicable benefit is a Joint and Survivor Annuity and both the Participant and the Joint Annuitant die after the Participant's Annuity Starting Date, the Participant's Beneficiary shall receive in a lump sum the unpaid portion of the total amount of the Participant's contributions plus Credited Interest that was not received by the Participant and the Joint Annuitant prior to the death of the survivor.

5.3-E Surviving Spouse Benefit

If a Participant's death occurs prior to his Annuity Starting Date, such Participant's spouse, if legally married to the Participant as of the date of death, shall be eligible to receive a Surviving Spouse Benefit which shall commence on the later of the earliest date on which the Participant would have been eligible for early retirement, or the first day of the month following said Participant's death. If the Participant's death occurs after the earliest date on which the Participant would have been eligible for early retirement, or normal retirement, said Surviving Spouse Benefit shall be equal to the amount which would have been payable to the spouse if the form of the Participant's Pension Benefit was a 50% Joint and Survivor Annuity, and the Participant had retired on the first day of the month in which he died. If a Participant retires and elects an optional form of benefit under Article VI-E, which provides a survivor benefit to his spouse in excess of 50%, the Surviving Spouse Benefit shall be calculated in accordance with such prior election. If

the Participant's death occurs prior to such date, the Surviving Spouse Benefit shall be equal to the amount which would have been payable to the Spouse if the Participant had: (a) terminated employment on the date of death (or date of termination of employment, if earlier); (b) survived to the earliest date on which the Participant would have been eligible for early retirement; (c) retired with an immediate 50% Joint and Survivor Annuity; and (d) died on or after the date specified in (b) above. No Surviving Spouse Benefit will be paid in the event of the occurrence of one of the following events prior to the Participant's death: (1) death of the Participant's spouse; or (2) commencement of Pension Benefit under Article IV-E. If the Participant's spouse dies, the Participant's Beneficiary shall receive in a lump sum the unpaid share of the Participant's contributions, if any, plus Credited Interest that was not received by the Surviving Spouse prior to said Spouse's death, provided that in no event shall the sum of the Surviving Spouse Benefit received by the Surviving Spouse and the death benefit payable hereunder be less than the total of the Participant's contributions plus Credited Interest as of the date of the Participant's death. If, as of the date of death, the Participant is a Vested Terminee, the Pension Benefit will be determined in accordance with the early retirement reduction formula in Section 4.2-E(b). If the Participant is a Salaried Employee as of the date of death, the early retirement reduction formula in Section 4.2-E(a) will be used to determine the Pension Benefit.

The cost of the Surviving Spouse Benefit shall be fully subsidized by the Plan. Such benefit may not be waived by the Participant, and in no case may the Beneficiary be someone other than the Surviving Spouse.

If, as of the date of death of the Salaried Employee, the Salaried Employee's contributions plus Credited Interest have not been withdrawn from the Plan, the Surviving Spouse shall have the option to withdraw said contributions in accordance with the provisions of Section 3.1-E.

ARTICLE VI-E

FORM OF BENEFIT

6.1-E Standard Form of Benefit

The standard form of Pension Benefit for married Participants shall be a 50% Joint and Survivor Annuity with the Participant's spouse as Joint Annuitant, unless the Participant elects an optional form of benefit under this Article VI-E. The standard form of Pension Benefit for all other Participants, as well as those married Participants electing not to take said 50% Joint and Survivor Annuity, shall be a single life annuity on the Participant's life. The Pension Benefit payable as a 50% Joint and Survivor Annuity will be a reduced Pension Benefit in the amount of 90% of the single life annuity to which the Participant would otherwise be entitled as a retirement Pension Benefit adjusted as follows based on the age of the Participant's spouse:

- (a) If the spouse is older than the Participant, the foregoing percentage of Pension Benefit shall be increased by adding to said 90% the adjustment factor of 1/24 of 1% for each month by which the spouse's age exceeds the Participant's age (e.g., if the spouse is two years older than the Participant, the 50% Joint and Survivor Annuity shall be 91% of the single life annuity to which the Participant would be entitled as a Pension Benefit). In no event shall the amount of the Joint and Survivor Annuity exceed the amount of the single life annuity to which the Participant would be entitled as a Pension Benefit. If the Participant is older than the spouse, said 90% shall be decreased by subtracting therefrom the adjustment factor of 1/24 of 1% for each month by which the Participant's age exceeds the spouse's age (e.g., if the Participant is two years older than the spouse, the 50% Joint and Survivor Annuity shall be 89% of the single life annuity to which the Participant would be entitled as a Pension Benefit).
- (b) For purposes of computing age differentials between two persons under this Article VI-E, the years, months, and days of the younger person shall be subtracted from those of the older person. A calendar year shall be the equivalent of 12 months; a calendar month shall be the equivalent of one month; 16 days or more shall be construed as one month; 15 days or less shall be construed as zero months.
- (c) In the event a married Participant's spouse dies prior to the Participant's Annuity Starting Date, the standard form of annuity applicable to the Participant shall be a single life annuity unless an optional form of benefit is elected.

6.2-E Social Security Level Income Annuity

A Participant other than a Vested Terminee who retires prior to age 62 may elect to receive during his lifetime until the first day of the month first following his 62nd

birthday an increased monthly Pension Benefit in lieu of the Pension Benefit described in Section 6.1E, such Pension Benefit to be reduced at said date by the approximate amount of the Primary Insurance Amount which the Participant may receive at age 62, and to continue during the remainder of his lifetime. The increased monthly Pension Benefit shall be equal to the Participant's Early Retirement Pension (as computed under Section 4.2-E(a)), plus the Participant's expected Primary Insurance Amount at age 62, less the product of said expected Primary Insurance Amount and the appropriate factor as determined on the basis of the following table (interpolations will be made for the months by which the Participant exceeds the most recent age shown on the table) or based on the actuarial assumptions in Section 1.2-E(b), which results in the greater benefit:

<u>Age At Commencement of Pension Benefit</u>	<u>Appropriate Factor</u>
61	.08
60	.16
59	.22
58	.28
57	.33
56	.38
55	.42

If the resulting benefit is less than the Participant's expected Primary Insurance Amount at age 62, the increased monthly Pension Benefit payable until said Primary Insurance Amount begins shall instead be the Participant's Early Retirement Pension divided by the appropriate factor above. In such event, the Primary Insurance Amount begins at age 62, no further Pension Benefit shall be paid.

6.3-E Joint and Survivor Annuity.

A Participant may elect to receive in lieu of the Pension Benefit described in Section 6.1E a reduced Pension Benefit payable during his lifetime after retirement with payments of the same amount or of a lesser amount to continue after his death to a Joint Annuitant designated by the Participant at the time of election of such option.

The reduced Pension Benefit payable to the Participant shall be a percentage of the Pension Benefit otherwise payable, determined on the basis of the following formula:

<u>Portion of Pension Benefit to be Continued After Participant's Death</u>	<u>Percentage of Pension Benefit Otherwise Payable</u>
---	--

All	80%
3/4	85%
1/2	90%

If the Joint Annuitant is older than the Participant, the foregoing percentage of Pension Benefit will be increased by adding thereto the adjustment factor set forth below multiplied by the number of months the Joint Annuitant's age exceeds the Participant's age. In no event shall the Joint and Survivor Annuity elected by a Participant exceed the Pension Benefit otherwise payable to said Participant. If the Participant is older than the Joint Annuitant, the foregoing percentage of Pension Benefit will be decreased by subtracting therefrom the adjustment factor set forth below multiplied by the number of months the Participant's age exceeds the Joint Annuitant's age.

Portion of Pension Benefit to be
Continued After Participant's Death Adjustment Factor

All 1/12 of 1%
3/4 1/18 of 1%
1/2 1/24 of 1%

If the Joint Annuitant designated by the Participant dies before the Participant's Annuity Starting Date, the election of the Joint and Survivor Annuity shall be void and the Pension Benefit to which he would otherwise be entitled shall be payable to the Participant as if such election had not been made.

The designation of a Joint Annuitant may be rescinded or changed by the Participant at any time prior to the Annuity Starting Date.

6.4-E TenYear Certain and Continuous Annuity

A Participant may elect to receive in lieu of his Pension Benefit described in Section 6.1E, a reduced Pension Benefit payable during his lifetime with a guarantee of 120 monthly payments and, if the Participant dies after his Annuity Starting Date, the balance of the remaining 120 monthly payments if any will be paid to his Beneficiary, or if no Beneficiary shall survive him, to the person or persons who would be entitled to receive death benefits under Article V-E (all such persons to be included in the term "Beneficiary" as used in the Plan with respect to the TenYear Certain and Continuous Annuity).

The reduced Pension Benefit shall be a percentage of the Pension Benefit otherwise payable, as determined by the following formula (interpolations will be made for the months by which the Participant exceeds the most recent age shown on the table):

<u>Age at Pension Benefit Commencement</u>	<u>Percentage of Pension Benefit</u>
65 or over	91.0%
64	92.0%
63	93.0%
62	94.0%
61	95.0%
60	95.5%
59	96.0%
58	96.3%
57	96.6%
56	96.9%
55	97.2%

6.5-E Joint and Survivor Annuity or TenYear Certain and Continuous Annuity with Social Security Level Income Annuity.

A Participant, other than a Vested Terminee, who retires prior to age 63 may elect to receive in lieu of the Pension Benefit described in Section 6.1-E, one of the Joint and Survivor Annuities described in Section 6.3-E, or the TenYear Certain and Continuous Annuity, described in Section 6.4-E, in combination with the Social Security Level Income Annuity described in Section 6.2-E. In such event, the Administrator shall determine the amount payable under the Joint and Survivor Annuity or TenYear Certain and Continuous Annuity selected by the Participant. The amount of this annuity shall be substituted for the Participant's Early Retirement Pension in determining the amount payable under the Social Security Level Income Annuity. The amount determined thereunder using the Joint and Survivor Annuity in lieu of Early Retirement Pension will be the Pension Benefit payable during the Participant's lifetime. If the Joint Annuitant survives the Participant, the Joint Annuitant will receive an annuity equal to the selected proportion of the Pension Benefit being received by the Participant. The amount determined using the TenYear Certain and Continuous Annuity in lieu of Early Retirement Pension will be payable during the Participant's lifetime and, if the Participant dies prior to receiving a Pension Benefit for ten years, such Pension Benefit will be payable to the Participant's Beneficiary, in accordance with the conditions specified in Section 6.4-E.

6.6-E Lump Sum

If the lump sum Actuarial Equivalent vested benefit is greater than \$5,000 but not greater than \$20,000, a lump sum payment.

6.7-E Maximum Conversion Factor

In no event may the Conversion factors for an Optional Form of Benefit be greater than .999.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit F – Former Participants In The
E-Systems, Inc. Salaried Participants Retirement Plan**

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ARTICLE I-F

DEFINITIONS

Whenever used in this Exhibit F the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-F Accrued Benefit

“Accrued Benefit” means the benefit determined in accordance with Article IV-F expressed in the form of a monthly benefit commencing at Normal Retirement Date. In no event shall a Participant’s Accrued Benefit be less than his accrued benefit as of February 10, 2000 under the Prior Plan.

1.2-F Actuarial (or Actuarially) Equivalent

“Actuarial (or Actuarially) Equivalent” means equality in value of the aggregate amounts expected to be received under different manners of payment based on interest rate and mortality assumptions in effect on the date as of which the Participant’s employment terminated, as such assumptions are defined below unless otherwise specifically provided in the Plan.

- (a) Interest rate and mortality assumptions for alternative periodic benefits and for early commencement of a Deferred Vested Pension. The interest rate shall be 7% per annum. The mortality assumption shall be taken from the 1971 Group Annuity Mortality Table, Projected by Scale D to 1975, using a unisex rate that is 50% male and 50% female.
- (b) Interest rate and mortality assumptions for single sum payments. The interest rate and mortality assumptions for purposes of computing single sum payments shall be determined in accordance with Section 1.3.

Notwithstanding the above, no single sum shall be less than the present value as of such determination date of the Participant’s Accrued Benefit as of September 30, 1997, where such present value is determined using the assumptions specified in subsection (a) above for periodic forms of benefit.

1.3-F Average Monthly Compensation

“Average Monthly Compensation” means the Participant’s average monthly rate of Compensation determined by dividing the total of the monthly Compensation amounts applicable to him during his “averaging period” (as defined below) by the number of months for which he received Compensation in such period. A Participant’s monthly Compensation amount for each month in any calendar year is his Compensation received during such month, except that for the period prior to August 1, 1997, this amount will be

his Compensation received during such year (excluding any incentive compensation deemed received prior to the beginning of the Participant's "averaging period", as defined below) divided by the number of months in the year when the Participant received Compensation. For the period prior to such date, all incentive compensation received in a year will be deemed received in January of such year.

A Participant's averaging period is the 60 consecutive calendar months (or lesser number if the Participant does not have 60 such months) which include the highest monthly amounts of pay during the last 120 calendar months prior to the Participant's termination of Service during which the Participant received Compensation, counting the last calendar month of Service.

1.4-F Compensation

"Compensation" means:

- (a) As to Compensation Earned Prior to January 1, 1982. The total cash remuneration paid to a Participant for a calendar year by his Employer for personal services, excluding bonuses, overtime pay, commissions paid after July 1, 1970, expense allowances, and all other extraordinary compensation.
- (b) As to Compensation Earned On and After January 1, 1982 and Prior to January 1, 1994. The regular base cash remuneration paid to a Participant for a calendar year by his Employer for personal services (excluding commissions paid after July 1, 1970, expense allowances, offsite allowances or other extraordinary compensation) plus overtime pay, shift differential pay and bonuses under the incentive compensation plan paid in such year. Any reduction elections under Internal Revenue Code Section 125 or 401(k) shall be deemed not made for this purpose.

In the event a Participant receives a one-time lump sum payment during a year after December 31, 1988 that is in lieu of a permanent raise in his base remuneration, such one-time payment will be considered part of his Compensation for such year.

- (c) As to Compensation Earned on and after January 1, 1994. The included earnings listed below received by the Participant from his Employer for personal services, but not the excluded earnings listed below.

Included Earnings

Base Salary
Straight Time
Overtime
Double Time
Shift Differential Pay
Performance-Based Bonuses

Paid Time Off Taken
Holiday Pay
Jury Duty Pay
Military Leave Pay
Bereavement Pay
Lump Sum Payment in Lieu of a Merit Increase in Base Pay

Excluded Earnings

Quarterly Wage Adjustments (HRLY)
Paid Time Off Not Taken
Severance Pay (whether paid in a lump sum or installments)
Allowances Offsite/Expatriate
Completion Awards/Bonus
Customer Award Fee
Hiring Bonus
Imputed Income
Restricted Stock Dividend
Service Awards
Tuition Reimbursement
Other Benefit Lump Sum Payments
Flex Plan Cashout Refunds
Relocation Payments
Per Diem Payments
Long-Term Disability Payments
Flex Plan Spending Account
Forfeiture Payments
Payments for Unused Vacation

1.5-F Leave of Absence

“Leave of Absence” means any absence authorized by the Employer under the Employer’s standard personnel practices, provided that all persons under similar circumstances must be treated alike in the granting of such Leaves of Absence, and provided further that the Participant returns or retires within the period specified in the authorized Leave of Absence.

1.6-F Normal Retirement Age

“Normal Retirement Age” means the Participant’s 65th birthday.

1.7-F Normal Retirement Date

“Normal Retirement Date” means the first day of the month coinciding with or next following the Normal Retirement Age.

1.8-F Pension

“Pension” means a series of monthly amounts which are payable to a person who is entitled to receive benefits under this Exhibit F.

1.9-F Primary Social Security Benefit

“Primary Social Security Benefit” means the Social Security benefit to which the Participant is, or would be upon filing application, entitled at his Normal Retirement Date or termination of employment.

The Administrator may, to determine such amounts, use wage estimates for the Participant’s pre-hire period where actual wage history is not furnished by Participant. Any such wage estimates shall be made by applying a salary scale, projected backwards, to the Participant’s Compensation at his date of hire. Such salary scale shall be 6%. Notice shall be duly given to each Participant (with his summary plan description and at his termination of employment) explaining the use of such estimates and informing the Participant that he can obtain his actual wage history from the Social Security Administration. If any Participant shall furnish actual wage history in writing to the Administrator no later than six months after his termination of employment or, if later, after he is informed of his plan benefits, the Administrator shall determine his Primary Social Security Benefit on the basis of such actual wage history.

1.10-F Prior Plan

“Prior Plan” means the E-Systems, Inc. Salaried Employees Retirement Plan as of February 10, 2000.

1.11-F Projected Primary Social Security Benefit

“Projected Primary Social Security Benefit” means, subject to the use of wage estimates described in the second paragraph of the definition of Primary Social Security Benefit above, the Social Security benefit to which a Participant would be entitled at his Normal Retirement Date had he continued to receive wages in covered employment until such date, at a rate equal to such wages as he was receiving just before termination of employment.

1.12-F Retiree

“Retiree” means a retired Participant who commences receiving Pension payments on the first day of the month coincident with or next following the date of termination of employment or when first eligible for Disability Pension payments (not a deferred vested person).

1.13-F Retirement

“Retirement” means Normal, Late, Optional Early, Early or Disability Retirement. Retirement shall be considered as commencing on the day immediately following a Participant’s last day of employment (or authorized Leave of Absence, if later).

1.14-F Service

“Service” means a period or periods of employment of a Participant by the Employer used in determining eligibility for and the amount of benefits as described in Article II-F hereof.

ARTICLE II-F

SERVICE CREDIT

2.1-F Vesting Service

Vesting Service is the period of employment used in determining eligibility for benefits. A Participant’s total Vesting Service shall be:

- (a) His total period or periods of employment with the Employer and all Affiliated Companies.
- (b) Any period of severance after the Participant quits, is discharged, or retires if he returns to employment with the Employer or an Affiliated Company within 12 months of such severance.
- (c) The first 12 months of any approved absence (including a Leave of Absence, by reason of lay-off on account of lack of work, vacation, holiday, sickness, disability, maternity or paternity as defined in Code Section 411(a)(6)(E), plus any additional credit which may be called for under the Employer’s approved absence policy or required under federal law for military duty however, Service credit during any said layoff will stop on a date prior to the end of said 12-month period if the Participant receives payment of his Pension as of such date.
- (d) If the Participant quits, is discharged, or retires at any time during the first 12 months of an approved Leave of Absence, the period of severance after the date he so quits, is discharged, or retires if he returns to employment with the Employer (or an Affiliated Company) within 12 months of the date when his Leave of Absence began.
- (e) A period of employment begins with the completion of the first Hour of Service by a Participant for the Employer and ends with the completion of the last such Hour of Service for the Employer. A period of severance begins on the date a Participant quits, is discharged, is laid off, retires or dies. A year of Vesting Service credit shall be given for each 365-day period, beginning with the first day of employment, which elapses while the Participant is entitled to Vesting Service credit under subsection (a), (b), (c) or (d) above. Appropriate partial year credit will be given for any such period which is less than 365 days in length.

- (f) The term Vesting Service shall include the “vesting service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

2.2-F Benefit Service

Benefit Service is the period of employment used in determining the amount of Pension benefits. A Participant’s total Benefit Service shall be his total years and fraction of years of Service as calculated under Section 2.1-F, beginning with the first year in which the Participant completes 1,000 Hours of Service, but only counting such Service completed as a Participant of the Employer.

The term Benefit Service shall include the “benefit service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

ARTICLE III-F

ELIGIBILITY AND PARTICIPATION

3.1-F Participation

This Exhibit F shall apply only to those individuals (a) who, on February 10, 2000, were employees of E-Systems, Inc. and were participants in the Prior Plan, (b) became Employees of the Employer on February 11, 2000, and (c) for whom assets and liabilities with respect to their benefits under the Prior Plan were transferred to this Plan.

ARTICLE IV-F

**NORMAL, LATE, OPTIONAL EARLY,
EARLY AND DEFERRED VESTED PENSIONS**

4.1-F Normal Pension

- (a) A Participant shall be eligible for a Normal Pension if his employment is terminated from the Employer and all Affiliated Companies on or after his Normal Retirement Age and on or before his Normal Retirement Date. Payment of a Normal Pension, in the form of payment determined under Article VII-F, shall commence as of the Participant's Normal Retirement Date.
- (b) The amount of a Participant's Normal Pension (stated as a five-year certain and continuous annuity) is a monthly amount equal to the greatest of (1) through (7) of the following:
 - (1) The sum of:
 - (A) 1.2% of his Average Monthly Compensation multiplied by the number of his years of Benefit Service (but not in excess of ten years of Benefit Service); plus
 - (B) 1.6% of his Average Monthly Compensation multiplied by the number of his years of Benefit Service in excess of ten years.
 - (2) The sum of (A) below, based upon his Average Monthly Compensation, Benefit Service and Projected Primary Social Security Benefit as of December 31, 1990, plus (B) below:
 - (A) The greater of (i) or (ii) below,
 - (i) The difference of
 - (I) 1.5% of his Average Monthly Compensation multiplied by the number of his years of Benefit Service; less
 - (II) 0.5% of his monthly amount of Primary Social Security Benefit, multiplied by the number of his years of Benefit Service.
 - (ii) Twelve Dollars (\$12.00) multiplied by the number

of his years of Benefit Service.

- (B) The amount calculated for such Participant under Section 4.1-F(b)(1) based upon his Benefit Service earned after December 31, 1990 (but counting all Benefit Service to determine whether Section 4.1-F(b)(1)(A) or (B)).
- (3) Twelve Dollars (\$12.00) multiplied by the number of years of Benefit Service.
- (4) If such Participant had attained age 50 on or before December 31, 1990, the difference between:
 - (A) 1.5 percent of his Average Monthly Compensation multiplied by the number of his years of Benefit Service, less
 - (B) 0.5 percent of his monthly amount of Primary Social Security Benefit, multiplied by the number of his years of Benefit Service.
- (5) If such Participant had Compensation in 1993 or any prior year that exceeded \$150,000, the sum of:
 - (A) The amount calculated for such Participant under Section 4.1F(b)(1) or (2) above, whichever is greater, based on his Average Monthly Compensation, Benefit Service and Projected Primary Social Security Benefit as of December 31, 1993, and using the Code Section 401(a)(17) Compensation limits in effect as to benefit accruals prior to January 1, 1994, as described in the definition of Compensation in this Plan; plus
 - (B) The amount calculated for such Participant under Section 4.1F(b)(1), based on his Benefit Service earned after December 31, 1993 (but counting all Benefit Service to determine whether subsection (A) or (B) applies in Section 4.1-F(b)(1)), and based on Average Monthly Compensation determined using the Code Section 401(a)(17) Compensation limits in effect as to benefit accruals on and after January 1, 1994, as described in the definition of Compensation in this Plan.
- (6) If such Participant had Compensation in 1993 or any prior year that exceeded \$150,000, and if such Participant had attained age 50 on or before December 31, 1990, the sum of:
 - (A) The amount calculated for such Participant under Section 4.1-F(a) based upon his Average Monthly Compensation, Benefit Service and Projected Primary Social Security Benefit as of December 31, 1993, and using the Code Section 401(a)(17) Compensation limits in effect as to benefit accruals prior to January 1, 1994, as described in the definition of Compensation in Section 1.16 of the main Plan; plus

(B) The amount calculated for such Participant under Section 4.1-F(a) based on his Benefit Service earned after December 31, 1993, and his Average Monthly Compensation and Primary Social Security Benefit as of the date of his termination of employment, and using the Code Section 401(a)(17) Compensation limits in effect as to benefit accruals on and after January 1, 1994, as described in the definition of Compensation in Section 1.16 of the main Plan.

(7) The greatest amount of immediately payable Optional Early or Early Pension the Participant could have received upon Retirement prior to Normal Retirement Date.

4.2-F Late Pension

A Participant who meets the requirements for a Normal Pension, except that he continues in employment with the Employer or an Affiliated Company beyond his Normal Retirement Date, shall be entitled to a Late Pension. Payment of a Late Pension, in the form of payment determined under Article VII-F, shall commence as of the first day of the month next following the Participant's last day of employment.

A Participant's Late Pension shall be a monthly amount computed in the same manner as a Normal Pension, as of the date of commencement.

4.3-F Optional Early Pension

A Participant shall be eligible for an Optional Early Pension if prior to his Normal Retirement Date his employment is terminated from the Employer and all Affiliated Companies, provided that:

- (a) his employment terminated on or after his 60th birthday, before attaining his 65th birthday and after his completion of ten years of Vesting Service, or
- (b) his employment commenced prior to June 26, 1991 and his employment terminated on or after 60th birthday and before attaining his 65th birthday, or
- (c) his employment terminated on account of layoff because of lack of work and he reaches age 60 within three years thereafter at which time he will be eligible to elect an Optional Early Pension.

Payment of an Optional Early Pension, in the form of payment determined under Article VII-F, shall commence as of the first day of the month coinciding with or next following the date of Retirement if the Participant so elects; otherwise, commencement will be at the Participant's Normal Retirement Date.

A Participant's Optional Early Pension shall be equal to his Accrued Benefit which shall be computed in the same manner as a Normal Pension, considering his Benefit Service, and Average Monthly Compensation at actual Retirement, but using his Projected Social Security Benefit instead of his Primary Social Security Benefit.

4.4-F Early Pension

A Participant who is not eligible for an Optional Early Pension shall be eligible for an Early Pension if prior to his Normal Retirement Date his employment is terminated from the Employer and all Affiliated Companies, provided that:

- (a) his employment terminated on or after his 55th birthday, provided he has completed ten or more years of Vesting Service, or
- (b) his employment terminated on account of layoff because of lack of work and he reaches age 55 within three years thereafter, provided he has then received at least ten years of Vesting Service credit, at which time, when he has both attained at least age 55 and received at least ten years of Vesting Service he will be eligible to elect an Early Pension.

Payment of an Early Pension, in the form of payment determined under Article VII-F, shall commence on his Normal Retirement Date, or if the Participant requests, as of the first day of any subsequent month which precedes his Normal Retirement Date, but reduced as provided below.

A Participant's Early Pension shall be equal to his Accrued Benefit, which shall be computed in the same manner as a Normal Pension, considering his Benefit Service, and Average Monthly Compensation at actual Retirement, but using his Projected Social Security Benefit instead of his Primary Social Security Benefit. However, the amount determined under the above provisions shall be reduced in accordance with the schedule set forth below, based on the age of the Participant at commencement, if payment of an Early Pension commences prior to his age 60.

Age Prior to	Percent of
Normal Retirement Date	Accrued Benefit
60	100%
59	99%
58	96%
57	91%
56	84%
55	75%

For fractional years between those shown above, the percentage will be interpolated by the Administrator. Also, any Early Pension commencing between age 59½ and age 60 for any Participant on January 31, 1998 shall not be less than the 100% Early Pension applicable to the Participant on January 31, 1998.

4.5-F Deferred Vested Pension

A Participant shall be eligible for a Deferred Vested Pension if prior to eligibility for an Early Pension his employment is terminated from the Employer and all Affiliated Companies.

Payment of a Deferred Vested Pension, in the form of payment determined under Article VII-F, shall commence as of the terminated Participant's Normal Retirement Date if he is then living to receive it. If the Participant requests the commencement of his Deferred Vested Pension as of the first day of the month coinciding with or next following his 55th birthday, or as of the first day of any subsequent month which precedes his Normal Retirement Date, his Pension shall commence as of the first day of the month so requested, but the amount thereof shall be reduced as provided below.

A Participant's Deferred Vested Pension shall be computed in the same manner as an Early Pension, except that if payment of the Deferred Vested Pension commences prior to the Participant's Normal Retirement Date, the reduction shall be made on an Actuarially Equivalent basis.

Notwithstanding the above:

- (a) If the lump sum Actuarial Equivalent of the Participant's Deferred Vested Termination Benefit is not more than \$1,000, the Participant shall receive payment of his or her Deferred Vested Pension as soon as administratively feasible following termination of employment in the form of a lump sum.
- (b) If the lump sum Actuarial Equivalent of the Participant's Deferred Vested Termination Benefit is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his or her Deferred Vested Pension as soon as administratively feasible following termination of employment in the form of a lump sum.
- (c) If the lump sum Actuarial Equivalent of the Participant's Deferred Vested Termination Benefit is more than \$5,000 but not more than \$20,000, the Participant may elect, with spousal consent if applicable, to receive payment of his or her Deferred Vested Pension as soon as administratively feasible following termination of employment in the form of either a lump sum or the normal form of payment under Sections 7.1-F and 7.2-F.

4.6-F Benefits Not Decreased Due to Post-Termination Social Security Increase

Any benefit which a Participant is eligible to receive (including Disability benefits) shall not be decreased by reason of any increase in a benefit level or wage base under Title II of the Social Security Act if such increase takes place after the date of a Participant's termination of employment hereunder.

In the event a Participant terminates his employment hereunder and subsequently resumes participation in this Plan, the Accrued Benefit to which he would have been entitled had he not returned to employment shall not be decreased below its amount at the time of such termination.

4.7-F Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit F after December 31, 2019.

ARTICLE V-F

DISABILITY

5.1-F Termination Due to Disability

A Participant shall be eligible for a Disability Pension if his employment with the Employer is terminated by reason of Disability (as defined below) before his Normal Retirement Date, provided he has then completed ten or more years of Vesting Service and does not elect to receive an Optional Early, Early or Deferred Vested Pension.

Payment of a Disability Pension, in the form of payment determined under Article VII-F, shall commence as of the Participant's Normal Retirement Date if he is then living.

A Participant's Disability Pension shall be computed in the same manner as a Normal Pension, considering his Average Monthly Compensation and Benefit Service as of the date of his termination on account of Disability, but using his Projected Social Security Benefit instead of his Primary Social Security Benefit; provided, however, that if the Participant incurred the Disability on or before December 31, 2013, the Participant's Benefit Service shall be the Benefit Service he would have accumulated if his employment had continued uninterrupted until his Normal Retirement Date.

A Participant will be deemed to be suffering from a Disability if the Participant is "totally disabled" as defined in the L3 Long Term Disability Plan and determined by the insurer for that Plan.

Disability shall be considered to have ended if, prior to his Normal Retirement Date, the Participant is no longer disabled as defined in the L3 Long Term Disability Plan and determined by the insurer for that Plan.

5.2-F Recovery from Disability

If the Participant's Disability ceases prior to his Normal Retirement Date, and he is not reemployed by an Affiliated Company, and if he had met the requirements for an Early, Optional Early or Deferred Vested Pension on the date of his termination for Disability, he shall be entitled to receive, commencing on the first day of the month coinciding with or next following his Normal Retirement Date, a Pension equal in amount to the Early, Optional Early, or Deferred Vested Pension to which he would have been entitled, as of the date of his Disability, considering his Compensation and Benefit Service at his date of Disability. However, if the Participant requests the commencement of his Early, Optional Early or Deferred Vested Pension as of the first day of any subsequent month which is after age 55 and which precedes his Normal Retirement Date, his Pension shall commence as of the beginning of the month so requested, but the amount thereof shall be subject to reduction in accordance with Section 4.4-F or 4.5-F as applicable, based on the number of years by which the starting date of the Pension payment precedes the Participant's Normal Retirement Date.

ARTICLE VI-F

DEATH BENEFITS

6.1-F Death Benefits Before Pension Commencement (Spouse's Pension)

A death benefit in the form of a monthly Pension shall be payable to the surviving spouse of a Participant (whether in-service or on authorized medical leave or terminated or on Disability) who dies before the date as of which his Pension is to commence, provided that the Participant is married to such spouse at the time of his death.

The spouse shall elect a payment commencement date (which must be the first day of a month) that is not later than the Participant's Normal Retirement Date, except that, (a) if the spouse fails to make such an election, payments shall commence as of the Participant's Normal Retirement Date and (b) if the Participant's death is on or after his Normal Retirement Date, commencement to the spouse will be as of the first day of the next month following the Participant's death.

The monthly amount and manner of payment of such spouse's Pension shall be determined as though the Participant's Pension on the date of his death (under the Deferred Vested, Early, Optional Early, Normal, or Late Pension provisions of this Plan, whichever is applicable) was paid as a 50% Qualified Joint and Survivor Annuity described in Section 7.2-F, commencing on the spouse's payment commencement date and assuming the Participant's death had occurred immediately. Any early commencement reductions made for periods not covered under the Deferred Vested Pension provisions of this Plan will be made on an Actuarially Equivalent basis. Benefit Service credit while on Disability will be counted as to a Participant whose death occurs while the Participant was on Disability and such Participant's Average Monthly Compensation when his Disability began shall be taken into account.

6.2-F Death After Commencement of Pension Payments (According to Form Payable to Participant)

The death benefit, if any, payable after a Participant's Pension has commenced shall be determined according to the form of benefit payable under Article VII-F hereof. If a Participant has reached the date as of which his form of benefit is to commence, but dies before actual receipt of the first payment, such form of benefit shall remain effective for purposes of determining, any death benefit.

ARTICLE VII-F

FORMS OF PAYMENT

7.1-F Normal Form of Pension – Five-Year Certain and Continuous Annuity.

Unless the Qualified Joint and Survivor Pension in Section 7.2-F, or an alternate form in Section 7.3-F is applicable, any Pension, in the amount accrued under Article IV-F, will be paid as a Five-Year Certain and Continuous Annuity. Under this form of Pension, monthly payments are made to the Participant during the remaining life of the Participant; however, if he dies after his Pension commenced but before receiving 60 guaranteed monthly payments, then monthly payments, in the same amount, will continue to his Beneficiary until the total number of payments made (including those to the Participant and those to the Beneficiary) equals such guaranteed number.

Notwithstanding the above, in the event the above-referenced guaranteed number of monthly payments should exceed the number of months of life expectancy of the Participant and his designated Beneficiary (as of the date of commencement), such guaranteed number shall be reduced to equal such life expectancy and the amount of Pension shall be increased on an Actuarially Equivalent basis.

7.2-F Qualified Joint and Survivor Annuity.

Unless an election to the contrary is in effect, a Participant who is married on the date as of which his Pension payments commence shall be paid his Pension in the form of a 50% Qualified Joint and Survivor Annuity. Under this form, an adjusted amount shall be paid to the Participant for his lifetime; and the spouse (to whom the Participant was married on the date as of which his Pension commenced), if surviving at the Participant's death, shall receive thereafter for life a monthly Pension of 50% of the adjusted monthly amount paid to the Participant. This adjusted amount payable to the Participant shall be determined so that the value of the Pension payments expected to be made to the Participant and his spouse is the Actuarial Equivalent of the Pension determined under Article IV-F.

7.3-F Other Forms of Payment

Any Participant who is a benefit recipient hereunder may elect a benefit payable in accordance with one or more of the following options, in an Actuarially Equivalent amount, in lieu of the benefit to which he is otherwise entitled:

- (a) 100% Qualified Joint and Survivor Annuity. Under this form, payments are made in the same manner as described in Section 7.2-F hereof, but with the percentage continued to the spouse being 100%.

- (b) 75% Qualified Joint and Survivor Annuity. Under this form, payments are made in the same manner as described in Section 7.2-F hereof, but with the percentage continued to the spouse being 75%.
- (c) Single Life Annuity. Under this form, the Participant will receive a Pension payable only for his lifetime.
- (d) Period Certain and Continuous Annuity. Under this form, payments are made in the same manner as described in Section 7.1-F hereof but with the number of guaranteed monthly payments being 120 (but in no event to exceed the months of life expectancy of the Participant and his designated Beneficiary at date of
- (e) Lump Sum. If the lump sum Actuarial Equivalent vested benefit is greater than \$5,000 but not greater than \$20,000, a lump sum payment.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit G – Former Participants In The
Raytheon ESystems, Inc. Richardson/Waco Retirement Plan**

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ARTICLE I-G

DEFINITIONS

Whenever used in this Appendix G, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-G Accrued Benefit

“Accrued Benefit” means the benefit determined in accordance with Article IV-G expressed in the form of a monthly benefit commencing at Normal Retirement Date. In no event shall a Participant’s Accrued Benefit be less than his accrued benefit as of February 10, 2000, under the Prior Plan.

1.2-G Actuarial (or Actuarially) Equivalent

“Actuarial (or Actuarially) Equivalent” means equality in value of the aggregate amounts expected to be received under different manners of payment based on interest rate and mortality assumptions in effect on the date as of which the Participant’s employment terminated, as such assumptions are defined below unless otherwise specifically provided in the Plan.

- (a) Interest rate and mortality assumptions for alternative periodic benefits and for early commencement of a Deferred Vested Pension. The interest rate shall be 9% per annum. The mortality assumption shall be taken from the 1983 Group Annuity Mortality Table, using a unisex rate that is 70% male and 30% female.
- (b) Interest rate and mortality assumptions for single sum payments. The interest rate and mortality assumption used for purposes of computing single sum payments shall be determined in accordance with Section 1.3.

Notwithstanding the above, no single sum determined for a Participant shall be less than the present value as of such determination date of the Participant’s Accrued Benefit in effect as of the date immediately prior to February 1, 1998, where such present value is determined using an interest rate of 9% and the mortality assumption taken from the 1983 Group Annuity Mortality Table, using a unisex rate that is 70% male and 30% female.

1.3-G Average Monthly Compensation

“Average Monthly Compensation” means the Participant’s average monthly rate of Compensation, which is as follows:

- (a) As to Compensation Under Excess Formula in Section 4.1-G

- (1) In the case of a Participant who has at least 60 consecutive months of Vesting Service, the average of his monthly Compensation rates at the beginning of each of the 60 consecutive months of Vesting Service (or at date of hire for the first month) for which his Compensation rates were highest out of the last 180 consecutive months of Vesting Service or out of such lesser number of consecutive months of Vesting Service as he had at the date he retires or his employment terminates; or
- (2) In the case of a Participant who has less than 60 consecutive months of Vesting Service, the average of his monthly Compensation rates at the beginning of each of his consecutive months of Vesting Service (or date of hire for the first month).

Consecutive months are determined by disregarding any months with no Compensation, but counting months with Compensation before and after such months with no Compensation.

- (b) As to Compensation Under Step-Up/\$12 Formula in Section 4.1-G. The Participant's average monthly rate of Compensation determined by dividing the total of the monthly Compensation amounts applicable to him during his "averaging period" (as defined below) by the number of months for which he received Compensation in such period. A Participant's monthly Compensation amount for any month prior to January 1, 1997 is the Participant's monthly Compensation rate as of the beginning of any such month (or at date of hire for the first month), provided that only months of Vesting Service are counted for this purpose. A Participant's monthly Compensation amount for any month on and after January 1, 1997 is his Compensation received during such month.

A Participant's averaging period is the 60 consecutive calendar months (or lesser number if the Participant does not have 60 such months) which include the highest monthly Compensation amounts, during the last 120 calendar months prior to the Participant's termination of Service during which the Participant received Compensation, counting the last calendar month of Service.

1.4-G Compensation

"Compensation" means remuneration used in determining benefits, as follows:

- (a) As to all Compensation Under Excess Formula in Section 4.1-G and as to Pre-1997 Compensation Under Step-Up/\$12 Formula in Section 4.1-G. The base salary payable by the Employer to the Participant monthly, or, if salary payments are made more than once a month, the aggregate of base salary payments by the Employer to the Participant which would be payable for a month, but not including any contingent, incentive or other deferred compensation, cost of living payments, bonuses, amounts paid for or in lieu of overtime, premium pay, severance pay (whether in a lump sum or installments), payments for unused

vacation, and shift differentials or other forms of extra compensation. A person employed on a commission basis shall not be deemed to receive Compensation for purposes of this Plan.

- (b) As to Post-1996 Compensation Under StepUp/\$12 Formula. The included earnings listed below received by the Participant from his Employer for personal services, but not the excluded earnings listed below.

Included Earnings

Base Salary
Straight Time
Overtime
Double Time
Shift Differential Pay
Paid Time Off Taken
Holiday Pay
Jury Duty Pay
Military Leave Pay
Bereavement Pay
Incentive Compensation
Lump Sum Payment in Lieu of a Merit Increase in Base Salary

Excluded Earnings

QWA – Quarterly Wage Adjustment (hrly.)
Unused Paid Time Off
All Severance Pay
Allowances
Offsite/Expatriate
Completion Awards/Bonus
Tax Equalization Payments
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1.5-G Normal Retirement Age

“Normal Retirement Age” means the Participant’s 65th birthday.

1.6-G Normal Retirement Date

“Normal Retirement Date” means the first day of the month coincident with or next following the Normal Retirement Age.

1.7-G Pension

“Pension” means a series of monthly amounts which are payable to a person who is entitled to receive benefits under this Exhibit G.

1.8-G Retiree.

“Retiree” means a retired Participant who commences receiving Pension payments on the first day of the month coincident with or next following the date of termination of employment (not a deferred vested person).

1.9-G Retirement

“Retirement” means Normal, Late, or Early Retirement. Retirement shall be considered as commencing on the day immediately following a Participant’s last day of employment (or authorized Leave of Absence, if later).

1.10-G Richardson Participant

“Richardson Participant” means a Participant who is employed in the Richardson Operations.

1.11-G Service

“Service” means a period or periods of employment of a Participant by the Employer used in determining eligibility for and the amount of benefits as described in Article II-G hereof.

1.12-G Waco Participant

“Waco Participant” means a Participant who is employed in the Waco Operations.

ARTICLE II-G

SERVICE CREDIT

2.1-G Hour of Service

An Hour of Service is any hour for which a Participant is directly or indirectly paid or entitled to payment for the performance of duties, including any hour for which back pay is due, by the Employer or an Affiliated Company.

Hours of Service credit shall also be granted for payments to a Participant for reasons other than the performance of duties due to vacation, holiday, incapacity (including disability), jury duty, or Leave of Absence (other than any Leave of Absence for which Service credit is received in accordance with the above paragraph); provided, however, that no Hour of Service will be credited for payments received solely for the purpose of complying with applicable unemployment compensation or disability insurance laws or for payments received solely for reimbursing the Participant for medical or medically related expenses. It is further provided that no more than 501 Hours of Service credit need to be given under the provisions of this Section for each single continuous period for which a Participant is paid for reasons other than the performance of duties. The determination of such Hours of Service for the nonperformance of duties shall be in accordance with Section 2530.200b2(b) of the Regulations prescribed by the Secretary of Labor.

Service credit shall be granted at the rate of 190 Hours of Service for each month for which the Participant is credited with one Hour of Service as described above.

Each Hour of Service earned by a Participant shall be credited to him as of the time when he actually earned such Hour except as otherwise permissible or required under Section 2530.200b2(c) of the Regulations prescribed by the Secretary of Labor.

2.2-G Vesting Service

Vesting Service is the period of employment used in determining eligibility for benefits. A Participant shall receive one year of Vesting Service for each calendar year during which he earns at least 1,000 Hours of Service.

A Richardson Participant who is laid off from any Affiliated Company due to lack of work on or after January 1, 1997 shall also receive Hours of Service credit for Vesting Service purposes during the 12 months after such layoff. Such Hours of Service credit will be at the rate at which the Participant was earning Hours of Service at the time of such layoff. However, no more than one year of Vesting Service credit will be granted for any calendar year and Vesting Service credit during any such layoff will stop as of a date prior to completion of said 12 months if the Participant receives payment of his Pension as of such date.

The term Vesting Service shall include “vesting service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

2.3-G Benefit Service

Benefit Service is the period of employment used in determining the amount of Pension benefits. A Participant shall receive one month of Benefit Service for each calendar month during which he earns at least one Hour of Service, but only counting such Service completed as an Employee of the Employer after attainment of age 21, but not counting months in excess of 420 months or prior to January 1, 1990. Twelve months of Benefit Service shall constitute one year of Benefit Service.

A Richardson Participant shall also receive Benefit Service for the first 12 months of layoff from any Affiliated Company on account of lack of work on or after January 1, 1997 (subject to the above total 420 month maximum). However, Benefit Service credit during any such layoff will stop as of any date prior to completion of said 12 months if the Participant receives payment of his Pension as of such date.

The term Benefit Service shall include “benefit service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

ARTICLE III-G

ELIGIBILITY AND PARTICIPATION

3.1-G Participation

This Exhibit G shall apply only to those individuals (a) who, on February 10, 2000, were employees of Raytheon E-Systems, Inc. and were participants in the Raytheon E-Systems, Inc. Richardson/Waco Retirement Plan, (b) who became Employees of the Employer on February 11, 2000, and (c) for whom assets and liabilities with respect to their accrued benefits under the Prior Plan were transferred to this Plan.

ARTICLE IV-G

NORMAL, LATE, OPTIONAL EARLY, EARLY AND DEFERRED VESTED PENSIONS

4.1-G Normal Pension

- (a) A Participant shall be eligible for a Normal Pension if his employment is terminated from the Employer and all Affiliated Companies on or after his Normal Retirement Age and on or before his Normal Retirement Date. Payment of a Normal Pension, in the form of payment determined under Article VII-G, shall commence as of the Participant's Normal Retirement Date.
- (b) The amount of a Participant's Normal Pension shall be determined under one or both of the following benefit formulas, according to (1) and (2) below, and subject to (3), (4), (5) and (6) below.
- (1) Excess Formula (Stated as Single Life Annuity). The sum of (A) plus (B):
- (A) One percent of a Participant's Average Monthly Compensation, multiplied by the number of his years of Benefit Service (but not to exceed 35 years of Benefit Service); plus
- (B) 0.4 percent of the Participant's Average Monthly Compensation in excess of 150% of his Social Security Covered Compensation (defined below), multiplied by the number of his years of Benefit Service (but not to exceed 35 years of Benefit Service).

Social Security Covered Compensation means onetwelfth of the average (without indexing) of the taxable wage bases in effect for each calendar year during the 35-year period ending with the calendar year in which the Participant attains (or will attain) social security retirement age (as defined in Internal Revenue Code Section 415(b)(8)). In determining the Participant's Social Security Covered Compensation for a Plan Year, the taxable wage base for the current Plan Year and any subsequent Plan Year shall be assumed to be the same as the taxable wage base in effect as of the beginning of the Plan Year for which the determination is being made. A Participant's Social Security Covered Compensation for a Plan year before the 35-year period described above is onetwelfth of the taxable wage base in effect as of the beginning of the Plan Year. A Participant's Social Security Covered Compensation shall be automatically adjusted for each Plan Year.

- (2) StepUp/\$12 Formula (Stated as a Five Year Certain and Continuous Annuity). The sum of (A) plus (B), subject to (C):
- (A) 1.2% of his Average Monthly Compensation multiplied by the number of his years of Benefit Service counted under this formula that are not in excess of ten; plus
 - (B) 1.6% of his Average Monthly Compensation multiplied by the number of his years of Benefit Service counted under this formula that are in excess of ten years.
 - (C) But not less than \$12.00 multiplied by the number of years of Benefit Service counted under this formula.
- (3) Waco Participants. Any Waco Participant will have his Pension determined under the Excess Formula.
- (4) Richardson Participants. Any Richardson Participant after December 31, 1996 will have his Pension determined under the StepUp/\$12 formula based on his Benefit Service as a Richardson Participant earned on and after January 1, 1997, subject to (A) and (B), as follows:
- (A) If on December 31, 1996 the Participant had an accrued benefit under the Excess Formula in the ESI/CTAS Retirement Plan, the Participant will also have a Pension determined under the Excess Formula but not counting Benefit Service earned after December 31, 1996.
 - (B) In no event will the total Pension for a Richardson Participant covered under the ESI/CTAS Retirement Plan be less than the Pension, if any, accrued by such Participant under the Excess Formula as of April 18, 1997 (the date of adoption of the StepUp/\$12 formula under the ESI/CTAS Retirement Plan).
- (5) Transfers Between Waco and Richardson. If, due to an employment transfer, a Waco Participant becomes a Richardson Participant or a Richardson Participant becomes a Waco Participant, then only the Benefit Service as a Richardson Participant prior to January 1, 1997 or as a Waco Participant will be counted under the Excess Formula and only Benefit Service as a Richardson Participant after December 31, 1996 will be counted under the StepUp/\$12 formula.
- (6) Early Pension Minimum. In no event will any Participant's Pension be less than the greatest amount of immediately payable Early Pension the Participant could have received upon Retirement prior to Normal Retirement Date.

4.2-G Late Pension

A Participant who meets the requirements for a Normal Pension, except that he continues in employment with the Employer or an Affiliated Company beyond his Normal Retirement Date, shall be entitled to a Late Pension. Payment of a Late Pension, in the form of payment determined under Article VII-G, shall commence as of the first day of the month next following the Participant's last day of employment.

A Participant's Late Pension shall be a monthly amount computed in the same manner as a Normal Pension, as of the date of commencement.

4.3-G Optional Early Pension

A Participant with a Pension accrued under the StepUp/\$12 Formula in Section 4.1G(b)(2) shall be eligible to receive such Pension as an Optional Early Pension if prior to his Normal Retirement Date his employment is terminated from all Affiliated Companies provided that:

- (a) his employment terminated on or after the Participant's 60th birthday, before attaining his 65th birthday and after his completion of ten years of Vesting Service, or
- (b) his employment terminated on account of layoff because of lack of work and he reaches age 60 within three years thereafter, at which time he will be eligible to elect an Optional Early Pension.

Payment of an Optional Early Pension, in the form of payment determined under Article VII-G, shall commence as of the first day of the month coinciding with or next following the date of Retirement if the Participant so elects; otherwise, commencement will be at the Participant's Normal Retirement Date.

A Participant's Optional Early Pension shall be equal to his Accrued Benefit under the StepUp/\$12 Formula, which shall be computed in the same manner as a Normal Pension, considering his Benefit Service under the StepUp/\$12 Formula, and Average Monthly Compensation at actual Retirement.

4.4-G Early Pension

A Participant's Pension under the StepUp/\$12 Formula not available for payment as an Optional Early Pension and a Participant's Pension under the Excess Formula shall be payable as an Early Pension if prior to Normal Retirement Date the Participant's employment is terminated from all Affiliated Companies, provided that:

- (a) his employment terminated on or after the early retirement age (which is age 60 for Waco Participants at date of termination and age 55 for Richardson Participants at date of termination, except that, if due to an employment transfer, a Richardson Participant becomes a Waco Participant, the Participant shall retain his age 55

early retirement age as to his Pension attributable to his Benefit Service prior to transfer), provided he has completed ten or more years of Vesting Service, or

- (b) as a Richardson Participant, his employment terminated on account of layoff because of lack of work and he reaches age 55 within three years thereafter, provided he has then received at least ten years of Vesting Service credit, at which time, when he has both attained at least age 55 and received at least ten years of Vesting Service, he will be eligible to elect an Early Pension.

Payment of an Early Pension, in the form of payment determined under Article VII-G, shall commence on his Normal Retirement Date, or, if the Participant requests, as of the first day of any subsequent month which precedes his Normal Retirement Date, to the extent available after the Participant's early retirement age applicable to such Pension, as described above, but reduced as provided below.

A Participant's Early Pension shall be equal to his Accrued Benefit, which shall be computed in the same manner as a Normal Pension, considering his Benefit Service, and Average Monthly Compensation at actual Retirement. However, the amount determined under the above provisions shall be reduced in accordance with the schedule set forth below, based on the age of the Participant at commencement.

Early Pension Percent Schedule		
Age When Pension Commences	Percent of Unreduced Excess Formula Benefits*	Percent of Unreduced Step-Up/\$12 Formula Benefits**
Age 62 or older	100%	100%
Age 61, 6 months	97%	100%
Age 61, 0 months	94%	100%
Age 60, 6 months	91%	100%
Age 60, 0 months	88%	100%
Age 59, 6 months	85%	
Age 59, 0 months	82%	99%
Age 58, 6 months	79%	
Age 58, 0 months	76%	96%
Age 57, 6 months	73%	
Age 57, 0 months	70%	91%
Age 56, 6 months	67%	
Age 56, 0 months	64%	84%
Age 55, 6 months	61%	
Age 55, 0 months	58%	75%

*Prorated for intermediate ages computed to the nearest month.

**Determined for intermediate ages on the basis of the above, computed to the nearest month.

Also, any Early Pension under the Step-Up/\$12 Formula between age 59½ and age 60 for any Participant with a StepUp/\$12 Formula benefit on January 31, 1998 shall not be less than the 100% Early Pension under the StepUp/\$12 Formula applicable to the Participant on January 31, 1998.

4.5-G Deferred Vested Pension

A Participant shall be eligible for a Deferred Vested Pension if prior to eligibility for an Early Pension his employment is terminated from all Affiliated Companies.

Payment of a Deferred Vested Pension, in the form of payment determined under Article VII-G, shall commence as of the terminated Participant's Normal Retirement Date if he is then living to receive it. If the Participant so requests, his Deferred Vested Pension shall commence as of the first day of the month coinciding with or next following the early commencement age (which is age 60 for Waco Participants and age 55 for Richardson Participants, except that, if due to an employment transfer, a Richardson Participant becomes a Waco Participant, the Participant shall retain his age 55 early commencement age as to his Pension attributable to his Benefit Service prior to transfer), or as of the first day of any subsequent month which precedes his Normal Retirement Date. His Pension shall commence as of the first day of the month so requested, to the extent available after the Participant's early commencement age applicable to such Pension, as described above, but the amount shall be reduced as provided below.

A Participant's Deferred Vested Pension shall be computed in the same manner as an Early Pension, except that if payment commences prior to the Participant's Normal Retirement Date, the reduction shall be made on an Actuarially Equivalent basis.

Notwithstanding the above:

- (a) If the lump sum Actuarial Equivalent of the Participant's Deferred Vested Pension is not more than \$1,000, the Participant shall receive payment of his Deferred Vested Termination Benefit as soon as administratively feasible following termination of employment in the form of a lump sum.
- (b) If the lump sum Actuarial Equivalent of the Participant's Deferred Vested Pension is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his Deferred Vested Termination Benefit as soon as administratively feasible following termination of employment in the form of a lump sum.
- (c) If the lump sum Actuarial Equivalent of the Participant's Deferred Vested Pension is more than \$5,000 but not more than \$20,000, the Participant may elect, with spousal consent if applicable, to receive payment of his or her Deferred Vested Termination Benefit as soon as administratively feasible following termination of employment in the form of either a lump sum or the normal form of payment described in Sections 7.1-G and 7.2-G.

4.6-G Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit G after December 31, 2019.

ARTICLE V-G

DISABILITY

.1-G Termination Due to Disability

A Richardson Participant shall be eligible for a Disability Pension if his employment is terminated, while he is a Richardson Participant, by reason of Disability (as defined below) before his Normal Retirement Date, provided he has then completed ten or more years of Vesting Service and does not elect to receive an Optional Early, Early or Deferred Vested Pension. (There is no Disability provision applicable to Waco Participants.)

Payment of a Disability Pension, in the form of payment determined under Article VII-G, shall commence as of the Participant's Normal Retirement Date if he is then living.

A Participant's Disability Pension shall be computed in the same manner as a Normal Pension, considering his Average Monthly Compensation and Benefit Service as of the date of his termination on account of Disability, provided, however, that if the Participant incurred the Disability on or before December 31, 2013, the Participant's Benefit Service shall be the Benefit Service he would have accumulated if his employment had continued uninterrupted until his Normal Retirement Date.

Disability means the Participant is "totally disabled" as defined in the L3 Long Term Disability Plan and as determined by the insurer for such plan.

Disability shall be considered to have ended if, prior to his Normal Retirement Date, the Participant ceases to be permanently and totally disabled as defined in the L3 Long Term Disability Plan and as determined by the insurer for such plan.

5.2-G Recovery from Disability

If the Participant's Disability ceases prior to his Normal Retirement Date, and he is not reemploy by an Affiliated Company, and if he had met the requirements for an Early, Optional Early or Deferred Vested Pension on the date of his termination for Disability, he shall be entitled to receive, commencing on the first day of the month coinciding with or next following his Normal Retirement Date, a Pension equal in amount to the Early, Optional Early, or Deferred Vested Pension to which he would have been entitled, as of the date of his Disability, considering his Compensation and Benefit Service at his date of Disability. However, if the Participant requests the commencement of his Early, Optional Early or Deferred Vested Pension as of the first day of any subsequent month which is after age 55 and which precedes his Normal Retirement Date, his Pension shall commence as of the beginning of the month so requested, but the amount thereof shall be subject to reduction in accordance with Section 4.4-G or 4.5-G, as applicable, based on the number of years by which the starting date of the Pension payment precedes the Participant's Normal Retirement Date.

ARTICLE VI-G

DEATH BENEFITS

6.1-G Death Benefits Before Pension Commencement (Spouse's Pension)

A death benefit in the form of a monthly Pension shall be payable to the surviving spouse of a Participant (whether inservice or on authorized medical leave or terminated or on Disability) who has a vested Pension hereunder at the time of his death and dies before the date as of which his Pension is to commence, provided that the Participant has been married to such spouse at the time of his death for at least one year.

The spouse shall elect a payment commencement date (which must be the first day of a month) that is not later than the Participant's Normal Retirement Date, except that, (a) if the spouse fails to make such an election, payments shall commence as of the Participant's Normal Retirement Date and (b) if the Participant's death is on or after his Normal Retirement Date, commencement to the spouse will be as of the first day of the next month following the Participant's death.

The monthly amount and manner of payment of such spouse's Pension shall be determined as though the Participant's Pension on the date of his death (under the Deferred Vested, Early, Optional Early, Normal, or Late Pension provisions of this Plan, whichever is applicable) was paid as a 50% Qualified Joint and Survivor Annuity described in Section 7.2-G, commencing on the spouse's payment commencement date and assuming the Participant's death had occurred immediately. Any early commencement reductions made for periods not covered under the Deferred Vested Pension provisions of this Plan will be made on an Actuarially Equivalent basis. Benefit Service credit while on Disability will be counted as to a Participant whose death occurs while the Participant was on Disability and such Participant's Average Monthly Compensation when his Disability began shall be taken into account.

6.2-G Death After Commencement of Pension Payments (According to Form Payable

to Participant)

The death benefit, if any, payable after a Participant's Pension has commenced shall be determined according to the form of benefit payable under Article VII-G hereof. If a Participant has reached the date as of which his form of benefit is to commence, but dies before actual receipt of the first payment, such form of benefit shall remain effective for purposes of determining any death benefit.

ARTICLE VII-G

FORMS OF PAYMENT 7.1-G Normal Form of Pension

Unless the Qualified Joint and Survivor Pension in Section 7.2-G, or an alternate form in Section 7.3-G, is applicable, any Pension will be paid as follows:

- (a) For a Participant who has a Pension accrued only under the Excess Formula in Section 4.1-G, a Single Life Annuity Pension. Under this form of Pension, monthly payments are made to the Participant during the remaining life of the Participant.
- (b) For a Participant who has accrued any Pension under the Step-Up/\$12 Formula in Section 4.1-G, a Five-Year Certain and Continuous Annuity. Under this form of Pension, monthly payments are made to the Participant during the remaining life of the Participant; however, if he dies after his Pension commenced but before receiving 60 guaranteed monthly payments, then monthly payments, in the same amount, will continue to his Beneficiary until the total number of payments made (including those to the Participant and those to the Beneficiary) equals such guaranteed number. Notwithstanding the above, in the event the abovereferenced guaranteed number of monthly payments should exceed the number of months of life expectancy of the Participant and his designated Beneficiary (as of the date of commencement), such guaranteed number shall be reduced to equal such life expectancy and the amount of Pension shall be increased on an Actuarially Equivalent basis.
- (c) For Participants with Pensions under both the Excess and Step-Up/\$12 Formula. Under this form of Pension, the Excess Formula Pension will be converted to the FiveYear Certain and Continuous Annuity on an Actuarially Equivalent basis.

7.2-G Qualified Joint and Survivor Annuity

Unless an election to the contrary is in effect, a Participant who is married on the date as of which his Pension payments commence shall be paid his Pension in the form of a 50% Qualified Joint and Survivor Annuity. Under this form, an adjusted amount shall be paid to the Participant for his lifetime; and the spouse (to whom the Participant was married on the date as of which his Pension commenced), if surviving at the Participant's death, shall receive thereafter for life a monthly Pension of 50% of the adjusted monthly amount paid to the Participant. The adjusted amount payable to the Participant shall be determined so that the value of the Pension payments expected to be made to the Participant and his spouse is the Actuarial Equivalent of the Pension determined under Article V-G.

7.3-G Other Forms of Payment

Any Participant who is eligible to receive a benefit hereunder may elect a benefit payable in an available optional form, in an Actuarially Equivalent amount, in lieu of the benefit to which he is otherwise entitled. The option available to a Participant whose total

Pension accrued only under the Excess Formula in Section 4.1-G is limited to the Single Life Annuity Pension below for a Participant who is married. If such a Participant is not married, there is no option available. The options available to a Participant whose Pension accrued, at least in part, under the StepUp/\$12 Formula in Section 4.1-G are all of the options described below, which are available for all of the Participant's Pension, including any part that may have accrued under the Excess Formula in Section 4.1-G.

- (a) 100% Qualified Joint and Survivor Annuity: Under this form, payments are made in the same manner as described in Section 7.2-G hereof, but with the percentage continued to the spouse being 100%.
- (b) 75% Qualified Joint and Survivor Annuity: Under this form, payments are made in the same manner as described in Section 7.2-G hereof, but with the percentage continued to the spouse being 75%.
- (c) Single Life Annuity: Under this form, the payee will receive a Pension payable only for his further lifetime.
- (d) 10-Year Certain and Continuous Annuity: Under this form, payments are made in the same manner as the certain and life form described in Section 7.1-G hereof but with the number of guaranteed monthly payments being 120 (but in no event to exceed the months of life expectancy of the payee and his designated beneficiary at date of commencement).
- (e) Lump Sum: If the lump sum Actuarial Equivalent vested benefit is greater than \$5,000 but not greater than \$20,000, a lump sum payment.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit H – Former Participants In The
Raytheon TI Systems Employees Pension Plan**

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ARTICLE I-H

DEFINITIONS

Whenever used in this Exhibit H, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-H Accrued Benefit

“Accrued Benefit” means the Pension determined under the Plan expressed in the form of a monthly benefit commencing at the Participant’s Normal Payment Start Date (or Earliest Payment Start Date in the case of a Late Pension). In no event shall a Participant’s Accrued Benefit be less than his accrued benefit as of February 10, 2000 under the Prior Plan.

1.2-H Actuarial (or Actuarially) Equivalent

“Actuarial (or Actuarially) Equivalent” means equality in value of the aggregate amounts expected to be received under different manners of payment based on interest rate and mortality assumptions, as such assumptions are defined below.

(a) Except as provided in subsection (b),

- (1) An interest rate assumption equal to the interest rate which would be used during the first month of the Plan Year in which the present value or actuarial equivalent is determined, by the Pension Benefit Guaranty Corporation for purposes of determining the single sum value of a lumpsum distribution on Plan termination.
- (2) A mortality assumption taken from the UP1984 Mortality Table without set-back for calculations based upon the mortality of the Participant and with a three-year set-back for any Beneficiaries or other contingent payees.

(b) For purposes of determining the amount of a lump sum form of payment under Section 6.3-H(d), the interest rate and mortality assumption used for purposes of computing single sum payments shall be determined in accordance with Section 1.3

1.3-H Annuity Starting Date

“Annuity Starting Date” means the first day of the first period for which Pension payments to a Participant commence in accordance with the Plan (rather than the actual date of payment); provided that for a lump sum distribution, the Annuity Starting Date shall be the date as of which distribution is to be made.

1.4-H Average Credited Earnings

“Average Credited Earnings” means the quotient obtained by dividing the Participant’s total Compensation during the Participant’s Benefit Service, plus all Compensation during the pay period in which the Participant commenced participation in the Plan, by the Participant’s Benefit Service excluding from the divisor any period of Leave of Absence for military leave, temporary government service, or other public service; provided, however, that for a Participant with five or more consecutive calendar years of Benefit Service as of the most recent December 31 coincident with or next preceding termination of employment, Compensation for all Benefit Service to such December 31 shall be deemed to be the product obtained by multiplying the Participant’s Benefit Service through such December 31 by the quotient obtained by dividing the Participant’s Compensation for the highest five consecutive calendar years of Benefit Service prior to and including such December 31 by five.

Notwithstanding the foregoing, in determining the Average Credited Earnings for Participants whose pay is not determined on the basis of certain amounts for each hour worked and who have entered into an agreement with the Employer to work a schedule that is more than 20 but less than 40 hours per week, the Participant’s Compensation shall be based on the full time rate of pay for that Participant. Full-time rate shall be determined in accordance with ERISA Regulation Section 2530.200(b)-3(f).

1.5-H Compensation

“Compensation” means the total earnings paid by the Employer to an Employee during the year including but not limited to: base pay, overtime, and performance based bonuses, but excluding: severance pay, travel expenses, resettlement allowances, payment or reimbursements for expenses incurred by the Employee, cost-of-living differentials paid in addition to base salary to compensate for differences in living costs, income realized by an Employee from the exercise of an employee stock option or from the disposition of stock acquired upon exercise of an option, payments in cash or stock pursuant to awards of performance units made under an incentive compensation plan and any income realized upon disposition of stock received pursuant to awards of performance units under the Employer’s incentive compensation plan, if any, completion bonuses or similar payments made pursuant to an agreement which provides for such bonuses or payments upon continued employment with an Employer or Affiliated Company and which includes an agreement by the Employee not to engage in a business which competes with an Employer or Affiliated Company,

1.6-H Earliest Payment Start Date

“Earliest Payment Start Date” means the earliest date as of which a Participant’s or Beneficiary’s Pension payment may commence or the benefit is distributed as set forth below.

- (a) If a Participant terminates employment or dies on the first day of a month, then the Earliest Payment Start Date shall be the first day of the month next following his termination of employment; and
- (b) if a Participant terminates employment or dies other than on the first day of a month, then his Earliest Payment Start Date shall be the first day of the second month following his termination of employment.

1.7-H Final Average Earnings

“Final Average Earnings” means the lesser of (a) or (b) below:

- (a) the average of the Participant’s annual Compensation, up to each year’s Social Security Wage Base, for the most recent period of three consecutive completed calendar years of participation during which Compensation was received, ending with the year preceding the year in which the Participant terminates employment; provided that if the Participant does not have three consecutive calendar years of participation with the Employer, the Participant’s full period of participation during which Compensation was received shall be used for this purpose. For purposes of this subsection (a) any full calendar years of Leave of Absence shall be excluded and a Participant’s Compensation shall be annualized during any partial years of Service. In the event that a former Participant is rehired into Covered Employment, Final Average Earnings for periods after the date of such rehire shall be determined without regard to Final Average Earnings during periods of employment with the Employer prior to the Participant’s date of rehire; or
- (b) the average of the Social Security Wage Bases for the 35 years ending with the year the Participant reaches Social Security Retirement Age; provided that for a Participant who terminates employment prior to his Social Security Retirement Age, the amount determined under this subsection (b) shall be determined by assuming that the Social Security Wage Base that was in effect as of the date of the Participant’s termination of employment remained in effect until the Participant reached Social Security Retirement Age.

For purposes of subsections (a) and (b), any calendar year in which no compensation was paid to a Participant shall be disregarded.

1.8-H Former TI Employee

“Former TI Employee” means an Employee who is a Transferred Individual, as defined in the asset purchase agreement dated January 4, 1997, between Texas Instruments Incorporated (TI) and Raytheon Company for the sale of assets of TI’s Defense Business.

1.9-H Leave of Absence

“Leave of Absence” means any period during which a Participant is absent from employment because of temporary disability, Temporary Layoff, any period of service in the Armed Forces of the United States, or if a Participant is a national of a country other than the United States, in the Armed Forces of the country of which the Participant is a national, or any other absence so designated by the Employer.

1.10-H Normal Payment Start Date

“Normal Payment Start Date” means the first day of the month following the Participant’s Normal Retirement Date.

1.11-H Normal Retirement Age

“Normal Retirement Age” means the Participant’s 65th birthday.

1.12-H Normal Retirement Date

“Normal Retirement Date” means the first day of the month coinciding with or next following a Participant’s Normal Retirement Age.

1.13-H Pension

“Pension” means a series of monthly amounts which are payable to a person who is entitled to receive benefits under this Exhibit H.

1.14-H Prior Plan

“Prior Plan” means the Raytheon TI Systems Employee Pension Plan as in effect on February 10, 2000.

1.15-H Retirement Age Factor

“Retirement Age Factor” means the applicable factor to be used in Section 4.1H(b)(1)(B)(i) in determining the Participant’s benefit based on the Participant’s year of birth. Such Retirement Age Factor shall be .0065 for Participants born on or after January 1, 1955; .0070 for Participants born after December 31, 1937 and before January 1, 1955, and .0075 for Participants born on or before December 31, 1937. Such factors shall be reduced in accordance with the table set forth in Appendix B for the number of months that the Participant’s Annuity Starting Date precedes his Normal Payment Start Date.

1.16-H Service

“Service” means a person’s period or periods of employment as an Employee used in determining eligibility for and the amount of benefits as described in Article II-H hereof.

1.17-H Service Computation Year

“Service Computation Year” means the 12-month period used in determining Service credit in accordance with Article II-H hereof beginning with the Employee’s first Hour of Service and each 12-month period beginning with the anniversary of the Employee’s first Hour of Service.

1.18-H Social Security Retirement Age

“Social Security Retirement Age” means the age used as the retirement age under Section 216(l) of the Social Security Act, except that such section shall be applied (a) without regard to the age increase factor, and (b) as if the early retirement age under Section 216(l)(2) of such Act were 62.

1.19-H Social Security Wage Base

“Social Security Wage Base” means the earnings subject to taxation for Social Security purposes each year up to the maximum amount of earnings that could be subject to OASDI taxation.

1.20-H Temporary Layoff

“Temporary Layoff” means an absence from employment under circumstances of reduced employment requirements in which the Employer, through its normal documentation, expresses its intent to recall the Participant within six months not including (unless otherwise determined by the Employer) any period of such absence in excess of six months.

ARTICLE II-H

SERVICE CREDIT

2.1-H Vesting Service

Vesting Service is the period of employment used in determining eligibility for benefits. A year of Vesting Service is 12 months of service. For this purpose, "service" means that period of time beginning on the date a Participant is first credited with an Hour of Service with the Employer and ending on the Participant's severance from service date; provided that a Participant shall not be entitled to Vesting Service credit for any periods of employment prior to his attainment of age 18. A Participant's "severance from service date" means the first date the Participant is not employed by the Employer and is the date of the Participant retires, quits, is discharged or dies, or if earlier, the 12month anniversary of the date on which the Participant is otherwise first absent from service. The term Vesting Service shall include "vesting service," as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

2.2-H Benefit Service

Benefit Service is the period of employment used in determining the amount of Pension benefits. A Participant's total Benefit Service credit shall be:

- (a) The number of years and completed days (each completed day to be deemed to be one three hundred and sixty fifth of a year) of employment (including any period of a Leave of Absence) with the Employer thereafter in Covered Employment, beginning with the date the Employee becomes a Participant;
- (b) The first 12 months of any approved absence, including absence by reason of vacation, holiday, sickness, disability, layoff, (plus any additional credit which may be called for under federal law for military duty) if at the beginning of such absence, the Employee was in Covered Employment;
- (c) The first 12 months of any absence (not already counted under (b) above) by reason of pregnancy of the Participant, birth of the Participant's child, placement of a child with the Participant in connection with the adoption of such child by such Participant, and absence for purposes of caring for such a child for a period beginning immediately following such birth or placement, if at the beginning of such absence, the Participant was in Covered Employment.

Anything to the contrary in this Section notwithstanding, for Participants who have entered into an agreement with their Employer to work a schedule that is more than 20 but less than 40 hours per week, Benefit Service shall equal the fraction obtained when the Participant's Hours of Service during the Plan Year is divided by 2080.

A period of employment begins with the performance of the first hour of duty by an Employee during such employment for which the Employee receives, or is entitled to receive, payment from the Employer and ends with the performance of the last such hour of duty during such employment. A year of Benefit Service credit shall be given for each 365-day period, beginning with the first day that the Employee becomes a Participant, which elapses while the Participant is entitled to Benefit Service credit under the above provisions of this Section. Appropriate partial year credit will be given for any such period which is less than 365 days in length.

The term Benefit Service shall include “benefit service,” as defined in the Prior Plan, credited to the Participant as of February 10, 2000, under the Prior Plan.

ARTICLE III-H

PARTICIPATION REQUIREMENTS

3.1-H Participation

This Exhibit H shall apply only to those individuals (a) were employees of Raytheon E-Systems, Inc. on February 10, 2000, (b) were participants in the Raytheon TI Systems Employees Pension Plan on February 10, 2000, (c) became Employees of the Employer on February 11, 2000, and liabilities with respect to their accrued benefits under the Prior Plan were transferred to this Plan.

ARTICLE IV-H

NORMAL, LATE, EARLY AND DEFERRED VESTED PENSIONS

4.1-H Normal Pension

- (a) A Participant who terminates employment with the Employer and all Affiliated Companies on or after his Normal Retirement Age and on or before his Normal Retirement Date, payment of his Accrued Pension shall be as a Normal Pension, commencing as of his Normal Payment Start Date unless the Participant is to receive a Late Pension.
- (b) A Participant who meets the requirements for a Normal Pension shall receive an annual amount, payable in monthly installments, equal to the greatest of (1), (2) or (3) as follows:
 - (1) (A) minus (B) below:
 - (A) 1.5% of a Participant's Average Credited Earnings multiplied by the Participant's number of years (and completed days as a fraction of a year) of Benefit Service; minus
 - (B) an amount equal to (i) multiplied by (ii), with the result multiplied by (iii), as set forth below:
 - (i) the Participant's Retirement Age Factor multiplied by the Participants Final Average Earnings.
 - (ii) the lesser of (I) or (II):
 - (I) 35 years; or
 - (II) a. or b. as applicable
 - a. as to a Participant who terminates employment prior to or coincident with his Normal Retirement Date, the number of years (and fractions thereof) of a Participant's Benefit Service the Participant would have accumulated at his Normal Retirement Date if his Covered Employment with the Employer had continued uninterrupted until that date; or

b. as to a Participant who continues in employment beyond his Normal Retirement Date, the number of years (and fractions thereof) of Benefit Service accumulated at his actual retirement date.

(iii) The lesser of (I) or (II):

(I) one; or

(II) a fraction, the numerator of which is the Participant's numbers of years (and fractions thereof) of Benefit Service and the denominator of which is the number of years (and fractions thereof) of Benefit Service he would have accumulated if his Covered Employment with the Employer had continued uninterrupted until his Normal Retirement Date.

(2) \$84.00 multiplied by the Participant's years of Benefit Service credit;

(3) as to any Participant who was a Former TI Employee, an amount equal to (A) plus (B):

(A) his benefit accrued under the TI Pension Plan as of December 31, 1988; plus

(B) (i) minus (ii):

(i) an amount determined under Section 4.1-H(b)(1)(A) considering only his years of Benefit Service earned on or after January 1, 1989 under the TI Pension Plan and this Plan; minus

(ii) an amount determined in accordance with Section 4.1-H(b)(1)(B), but reducing the 35 years (but not below zero) in Section 4.1-H(b)(1)(B)(ii)(I) by the number of years (and fractions thereof) of Benefit Service completed prior to January 1, 1989 and by considering in Section 4.1-H(b)(1)(B)(ii)(II) or 4.1-H(b)(1)(B)(iii)(II) such Benefit Service on or after January 1, 1989.

For a Participant who was a Former TI Employee and whose compensation (as defined in the TI Pension Plan) was in excess of \$150,000 for any year prior to January 1, 1994, in no event shall the total accrued benefit payable for the total

period of Benefit Service credit for such Former TI Employee be less than the accrued benefit earned under the TI Pension Plan on December 31, 1993 by such Participant plus the total accrued benefit earned under the TI Pension Plan and this Plan based on Benefit Service earned after December 31, 1993 under this Plan and the TI Pension Plan and reducing the 35 years (but not below zero) in subsection 4.1-H(b)(1)(B)(ii)(I) (by the final fractions thereof) of years of Benefit Service completed under the TI Pension Plan prior to January 1, 1994, and by considering in Section 4.1-H(b)(1)(B)(ii)(II) or 4.1-H(b)(1)(B)(iii)(II) such Benefit Service, on or after January 1, 1994.

- (c) Notwithstanding the foregoing, in accordance with Section 411 of the Code, the Accrued Pension of a Participant payable at his Normal Payment Start Date (or later) shall not be less than the retirement benefit that would have been payable if that Participant had elected to retire at any earlier date.

4.2-H Late Pension

A Participant who meets the requirements for a Normal Pension, except that he continues in employment with the Employer or any Affiliated Company beyond his Normal Retirement Date, shall be eligible for a Late Pension upon his actual Retirement. Payment of such a Late Pension shall commence as of the Participant's Earliest Payment Start Date.

A Participant who meets the requirements for a Late Pension shall receive an annual amount, payable in monthly installments, which shall be computed as for a Normal Pension in accordance with the provisions of Section 4.1-H hereof, considering his Average Compensation and Benefit Service up to the date of his actual Retirement.

4.3-H Early Pension

A Participant shall be eligible for an Early Pension if his employment with the Employer and all Affiliated Companies is terminated on or after his 60th birthday and before his Normal Retirement Age, provided he has completed five or more years of Vesting Service, or on or after his 55th birthday and before his Normal Retirement Age, provided he has completed 20 or more years of Vesting Service credit and also provided he is not eligible to receive a Disability Pension hereunder.

Payment of an Early Pension shall commence as of the Participant's Normal Payment Start Date if he is then living; however, if the Participant requests the beginning of commencement of his Early Pension as of the Participant's Earliest Payment Start Date, or the beginning of any month following his Earliest Payment Start Date, prior to his Normal Payment Start Date, his Pension shall commence as of the beginning of such month, but reduced as provided below.

A Participant who meets the requirements for an Early Pension shall receive an annual amount payable in monthly installments, determined in accordance with Section 4.1-H.

If payment of an Early Pension commences prior to the Participant's Normal Payment Start Date, the Participant's Retirement Age Factor at commencement of Pension payments shall be substituted for the Participant's Retirement Age Factor at Normal Retirement Date in Section 4.1-H(b)(1)(B)(i) or 4.1-H(b)(3)(B)(ii), as applicable. The amount determined under Section 4.1-H(b)(1)(A), (b)(2), or (b)(3)(A) and the amount, if any, indicated in Appendix A shall be reduced by onethird of one percent (.3333%) for each of the first 60 months and seven twentyfourths of one percent (.2917%) for each of the next 60 months by which the starting date of Pension payments precedes the Participant's Normal Payment Start Date.

4.4-H Deferred Vested Pension

A Participant shall be eligible for a Deferred Vested Pension if his employment with the Employer and all Affiliated Companies is terminated for reasons other than death or Normal, Late, Early or Disability Retirement.

Payment of a Deferred Vested Pension shall commence as of the Participant's Normal Payment Start Date if he is then living. If a Participant requests the commencement of his Deferred Vested Pension as of his Earliest Payment Start Date, or the beginning of any month following his Earliest Payment Start Date, his Pension shall commence as of the first day of the month so requested, but the amount thereof shall be reduced as provided below. Such a request must be received by the Administrator at least 60 days before the first Pension payment is due.

A Participant who meets the requirements for a Deferred Vested Pension shall receive an annual amount, payable in monthly installments of the Participant's Accrued Pension, which Accrued Pension shall be computed in the same manner as an Early Pension. If payment of a Deferred Vested Pension commences prior to the Participant's Normal Payment Start Date, the amount determined above shall be reduced on an Actuarially Equivalent basis.

4.5-H Benefits Not Decreased Due to PostTermination Social Security Increase

Any benefit which an Participant is eligible to receive (including Disability benefits) shall not be decreased by reason of any increase in a benefit level or wage base under Title II of the Social Security Act if such increase takes place after the date of a Participant's termination of employment hereunder.

In the event a Participant terminates his employment hereunder and subsequently resumes participation in this Plan, the Accrued Benefit to which he would have been entitled had he not returned to employment shall not be decreased below its amount at the time of such termination.

4.6-H Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit H after December 31, 2019.

ARTICLE V-H

DISABILITY

5.1-H Eligibility for Disability Pension

A Participant shall be eligible for a Disability Pension if he terminated employment with the Employer and all Affiliated Companies, by reason of Disability (as defined below) before his Normal Retirement Date, provided he has then completed five or more years of Vesting Service.

Payment of a Disability Pension shall commence on the Participant's Normal Payment Start Date if he is then living, or if earlier, at the election of the Participant on or after the date the Participant meets the requirements for an Early Pension (taking into account the special crediting provisions in Section 5.2-H).

A Participant shall be deemed to be disabled and eligible for a Disability Pension if the Participant is determined to be disabled as defined under, and determined by the insurer for, the L3 Long-Term Disability Plan.

5.2-H Disability Pension

A Participant who meets the requirements for a Disability Pension shall receive an annual amount payable in monthly installments, which shall be computed in the same manner as a Normal Pension or Early Pension, as applicable; provided that:

- (a) such a Participant shall be deemed to have accrued the Benefit Service he would have accumulated if his employment with the Employer had continued uninterrupted until his Normal Retirement Date, or if earlier, the date he elects to commence an Early Pension in accordance with Section 4.3-H;
- (b) for purposes of determining his Average Credited Earnings, he shall be deemed to have earned Compensation during the period from the date of his termination of employment due to Disability to his Normal Retirement Date, or, if earlier, the date he elects to commence an Early Pension in accordance with Section 4.3-H at a rate equal to the rate he was earning as of the date of his termination of employment due to Disability; and
- (c) such Participant's Final Average Earnings shall be determined as of the date of his termination of employment with all Affiliated Employers due to Disability.

5.3-H Recovery From Disability

If any Disabled retired Participant recovers from his Disability prior to his Normal Retirement Date, the following rules shall be followed in determining eligibility for and the amount of any Pension benefits hereunder after such recovery.

- (a) Vesting Service; Regardless of whether the Participant reenters Covered Employment, Vesting Service credit shall be given for the period of Disability only to the extent required under Article II-H hereof.
- (b) Benefit Service. Regardless of whether the Participant reenters Covered Employment, Benefit Service credit shall be given for the period of Disability.
- (c) Compensation. Regardless of whether the Participant reenters Covered Employment, Compensation will be deemed to have continued during the period of disability.

5.4-H Additional Rules

The provisions of this Article V-H shall be applicable only to Participants who incur a Disability on or before December 31, 2013.

ARTICLE VI-H

FORMS OF PAYMENT

6.1-H Normal Form of Pension Single Life Annuity

Unless the Qualified Joint and Survivor Annuity Pension in Section 6.2-H or an alternate form in Section 6.3-H is applicable, any Pension will be paid as a Single Life Annuity Pension. Under this form of Pension, monthly payments are made to the Participant during the remaining life of the Participant.

6.2-H Qualified Joint and Survivor Annuity Pension

Unless an election to the contrary is in effect, a Participant who is married on his Annuity Starting Date shall be paid his Pension in the form of a 50% Qualified Joint and Survivor Annuity Pension. Under this form, an adjusted amount shall be paid to the Participant for his lifetime; and the spouse (to whom the Participant was married on his Annuity Starting Date), if surviving at the Participant's death, shall receive thereafter for life a monthly Pension of 50% of the adjusted monthly amount paid to the Participant. The adjusted amount payable to the Participant shall be determined so that the value of the Pension payments expected to be made to the Participant and his spouse is the Actuarial Equivalent of the Single Life Annuity Pension. The last payment shall be made for the month in which occurs the death of the last surviving of the Participant and his spouse. After the death of the Participant who has elected to receive a benefit under this Section, such Participant's spouse may elect to receive the Actuarially Equivalent lump sum value of the benefit payable to such spouse.

6.3-H Other Forms of Payment

Any Participant who is a benefit recipient hereunder may elect, during the 90 days prior to his Normal Payment Start Date, or Earliest Payment Start Date, as applicable, a benefit payable in accordance with one or more of the options set forth below, in an Actuarially Equivalent amount, in lieu of the benefit to which he is otherwise entitled; provided, however, that a Participant who is entitled to a benefit under Section 4.4-H may only elect payment of his benefit in accordance with Sections 6.1-H, 6.2-H or 6.3H(d) prior to his Normal Payment Start Date.

- (a) 100% Qualified Joint and Survivor Annuity. Under this form, payments are made in the same manner as described in Section 6.2-H hereof, but with the percentage continued to the spouse being 100%.
- (b) 75% Qualified Joint and Survivor Annuity. Under this form, payments are made in the same manner as described in Section 6.2-H hereof, but with the percentage continued to the spouse being 75%.
- (c) 10-Year Certain and Continuous Annuity. Under this form, the Participant will receive a Pension payable for his further lifetime; however, if he dies after his Pension commenced but before receiving a guaranteed number of monthly

payments (which shall be 120 but not to exceed the months of life expectancy of the payee and his Beneficiary at the date of commencement), then monthly payments, in the same amount, will continue to his Beneficiary, or Beneficiaries, until the total number of payments made (including those to the payee and those to the Beneficiary, or Beneficiaries) equals such guaranteed number; provided that such beneficiary shall be eligible to elect to receive the remainder of such monthly payments in an Actuarially Equivalent lump sum. If the Beneficiary or Beneficiaries, should die before such total guaranteed number of payments have been made, the remaining payments will be made to the estate of such Beneficiary, or Beneficiaries (or, if designated by the payee, to a secondary Beneficiary or Beneficiaries), either in an Actuarially Equivalent single sum, payable immediately, or as a continuation of the monthly payments, as selected by the Beneficiary or Beneficiaries.

- (d) Single Life Annuity. Under this form, the Participant will receive a Pension payable only for his further lifetime.
- (e) Lump Sum Payment. Under this form, the Participant will receive a single sum payment in cash.

A terminated Participant with a Deferred Vested Pension may elect immediate payment of the Actuarially Equivalent present value of the Single Life Annuity he could receive at his Normal Payment Start Date, in a lump sum. In order to receive any such immediate lump sum payment, the terminated Participant must first decline (with his spouse's consent, if he has a spouse) to receive immediate commencement of his monthly Pension, which immediate commencement will be available to him at the time of his termination of employment. Such immediate Pension will be in the normal form under Section 6.1H hereof if such Participant does not have a spouse and in the Qualified Joint and Survivor Annuity Pension form (as described in Section 6.2-H hereof) if he does have a spouse.

6.4-H Proration of Final Payment

If a Pension is payable to a Participant, his spouse, contingent pensioner or other designated beneficiary in the form of a monthly income for life, with no payments to be made after his death, the Pension payment for the month in which his death occurs shall be an amount which bears the same ratio to the full monthly Pension as the number of days of the month up to and including the date of the payee's death bears to the total number of days in the month in which the death occurs.

ARTICLE VII-H

DEATH BENEFITS

7.1-H Pre-Retirement Survivor Benefit

A Pre-Retirement Survivor or Beneficiary shall elect a payment commencement date (which must be the first day of a month) that is not later than the Participant's Normal Payment Start Date, except that (a) if the spouse or Beneficiary fails to make such an election, payments shall commence as of the Participant's Normal Payment Start Date and (b) if the Participant's death is on or after his Normal Payment Start Date, commencement to the spouse or Beneficiary will be as of the first day of the Participant's Earliest Payment Start Date.

The monthly amount and manner of payment of such Pension shall be determined as though the Participant had terminated employment on the date of his death under the Deferred Vested, Early, Optional Early, Normal, or Late Pension provisions of this Plan, whichever is applicable, and was to receive the 50% Qualified Joint and Survivor Annuity Pension described in Section 6.2-H with payments commencing to the Participant on the day prior to the spouse's payment commencement date with the Participant's death occurring the day of commencement.

In the event that the Participant designates a Beneficiary or Beneficiaries other than the spouse to receive the benefit payable under this Section 7.1-H, the Beneficiary shall be deemed to be joint annuitant for purposes of calculating the amount of the benefit payable as an annuity and shall be deemed to be the same age as the Participant for purposes of determining the benefit if the benefit is payable as a lump sum. In the event that the Participant has designated more than one Beneficiary, the lump sum value of the above benefit shall be equally divided among the Beneficiaries or divided in the percentage selected by the deceased Participant if such election has been made. If the benefit is to be paid in the form of an annuity, the annuity shall be Actuarially Equivalent to the above lump sum value based upon the actual age of the Beneficiary.

Notwithstanding the foregoing, the spouse or Beneficiary entitled to a benefit under this Section 7.1-H may elect to receive such payment in the form of an Actuarially Equivalent lump sum payment. In the event that the Participant dies and is not survived by a spouse or a designated Beneficiary, the Actuarially Equivalent lump sum amount of the benefit determined under this Section 7.1-H (determined as though the Participant was survived by a joint annuitant of the same age as the Participant) shall be payable to the Participant's estate.

Notwithstanding anything in the Plan to the contrary, in lieu of any other benefit payable under the Plan, if a Participant dies after completing an election for a lump sum distribution, but prior to his Annuity Starting Date, the spouse of such Participant (if such Participant was married on the date of his death) shall receive a single life annuity

equal to the Actuarial Equivalent of the lump sum distribution payable to the Participant, provided however that the spouse may elect to receive such death benefit in the form of a lump sum. If such a Participant is not married, or if the Participant dies after his Annuity Starting Date but before the lump sum distribution has been made, then in lieu of any other benefit payable under the Plan, the lump sum distribution shall be paid to the Participant's estate.

7.2-H Death Benefit After Normal, Late or Early Retirement

- (a) Before Annuity Starting Date. If a Participant retires under the Normal, Late or Early Pension provisions of this Plan and dies before his Annuity Starting Date, then, subject to the last paragraph of Section 7.1-H, a pre-commencement survivor benefit shall be payable to the spouse or Beneficiary of the Participant if surviving at the Participant's death.

The spouse or Beneficiary shall elect a payment commencement date (which must be the first day of a month) that is not later than the Participant's Normal Payment Start Date, except that, (1) if the spouse fails to make such an election, payments shall commence as of the Participant's Normal Payment Start Date and (2) if the Participant's death is on or after his Normal Payment Start Date, commencement to the spouse or designated Beneficiary shall be as of the Participant's Earliest Payment Start Date.

The monthly amount and manner of payment of such Pension shall be determined as though such retired Participant's Pension commenced on the day prior to the spouse's payment commencement date in the form of the 50% Qualified Joint and Survivor Annuity Pension described in Section 6.2-H hereof.

In the event that the Participant designates a Beneficiary other than the spouse to receive the benefit payable under this Section 7.2-H, the Beneficiary shall be deemed to be joint annuitant for purposes of calculating the amount of the benefit payable if the benefit is payable as an annuity and shall be deemed to be the same age as the Participant for purposes of determining the benefit if the benefit is payable as a lump sum. In the event that the Participant has designated more than one Beneficiary, the lump sum value of the above benefit shall be equally divided among the Beneficiaries or divided in the percentage selected by the deceased Participant if such election has been made. If the benefit is to be paid in the form of an annuity, the annuity shall be Actuarially Equivalent to the above lump sum value based upon the actual age of the Beneficiary.

Notwithstanding the foregoing, the spouse or Beneficiary entitled to a benefit under this Section 7.2-H may elect to receive such payment in the form of an Actuarially Equivalent lump sum payment. In the event that the Participant dies and is not survived by a spouse or Beneficiary, the Actuarially Equivalent lump

sum amount of the benefit determined under this Section 7.2-H (determined as though the Participant was survived by a joint annuitant of the same age as the Participant) shall be payable in accordance with Section 7.4-H.

- (b) After Annuity Starting Date (According to Form Payable to Participant). Subject to the last paragraph of Section 7.1-H, the death benefit, if any, payable after a Participant's Annuity Starting Date shall be determined according to the form of payment payable to the retired Participant under Article VI-H hereof.

7.3-H Death Benefit After Disability Retirement

- (a) Before Annuity Starting Date. If a Participant retires under the Disability Pension provisions of this Plan and dies before his Normal Payment Start Date, subject to the last paragraph of Section 7.1-H, a pre-commencement survivor benefit shall be payable to the spouse or Beneficiary of the Participant if surviving at the Participant's death.

The spouse or Beneficiary shall elect a payment commencement date (which must be the first day of a month) that is not later than the Participant's Normal Payment Start Date, except that (1) if the spouse or Beneficiary fails to make such an election, payments shall commence as of the Participant's Normal Payment Start Date and (2) if the Participant's death is on or after his Normal Payment Start Date, commencement to the spouse or Beneficiary shall be as of the first day of the next month following the Participant's death.

The monthly amount and manner of payment of such Pension shall be the same as would have been applicable had the Participant terminated employment at the time of his death under the Deferred Vested provisions of this Plan and had not elected a form of payment.

- (b) After Annuity Starting Date. Subject to the last paragraph of Section 7.1-H, the death benefit, if any, payable on or after the Participant entitled to a Disability Pension hereunder has reached his Annuity Starting Date shall be determined according to the form of benefit elected by the Disabled Participant under Article VII-H hereof.
- (c) Additional Rules. The provisions of this Section 7.3-H shall be applicable only with respect to Participants who incur a Disability on or before December 31, 2013.

7.4-H Death Benefit After Deferred Vested Termination

- (a) Before Annuity Starting Date. If a Participant's employment terminates under the Deferred Vested Pension provisions of this Plan, and he dies while he is entitled to such Pension, but before his Annuity Starting Date, subject to the last paragraph of Section 7.1-H a pre-commencement survivor benefit shall be

payable to the spouse or Beneficiary of the Participant if surviving at the Participant's death.

The spouse or Beneficiary shall elect a payment commencement date (which must be the first day of a month) that is not later than the Participant's Normal Payment Start Date, except that (1) if the spouse or designated Beneficiary fails to make such an election, payments shall commence as of the Participant's Normal Retirement Date and (2) if the Participant's death is on or after his Normal Payment Start Date, commencement to the spouse or Beneficiary shall be as of the first day of the next month following the Participant's death.

The monthly amount and manner of payment of such Pension shall be determined as though the Participant had at his death, commenced to receive his Pension in the form of the 50% Qualified Joint and Survivor Annuity Pension described in Section 6.2-H hereof with his death occurring on the day after commencement.

- (b) After Annuity Starting Date. Subject to the last paragraph of Section 7.1-H of the death benefit, if any, payable on or after the Participant's Annuity Starting Date for his Deferred Vested Pension shall be determined according to the form of benefit the terminated Participant elected under Article VI-H hereof.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit I – Former Participants In The
Hughes Personal Retirement Account Plan**

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ARTICLE 1-I

DEFINITIONS

Whenever used in the Plan, the following terms shall have the meanings set forth below unless otherwise expressly provided herein or unless a different meaning is plainly required by the context. Whenever used, the masculine shall be deemed to include the feminine and the singular shall be deemed to include the plural where the context requires.

1.1-I Account

“Account” means the bookkeeping account established and maintained with respect to a Participant (other than a Grandfathered Participant) pursuant to Section 3.1-I.

1.2-I Account Balance

“Account Balance” means as of a given date, the notional value assigned to an Participant’s Account equal to such Participant’s Opening Account Balance, and increases thereto based upon the applicable Minimum Adjustment Percentage.

1.3-I Accrued Benefit

“Accrued Benefit” means as of the last day of each month (the “Determination Date”), a monthly amount of benefit, payable in the form of a Single Life Annuity, commencing on the Participant’s Normal Retirement Date, equal to one-twelfth (1/12th) of the amount determined (a) prior to the month in which the Participant attains his Normal Retirement Age in accordance with the formula $[A \times (1 + M)^{X-Y}/F]$, and (b) on and after the month in which a Participant attains his Normal Retirement Age, in accordance with the formula $[A/F]$, where:

“A” equals the Participant’s Account Balance as of the Determination Date;

“F” equals the applicable actuarial factor set forth in Appendix 2 at the later of the Participant’s Normal Retirement Date or the Determination Date;

“M” equals the Minimum Adjustment Percentage in effect on the Determination Date;

“X” equals the Participant’s Normal Retirement Age expressed in whole calendar months; and

“Y” equals the Participant’s age in whole months (but in no event greater than the Participant’s Normal Retirement Age expressed in whole calendar months).

In no event shall a Participant's Accrued Benefit be less than his accrued benefit as of February 10, 2000 under the Prior Plan determined as a Single Life Annuity commencing on the Participant's Normal Retirement Date.

1.4-I Actuarial Equivalent

"Actuarial Equivalent" means except as otherwise provided in the Plan, the benefit of equivalent value to the Accrued Benefit of a Participant determined in accordance with the actuarial factors set forth in Appendix 1 (relating to different annuity benefit forms) and Appendix 2 (relating to payments before Normal Retirement Date); provided, however, that the reduction factors in Table I and Table II of Appendix 4 shall apply to a Participant's Prior Plan Benefit, if any, to the extent such factors result in a greater benefit.

For purposes of determining a Participant's Actuarial Equivalent lump sum benefit, the interest rate and mortality assumptions shall be determined in accordance with Section 1.3.

1.5-I Annuity Commencement Date

"Annuity Commencement Date" means the first day of the first period with respect to which a Participant's retirement benefits hereunder are first payable as an annuity or any other form.

1.6-I Early Distribution Date

"Early Distribution Date" means the first day of the month next following the date the Participant terminates employment with the Employer and all Affiliated Companies, or the first day of any successive month (as elected by the Participant) and prior to the Participant's Normal Retirement Date.

1.7-I Early Retirement Date

"Early Retirement Date" means the first day of the month coincident with or next following the date on which a Participant attains age 55 and completes five years of service, using the elapsed time method, and prior to a Participant's Normal Retirement Date.

1.8-I Employer

"Employer" means the Link Simulation & Training Division of the Company.

1.9-I Employment Date

"Employment Date" means the date an Employee first performs an Hour of Service for the Employer.

1.10-I Joint and Survivor Annuity

“Joint and Survivor Annuity” means a reduced Single Life Annuity to the Participant and a monthly annuity to the Participant’s designated Beneficiary for his life in a monthly amount that is 50%, 75% or 100% of the Participant’s reduced monthly annuity that commences on the first day of the month following the month during which the Participant dies and ends on the first day of the month during which the Beneficiary dies. Notwithstanding the foregoing, if a Beneficiary is a person other than the Participant’s Spouse, not less than 50% of the Actuarial Equivalent of the Joint and Survivor Annuity must be applied to provide benefits payable to the Participant during his life.

1.11-I Later Retirement Date

“Late Retirement Date” means the first day of the month coincident with or next following the date on which the Participant retires following his Normal Retirement Date.

1.12-I Minimum Adjustment Percentage

“Minimum Adjustment Percentage” means, for each calendar month, a factor equal to one-twelfth of the lesser of: (1) the third segment rate described in section 417(e)(3) of the Code, as specified by the Commissioner for the August of the immediately preceding Plan Year; and (2) the applicable annual rate of interest set forth in column 2 of Appendix 3, determined with reference to the “annual adjusted interest rate” set forth in column 1 of Appendix 3 in effect for such calendar year. The “annual adjusted interest rate” means the sum of “A” and “B”, where:

“A” equals the average of the U.S. Federal Reserve Bank of New York yields for all issues of U.S. Treasury Bonds, Notes and Bills maturing in the last three months of such Fiscal Year, as reported in the Wall Street Journal on the last business day 30 days prior to the first day of such Fiscal Year, and rounded to the nearest one quarter (1/4) percent (e.g., 3.875% would be rounded to 3.750%, and 3.900% would be rounded to 4.000%); and

“B” equals two percent.

For purposes of clause (1) above, the third segment rate is the spot segment rate that would be determined for the applicable month under section 430(h)(2)(C) without the 24-month averaging under section 430(h)(2)(D), and determined without regard to the adjustment for the 25-year average segment rates provided in section 430(h)(2)(C)(iv) of the Code.

1.13-I Normal Form

“Normal Form” means the form in which a Participant’s Accrued Benefit will be paid (unless the Participant can and does elect otherwise) and is a monthly benefit commencing on a Participant’s Retirement Date payable to him during his life, with the provision, if applicable, that, after his death subsequent to the commencement of such benefit, 50% of such benefit will continue to be paid to and for the life of his Spouse, if any, which shall be the Actuarial Equivalent of the Single Life Annuity payable at the Participant’s Retirement Date.

1.14-I Normal Retirement Age

“Normal Retirement Age” means the later of age 65 or the fifth anniversary of such Participant’s commencement of Plan participation.

1.15-I Normal Retirement Date

“Normal Retirement Date” means the first day of the month coincident with or next following a Participant’s attainment of Normal Retirement Age.

1.16-I Opening Account Balance

“Opening Account Balance” means a Participant’s Account Balance under this Exhibit I as of February 11, 2000, which shall be equal to the amount credited to the Participant as of February 10, 2000 under the Prior Plan, provided that such amount is transferred from the Prior Plan to this Plan. For purposes of benefits under this Plan, the Opening Account Balance shall be the amount determined by Raytheon Company and communicated in writing to the Company in connection with the purchase by the Company of the Link business operations of Raytheon Company.

1.17-I Participant

“Participant” means an Employee who (a) meets the eligibility requirements of Article 2 and (b) is entitled to a benefit under Article 4 in the case of an Employee who is not a Grandfathered Participant or in Appendix 4 in the case of an Employee who is a Grandfathered Participant.

1.18-I Prior Plan

“Prior Plan” means The Hughes Personal Retirement Account Plan as in effect on February 10, 2000.

1.19-I Prior Plan Benefit

“Prior Plan Benefit” means such Participant’s frozen benefit accrued as of March 31, 1994, under the CAE-Link Corporation Pension Plan. For purposes of benefits under

this Plan, the Prior Plan Benefit shall be the amount determined by Raytheon Company and communicated in writing to the Company in connection with the purchase by the Company of the Link business operations of Raytheon Company.

1.20-I Retirement Date

“Retirement Date” means the date of actual retirement of a Participant, which may be his Normal, Early, or Later Retirement Date, whichever is applicable to him and which, for Participants who are not Grandfathered Participants, also includes such Participant’s Early Distribution Date.

1.21-I Spouse

“Spouse” means the spouse to whom the Participant is legally married on his Retirement Date or, for purposes of Section A4.8-I, the date of his death.

1.22-I Single Life Annuity

“Single Life Annuity” means a monthly annuity to the Participant for his life commencing on his Retirement Date and ending on the first day of the month during which the Participant dies.

ARTICLE 2-I

ELIGIBILITY AND MEMBERSHIP

2.1-I Participation

This Exhibit I shall apply only to those individuals (a) who, on February 10, 2000, were employees of Raytheon Company and were participants in the Prior Plan, (b) became employees of the Employer on February 11, 2000, and (c) for whom assets and liabilities with respect to their benefits under the Prior Plan were transferred to this Plan.

2.2-I Accrued Benefits

The Accrued Benefits of all Participants and their Beneficiaries shall be frozen, and no further benefits shall accrue in respect any of such person under the Plan except for the crediting of interest in accordance with Section 3.2-I.

ARTICLE 3-I

ACCOUNTS AND ACCOUNT CREDITS

3.1-I Accounts

An Account will be established for each Participant and credited with his Opening Account Balance. Accounts shall be bookkeeping accounts only, and neither the maintenance of, nor the crediting of amounts to, such Accounts shall be treated as (a) the allocation of assets of the Plan to, or a segregation of such assets in, any such Account or (b) otherwise creating a right in any person to receive specific assets of the Plan.

3.2-I Minimum Periodic Percentage Applied to Accounts

As of the end of each calendar month (hereinafter, the "*Applicable Month*"), the Account of each Participant and Former Participant shall be automatically increased by an amount determined in accordance with the formula ["A" x "B"], where

"A" equals the Participant's Account Balance as of the last day of the previous month; and

"B" equals the Minimum Adjustment Percentage in effect for such Participant for the Applicable Month.

3.3-I Plan Termination

The interest crediting rate used under the Plan to determine a Participant's Account balance for interest crediting periods that end after the Plan termination date must be equal to the average of the interest crediting rates used under the Plan during the five-year period ending on the Plan termination date. Except as provided in applicable Treasury regulations, the actual annual interest crediting rate used to determine interest credits under the Plan for each of the interest crediting periods is used for purposes of determining the average of the interest crediting rates.

ARTICLE 4-I

RETIREMENT INCOME

4.1-I Normal Retirement Benefit

A Participant shall be eligible to retire on his Normal Retirement Date but may continue in employment with the Employer beyond such date and retire at a Later Retirement Date.

4.2-I Reduced Benefit at Early Distribution Date

A Participant who has terminated employment with the Employer and all Affiliated Companies shall be eligible to elect to receive payment of his Accrued Benefit on his Early Distribution Date. The amount of the monthly retirement income of a Participant

who elects to receive his Accrued Benefit on such Early Distribution Date shall be the Actuarial Equivalent as of such Early Distribution Date of the Account Balance, calculated in accordance with Appendix 2; *provided, however*, in no event can the monthly retirement income be less than the Actuarial Equivalent of the Prior Plan Benefit that would have been available at such Early Distribution Date under the terms of the Prior Plan.

4.3-I Normal Form of Benefit

Unless a Participant elects an optional form of benefit payment under Section 4.4-I, he shall receive the Actuarial Equivalent of his Accrued Benefit in the Normal Form commencing at his Retirement Date.

4.4-I Optional Forms

In lieu of the Normal Form, a Participant may elect, subject to the provisions of this Article 4, to receive the Actuarial Equivalent of his Accrued Benefit in the form of one of the following options:

- (a) a Single Life Annuity;
- (b) a Joint and Survivor Annuity; or
- (c) a single lump sum cash amount.

4.5-I Benefits in the Event of Death

- (a) If a Participant who is not married dies before his Annuity Commencement Date, his Accrued Benefit under the Plan shall be forfeited to the Plan and no benefits will be payable.
- (b) If a Participant who is married dies before his Annuity Commencement Date, a benefit shall be payable to his Spouse in an annuity commencing on the first day of the month following the month in which the Participant's death occurs which is equal to the greater of (1) one-half (1/2) the benefit that would have been payable to the Participant if he had terminated employment with the Employer and all Affiliated Companies on the date of death and elected to receive immediately his Accrued Benefit in the Normal Form and (2) the Actuarial Equivalent of the Participant's Account Balance as of the end of the calendar month in which the date of death occurs. Such Spouse may elect to defer commencement of the Actuarial Equivalent of the annuity described in the previous sentence until a date not later than the Participant's Normal Retirement Date. In lieu of the monthly annuity described above, the surviving Spouse of such Participant may elect an immediate lump sum payment equal to the greater of (x) the Actuarial Equivalent of the annuity in clause (1) of the first sentence

of this Section 4.5-I(b) or (y) the amount described in clause (2) of such sentence.

APPENDIX 1

Actuarial Equivalents
Applicable to Benefit Forms and Accrued
Benefits Under Article 4

50% Joint and Survivor Annuity Factors

I. Employee's Age Result of Participant's Age minus Beneficiary's Age

At Least ...	But Less Than ...	Less Than -7.0	-7.0 to +7.0	More than +7.0
	40	0.990	0.990	0.990
40	55	0.945	0.955	0.965
55	65	0.890	0.915	0.940
65	70	0.840	0.890	0.940
70	99	0.810	0.870	0.930

100% Joint and Survivor Annuity Factors

Employee's Age Result of Participant's Age minus Beneficiary's Age

At Least ...	But Less Than ...	Less Than -7.0	-7.0 to +7.0	More than +7.0
	40	0.975	0.975	0.975
40	55	0.895	0.915	0.935
55	65	0.820	0.8555	0.890
65	70	0.740	0.800	0.860
70	99	0.680	0.760	0.840

Joint and Survivor Annuity = Single Life Annuity at benefit commencement multiplied by the applicable factor based on employee's age and Contingent Annuitant's age difference.

Employee age and Spouse's age difference determined based on completed months of age.

II. The Actuarial Equivalent of the Vested Accrued Benefit.

III. For purposes of Section 4.5-I(b), the Actuarial Equivalent value of any deferred annuity elected by a Spouse thereunder shall be based on the dollar amount of the immediate lump sum payable thereunder increased in the manner that Account Balances are increased by the applicable Minimum Adjustment Percentage from the deferral date to

the date such annuity is first payable and then converted to an annuity in accordance with the applicable factor set forth above.

APPENDIX 2

Factors to Convert Account Balances to Monthly Payments

A Single Life Annuity as of any distribution date shall be the Actuarial Equivalent of the Participant's Account Balance as of such date, computed using:

I. The applicable mortality table is the 1983 GAM male rates only and

II. The sum of (A) and (B), where

(A) equals the annualized yield on Treasury Notes adjusted for a constant maturity of ten years, as reported by the Federal Reserve Board on a weekly average basis for the week ending on a closest preceding the last business day 30 days prior to the first day of each Fiscal Year (as quoted in the Wall Street Journal), rounded to the nearest one quarter (1/4) percent.

(B) equals one percent.

APPENDIX 3

Determination of Minimum Adjustment Percentage

Annual Adjusted Interest Rate (the sum of A and B under Section 1.3-I)	Corresponding Annual Interest Rate for Purposes of Determining <u>Minimum Adjustment Percentage</u>
2.00%	1.00%
2.25%	1.25%
2.50%	1.50%
2.75%	1.75%
3.00%	1.75%
3.25%	2.00%
3.50%	2.25%
3.75%	2.25%
4.00%	2.50%
4.25%	2.75%
4.50%	2.75%
4.75%	3.00%
5.00%	3.25%
5.25%	3.50%
5.50%	3.75%
5.75%	3.75%
6.00%	4.00%
6.25%	4.25%
6.50%	4.50%
6.75%	4.75%
7.00%	5.00%
7.25%	5.25%
7.50%	5.25%
7.75%	5.50%
8.00%	5.75%
8.25%	6.00%
8.50%	6.25%
8.75%	6.50%
9.00%	6.75%
9.25%	7.00%
9.50%	7.25%
9.75%	7.50%
10.00%	7.75%

APPENDIX 4

Prior Plan Formula For Grandfathered Participants

A4.1-I Application.

Notwithstanding anything in the Plan to the contrary, a Grandfathered Participant shall be eligible for a benefit determined under the provisions of this Appendix 4 and shall not be eligible for benefits under Articles 3-I and 4-I.

A4.2-I Definitions.

Whenever used in this Appendix 4, the following terms shall have the respective meanings set forth below unless otherwise expressly provided herein or unless a different meaning is plainly required by the context. Whenever used, the masculine shall be deemed to include the feminine and a singular word shall be deemed to include the plural when the context requires. In the event that a capitalized term is defined in this Appendix 4 and elsewhere in the Plan, the definition in this Appendix 4 shall be controlling as it applies to benefits determined under this Appendix 4.

“Accrued Benefits” means the retirement income of a Grandfathered Participant determined herein, payable in the form of a Single Life Annuity commencing at the Grandfathered Participant’s Normal Retirement Date, or, if applicable, Later Retirement Date. A Grandfathered Participant’s Accrued Benefits shall be the accrued benefit as defined in the Prior Plan credited to the Participant as of February 10, 2000 under the Prior Plan, provided that assets equal to such accrued benefit are transferred to this Plan. For purposes of benefits under this Plan, a Grandfathered Participant’s Accrued Benefits shall be the amount determined by Raytheon Company and communicated in writing to the Company in connection with the purchase by the Company of the Link business operations of Raytheon Company. The Company shall have no obligation to independently verify the accuracy of the amounts calculated by the Raytheon Company.

“Actuarial Equivalent” means, except as otherwise provided in the Plan, the benefit of equivalent value to the Accrued Benefit determined in accordance with the actuarial factors set forth in Table I of this Appendix 4, relating to different annuity benefit forms, and Table II of this Appendix 4, relating to payment before Normal Retirement Date.

“Grandfathered Participant” means a Participant who was a participant in the Prior Plan but was not eligible for the Account Balance portion (referred to as the PRA portion) of the Prior Plan.

A4.3-I Normal Retirement Benefit.

A Grandfathered Participant who terminates employment with the Employer and all Affiliated Companies on his Normal Retirement Date shall be entitled to receive his Accrued Benefits.

A4.4-I Reduced Early Retirement Benefit.

A Grandfathered Participant who terminates employment with the Employer and all Affiliated Companies on or after his Early Retirement Date and before his Normal Retirement Date shall be entitled to receive the Actuarial Equivalent of his Accrued Benefits as of such Early Retirement Date.

A4.5-I Normal Form of Benefit.

Unless a Grandfathered Participant elects an optional form of benefit payment under Section A4.6-I below, he shall receive the Actuarial Equivalent of his Accrued Benefit in the Normal Form, commencing at his Retirement Date.

A4.6-I Optional Forms.

In lieu of the Normal Form, a Grandfathered Participant may elect to receive the Actuarial Equivalent (determined in accordance with the actuarial factors set forth in Tables 2 and 3 of this Appendix 4) of his Accrued Benefit in the form of one of the following options: (a) Single Life Annuity or (b) Joint and Survivor Annuity.

A4.7-I Termination of Service Before Retirement.

- (a) If a Grandfathered Participant terminates employment with the Employer and all Affiliated Companies prior to his Early Retirement Date, he shall be entitled to receive retirement income under this Appendix 4, commencing on his Early Retirement Date, but no later than the later of (1) his Normal Retirement Date or (2) his Later Retirement Date. The amount of the monthly retirement income shall be the amount calculated in accordance with Section A4.3-I of this Appendix 4 for retirement on a Retirement Date on or after his Normal Retirement Age or Section A4.4-I of this Appendix 4 for retirement on an Early Retirement Date. Retirement income payable with respect to a Grandfathered Participant under this Section A4.7-I shall be payable in the forms provided under and in accordance with Sections A4.5-I and A4.6-I hereof.

A4.8-I Pre-Retirement Spousal Survivor Annuity.

- (a) If the death of a Participant occurs on or after becoming eligible for an Early Retirement Date but prior to receiving any benefits under the Plan, and if he is survived by his Spouse, there shall be paid to and for the life of such Spouse, commencing on either (1) the first day of the month after the month during which the Participant's death occurs if such day is on or about what would have been the Participant's Normal Retirement Date or (2) in any other case, the first day of any month after the month in which occurs

the Participant's death as the Spouse shall select (but in no event later than what would have been the Participant's Normal Retirement Date) the monthly benefit that would have been payable to the Spouse had the Participant retired with the Normal Form of benefit payment on the day before the date of his death.

- (b) If the death of a Participant with a Vested Accrued Benefit occurs before becoming eligible for any Early Retirement Date or receiving any benefits under the Plan, and if he is survived by his Spouse, there shall be paid to and for the life of such Spouse, commencing on the first day of the month after the later of (1) the month in which occurs the Participant's death or (2) the first date on which such Participant could have retired on an Early Retirement Date (but in no event later than what would have been the Participant's Normal Retirement Date), the monthly benefit that would have been payable to the Spouse if the Participant had (A) terminated employment with the Employer and all Affiliated Companies on the earlier of the date of his death or the date of his actual termination of employment, (B) survived to his earliest Early Retirement Date, (C) begun receiving benefits in the Normal Form on such date, and (D) died on the day after he would have attained his earliest Early Retirement Date.

Appendix 4 -Table I

Actuarial Equivalents Applicable to Benefit Forms

Actuarial Equivalent of a Single Life Annuity for optional forms of benefits for Grandfathered benefits under Appendix 3 other than a lump sum shall be determined on the basis of the 1983 Group Mortality Table (50/50 blend of male and female rates) and a discount rate of 9%.

Actuarial Equivalent of a Single Life Annuity for a lump sum benefit for Grandfathered benefits under Appendix 4 shall be determined on the basis of the mortality table prescribed in Rev. Rul. 2001-62 and interest based on annual interest rate on 30-year U.S. Treasury securities for the month of August preceding the year in which the Plan Year in which the determination is made, provided that for distributions occurring in 2007, the interest rate shall be the interest rate for August 2006 or November 2006, whichever produces the greater benefit.

Appendix 4 -Table II

Actuarial Equivalents Applicable to Benefit Payments Before Normal Retirement Date

Retirement Age	Early Retirement Factors
55	0.5000
56	0.5333
57	0.5667
58	0.6000
59	0.6333
60	0.6667
61	0.7333
62	0.8000
63	0.8667
64	0.9333
65	1.0000

Interpolate in the above schedule, using age to the nearest month.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit J – Former Participants in the
L-3 Communications Infrared Products Retirement Plan**

**(Exhibit A - Former Participants in the Raytheon Company Pension Plan for Salaried Employees – Exhibit D (Raytheon E-Systems,
Inc. Richardson/Waco Retirement Plan))**

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ARTICLE I-J - DEFINITIONS

Whenever used in this Exhibit J, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-J Accrued Benefit

“Accrued Benefit” means the benefit determined in accordance with Article IV-J expressed in the form of a monthly benefit commencing at Normal Retirement Date.

1.2-J Actuarial (or Actuarially) Equivalent

“Actuarial (or Actuarially) Equivalent” means equality in value of the aggregate amounts expected to be received under different manners of payment based on interest rate and mortality assumptions in effect on the date as of which the Participant’s employment terminated, as such assumptions are defined below unless otherwise specifically provided in the Plan.

- (a) Interest rate and mortality assumptions for alternative periodic benefits and for early commencement of a Deferred Vested Pension. The interest rate shall be 9% per annum. The mortality assumption shall be taken from the 1983 Group Annuity Mortality Table, using a unisex rate that is 70% male and 30% female.
- (b) Interest rate and mortality assumptions for single sum payments shall be determined in accordance with Appendix C, Section C-1.2(b).

Notwithstanding the above, no single sum determined for a Participant shall be less than the present value as of such determination date of the Participant’s Accrued Benefit in effect as of the date immediately prior to February 1, 1998, where such present value is determined using an interest rate of 9% and the mortality assumption taken from the 1983 Group Annuity Mortality Table, using a unisex rate that is 70% male and 30% female.

1.3-J Average Monthly Compensation

“Average Monthly Compensation” means the Participant’s average monthly rate of Compensation received from the Employer while accruing Benefit Service under this Exhibit J, which is the Participant’s average monthly rate of Compensation determined by dividing the total of the monthly Compensation amounts applicable to him during his “averaging period” (as defined below) by the number of months for which he received Compensation in such period. A Participant’s monthly Compensation amount for any month is his Compensation received during such month. A Participant’s averaging period is the 60 consecutive calendar months (or lesser number if the Participant does not have 60 such months) which include the highest monthly Compensation amounts, during the last 120 calendar months, for purposes of the Step-Up/\$12 Formula, or the last 180

calendar months, for purposes of the Excess Formula, prior to the Participant's termination of Service during which the Participant received Compensation, counting the last calendar month of Service.

1.4-J Compensation

(a) "Compensation" means the included earnings listed below received by the Participant from his Employer for personal services, but not the excluded earnings listed below.

Included Earnings

Base Salary
Straight Time
Overtime
Double Time
Shift Differential Pay
Vacation Advance
Performance-Based Bonus
Holiday Pay
Paid Time Off

Jury Duty Pay
Military Leave Pay
Bereavement Pay
Incentive Compensation
Lump Sum Payment in Lieu of a Merit Increase in Base Salary
Special Performance Awards
Sales Commissions
First Year Guarantee

Excluded Earnings

QWA - Quarterly Wage Adjustment (hrly.)

Severance Pay
Allowances Offsite/Expatriate
Completion Awards/Bonus
Tax Equalization Payments
Hiring Bonus
Imputed Income
Restricted Stock Dividend
Milestone Awards
Tuition Refunds

Customer Award Fee Payments
Relocation Payments
Per Diem Payments
Long-Term Disability Payments
Any amounts not specifically included in Earnings

1.5-J Deferred Vested Pension

"Deferred Vested Pension" means a Pension described in Section 4.6-J.

1.6-J Eligible Employee

"Eligible Employee" means a salaried Employee who is eligible for coverage under the Plan in accordance with Section 3.1-J.

1.7-J Leave of Absence

"Leave of Absence" means any absence authorized by the Employer under the Employer's standard personnel practices, provided that all persons under similar circumstances must be treated alike in the granting of such Leaves of Absence.

l.8-J Normal Retirement Age

“Normal Retirement Age” means the later of: (a) the Participant’s sixty-fifth birthday and (b) the earlier of: (1) the fifth anniversary of the beginning of his earliest period of his participation in this Plan or Prior Plan which has not been interrupted by at least five consecutive years of Breaks in Service which equaled or exceeded the years of Vesting Service completed by him before such Break, and (2) the date he completes five years of Vesting Service.

l.9-J Normal Retirement Date

“Normal Retirement Date” means the first day of the month coinciding with or next following the Normal Retirement Age.

l.10-J Pension

“Pension” means a series of monthly amounts which are payable to a person who is entitled to receive benefits under this Exhibit J.

l.11-J Prior Plan

“Prior Plan” means the Raytheon Company Pension Plan For Salaried Employees - Exhibit D (Raytheon E-Systems, Inc. Richardson/Waco Retirement Plan), as in effect on November 9, 2004.

l.12-J Retiree

“Retiree” means a retired Participant who commences receiving Pension payments on the first day of the month coincident with or next following the date of termination of employment (not a Participant with a Deferred Vested Pension).

l.13-J Retirement

“Retirement” means Normal, Late, or Early Retirement. Retirement shall be considered as commencing on the day immediately following an Employee’s last day of employment.

l.14-J Service

“Service” means a period or periods of employment of a Participant by the Employer used in determining eligibility for and the amount of benefits as described in Article II-J hereof.

ARTICLE II-J - SERVICE CREDIT

1.1-J Vesting Service

An Employee shall receive credit for Hours of Service, as defined in Section C-1.28, provided, however, that Hours of Service shall be credited at the rate of 190 Hours of Service for each month for which the Participant is credited with one Hour of Service.

Vesting Service is the period of employment used in determining eligibility for benefits. A Participant shall receive one year of Vesting Service for each calendar year during which he earns at least 1,000 Hours of Service.

A Participant who is laid off from the Employer or any Affiliated Company due to lack of work shall also receive Hours of Service credit for Vesting Service purposes during the 12 months after such layoff. Such Hours of Service credit will be at the rate at which the Participant was earning Hours of Service at the time of such layoff. However, no more than one year of Service credit will be granted for any calendar year and Service credit during any such layoff will stop as of a date prior to completion of said 12 months if the Participant receives payment of his Pension as of such date.

A Participant's Vesting Service shall include his vesting service credited under the Prior Plan as of November 9, 2004.

1.2-J Benefit Service

Benefit Service is the period of employment used in determining the amount of Pension benefits. A Participant shall receive one month of Benefit Service for each calendar month during which he earns at least one Hour of Service, but only counting such service completed as an Eligible Employee after attainment of age 21 and on or after January 1, 1997, and not counting months in excess of 420 months. Twelve months of Benefit Service shall constitute one year of Benefit Service.

A Participant shall also receive Benefit Service for the first 12 months of layoff from the Employer on account of lack of work (subject to the above total 420 month maximum). However, Service credit during any such layoff will stop as of any date prior to completion of said 12 months if the Participant receives payment of his Pension as of such date.

A Participant's Benefit Service shall include his benefit service credited under the Prior Plan as of November 9, 2004.

1.3-J Break in Service

For purposes of determining Vesting Service, an Employee shall have a one-year Break in Service in any calendar year in which he has not accumulated more than 500 Hours of Service. In determining whether an Employee has a one-year Break in Service for any

absence from work by reason of serious illness or pregnancy of the Employee, birth of a child of the Employee, placement of a child with the Employee in connection with the adoption of such child by such Employee, for purposes of child care immediately following such birth or placement, or to care for an immediate family member (spouse, child, or parent, not including parent-in-law) with a serious health condition, the Employee shall be credited with the Hours for which such Employee otherwise would have been scheduled to receive payment for the performance of duties, or if such scheduled Hours cannot be determined by the Employer, with eight hours for each work day of such absence, not to exceed a total of 501 Hours for any such absence. Such Hours shall be credited in the calendar year in which the absence commences if necessary to prevent incurring a one-year Break in Service; otherwise such Hours shall be credited in the immediately following calendar year.

ARTICLE III-J - ELIGIBILITY AND PARTICIPATION

3.1-J Participation

This Exhibit J shall apply only to those individuals (1) who, on November 9, 2004, were participants in the Prior Plan and whose benefits were determined under Exhibit D of the Prior Plan, (2) became Employees of the Employer on November 10, 2004, and (3) for whom assets and liabilities with respect to their benefits under the Prior Plan were transferred to this Plan.

**ARTICLE IV-J - NORMAL, LATE, OPTIONAL EARLY,
EARLY AND DEFERRED VESTED PENSIONS**

4.1-J Normal Pension

- (a) A Participant shall be eligible for a Normal Pension if his employment is terminated from the Employer and all Affiliated Companies on or after his Normal Retirement Age and on or before his Normal Retirement Date. Payment of a Normal Pension, in the form of payment determined under Article VII-J, shall commence as of the Participant's Normal Retirement Date.
- (b) Benefit Formulas. The amount of a Participant's Normal Pension will be the sum of (1) (converted to a Five Year Certain and Continuous Annuity) and (2) below, provided that the maximum number of years of Benefit Service taken into account under all formulas cannot exceed 35 years:
- (1) Excess Formula (stated as a Single Life Annuity): The sum of (A) plus (B):
- (A) 1.0% of a Participant's Average Monthly Compensation, multiplied by the number of his years of Benefit Service earned prior to January 1, 1997; plus
 - (B) 0.4% of the Participant's Average Monthly Compensation in excess of 150% of his Social Security Covered Compensation (defined below), multiplied by the number of his years of Benefit Service earned prior to January 1, 1997.

Social Security Covered Compensation means one-twelfth of the average (without indexing) of the taxable wage base in effect for each calendar year during the 35-year period ending with the calendar year in which the Participant retires or terminates employment with the Employer and all Affiliated Companies.

- (2) Step-Up/\$12 Formula (stated as a Five Year Certain and Continuous Annuity): The sum of (A) and (B) and subject to (C):
- (A) 1.2% of his Average Monthly Compensation multiplied by the number of his years of Benefit Service earned after December 31, 1996 that are not in excess of ten years; plus
 - (B) 1.6% of his Average Monthly Compensation multiplied by the number of his years of Benefit Service earned after December 31, 1996 that are in excess of ten years;
 - (C) But not less than \$12.00 multiplied by the number of years of Benefit Service earned after December 31, 1996.

- (c) Early Pension Minimum. In no event will any Participant's Pension be less than the greatest amount of immediately payable Early Pension the Participant could have received upon Retirement prior to Normal Retirement Date.

1.2-J Late Pension

A Participant who meets the requirements for a Normal Pension, except that he continues in employment with the Employer or an Affiliated Company beyond his Normal Retirement Date, shall be entitled to a Late Pension. Payment of a Late Pension, in the form of payment determined under Article VII-J, shall commence as of the first day of the month next following the Participant's last day of employment.

A Participant's Late Pension shall be a monthly amount computed in the same manner as a Normal Pension, as of the date of commencement.

1.3-J Optional Early Pension

- (a) A Participant whose employment is terminated from the Employer and all Affiliated Companies after his 60th birthday, or whose employment is terminated on account of lay-off after his 57th birthday, shall be eligible to for an Optional Early Pension with payments commencing between ages 60 and 65, provided that he has completed 10 Years of Vesting Service by his Annuity Starting Date.
- (b) Payment of an Optional Early Pension, in the form of payment determined under Article VII-J, shall commence as of the first day of the month coinciding with or next following the date of Retirement or any subsequent month before the Participant's Normal Retirement Date as elected in advance by the Participant; otherwise, commencement will be at the Participant's Normal Retirement Date.
- (c) A Participant's Optional Early Pension shall be computed in the same manner as a Normal Pension, considering his Benefit Service and Average Monthly Compensation at actual Retirement.

1.4-J Early Pension

- (a) A Participant's Pension not available as an Optional Early Pension shall be payable as an Early Pension if prior to Normal Retirement Date the Participant's employment is terminated from the Employer and all Affiliated Companies, provided that:
- (1) his employment terminated on or after the early retirement age provided he has completed 10 or more Years of Vesting Service, or
 - (2) his employment terminated on account of layoff because of lack of work and he reaches age 55 within three years thereafter, provided he has then received at least ten years of Vesting Service credit at which time, when he has both attained at least age 55 and completed at least ten years of Vesting Service credit, he may elect an Early Pension.

- (b) Payment of an Early Pension, in the form of payment determined under Article VII-J, shall commence on his Normal Retirement Date, or, if the Participant requests, as of the first day of any subsequent month which precedes his Normal Retirement Date, to the extent available after the Participant's early retirement age applicable to such Pension, as described above, but reduced as provided below.
- (c) A Participant's Early Pension shall be equal to his Accrued Benefit, which shall be computed in the same manner as a Normal Pension, considering his Benefit Service and Average Monthly Compensation at actual Retirement. However, the amount determined under the above provisions shall be reduced in accordance with the schedule set forth below, based on the age of the Participant at commencement.

Age When Pension Commences	Percent of Unreduced Step-Up/ \$12 Formula Benefits*
Age 62 or older	100%
Age 61, 0 months	100%
Age 60, 0 months	100%
Age 59, 0 months	99%
Age 58, 0 months	96%
Age 57, 0 months	91%
Age 56, 0 months	84%
Age 55, 0 months	75%

*Prorated for intermediate ages computed to the nearest month.

4.5-J Optional Early and Early Pensions As To Employees Who Transfer From This Plan

If a Participant under this Plan has transferred to a job with the Employer or Affiliated Company such that he is no longer an Eligible Employee entitled to participate in the Plan under the terms of this Exhibit J and then incurs a termination of employment, the Employee will be eligible to elect an Early or Optional Early Pension under this Plan if he then meets all of the applicable requirements except that he is not an Eligible Employee.

4.6-J Deferred Vested Pension

- (a) A Participant shall be eligible for a Deferred Vested Pension if prior to eligibility for an Early Pension his employment is terminated from the Employer and all Affiliated Companies after the completion of five or more years of Vesting Service.
- (b) Payment of a Deferred Vested Pension, in the form of payment determined under Article VII-J, shall commence as of the terminated Participant's Normal Retirement Date if he is then living to receive it. If the Participant so requests, his Deferred Vested Pension shall commence as of the first day of the month

coinciding with or next following the early commencement age (which is age 55), or as of the first day of any subsequent month which precedes his Normal Retirement Date.

(c) Notwithstanding the above:

- (1) If the Actuarial Equivalent present value of the Participant's Vested Pension is not more than \$1,000, it shall be paid as soon as administratively feasible following termination of employment in the form of a lump sum payment.
- (2) If the Actuarial Equivalent present value of the Participant's Vested Pension is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his or her Vested Pension as soon as administratively feasible following termination of employment in the form of a lump sum payment.
- (3) If the Actuarial Equivalent present value of the Participant's Vested Pension is more than \$5,000 but not more than \$20,000, the Participant may elect to receive payment of his or her Vested Pension as soon as administratively feasible following termination of employment in the form of either (1) a lump sum payment or (2) the normal form described in Section 7.1-J if the Participant is not married on termination of employment or the 50% Joint and Survivor Annuity described in Section 7.2-J if the Participant is married on termination of employment. An election under this subsection (c) to receive a lump sum payment shall be subject to the notice and consent requirements of Section C-4.8.

(d) A Participant's Deferred Vested Pension shall be computed in the same manner as an Early Pension, except that if payment commences prior to the Participant's Normal Retirement Date, the reduction shall be made on an Actuarially Equivalent basis.

4.7-J Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit J after December 31, 2019.

ARTICLE V-J - DISABILITY

5.1-J Termination Due to Disability

A Participant shall be eligible for a Disability Pension if his employment is terminated by reason of Disability (as defined below) before his Normal Retirement Date, provided he has then completed ten or more years of Vesting Service and does not elect to receive an Optional Early, Early or Deferred Vested Pension.

Payment of a Disability Pension, in the form of payment determined under Article VII-J, shall commence as of the first day of the month coinciding with or immediately following the Participant's Normal Retirement Date, if the Participant is then living.

A Participant's Disability Pension shall be computed in the same manner as a Normal Pension, considering his Average Monthly Compensation and Benefit Service as of the date of his termination on account of Disability, provided, however, that if the Participant incurred the Disability on or before December 31, 2013, the Participant's Benefit Service shall be the Benefit Service he would have accumulated if his employment had continued uninterrupted until his Normal Retirement Date.

5.2-J Recovery from Disability

If the Participant's Disability ceases prior to his Normal Retirement Date, and he is not reemployed by the Employer or an Affiliated Company, and if he had met the requirements for an Early, Optional Early or Deferred Vested Pension on the date of his termination for Disability, he shall be entitled to receive, commencing on the first day of the month coinciding with or next following his Normal Retirement Date, a Pension equal in amount to the Early, Optional Early, or Deferred Vested Pension to which he would have been entitled, as of the date of his Disability, considering his Compensation and Benefit Service at his date of Disability. However, if the Participant requests the commencement of his Early, Optional Early or Deferred Vested Pension as of the first day of any subsequent month which is after age 55 and which precedes his Normal Retirement Date, his Pension shall commence as of the beginning of the month so requested, but the amount thereof shall be subject to reduction in accordance with Section 4.4-J or 4.6-J, as applicable, based on the number of years by which the starting date of the Pension payment precedes the Participant's Normal Retirement Date.

If Disability ceases before a retired Participant attains his Normal Retirement Date and the Participant is reemployed by the Employer or an Affiliated Company, the Pension payable upon his subsequent Retirement shall be determined in accordance with the suspension of benefits provisions of Section C-4.5.

5.3-J Disability Benefits For Employees Who Transfer From The Plan

If a Participant under this Plan has transferred to a job with the Employer or Affiliated Company which does not participate in Exhibit J of this Plan, then becomes disabled and goes on an approved disability leave status, no Disability Pension shall be payable under

this Plan, but the Employee will, when his disability leave status ends and his employment is deemed terminated, be eligible to elect an Early or Optional Early Pension under this Plan if he then meets all of the applicable requirements except that he is not an Eligible Employee.

ARTICLE VI-J - DEATH BENEFITS

6.1-J Death Benefits Before Pension Commencement (Spouse's Pension)

A death benefit in the form of a monthly Pension shall be payable to the surviving spouse of a Participant (whether inservice or on authorized medical leave or terminated or on Disability) who has a vested Pension hereunder at the time of his death and dies before the date as of which his Pension is to commence, provided that the Participant has been married to such spouse at the time of his death for at least one year.

The spouse shall elect a payment commencement date (which must be the first day of a month) that is not later than the Participant's Normal Retirement Date, except that, (a) if the spouse fails to make such an election, payments shall commence as of the Participant's Normal Retirement Date and (b) if the Participant's death is on or after his Normal Retirement Date, commencement to the spouse will be as of the first day of the next month following the Participant's death.

The monthly amount and manner of payment of such spouse's Pension shall be determined as though the Participant's Pension on the date of his death (under the Deferred Vested, Early, Optional Early, Normal, or Late Pension provisions of this Plan, whichever is applicable) was paid as a 50% Joint and Survivor Annuity described in Section 7.2-J, commencing on the spouse's payment commencement date and assuming the Participant's death had occurred immediately. Any early commencement reductions made for periods not covered under the Deferred Vested Pension provisions of this Plan will be made on an Actuarially Equivalent basis. With respect to a Participant who incurred a Disability on or before December 31, 2013, Benefit Accrual Service credit while on Disability will be counted as to a Participant whose death occurs while the Participant was on Disability and such Participant's Average Monthly Compensation when his Disability began shall be taken into account.

5.2-J Death After Commencement of Pension Payments

The death benefit, if any, payable after a Participant's Pension has commenced shall be determined according to the form of benefit payable under Article VII-J hereof. If a Participant has reached the date as of which his form of benefit is to commence, but dies before actual receipt of the first payment, such form of benefit shall remain effective for purposes of determining any death benefit.

If, upon the death of a Participant receiving a benefit that was limited under Section C4.2 of the main text of the Plan, the Participant's surviving spouse is entitled to a benefit payment smaller than the amount payable during the Participant's lifetime, the benefit payments to the spouse shall be the lesser of (a) and (b):

- (a) The benefit payment which would be payable to the surviving spouse if benefits under this Exhibit J had not been limited by Section C-4.2 of the main text of the Plan.

- (b) The benefit payment which would be payable to the surviving spouse if the benefit provided under this Exhibit J had been a joint and survivor annuity with the survivor benefits equal to 100% of the amount payable while the Participant was alive, in an amount equal to the maximum limitations provided under Section C-4.2 of the main text of the Plan.

ARTICLE VII-J - FORMS OF PAYMENT

7.1-J Normal Form of Pension

Unless the 50% Joint and Survivor Annuity in Section 7.2-J, or an alternate form in Section 7.3-J, is applicable, any Pension will be paid as follows:

- (a) A Five-Year Certain and Continuous Annuity. Under this form of Pension, monthly payments are made to the Participant during the remaining life of the Participant; however, if he dies after his Pension commenced but before receiving 60 guaranteed monthly payments, then monthly payments, in the same amount, will continue to his Beneficiary until the total number of payments made (including those to the Participant and those to the Beneficiary) equals such guaranteed number. Notwithstanding the above, in the event the aboverferenced guaranteed number of monthly payments should exceed the number of months of life expectancy of the Participant and his designated Beneficiary (as of the date of commencement), such guaranteed number shall be reduced to equal such life expectancy and the amount of Pension shall be increased on an Actuarially Equivalent basis.
- (b) A Five-Year Certain and Continuous Annuity for a Participant who Has Accrued a Pension under both the Excess and Step-Up/\$12 Formula. The Excess Formula Pension will be converted to the FiveYear Certain and Continuous Annuity on an Actuarially Equivalent basis.

7.2-J 50% Joint and Survivor Annuity

Unless an election to the contrary is in effect, a Participant who is married on the date as of which his Pension payments commence shall be paid his Pension in the form of a 50% Joint and Survivor Annuity. Under this form, an adjusted amount shall be paid to the Participant for his lifetime; and the spouse (to whom the Participant was married on the date as of which his Pension commenced), if surviving at the Participant's death, shall receive thereafter for life a monthly Pension of 50% of the adjusted monthly amount paid to the Participant. The adjusted amount payable to the Participant shall be determined so that the value of the Pension payments expected to be made to the Participant and his spouse is the Actuarial Equivalent of the Pension determined under Article IV-J.

7.3-J Other Forms of Payment

Any Participant who is eligible to receive a benefit hereunder may elect a benefit payable in an available optional form, in an Actuarially Equivalent amount, in lieu of the benefit to which he is otherwise entitled. The option available to a Participant whose total Pension accrued only under the Excess Formula in Section 4.1-J is limited to the 75% Joint and Survivor Annuity, Single Life Annuity Pension or a Lump Sum Benefit for a Participant who is married and a Lump Sum Benefit if such Participant is not married. The options available to a Participant whose Pension accrued, at least in part, under the Step-Up/\$12 Formula in Section 4.1-J are all of the options described below, which are

available for all of the Participant's Pension, including any part that may have accrued under the Excess Formula in Section 4.1-J

- (a) 75% Joint and Survivor Annuity: Under this form, payments are made in the same manner as described in Section 7.2-J hereof, but with the percentage continued to the spouse being 75%.
- (b) 100% Joint and Survivor Annuity: Under this form, payments are made in the same manner as described in Section 7.2-J hereof, but with the percentage continued to the spouse being 100%.
- (c) Single Life Annuity: Under this form, the Participant will receive a Pension payable only for his further lifetime.
- (d) Period Certain and Continuous Annuity: Under this form, payments are made in the same manner as the certain and life form described in Section 7.1-J hereof but with the number of guaranteed monthly payments being 120 (but in no event to exceed the months of life expectancy of the Participant and his designated Beneficiary at date of commencement).
- (e) Lump Sum Payment: A lump sum payment, but only if the Actuarial Equivalent lump sum value of the Participant's Vested Accrued Benefit is more than \$5,000 but not more than \$20,000.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

Exhibit K – Former Participants in the

L-3 Communications Infrared Products Retirement Plan

(Exhibit B – Former Participants in the Raytheon Company Pension Plan for Salaried Employees – Exhibit B (E-Systems, Inc. Salaried Employees Retirement Plan))

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ARTICLE I-K - DEFINITIONS

Whenever used in this Exhibit K the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-K Accrued Benefit

“Accrued Benefit” means the benefit determined in accordance with IV-K expressed in the form of a monthly benefit commencing at Normal Retirement Date and payable as a Five-Year Certain and Continuous Annuity.

1.2-K Actuarial (or Actuarially) Equivalent

“Actuarial (or Actuarially) Equivalent” means equality in value of the aggregate amounts expected to be received under different manners of payment based on interest rate and mortality assumptions in effect on the date as of which the Participant’s employment terminated, as such assumptions are defined below unless otherwise specifically provided in the Plan.

- (a) Interest rate and mortality assumptions for alternative periodic benefits and for early commencement of a Deferred Vested Pension. The interest rate shall be 7% per annum. The mortality assumption shall be taken from the 1971 Group Annuity Mortality Table, Projected by Scale D to 1975, using a unisex rate that is 50% male and 50% female.
- (b) Interest rate and mortality assumptions for single sum payments. The interest rate and mortality assumptions for purposes of computing single sum payments shall be determined in accordance with Appendix C, Section C-1.2(b). Notwithstanding the above, no single sum determined for a Participant as of any date on or after February 1, 1998 shall be less than the present value of the Participant’s Accrued Benefit determined as of February 1, 1998 using the actuarial assumptions described in subsection (a).

1.3-K Annuity Starting Date

“Annuity Starting Date” means the first day of the first period for which a benefit is payable as an annuity or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the Participant to such benefit.

1.4-K Average Monthly Compensation

“Average Monthly Compensation” means the Participant’s average monthly rate of Compensation received from the Employer while accruing Benefit Service under this Exhibit K determined by dividing the total of the monthly Compensation amounts

applicable to him during his “averaging period” (as defined below) by the number of months for which he received Compensation in such period. A Participant’s monthly Compensation amount for each month in any calendar year is his Compensation received during such month.

A Participant’s averaging period is the 60 consecutive calendar months (or lesser number if the Participant does not have 60 such months) which include the highest monthly amounts of pay during the last 120 calendar months prior to the Participant’s termination of Service during which the Participant received Compensation, counting the last calendar month of Service.

1.5-K Compensation

“Compensation means:

Included Earnings

Base Salary
Straight Time
Overtime
Double Time
Shift Differential Pay
Vacation Advance
Holiday Pay
Paid Time Off
Jury Duty Pay
Military Leave Pay
Bereavement Pay
Incentive Compensation
Lump Sum Payment in Lieu of a
 Merit Increase in Base Pay
Special Performance Awards
Sales Commissions
Performance-Based Bonuses

Excluded Earnings

Quarterly Wage Adjustment
 (HRLY)
Severance Pay
Allowances Offsite/Expatriate
Completion Awards/Bonuses
Tax Equalization Payments
Customer Award Fee Payments
Hiring Bonus
Imputed Income
Restricted Stock Dividend
Milestone Awards
Tuition Refunds
Relocation Payments
Per Diem Payments
Long-Term Disability Payments
Any amounts not specifically included in Earnings

1.6-K Deferred Vested Pension

Deferred Vested Pension means the Pension described in Section 4.5-K.

1.7-K Employment Commencement Date

Employment Commencement Date means the date on which the Employee first performs an Hour of Service with the Employer or an Affiliated Company.

1.8-K Hour of Service

Hours of Service means Hour of Service as defined in Section C-1.28, provided that Service credit with respect to the performance of duties for a Participant for whom hourly records are not maintained shall be granted at the rate of 45 Hours of Service for each week for which the Participant is compensated for one Hour of Service.

1.9-K Leave of Absence

Leave of Absence means any absence authorized by the Employer under the Employer’s standard personnel practices, provided that all persons under similar circumstances must be treated alike in the granting of such Leaves of Absence, and provided further that the Participant returns or retires within the period specified in the authorized Leave of Absence.

1.10-K Normal Retirement Age

Normal Retirement Age means the later of: (a) the Participant’s 65th birthday and (b) the earlier of: (1) the fifth anniversary of the commencement of the earliest period of his

participation in this Plan or Previous Plan which has not been interrupted by a Period of Severance of at least five years which equaled or exceeded his Vesting Service before such Period of Severance and (2) the date he completes five years of Vesting Service.

l.11-K Normal Retirement Date

Normal Retirement Date means the first day of the month coinciding with or next following the date the Participant reaches Normal Retirement Age.

l.12-K Pension

Pension means a series of monthly amounts which are payable to a person who is entitled to receive benefits under this Exhibit K.

l.13-K Period of Service

Period of Service means the period of time beginning on the Employee's Employment Commencement Date or Reemployment Commencement Date, whichever is applicable, and ending on the Employee's Severance from Service Date.

l.14-K Period of Severance

Period of Severance means the period of time beginning on an Employee's Severance from Service Date and ending on the Employee's Reemployment Commencement Date. However, if the Employee was absent from employment at the Severance from Service Date (a) by reason of the Employee's pregnancy, (b) by reason of the birth of a child to the Employee, (c) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee, or (d) for purposes of caring for such child for a period beginning immediately following such birth or placement, the Period of Severance is the period beginning on the second anniversary of such absence and ending on the Employee's Reemployment Commencement Date.

l.15-K Primary Social Security Benefit

Primary Social Security Benefit means the Social Security benefit to which the Participant is, or would be upon filing application, entitled at the later of his Normal Retirement Date and termination of employment.

The Committee may, to determine such amounts, use wage estimates for the Participant's pre-hire period where actual wage history is not furnished by Participant. Any such wage estimates shall be made by applying a salary scale, projected backwards, to the Participant's Compensation at his date of hire. Such salary scale shall be 6%. Notice shall be duly given to each Participant (with his summary plan description and at his termination of employment) explaining the use of such estimates and informing the Participant that he can obtain his actual wage history from the Social Security Administration. If any Participant shall furnish actual wage history in writing to the Committee no later than six months after his termination of employment or, if later, after

he is informed of his Plan benefits, the Committee shall determine his Primary Social Security Benefit on the basis of such actual wage history.

l.16-K Prior Plan

Prior Plan means the Raytheon Company Pension Plan for Salaried Employees as in effect on November 9, 2004.

l.17-K Projected Primary Social Security Benefit

Projected Primary Social Security Benefit means, subject to the use of wage estimates described in the second paragraph of the definition of Primary Social Security Benefit above, the Social Security benefit to which a Participant would be entitled at his Normal Retirement Date had he continued to receive wages in covered employment until such date, at a rate equal to such wages as he was receiving just before termination of employment.

l.18-K Reemployment Commencement Date

Reemployment Commencement Date means the first date on which an Employee performs an Hour of Service following a Period of Severance excluded under Article II-K in determining whether the Employee has a non-forfeitable right to an Accrued Benefit under the Plan.

l.19-K Retiree

Retiree means a retired Participant who commences receiving Pension payments on the first day of the month coincident with or next following the date of termination of employment or when first eligible for Disability Pension payments (not a Deferred Vested Person).

l.20-K Retirement

Retirement means Normal, Late, Optional Early, Early or Disability Retirement. Retirement shall be considered as commencing on the day immediately following a Participant's last day of employment (or authorized Leave of Absence, if later).

l.21-K Service

Service means a period or periods of employment of a Participant with the Employer used in determining eligibility for and the amount of benefits as described in Article II-K hereof.

l.22-K Severance from Service Date

Severance from Service Date means:

- (a) the earlier of (1) the date on which an Employee quits, retires, is discharged, or dies; and (2) except as provided in subsections (b) and (c) of this definition, the first anniversary of the first date of a period during which an Employee is absent for any reason other than quit, Retirement, discharge, or death.
- (b) If the Employee is terminated by reason of Disability (as defined in Article V-K), the Severance from Service Date is the date of that termination.
- (c) If the Employee is discharged or quits (1) by reason of the Employee's pregnancy, (2) by reason of the birth of a child to the Employee, (3) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement, Severance from Service Date shall mean the first anniversary of the quit or discharge.

ARTICLE II-K - VESTING AND BENEFIT CREDIT

2.1-K Vesting

A Participant shall have a non-forfeitable right to an Accrued Benefit under the Plan upon the earlier of subsections (a) and (b):

- (a) completion of Vesting Service of at least five years, and
- (b) the date he attains his Normal Retirement Age.

A Participant's Vesting Service shall include his vesting service credited under the Prior Plan as of November 9, 2004.

2.2-K Vesting Service and Break in Service Rules

The Vesting Service for purposes of Section 2.1-K is the total length of all Periods of Service, except that in the case of a Participant who is reemployed by the Employer or an Affiliated Company after a Severance from Service Date, the Plan shall exclude:

- (a) If the Participant was not vested at the beginning of a Period of Severance of five or more years, any Period of Service prior to such Period of Severance if the Participant's Period of Severance equals or exceeds the Participant's prior Period of Service.
- (b) All Periods of Severance, except that the Period of Severance will be included as a Period of Service in the event a Participant returns from a quit, discharge or Retirement within twelve months from either (1) the date of the quit, discharge or Retirement, or (2) if the Participant was absent from employment for reasons such as layoff or Leave of Absence on the day of the quit, discharge, or Retirement, the first day of such absence.

- (c) Notwithstanding any other provision to the contrary, a Participant who terminates employment due to a reduction in force will receive Vesting Service until the first anniversary of the date of the reduction in force or the date the participant begins receiving a Pension.

2.3-K Benefit Service

- (a) Benefit Service is the period of employment used in determining the Accrued Benefit under this Plan. A Participant's total Benefit Service shall be the total Service as calculated under Section 2.2-K but counting only such Service as an Eligible Employee of the Employer (and not of an Affiliated Company).
- (b) A Participant's Benefit Service shall include his benefit service credited under the Prior Plan as of November 9, 2004.
- (c) Notwithstanding any other provision to the contrary, a Participant who terminates employment due to a reduction in force will receive Vesting Service until the first anniversary of the date of the reduction in force or the date the participant begins receiving a Pension.

ARTICLE III-K - ELIGIBILITY AND PARTICIPATION

3.1-K Participation

This Exhibit K shall apply only to those individuals (1) who, on November 9, 2004, were participants in the Prior Plan and whose benefits were determined under Exhibit B of the Prior Plan, (2) became Employees of the Employer on November 10, 2004, and (3) for whom assets and liabilities with respect to their benefits under the Prior Plan were transferred to this Plan.

ARTICLE IV-K - NORMAL, LATE, OPTIONAL EARLY,

EARLY AND DEFERRED VESTED PENSIONS

4.1-K Normal Pension

A Participant shall be eligible for a Normal Pension if his employment is terminated from the Employer and all Affiliated Companies on or after his Normal Retirement Age and on or before his Normal Retirement Date. Payment of a Normal Pension, in the form of payment determined under Article VII-K, shall commence as of the Participant's Normal Retirement Date.

The amount of a Participant's Normal Pension (stated as a Five Year Certain and Continuous Annuity) is as follows:

- (a) Post-1990 Pension. The monthly pension at his Normal Retirement Date for a Participant is equal to the greatest of paragraphs (1) through (6) as follows:

- (1) The sum of:
 - (A) 1.2% of his Average Monthly Compensation multiplied by the number of his years of Benefit Service (but not in excess of ten years of Benefit Service); plus
 - (B) 1.6% of his Average Monthly Compensation multiplied by the number of his years of Benefit Service in excess of ten years,
- (2) The sum of:
 - (A) The amount calculated for such Participant under Section 4.1-K(b) based upon his Average Monthly Compensation, Benefit Service and Projected Primary Social Security Benefit as of December 31, 1990; plus
 - (B) The amount calculated for such Participant under Section 4.1K(a)(1) based upon his Benefit Service earned after December 31, 1990, (but counting all Benefit Service to determine whether subsection (A) or (B) applies in Section 4.1-K(a)(1),
- (3) Twelve Dollars (\$12.00) multiplied by the number of years of Benefit Service.
- (4) If such Participant had attained age 50 on or before December 31, 1990, the amount calculated under Section 4.1-K(b) using Benefit Service and Compensation credited under this Plan as of his Severance from Service Date,
- (5) If such Participant had Compensation in 1993 or any prior year that exceeded \$150,000, the sum of:
 - (A) The amount calculated for such Participant under Section 4.1K(a)(1) or (2), whichever is greater, based on his Average Monthly Compensation, Benefit Service and Projected Primary Social Security Benefit as of December 31, 1993, and using the Code Section 401(a)(17) Compensation limits in effect as to benefit accruals prior to January 1, 1994, as described in the definition of Compensation in this Plan; plus
 - (B) The amount calculated for such Participant under Section 4.1K(a)(1), based on his Benefit Service earned after December 31, 1993, (but counting all Benefit Service to determine whether subsection (A) or (B) applies in Section 4.1-K(a)(1)), and based on Average Monthly Compensation determined using the Code Section 401(a)(17) Compensation limits in effect as to

benefit accruals on and after January 1, 1994, as described in the definition of Compensation in this Plan.

(6) If such Participant had Compensation in 1993 or any prior year that exceeded \$150,000, and if such Participant had attained age 50 on or before December 31, 1990, the sum of:

(A) The amount calculated for such Participant under Section 4.1-K(a) based upon his Average Monthly Compensation, Benefit Service and Projected Primary Social Security Benefit as of December 31, 1993, and using the Code Section 401(a)(17) Compensation limits in effect as to benefit accruals prior to January 1, 1994, as described in the definition of Compensation in Section C-1.15 of the main Plan; plus

(B) The amount calculated for such Participant under Section 4.1-K(a) based on his Benefit Service earned after December 31, 1993, and his Average Monthly Compensation and Primary Social Security Benefit as of the date of his termination of employment, and using the Code Section 401(a)(17) Compensation limits in effect as to benefit accruals on and after January 1, 1994, as described in the definition of Compensation in Section C-1.15 of the main Plan.

(7) The greatest amount of immediately payable Optional Early or Early Pension the Participant could have received upon Retirement prior to Normal Retirement Date.

(b) Pre1991 Pension. The monthly pension at Normal Retirement is the greater of paragraphs (1) or (2) as follows:

(1) The difference of:

(A) One and one-half percent (1.5%) of his Average Monthly Compensation multiplied by the number of his years of Benefit Service, less

(B) One-half of one percent (0.5%) of his monthly amount of Primary Social Security Benefit, multiplied by the number of his years of Benefit Service;

(2) Twelve Dollars (\$12.00) multiplied by the number of his years of Benefit Service.

4.2-K Late Pension

A Participant who meets the requirements for a Normal Pension, except that he continues in employment with the Employer or an Affiliated Company beyond his Normal

Retirement Date, shall be entitled to a Late Pension. Payment of a Late Pension, in the form of payment determined under Article VII-K, shall commence as of the first day of the month next following the Participant's last day of employment.

A Participant's Late Pension shall be a monthly amount computed in the same manner as a Normal Pension, as of the date of commencement.

4.3-K Optional Early Pension

An Employee whose employment is terminated from the Employer and all Affiliated Companies after his 60th birthday, or who is laid off after his 57th birthday, shall be eligible for an Optional Early Pension with payments commencing between ages 60 and 65, provided that either:

- (a) he has completed 10 years of Vesting Service by his Annuity Starting Date, or
- (b) his employment commenced before June 26, 1991.

Payment of an Optional Early Pension, in the amount determined under Section 4.1-K as modified to reflect the Employee's selection of form of payment under Article VII-K, shall commence as of the first day of the month coinciding with or next following the date the Participant attains age 60 or as of the first of any subsequent month before the Employee's Normal Retirement Date as elected in advance by the Employee; otherwise, commencement will be at the Employee's Normal Retirement Date.

An Employee's Optional Early Pension shall be equal to his Accrued Benefit which shall be computed in the same manner as a Normal Pension, considering his Benefit Service, and Average Monthly Compensation at actual Retirement, but using his Projected Social Security Benefit instead of his Primary Social Security Benefit.

4.4-K Early Pension

A Participant who is not eligible for an Optional Early Pension shall be eligible for an Early Pension payable on or after the Participant attains age 55 if prior to his Normal Retirement Date his employment is terminated from the Employer and all Affiliated Companies, provided that:

- (a) his employment terminated on or after his 55th birthday, and he has completed ten or more years of Vesting Service, or
- (b) his employment terminated on account of layoff because of lack of work after his 52nd birthday and he reaches age 55 and completed at least 10 years of Vesting Service.

Payment of an Early Pension, in the form of payment determined under Article VII-K, shall commence on his Normal Retirement Date, or if the Participant requests, as of the

first day of any subsequent month which precedes his Normal Retirement Date, but reduced as provided below.

A Participant's Early Pension shall be equal to his Accrued Benefit, which shall be computed in the same manner as a Normal Pension, considering his Benefit Service, and Average Monthly Compensation at actual Retirement, but using his Projected Social Security Benefit instead of his Primary Social Security Benefit. However, the amount determined under the above provisions shall be reduced in accordance with the schedule set forth below based on the age of the Participant at commencement, if payment of an Early Pension commences prior to his age 60.

Age Prior to Normal Retirement Date	Percent of Accrued Benefit
60	100%
59	99%
58	96%
57	91%
56	84%
55	75%

For fractional years between those shown above, the percentage will be interpolated by the Administrator.

4.5-K Deferred Vested Pension

- (a) A Participant shall be eligible for a Deferred Vested Pension if prior to eligibility for an Early Pension, Optional Early or Normal Pension his employment is terminated from the Employer and all Affiliated Companies after completion of five or more years of Vesting Service.
- (b) Payment of a Deferred Vested Pension, in the form of payment determined under Article VII-K, shall commence as of the terminated Participant's Normal Retirement Date if he is then living to receive it. If the Participant requests the commencement of his Deferred Vested Pension as of the first day of the month coinciding with or next following his 55th birthday, or as of the first day of any subsequent month which precedes his Normal Retirement Date, his Pension shall commence as of the first day of the month so requested, but the amount thereof shall be reduced as provided below.
- (c) Notwithstanding the above:
 - (1) If the Actuarial Equivalent present value of the Participant's Vested Pension is not more than \$1,000, it shall be paid as soon as administratively feasible following termination of employment in the form of a lump sum payment.

- (2) If the Actuarial Equivalent present value of the Participant's Vested Pension is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his Vested Pension as soon as administratively feasible following termination of employment in the form of a lump sum payment.
- (3) If the Actuarial Equivalent present value of the Participant's Vested Pension is more than \$5,000 but not more than \$20,000, the Participant may elect to receive payment of his or her Vested Pension as soon as administratively feasible following termination of employment in the form of either (a) a lump sum payment or (b) the normal form described in Section 5.1-K if the Participant is not married on termination of employment or the 50% Joint and Survivor Annuity described in Section 7.2-K if the Participant is married on termination of employment. An election under this paragraph (3) to receive a lump sum payment shall be subject to the notice and consent requirements of Section C-4.8.
- (d) A Participant's Deferred Vested Pension shall be computed in the same manner as an Early Pension, except that if payment of the Deferred Vested Pension commences prior to the Participant's Normal Retirement Date, the reduction shall be made on an Actuarially Equivalent basis.

4.6-K Benefits Not Decreased Due to Post-Termination Social Security Increase

Any benefit which a Participant is eligible to receive (including Disability benefits) shall not be decreased by reason of any increase in a benefit level or wage base under Title II of the Social Security Act if such increase takes place after the date of a Participant's termination of employment hereunder.

In the event a Participant terminates his employment hereunder with a non-forfeitable right to a benefit and subsequently resumes participation in this Plan, the Accrued Benefit to which he would have been entitled had he not returned to employment shall not be decreased below its amount at the time of such termination.

4.7-K Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit K after December 31, 2019.

ARTICLE V-K - DISABILITY

5.1-K Termination Due to Disability.

A Participant shall be eligible for a Disability Pension if his employment with the Employer is terminated by reason of Disability (as defined below) before his Normal Retirement Date, provided he has then completed ten or more years of Vesting Service and does not elect to receive an Optional Early, Early or Deferred Vested Pension.

Payment of a Disability Pension, in the form of payment determined under Article VII-K, shall commence as of the Participant's Early Retirement, Optional Early Retirement or Normal Retirement, at the election of the Participant.

A Participant's Disability Pension shall be computed in the same manner as a Normal Pension, considering his Average Monthly Compensation and Benefit Service as of the date of his termination on account of Disability, but using his Projected Social Security Benefit instead of his Primary Social Security Benefit; provided, however, that if the Participant incurred the Disability on or before December 31, 2013, the Participant's Benefit Service shall be the Benefit Service he would have accumulated if his employment had continued uninterrupted until his Normal Retirement Date.

Disability shall be considered to have ended if, prior to his Normal Retirement Date, the Participant is no longer disabled as defined in the L3 Long Term Disability Plan and determined by the insurer for that Plan.

5.2-K Recovery from Disability.

If the Participant's Disability ceases prior to his Normal Retirement Date, and he is not reemployed by the Employer or any Affiliated Company, and if he had met the requirements for an Early, Optional Early or Deferred Vested Pension on the date of his termination for Disability, he shall be entitled to receive, commencing on the first day of the month coinciding with or next following his Normal Retirement Date, a Pension equal in amount to the Early, Optional Early, or Deferred Vested Pension to which he would have been entitled, as of the date of his Disability, considering his Compensation and Benefit Service at his date of Disability. However, if the Participant requests the commencement of his Early, Optional Early or Deferred Vested Pension as of the first day of any subsequent month which is after age 55 and which precedes his Normal Retirement Date, his Pension shall commence as of the beginning of the month so requested, but the amount thereof shall be subject to reduction in accordance with Section 4.4-K or 4.5-K as applicable, based on the number of years by which the starting date of the Pension payment precedes the Participant's Normal Retirement Date.

If Disability ceases before a retired Participant attains his Normal Retirement Date and the Participant is reemployed by an Affiliated Company, the Pension payable upon his subsequent Retirement shall be determined in accordance with the suspension of benefit provisions of Section C-4.5.

ARTICLE VI-K - DEATH BENEFITS

5.1-K Death Benefits Before Pension Commencement (Spouse's Pension)

A death benefit in the form of a monthly Pension shall be payable to the surviving spouse of a Participant who has a vested Pension at the time of his death and dies before the date as of which his Pension is to commence, provided that the Participant is married to such spouse at the time of his death.

The spouse shall elect a payment commencement date (which must be the first day of a month) that is not later than the Participant's Normal Retirement Date, except that, (a) if the spouse fails to make such an election, payments shall commence as of the Participant's Normal Retirement Date and (b) if the Participant's death is on or after his Normal Retirement Date, commencement to the spouse will be as of the first day of the next month following the Participant's death.

The monthly amount and manner of payment of such spouse's Pension shall be determined as though the Participant's Pension on the date of his death (under the Deferred Vested, Early, Optional Early, Normal, or Late Pension provisions of this Plan, whichever is applicable) was paid as a 50% Joint and Survivor Annuity described in Section 7.2-K, commencing on the spouse's payment commencement date and assuming the Participant's death had occurred immediately. Any early commencement reductions made for periods not covered under the Deferred Vested Pension provisions of this Plan will be made on an Actuarially Equivalent basis. With respect to a Participant who incurred a Disability on or before December 31, 2013, Benefit Accrual Service credit while on Disability will be counted as to a Participant whose death occurs while the Participant was on Disability and such Participant's Average Monthly Compensation when his Disability began shall be taken into account.

5.2-K Benefit Service credit while on Disability

Benefit Service credit while on Disability will be counted as to a Participant whose death occurs while the Participant was on Disability and such Participant's Average Monthly Compensation when his Disability began shall be taken into account.

5.3-K Death After Commencement of Pension Payments

The death benefit, if any, payable after a Participant's Pension has commenced shall be determined according to the form of benefit payable under Article VII-K hereof. If Participant has reached the date as of which his form of benefit is to commence, but dies before actual receipt of the first payment, such form of benefit shall remain effective for purposes of determining any death benefit.

If, upon the death of a Participant receiving a benefit that was limited under Section C4.2 (Limitations on Benefits) of the General Provisions, the Participant's surviving spouse is entitled to a benefit payment smaller than the amount payable during

the Participant's lifetime, the benefit payments to the spouse shall be the lesser of (a) and (b):

- (a) The benefit payment which would be payable to the surviving spouse if benefits under this Exhibit K had not been limited by Section C-4.2 of the main text of the Plan.
- (b) The benefit payment which would be payable to the surviving spouse if the benefit provided under this Exhibit K had been a joint and survivor annuity with the survivor benefits equal to 100% of the amount payable while the Participant was alive, in an amount equal to the maximum limitations provided under Section C4.2 of the main text of the Plan.

ARTICLE VII-K - FORMS OF PAYMENT

7.1-K Normal Form of Pension – Five Year Certain and Continuous Annuity

Unless the 50% Joint and Survivor Annuity in Section 7.2-K, or an alternate form in Section 7.3-K is applicable, any Pension, in the amount accrued under Article IV-K, will be paid as a Five-Year Certain and Continuous Annuity. Under this form of Pension, monthly payments are made to the Participant during the remaining life of the Participant; however, if he dies after his Pension commenced but before receiving 60 guaranteed monthly payments, then monthly payments, in the same amount, will continue to his Beneficiary until the total number of payments made (including those to the Participant and those to the Beneficiary) equals such guaranteed number.

Notwithstanding the above, in the event the above-referenced guaranteed number of monthly payments should exceed the number of months of life expectancy of the Participant and his designated beneficiary (as of the date of commencement), such guaranteed number shall be reduced to equal such life expectancy and the amount of Pension shall be increased on an Actuarially Equivalent basis.

7.2-K 50% Joint and Survivor Annuity

Unless an election to the contrary is in effect, a Participant who is married on the date as of which his Pension payments commence shall be paid his Pension in the form of a 50% Joint and Survivor Annuity. Under this form, an adjusted amount shall be paid to the Participant for his lifetime; and the spouse (to whom the Participant was married on the date as of which his Pension commenced), if surviving at the Participant's death, shall receive thereafter for life a monthly Pension of 50% of the adjusted monthly amount paid to the Participant. This adjusted amount payable to the Participant shall be determined so that the value of the Pension payments expected to be made to the Participant and his spouse is the Actuarial Equivalent of the Pension determined under Article IV-K.

7.3-K Other Forms of Payment

Any Participant who is a benefit recipient hereunder may elect a benefit payable in accordance with one or more of the following options, in an Actuarially Equivalent amount, in lieu of the benefit to which he is otherwise entitled:

- (a) 75% Joint and Survivor Annuity. Under this form, payments are made in the same manner as described in Section 7.2-K hereof, but with the percentage continued to the spouse being 75%.
- (b) 100% Joint and Survivor Annuity. Under this form, payments are made in the same manner as described in Section 7.2-K hereof, but with the percentage continued to the spouse being 100%.
- (c) Single Life Annuity. Under this form, the payee will receive a Pension payable only for his lifetime.
- (d) Period Certain and Continuous Annuity. Under this form, payments are made in the same manner as described in Section 7.1-K hereof but with the number of guaranteed monthly payments being 120 (but in no event to exceed the months of life expectancy of the payee and his designated beneficiary at date of commencement).
- (e) Lump Sum Payment. A lump sum payment, but only if the Actuarial Equivalent lump sum value of the Participant's Vested Accrued Benefit is more than \$5,000 but not more than \$20,000.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

Exhibit L – Former Participants in the

L-3 Communications Infrared Products Retirement Plan

(Exhibit C – Former Participants in the Raytheon Company Pension Plan for Salaried Employees – Exhibit A (Raytheon Company Pension Plan for Salaried Employees))

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ARTICLE I-L - DEFINITIONS

Whenever used in this Exhibit L, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-L Accrued Benefit

“Accrued Benefit” means the benefit determined in accordance with Article IV-L expressed in the form of a monthly benefit commencing at Normal Retirement Date.

1.2-L Actuarial Equivalent

“Actuarial Equivalent” means the value of a benefit as determined by the actuary for the Plan. The interest rate and mortality assumptions for lump sum payments shall be those set forth in Section C-1.2. For all other optional benefits, the interest rate assumption shall be 100% of the interest rate used by the Pension Benefit Guaranty Corporation for valuing immediate and deferred annuities that is in effect for the period commencing two months prior to the actual retirement date. The mortality assumptions shall be those published in the 1984 Pension Mortality Table (UP84). Notwithstanding the above, if a Benefit is distributed in a lump sum form of payment, the interest rate and mortality assumption shall be determined in accordance with Appendix C, Section C-1.2(b).

1.3-L Annuity Starting Date

“Annuity Starting Date” means the first day of the first period for which a Pension Benefit is payable as an annuity or, in the case of a benefit not payable as an annuity, the first day on which all events have occurred which entitle the Participant to such benefit.

1.4-L Credited Interest

“Credited Interest” means interest, calculated at specified per annum rates, on the contributions of a Participant compounded annually for the number of completed months following the date of first payment to the date to which interest is being calculated. Subsequent to December 31, 1980, the Company shall establish the rate of Credited Interest, provided that such rate shall be not less than 5% per annum compounded annually. Effective January 1, 1981, the rate shall be 8% until changed by written direction from the Company⁴. Effective January 1, 1989, the rate shall be the greater of 8% or 120% of the Federal mid-term rate for the beginning of the Plan Year for which the interest is to be credited.

⁴ For rates in effect during earlier periods, see provisions in effect as of December 31, 1980.

1.5-L Early Retirement Date

“Early Retirement Date” means the first day of any month within the ten-year period preceding Normal Retirement Date which occurs after the Participant has terminated employment and has completed a Period of Service of at least ten years and which shall have been designated by the Participant as his retirement date in a written application filed with the Administrator, provided that the Participant actually retires on such designated day.

1.6-L Early Retirement Pension

“Early Retirement Pension” means a Pension Benefit payable under Section 3.2-L.

1.7-L Estimated Primary Social Security Benefit

“Estimated Primary Social Security Benefit” means, as to Participants retiring on or after their Normal Retirement Date, the annual unreduced Primary Insurance Amount to which the Participant would be entitled under Title II of the Social Security Act as in effect on the earlier of the Participant’s actual Retirement Date or the date on which the Participant attains age 70, without regard as to whether the Participant is actually entitled to an unreduced Primary Insurance Amount and computed on the basis of an estimated earnings history throughout the maximum period during which the Participant could have been covered under the Social Security Act.

As to Participants who become Vested Terminees prior to their Early Retirement Date, Estimated Primary Social Security Benefit means the annual unreduced Primary Insurance Amount to which the Participant would be entitled under Title II of the Social Security Act, assuming that the Participant’s Period of Service continued until the Participant attained age 65, that until the date on which the Participant would have attained age 65 the Participant received the same rate of compensation in effect when he last performed an Hour of Service, that the Participant is actually entitled to an unreduced Primary Insurance Amount, and that said Primary Insurance Amount is computed on the basis of an estimated earnings history throughout the maximum period during which the Participant could have been covered under the Social Security Act.

As to Participants who retire on or after their Early Retirement Date but prior to their Normal Retirement Date, Estimated Social Security Benefit means the annual unreduced Primary Insurance Amount to which the Participant would be entitled under the Social Security Act assuming that the Participant received no earnings subsequent to the Participant’s Retirement Date, that the Participant is actually entitled to an unreduced Primary Insurance Amount, and that said Primary Insurance Amount is computed on the basis of an estimated earnings history throughout the maximum period during which the Participant could have been covered under the Social Security Act. Estimated earnings under this Section will be computed by the Administrator on a uniform and nondiscriminatory basis in compliance with Revenue Ruling 8445 and any other applicable statutory or administrative requirement.

The Administrator shall give written notice to each Participant advising him of his right to supply actual salary history and of the financial consequences of failing to supply such history. Said notice will also advise the Participant that actual salary history can be obtained from the Social Security Administration. If, within the period of one year from the later of the Participant's Severance from Service Date and the date on which the Participant is notified of the Pension Benefit to which he or she is entitled, the Participant furnishes documentation as to actual earnings which, when applied to the formula specified in Section 3.1-L(b), will result in a higher Pension Benefit, the Participant's Pension Benefit will be adjusted retroactive to the date of initial payment to reflect said higher amount.

1.8-L Joint Annuitant

Joint Annuitant means the person designated by a Participant to receive the survivor annuity under a Joint and Survivor Annuity.

1.9-L Final Average Earnings

Final Average Earnings means an annualized average of the Monthly Earnings of a Participant during the period of 60 consecutive calendar months in which the Participant's average Monthly Earnings are the highest in the most recent 120 calendar months of the Participant's Period of Service as a Salaried Employee preceding the first day of the month immediately following the date of termination of the Participant's most recent Period of Participation. If a Participant has less than 60 consecutive calendar months of Monthly Earnings prior to said date, then "Final Average Earnings" means the average of a Participant's total Monthly Earnings.

1.10-L Monthly Earnings

"Monthly Earnings" means the base pay and lump sum payments in lieu of salary increases, performance-based bonuses, awards for service extension or completion of overseas assignments, and shift premiums actually paid to the Participant from the Employer in each calendar month for which the Participant is accruing Benefit Service, and shall exclude salary continuance or severance pay (whether paid in a lump sum or installments), and payment for unused vacation. In computing Monthly Earnings, the Administrator shall use the earnings statement for each calendar month, where available. If an earnings statement is not available for a particular calendar month, the Administrator shall use the earnings statement for the year, prorated for each month in accordance with a uniform and equitable procedure established by the Administrator.

The term Monthly Earnings also shall include amounts deferred by the Participant under a plan maintained by the Company under Code Section 125, 132(f)(4) or 401(k), amounts received from the Employer for the period of short term disability and/or period of "qualified military service," as defined in Code Section 414(u)(5) and to the extent required by Code Section 414(u), and "monthly earnings," as defined in the Prior Plan, credited to the Participant as of November 9, 2004 under the Prior Plan.

Monthly Earnings for determining benefit accruals in any Plan Year shall be taken into account up to, but shall not exceed, the limit in Section 401(a)(17) of the Code in effect for that Plan Year. Any increase in the Section 401(a)(17) limit shall not apply to years preceding the first year for which the increase is effective. If a cost of living adjustment is declared under the Code Section 401(a)(17) with respect to any calendar year, it shall affect the Monthly Earnings for the Plan Year that begins on the January 1st of that same calendar year.

l.11-L Normal Retirement Age

“Normal Retirement Age” means the Participant’s 65th birthday.

l.12-L Normal Retirement Date

“Normal Retirement Date” means the first day of the first month coincident with or immediately following the Participant’s 65th birthday.

l.13-L Pension Benefit

“Pension Benefit” means the benefit under Article III-L.

l.14-L Period of Participation

“Period of Participation” means:

- (a) that portion of a Period of Service during which the Salaried Employee was a Participant and,
- (b) for purposes of determining the Pension Benefit payable under Article 3.1-L(b), that portion of a Period of Service as a Salaried Employee subsequent to the first day of the month immediately following the date on which the Participant has attained age 21 and has completed a Period of Service of one year, excluding any portion of a Period of Service prior to January 1, 1981, during which the Participant while eligible to contribute to the Plan did not do so and any portion of a Period of Service prior to January 1, 1981, with respect to which contributions were withdrawn by the Participant prior to January 1, 1981, and not redeposited.

l.15-L Period of Service

“Period of Service” means the period of time beginning on the date the Participant first completes an Hour of Service and ending on the Participant’s Severance from Service Date. In addition, in the event that the Participant’s termination of employment is determined to be due to layoff, without regard to whether the employee has recall rights, for purposes of determining the Participant’s vesting rights, benefit accruals and Early Retirement Date, the Participant’s Period of Service shall also include the 12-month period commencing with the Participant’s termination of employment.

l.16-L Prior Plan

“Prior Plan” means the Raytheon Company Pension Plan For Salaried Employees as in effect on November 9, 2004.

l.17-L Salaried Employee

“Salaried Employee” means an Employee on either the nonexempt salaried payroll or the exempt salaried payroll.

l.18-L Severance from Service Date

“Severance from Service Date” means the earlier of:

- (a) the date on which an Employee quits, retires, is discharged, or dies; or
- (b) the first anniversary of the first date of a period during which an Employee is absent for any reason other than quit, retirement, discharge or death; provided that in the case of an Employee who is absent from service beyond the first anniversary of the first day of absence (1) by reason of the pregnancy of the Employee, (2) by reason of the birth of a child to the Employee, (3) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement, the Severance from Service Date shall be the second anniversary of the first day of such absence. The period between the first and second anniversaries of the first day of absence is neither a Period of Service nor a Period of Severance.

l.19-L Statutory Accumulated Contributions

Statutory Accumulated Contributions means the sum of a Participant’s contributions to the Prior Plan and transferred to this Plan with annual compound interest for the number of completed months following the first payment of Participant Contributions through the date on which the interest is being calculated. Interest shall be credited at the following rates: (a) through December 31, 1974, at the rate, if any, provided in the Prior Plan; (b) from January 1, 1975 through December 31, 1987, at the rate of five percent compounded annually; (c) from January 1, 1988 through the “determination date,” (*i.e.*, the date on which the Participant’s Benefit is scheduled to commence or, if earlier, the date on which such Participant’s contributions are withdrawn), at a rate of 120 percent of the Federal mid-term rate (as in effect under Section 1274 of the Code for the first day of each Plan Year); and (d) from the “determination date” through the Participant’s Normal Retirement Date, at a rate equal to 100% of the interest rate used by the Pension Benefit Guaranty Corporation for valuing immediate and deferred annuities with respect to determinations made before January 1, 2000, and (ii) the interest rate equal to the “applicable interest rate” prescribed by the Secretary of Treasury pursuant to

Section 417(e)(3)(A)(ii)(II) of the Code with respect to determinations made after December 31, 1999.

l.20-L Vested Terminee

“Vested Terminee” means a Participant who is no longer employed by the Employer and has a right to a nonforfeitable Pension Benefit.

ARTICLE II-L - ELIGIBILITY AND PARTICIPATION

2.1-L Participation

This Exhibit L shall apply only to the following individuals:

- (a) Employees (i) who, on November 9, 2004, were participants in the Prior Plan and whose benefits were determined under Exhibit A of the Prior Plan, (2) became Employees of the Employer on November 10, 2004, and (3) for whom assets and liabilities with respect to their benefits under the Prior Plan were transferred to this Plan.
- (b) Employees, other than those Employees described in paragraph (1) who are hired by the Employer on or after November 9, 2004 and before January 1, 2007 and are not eligible to participate under the terms of any other Exhibit of this Plan shall be eligible to participate in the Plan as of the first day of the month immediately following the date on which they have attained age 21 and completed a one year Period of Service.

ARTICLE III-L - PENSION BENEFITS

3.1-L Normal Retirement Pension

- (a) A Participant shall be eligible for a Normal Retirement Pension as of his Normal Retirement Date.
- (b) Standard Formula. The Pension Benefit payable to a Participant on his Normal Retirement Date shall be an annual benefit for life in the form of a single life annuity derived from the following formula:

Participant's Final Average Earnings less Participant's Estimated Primary Social Security Benefit multiplied by 1.8 percent for each year during the Participant's Period of Participation completed on or before December 31, 2018, in the aggregate, to a maximum of 20 years and multiplied by 1.2 percent for each additional year in excess of 20 of the Participant's Period of Participation completed on or before December 31, 2018, in the aggregate.

If a Participant has an Hour of Service on December 31, 2018, the Participant's accrued benefit determined under this Section 3.1-L(b) at any time after December 31, 2018 shall not be less than the accrued benefit under this Section 3.1-L(b) determined as of December 31, 2018.

- (c) Alternate Formula. A Participant who, as of December 31, 1980, was a Participant of the Prior Plan shall be entitled to a Pension Benefit calculated under the provisions of the Prior Plan in effect on December 31, 1980, if said Pension Benefit would be higher than the Pension Benefit determined pursuant to Section 3.1-L(b). In determining the Pension Benefit described in this subsection (c), the Administrator will increase the benefit accrued as of December 31, 1980, by 10% and add to said benefit the additional benefit which the Participant would have earned under the provisions of the Prior Plan in effect on December 31, 1980, if said Plan had remained in effect from January 1, 1981, through the Participant's Severance from Service Date, had provided for accrual of pension credit while in a Period of Service and the Participant had continued to contribute to the Plan until the Participant's Severance from Service Date. For purposes of determining said additional benefit, the Administrator will add to the "annual earnings" as defined in the Prior Plan in effect as of December 31, 1980, any bonuses payable to a Participant on or subsequent to January 1, 1981, which were deferred in accordance with the terms of the Voluntary Deferral Bonus Plan for Raytheon Company and Subsidiaries.
- (d) Minimum Benefit. The annual Pension Benefit payable under subsection (b) or (c), as applicable, shall not be less than \$492 times the number of years in the Participant's Period of Service as a Salaried Employee, in the aggregate.
- (e) Reduction in Benefit for Withdrawal of Contributions. Any annual Pension Benefit payable under subsections (b), (c) or (d) to a Participant who withdraws contributions made prior to January 1, 1981 shall be reduced in accordance with

this subsection (e), except that a benefit payable under subsection (d) (Minimum Benefit) shall not be reduced pursuant to this subsection (e) to an amount which is lower than \$240 times the number of years in the Participant's Period of Service as a Salaried Employee. Said reduction shall be determined by using (1) the sum of (i) the Participant's contributions and Credited Interest as of the date of withdrawal and (ii) interest on the amount determined under (i) at a rate equal to the annual interest rate on 30-year U.S. Treasury securities for the month of August prior to the Plan Year in which falls the date as of which the determination is made from the date of withdrawal to the date said Participant attains Normal Retirement Age, provided that for distributions occurring in 2007, the interest rate shall be the interest rate for August 2006 or November 2006, whichever produces the greater benefit, and (2) converting such amount in paragraph (1) to an annuity using the interest rate under (ii) above and the mortality assumption taken from the mortality table prescribed in Rev. Rul. 200162.

3.2-L Early Retirement Pension

- (a) Participants. A Participant (other than a Vested Terminée) who attains his Early Retirement Date shall be entitled to a Pension Benefit based upon the Pension Benefit payable on the Participant's Normal Retirement Date to which the Participant is entitled under Section 3.1-L, reduced on the basis of the Participant's age at Early Retirement Date as follows:

Age Attained as of
 Last Birthday Prior
 to Commencement of Pension Benefit Percentage of Normal Retirement Benefit⁵

64	100%
63	100%
62	100%
61	100%
60	100%
59	93%
58	86%
57	79%
56	72%
55	65%

The payment of this Early Retirement Pension shall commence on the Early Retirement Date and shall continue during the Participant's lifetime. The Participant may defer receiving his Early Retirement Pension until a later date up to but not beyond his Normal Retirement Date. In such event, the Participant's Early Retirement Pension under the foregoing formula shall be based upon the

⁵ Interpolations will be made for months between stated ages.

Participant's age at the date to which receipt of the benefit is deferred and upon Period of Service and Period of Participation only to said Early Retirement Date. For purposes of this subsection (a) and subsection (b), the Pension Benefit of a Participant with at least 25 Years of Service who is involuntarily laid off prior to attainment of the Participant's Early Retirement Date will be determined on the basis of the reduction schedule in subsection (a) rather than the schedule in subsection (b).

- (b) Vested Terminees. A Participant shall be eligible for a deferred vested Pension if prior to eligibility for an Early Retirement Pension his employment is terminated after the completion of a Period of Service of five (5) or more years, excluding any Period of Service during which the Participant while eligible to contribute to the Prior Plan, but did not contribute. Payment of a deferred vested Pension shall commence as of the Participant's Normal Retirement Date if he is then living or, if the Participant has at least ten (10) years of Vesting Service and so requests, as of the first day of the month coinciding with or next following his fifty-fifth (55th) birthday, or as of the first day of any subsequent month which precedes his Normal Retirement Date, but reduced as provided below (provided that in no event shall said reduction reduce the benefit accrued to the Participant as of December 31, 1980 under the Prior Plan):

Age Attained as of
Last Birthday Prior
to Commencement of Pension Benefit Percentage of Normal
Retirement Benefit⁶

65	100.0%
64	93.3%
63	86.7%
62	80.0%
61	73.3%
60	66.7%
59	63.3%
58	60.0%
57	56.7%
56	53.3%
55	50.0%

The percentage reduction for an immediate Early Retirement Pension shall be determined as of the Participant's Early Retirement Date; the reduction for a deferred Early Retirement Pension shall be determined as of the date to which payment of the Early Retirement Pension is deferred.

⁶ Interpolations will be made for months between stated ages.

If the Actuarial Equivalent present value of the Participant's Vested Pension is not more than \$1,000, it shall be paid as soon as administratively feasible following termination of employment in the form of a lump sum.

If the Actuarial Equivalent present value of the Participant's Vested Pension is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his or her Vested Pension as soon as administratively feasible following termination of employment in the form of a lump sum. If the Actuarial Equivalent present value of the Participant's Vested Pension is more than \$5,000 but not more than \$20,000, the Participant may elect to receive payment of his or her Vested Pension as soon as administratively feasible following termination of employment in the form of either (a) a lump sum or (b) the normal form described in Section 5.1L if the Participant is not married on termination of employment or the Qualified Joint and Survivor Annuity described in Section 5.2-L if the Participant is married on termination of employment. An election under this paragraph (3) to receive a lump sum payment shall be subject to the notice and consent requirements of Section C-4.8.

- (c) Non-Vested Terminees. If a Participant's Severance from Service Date occurs for any reason other than death or retirement before he has completed the requirements specified in Section 3.3-L(b) for entitlement to a non-forfeitable right to the Accrued Benefit attributable to the Participating Employer's contributions on said Participant's behalf, the Participant shall be considered to have withdrawn from this Exhibit L; and if said Participant has made contributions to the Prior Plan or this Exhibit L which have not been withdrawn, said contributions plus Credited Interest to the date of payment shall be returned to the Participant within 120 days following said date; provided, however, that the amount returned to the Participant shall not be less than the Participant's Statutory Accumulated Contributions. If the amount of the Participant's contributions plus Credited Interest is in excess of \$1,000 for Annuity Starting Dates, the Participant must consent to the distribution prior to his Normal Retirement Date. In such a case, distribution shall be made in the standard form of Benefit applicable to the Participant or in the form of a lump sum provided, that in the case of a married Participant, no election of a lump sum shall be effective without the written consent of the Participant's Spouse under the same conditions as specified in Section C-4.8 of the main text of the Plan.

3.3-L Accrual of Benefits During Disability

If a Participant who is actively employed or on an Authorized Leave of Absence becomes Disabled on or before December 31, 2013, the Participant shall receive credit for a Pension Benefit from the date of commencement of Disability until his Normal Retirement Date or Early Retirement Date or such earlier date on which he ceases to be Disabled. In determining the applicable credit under Section 3.1-L(b) and (c), the Participant's earnings during the period of Disability shall be determined by using the

base rate and any supervisory differential or shift premium in effect as of the date on which the Participant becomes Disabled and any commissions, performance-based bonuses, or incentive pay received during the 12 calendar months immediately preceding the date of Disability and, to the extent any of the foregoing earnings are used in determining the Participant's Final Average Earnings, the Final Average Earnings will be offset by the Estimated Primary Social Security Benefit determined under Title II of the Social Security Act, as in effect during the last pay period preceding the Participant's Disability. In determining the Pension Benefit under the alternate formula in Section 3.1L(c) of this Article IV, the Administrator shall apply the provisions of the Plan in effect on December 31, 1980.

3.4-L Benefits Not Decreased Due to Post-Termination Social Security Increase

Any benefit which a Participant is eligible to receive (including Disability benefits) shall not be decreased by reason of any increase in a benefit level or wage base under Title II of the Social Security Act if such increase takes place after the date of a Participant's termination of employment hereunder.

In the event a Participant terminates his employment hereunder with a non-forfeitable right to a benefit and subsequently resumes participation in this Plan, the Accrued Benefit to which he would have been entitled had he not returned to employment shall not be decreased below its amount at the time of such termination.

3.5-L Withdrawal of Contributions

A Participant who withdraws his contributions and Credited Interest (collectively "contributory account") shall be entitled to a Pension Benefit based on the accrued benefit derived from Employer contributions, provided that when the Participant applies for a Pension Benefit hereunder said Participant meets the requirements of Section 3.1-L, 3.2L, or 3.3-L. Said Pension Benefit shall be the Pension Benefit to which the Participant is otherwise entitled, reduced as provided in Section 3.1-L(e). Withdrawal of the contributory account may be effected only by the Participant's filing a request for withdrawal with the Administrator on a form provided by the Administrator, except that upon a Participant's death the Participant's spouse may effect a withdrawal by filing a request with the Administrator prior to the commencement of payment of a Pension Benefit. The Participant may elect to receive his contributory account in the standard form of Benefit applicable to the Participant, or in the form of a lump sum payment. In the case of a married Participant, no election to receive the contributory account in a lump sum will be effective unless the Participant's spouse has consented thereto in writing, and such consent satisfies the requirements of Section C-4.8 of the main text of the Plan. No withdrawal may be made on or after the date as of which a Pension Benefit is first due to be paid to the Participant, his Joint Annuitant, or Beneficiary, except that, if a Participant (or Participant's spouse after the death of the Participant) files a withdrawal request within the same calendar year as the Annuity Starting Date but before that date, he may elect to defer receipt of the contributory account until January of the year next following the Annuity Starting Date. In such event, the Pension Benefit payable as of the

Retirement Date shall be reduced as provided in Section 3.1-L(e), even though the actual receipt of the contributory account has been deferred. In determining the amount of any withdrawal, interest shall be credited until the date of the payment.

3.6-L Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit L after December 31, 2019.

ARTICLE IV-L - DEATH BENEFITS

4.1-L Death Prior to Annuity Starting Date

If the Participant's death occurs prior to his Annuity Starting Date, any contributions made by the Participant and not withdrawn, plus Credited Interest, to the first day of the month in which death occurs shall be paid in a lump sum to the Participant's Beneficiary, unless said Participant has a surviving spouse who is eligible for a survivor benefit as provided in Section 4.3-L, or unless a death benefit is payable under Article V-L.

4.2-L Death After Annuity Starting Date

If the Participant's death occurs after his Annuity Starting Date, a Participant's Beneficiary shall receive in a lump sum the unpaid portion of the total amount of the Participant's contributions plus Credited Interest to his Annuity Starting Date that was not received by the Participant prior to his death unless (a) the Participant's form of benefit as provided in Section 5.1-L was a 50% Joint and Survivor Annuity (and said Participant has not made an unrevoked election to take a single life annuity in lieu thereof, or (b) the Participant had elected a Joint and Survivor Annuity as provided in Section 5.3-L, or a Ten-Year Certain and Continuous Annuity as provided in Section 5.4L.

In the event the applicable benefit is a Joint and Survivor Annuity and both the Participant and the Joint Annuitant die after the Participant's Annuity Starting Date, the Participant's Beneficiary shall receive in a lump sum the unpaid portion of the total amount of the Participant's contributions plus Credited Interest that was not received by the Participant and the Joint Annuitant prior to the death of the survivor.

4.3-L Surviving Spouse Benefit

If a Participant's death occurs prior to his Annuity Starting Date, such Participant's spouse, if legally married to the Participant as of the date of death, shall be eligible to receive a Surviving Spouse Benefit which shall commence on the later of the earliest date on which the Participant would have been eligible for early retirement, or the first day of the month following said Participant's death. If the Participant's death occurs after the earliest date on which the Participant would have been eligible for early retirement, or normal retirement, said Surviving Spouse Benefit shall be equal to the amount which would have been payable to the spouse if the form of the Participant's Pension Benefit was a 50% Joint and Survivor Annuity, and the Participant had retired on the first day of the month in which he died. If a Participant retires and elects an optional form of Benefit under Article V-L, which provides a survivor benefit to his spouse in excess of 50%, the Surviving Spouse Benefit shall be calculated in accordance with such prior election. If the Participant's death occurs prior to such date, the Surviving Spouse Benefit shall be equal to the amount which would have been payable to the spouse if the Participant had: (a) terminated employment on the date of death (or date of termination of employment, if earlier); (b) survived to the earliest date on which the Participant would have been eligible for early retirement; (c) retired with an immediate 50% Joint and Survivor Annuity; and (d) died on or after the date specified in (b) above. No Surviving Spouse

Benefit will be paid in the event of the occurrence of one of the following events prior to the Participant's death: (1) death of the Participant's spouse; or (2) commencement of Pension Benefit under Article V-L. If, as of the date of death, the Participant is a Vested Terminee, the Pension Benefit will be determined in accordance with the early retirement reduction formula in Section 3.3-L(b). If the Participant is a Salaried Employee as of the date of death, the early retirement reduction formula in Section 3.3-L(a) will be used to determine the Pension Benefit.

The cost of the Surviving Spouse Benefit shall be fully subsidized by the Plan. Such benefit may not be waived by the Participant, and in no case may the Beneficiary be someone other than the surviving spouse.

If, as of the date of death of the Participant, the Participant's contributions plus Credited Interest have not been withdrawn pursuant to Section 3.5-L, the surviving spouse shall have the option to withdraw said contributions in accordance with the provisions of Section 3.5L. If the surviving spouse chooses to withdraw the Participant's contributions and Credited Interest, the Surviving Spouse Benefit will be determined as though the Participant had withdrawn the contributions and Credited Interest before his death.

ARTICLE V-L - FORM OF BENEFIT

5.1-L Standard Form of Benefit

The standard form of Pension Benefit for married Participants shall be a 50% Joint and Survivor Annuity with the Participant's spouse as Joint Annuitant, unless the Participant elects an optional form of benefit under this Article V-L. The standard form of Pension Benefit for all other Participants, as well as those married Participants electing not to take said 50% Joint and Survivor Annuity, shall be a single life annuity on the Participant's life. The Pension Benefit payable as a 50% Joint and Survivor Annuity will be a reduced Pension Benefit in the amount of 90% of the single life annuity to which the Participant would otherwise be entitled as a retirement Pension Benefit adjusted as follows based on the age of the Participant's spouse.

If the spouse is older than the Participant, the foregoing percentage of Pension Benefit shall be increased by adding to said 90% the adjustment factor of 1/24 of 1% for each month by which the spouse's age exceeds the Participant's age (e.g., if the spouse is two years older than the Participant, the 50% Joint and Survivor Annuity shall be 91% of the single life annuity to which the Participant would be entitled as a Pension Benefit). In no event shall the amount of the Joint and Survivor Annuity exceed the amount of the single life annuity to which the Participant would be entitled as a Pension Benefit. If the Participant is older than the spouse, said 90% shall be decreased by subtracting therefrom the adjustment factor of 1/24 of 1% for each month by which the Participant's age exceeds the spouse's age (e.g., if the Participant is two years older than the spouse, the 50% Joint and Survivor Annuity shall be 89% of the single life annuity to which the Participant would be entitled as a Pension Benefit).

For purposes of computing age differentials between two persons, the years, months, and days of the younger person shall be subtracted from those of the older person. A calendar year shall be the equivalent of 12 months; a calendar month shall be the equivalent of one month; 16 days or more shall be construed as one month; 15 days or less shall be construed as zero months.

In the event a married Participant's spouse dies prior to the Participant's Annuity Starting Date, the standard form of annuity applicable to the Participant shall be a single life annuity unless an optional form of benefit is elected.

5.2-L Social Security Level Income Annuity

A Participant other than a Vested Terminee who retires prior to age 62 may elect to receive during his lifetime until the first day of the month first following his 62nd birthday an increased monthly Pension Benefit in lieu of the Pension Benefit described in Section 5.1L, such Pension Benefit to be reduced at said date by the approximate amount of the Primary Insurance Amount which the Participant may receive at age 62, and to continue during the remainder of his lifetime. The increased monthly Pension Benefit shall be equal the amount determined under (a) or (b), whichever is greater:

- (a) the Participant's Early Retirement Pension (as computed under Section 3.3-L)), plus the Participant's expected Primary Insurance Amount at age 62, less the product of said expected Primary Insurance Amount and the appropriate factor as determined on the basis of the following table (interpolations will be made for the months by which the Participant exceeds the most recent age shown on the table) or based on the actuarial assumptions for a lump sum form of payment in Section 1.2-L, which results in the greater benefit:

Age At Commencement of
Pension Benefit Appropriate Factor

61	.08
60	.16
59	.22
58	.28
57	.33
56	.38
55	.42

- (b) The Actuarial Equivalent of the Participant's Early Retirement Pension, using the assumptions specified in Section 1.2-L for determining lump sum payments. If the resulting benefit is less than the Participant's expected Primary Insurance Amount at age 62, the increased monthly Pension Benefit payable until said Primary Insurance Amount begins shall instead be the Participant's Early Retirement Pension divided by the appropriate factor above. In such event, the Primary Insurance Amount begins at age 62, no further Pension Benefit shall be paid.

5.3-L Joint and Survivor Annuity

A Participant may elect to receive in lieu of the Pension Benefit described in Section 5.1L a reduced Pension Benefit payable during his lifetime after retirement with payments of the same amount or of a lesser amount to continue after his death to a Joint Annuitant designated by the Participant at the time of election of such option.

If a Participant who has made an election under this Section 5.3-L terminates employment with the Employer on or after his Early Retirement Date or Normal Retirement Date, and dies prior to his Annuity Starting Date without a surviving spouse, benefits shall be payable in accordance with such election to the designated Beneficiary as though the Participant's Annuity Starting Date were the first day of the month in which he died.

The reduced Pension Benefit payable to the Participant shall be a percentage of the Pension Benefit otherwise payable, determined on the basis of the following formula:

Portion of Pension Benefit to be Percentage of Pension
Continued After Participant's Death Benefit Otherwise Payable

All	80%
3/4	85%
1/2	90%

If the Joint Annuitant is older than the Participant, the foregoing percentage of Pension Benefit will be increased by adding thereto the adjustment factor set forth below multiplied by the number of months the Joint Annuitant's age exceeds the Participant's age. In no event shall the Joint and Survivor Annuity elected by a Participant exceed the Pension Benefit otherwise payable to said Participant. If the Participant is older than the Joint Annuitant, the foregoing percentage of Pension Benefit will be decreased by subtracting therefrom the adjustment factor set forth below multiplied by the number of months the Participant's age exceeds the Joint Annuitant's age.

Portion of Pension Benefit to be
Continued After Participant's Death Adjustment Factor

All	1/12 of 1%
3/4	1/16 of 1%
1/2	1/24 of 1%

If the Participant dies before his Early Retirement Date or Normal Retirement Date, no Pension Benefit shall be payable to the Joint Annuitant, unless a Surviving Spouse Benefit is payable pursuant to Article IV-L.

If the Joint Annuitant designated by the Participant dies before the Participant's Annuity Starting Date, the election of the Joint and Survivor Annuity shall be void and the Pension Benefit to which he would otherwise be entitled shall be payable to the Participant as if such election had not been made.

The designation of a Joint Annuitant may be rescinded or changed by the Participant at any time prior to the Annuity Starting Date.

5.4-L TenYear Certain and Continuous Annuity.

A Participant may elect to receive in lieu of his Pension Benefit described in Section 5.1L, a reduced Pension Benefit payable during his lifetime with a guarantee of 120 monthly payments and if the Participant dies after his Annuity Starting Date, the balance of such remaining 120 monthly payments, if any, will be paid to his Beneficiary.

If a Participant who has made an election under this Section 5.4-L terminates employment with the Employer on or after his Early Retirement Date or Normal Retirement Date and dies prior to his Annuity Starting Date without a surviving spouse, benefits shall be payable in accordance with such election to the designated Beneficiary

as though the Participant's Annuity Starting Date were the first day of the month in which he died.

The reduced Pension Benefit shall be a percentage of the Pension Benefit otherwise payable, as determined by the following formula (interpolations will be made for the months by which the Participant exceeds the most recent age shown on the table):

<u>Age at Pension Benefit Commencement</u>	<u>Percentage of Pension Benefit</u>
65 or over	91.0%
64	92.0%
63	93.0%
62	94.0%
61	95.0%
60	95.5%
59	96.0%
58	96.3%
57	96.6%
56	96.9%
55	97.2%

5.5-L Joint and Survivor Annuity or TenYear Certain and Continuous Annuity with Social Security Level Income Annuity.

A Participant other than a Vested Terminee who retires prior to age 62 may elect to receive in lieu of the Pension Benefit described in Section 5.1-L, one of the four Joint and Survivor Annuities described in Section 5.3-L, or the TenYear Certain and Continuous Annuity, described in Section 5.4-L, in combination with the Social Security Level Income Annuity described in Section 5.2-L. In such event, the Administrator shall determine the amount payable under the Joint and Survivor Annuity or TenYear Certain and Continuous Annuity selected by the Participant. The amount of this annuity shall be substituted for the Participant's Early Retirement Pension in determining the amount payable under the Social Security Level Income Annuity. The amount determined thereunder using the Joint and Survivor Annuity in lieu of Early Retirement Pension will be the Pension Benefit payable during the Participant's lifetime. If the Joint Annuitant survives the Participant, the Joint Annuitant will receive an annuity equal to the selected proportion of the Pension Benefit being received by the Participant. The amount determined using the TenYear Certain and Continuous Annuity in lieu of Early Retirement Pension will be payable during the Participant's lifetime and, if the Participant dies prior to receiving a Pension Benefit for ten years, such Pension Benefit will be payable to the Participant's Beneficiary, in accordance with the conditions specified in Section 5.4-L.

If a Participant who has made an election under this Section 5.5-L terminates employment with the Employer on or after his Early Retirement Date or Normal

Retirement Date and dies prior to his Annuity Starting Date without a surviving spouse, benefits shall be payable in accordance with such election to the designated Beneficiary as though the Participant's Annuity Starting Date were the first day of the month in which he died.

5.6-L Single Sum

A Participant may elect to receive a single sum payment, but only if the Actuarial Equivalent present value of the Participant's Vested Accrued Benefit is more than \$5,000 but not more than \$20,000.

5.7-L Maximum Conversion Factor

In no event may the conversion factors for benefits payable under this Article V be greater than .999.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit M - Former Participants in the
L-3 Communications Infrared Products Retirement Plan**

(Exhibit D – Former Participants in the Raytheon Company Pension Plan for Salaried Employees - Exhibit E (Raytheon TI Systems Pension Plan))

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ARTICLE I-M - DEFINITIONS

Whenever used in this Exhibit M, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-M Accrued Benefit

“Accrued Benefit” means the Pension (other than a Disability Pension) determined under the Plan expressed in the form of a monthly benefit commencing at the Participant’s Normal Payment Start Date (or the Earliest Payment Start Date in the case of a Late Pension), which an Employee has accrued at any time under the provisions of the Plan, regardless of his vested status, determined as if he had then terminated employment.

1.2-M Actuarial (or Actuarially) Equivalent

“Actuarial (or Actuarially) Equivalent” means equality in value of the aggregate amounts expected to be received under different manners of payment based on interest rate and mortality assumptions, as such assumptions are defined below.

(a) Except as provided in subsection (b),

- (1) An interest rate assumption equal to the interest rate which would be used during the first month of the Plan Year in which the present value or actuarial equivalent is determined, by the Pension Benefit Guaranty Corporation for purposes of determining the single sum value of a lumpsum distribution on Plan termination.
- (2) A mortality assumption taken from the UP1984 Mortality Table without set back for calculations based upon the mortality of the Employee and with a three-year set back for any Beneficiaries or other contingent payees.

(b) For purposes of determining the amount of a lump sum form of payment under Section 6.3-M(d) the interest rate and mortality assumption determined under Appendix C, Section C-1.2(b) shall be used.

1.3-M Annuity Starting Date

“Annuity Starting Date” means the first day of the first period for which Pension payments to a Participant commence in accordance with the Plan (rather than the actual date of payment); provided that for a lump sum distribution, the Annuity Starting Date shall be the date as of which distribution is to be made.

1.4-M Average Credited Earnings

“Average Credited Earnings” means the quotient obtained by dividing the Participant’s total Compensation during the Participant’s Benefit Service; plus all Compensation

during the pay period in which the Participant commenced participation in the Plan, by the Participant's Benefit Service excluding from the divisor any period of Leave of Absence for military leave, temporary government service, or other public service; provided, however, that for a Participant with five or more consecutive calendar years of Benefit Service as of the most recent December 31 coincident with or next preceding termination of employment, Compensation for all Benefit Service to such December 31 shall be deemed to be the product obtained by multiplying the Participant's Benefit Service through such December 31 by the quotient obtained by dividing the Participant's Compensation for the highest five consecutive calendar years of Benefit Service prior to and including such December 31 by five.

Notwithstanding the foregoing, in determining the Average Credited Earnings for Employees whose pay is not determined on the basis of certain amounts for each hour worked and who have entered into an agreement with the Employer to work a schedule that is more than 20 but less than 40 hours per week, the Employee's Compensation shall be based on the full-time rate of pay for that Employee. Full-time rate shall be determined in accordance with ERISA Regulation Section 2530.200(b)-3(f).

1.5-M Compensation

"Compensation" means the total earnings paid by an Employer to an Employee during the year while accruing Benefit Service under Section 2.2-M including but not limited to:

- (a) base pay;
- (b) overtime premiums;
- (c) sales bonuses;
- (d) performance premiums;
- (e) premiums paid in addition to base salary to compensate for hazardous duty, hardship, inconvenience or other unusual job factors; and
- (f) incentive awards;

but excluding:

- (g) non-performance-based bonuses;
- (h) severance pay;
- (i) travel expenses;
- (j) resettlement allowances;
- (k) payments or reimbursements for expenses incurred by the Employee;

- (l) cost-of-living differentials paid in addition to base salary to compensate for differences in living costs;
- (m) income realized by an Employee from the exercise of an employee stock option or from the disposition of stock acquired upon exercise of an option;
- (n) payments in cash or stock pursuant to awards of performance units made under an incentive compensation plan and any income realized upon disposition of stock received pursuant to awards of performance units under the Employer's incentive compensation plan;
- (o) completion bonuses or similar payments made pursuant to an agreement which provides for such bonuses or payments upon continued employment with the Employer or Affiliated Company and which includes an agreement by the Employee not to engage in a business that competes with the Employer or Affiliated Company;
- (p) all payments in cash or property that constitute perquisites or employee benefits that are not specifically based on services rendered but solely on status as an Employee; and
- (q) the market value of catalog points awarded and perfect attendance awards.

1.6-M Covered Employment

"Covered Employment" means the employment category for which this Exhibit M of the Plan is maintained, which includes any employment as an Employee of the Employer.

1.7-M Earliest Payment Start Date

"Earliest Payment Start Date" means the earliest date as of which a Participant's or Beneficiary's Pension payment may commence or the benefit is distributed as set forth below.

- (a) If an Participant terminates employment or dies on the first day of a month, then the Earliest Payment Start Date shall be the first day of the month next following his termination of employment; and
- (b) if an Participant terminates employment or dies other than on the first day of a month, then his Earliest Payment Start Date shall be the first day of the second month following his termination of employment.

1.8-M Final Average Earnings

"Final Average Earnings" means the lesser of (a) or (b) below:

- (a) the average of the Participant's annual Compensation, up to each year's Social Security Wage Base, for the most recent period of three consecutive completed calendar years of participation during which Compensation was received, ending with the year preceding the year in which the Participant terminates employment; provided that if the Participant does not have three consecutive calendar years of participation with the Employer, the Participant's full period of participation during which Compensation was received shall be used for this purpose. For purposes of this subsection (a) any full calendar years of Leave of Absence shall be excluded, a Participant's Compensation shall be annualized during any partial years of Service, and any calendar year in which no Compensation is paid to an Participant shall be disregarded. In the event that a former Participant is rehired into Covered Employment, Final Average Earnings for periods after the date of such rehire shall be determined without regard to Final Average Earnings during periods of employment with the Employer prior to the Participant's date of rehire; or
- (b) the average of the Social Security Wage Bases for the 35 years ending with the year the Participant reaches Social Security Retirement Age; provided that for a Participant who terminates employment prior to his Social Security Retirement Age, the amount determined under this subsection (b) shall be determined by assuming that the Social Security Wage Base that was in effect as of the date of the Participant's termination of employment remained in effect until the Participant reached Social Security Retirement Age.

l.9-M Former TI Employee

"Former TI Employee" means an Employee who is a Transferred Individual, as defined in the asset purchase agreement dated January 4, 1997, between Texas Instruments Incorporated (TI) and Raytheon Company for the sale of assets of TI's Defense Business.

l.10-M Leave of Absence

"Leave of Absence" means any period during which a Participant is absent from employment because of temporary disability, temporary layoff, any period of service in the Armed Forces of the United States, or if a Participant is a national of a country other than the United States, in the Armed Forces of the country of which the Participant is a national, or any other absence so designated by the Employer.

l.11-M Normal Payment Start Date

"Normal Payment Start Date" means the first day of the month following the Participant's Normal Retirement Date.

l.12-M Normal Retirement Age

"Normal Retirement Age" means the Participant's 65th birthday.

l.13-M Normal Retirement Date

“Normal Retirement Date” means the first day of the month coinciding with or next following a Participant’s Normal Retirement Age.

l.14-M Pension

“Pension” means a series of monthly amounts which are payable to a person who is entitled to receive benefits under this Exhibit M.

l.15-M Prior Plan

“Prior Plan” means the Raytheon Company Pension Plan For Salaried Employees as in effect on November 9, 2004.

l.16-M Retirement Age Factor

“Retirement Age Factor” means the applicable factor to be used in Section 5.1-M(a)(2)(i) in determining the Participant’s benefit based on the Participant’s year of birth. Such Retirement Age Factor shall be .0065 for Participants born on or after January 1, 1955; .0070 for Participants born after December 31, 1937 and before January 1, 1955, and .0075 for Participants born on or before December 31, 1937. Such factors shall be reduced in accordance with the table set forth in Appendix A for the number of months that the Participant’s Annuity Starting Date precedes his Normal Payment Start Date.

l.17-M Service

“Service” means a person’s period or periods of employment as an Employee used in determining eligibility for and the amount of benefits as described in Article II-M hereof.

l.18-M Service Computation Year

“Service Computation Year” means the 12-month period used in determining Service credit in accordance with Article II-M hereof beginning with the Employee’s first Hour of Service and each 12-month period beginning with the anniversary of the Employee’s first Hour of Service.

l.19-M Severance from Service Date

“Severance from Service Date” means the date the Participant retires, quits (including the expiration of a Leave of Absence), is discharged or dies, or (if later) the 12-month anniversary of the date the Participant is absent from Service for any reason other than a Leave of Absence.

l.20-M Social Security Retirement Age

“Social Security Retirement Age” means for an individual born before January 1, 1938, age 65; for an individual born on or after January 1, 1938, and on or before December 31, 1954, age 66; and for an individual born after December 31, 1954, age 67.

l.21-M Social Security Wage Base

“Social Security Wage Base” means the earnings subject to taxation for Social Security purposes each year up to the maximum amount of earnings that could be subject to OASDI taxation.

l.22-M Temporary Layoff

“Temporary Layoff” means an absence from employment under circumstances of reduced employment requirements in which the Employer, through its normal documentation, expresses its intent to recall the Employee within six months not including (unless otherwise determined by the Employer) any period of such absence in excess of six months.

ARTICLE II-M - SERVICE CREDIT

2.1-M Vesting Service

Vesting Service is the period of employment used in determining eligibility for benefits. A year of Vesting Service is 12 months of service. For this purpose, "service" means that period of time beginning on the date an Employee is first credited with an Hour of Service with the Employer and ending on the Employee's Severance from Service Date; provided that an Employee shall not be entitled to Vesting Service credit for any periods of employment prior to his attainment of age 18. A Participant's Vesting Service shall include Vesting Service credited to the Participant under the Prior Plan as of November 9, 2004. Notwithstanding any other provision to the contrary, a Participant who terminates employment due to a reduction in force will receive Vesting Service until the first anniversary of the date of the reduction in force or the date the participant begins receiving a Pension.

2.2-M Benefit Service

Benefit Service is the period of employment used in determining the amount of Pension benefits. An Employee's total Benefit Service shall be the length of the following periods (including partial credit for fractions of a year) accruing after the date the Employee became a Participant:

- (a) The number of years and completed days (each completed day to be deemed to be one three hundred and sixty fifth of a year) of employment (including any period of a Leave of Absence) with the Employer thereafter in Covered Employment, beginning with the date the Employee becomes a Participant;
- (b) The first 12 months of any approved absence, including absence by reason of vacation, holiday, sickness, disability, layoff, if at the beginning of such absence, the Employee was in Covered Employment;
- (c) The first 12 months of any absence (not already counted under (a) or (b) above) by reason of pregnancy of the Employee, birth of the Employee's child, placement of a child with the Employee in connection with the adoption of such child by such Employee, and absence for purposes of caring for such a child for a period beginning immediately following such birth or placement, if at the beginning of such absence, the Employee was in Covered Employment.

Anything to the contrary in this Section notwithstanding, for Employees whose pay is not determined on the basis of certain amounts for each hour worked and who have entered into an agreement with their Employer to work a schedule that is more than 20 but less than 40 hours per week, Benefit Service shall equal the fraction obtained when the Employee's Hours of Service during the Plan Year is divided by 2080.

A year of Benefit Service credit shall be given for each 365-day period, beginning with the first day that the Employee becomes a Participant, which elapses while the Employee is entitled to Benefit Service credit under the above provisions of this Section.

Appropriate partial year credit will be given for any such period which is less than 365 days in length.

A Participant's Benefit Service shall include Benefit Service credited to the Participant under the Prior Plan as of November 9, 2004.

2.3-M Break in Service

A Participant's total Break in Service under this Section shall be the length of time from the Participant's Severance from Service Date until the date he again performs an Hour of Service.

ARTICLE III-M - PARTICIPATION REQUIREMENTS

3.1-M Participation

This Exhibit M shall apply only to those individuals (1) who, on November 9, 2004, were participants in the Prior Plan and whose benefits were determined under Exhibit E of the Prior Plan, (2) became Employees of the Employer on November 10, 2004, and (3) for whom assets and liabilities with respect to their benefits under the Prior Plan were transferred to this Plan.

ARTICLE IV-M - REQUIREMENTS AND COMMENCEMENT

DATE FOR PENSION BENEFITS

4.1-M Normal Pension

An Employee who is a Participant hereunder shall have a non-forfeitable right to his Accrued Pension upon his attainment of his Normal Retirement Age. If his employment with the Employer and all Affiliated Companies is terminated on or after his Normal Retirement Age and on or before his Normal Retirement Date, payment of his Accrued Pension shall be as a Normal Pension, commencing as of his Normal Payment Start Date.

4.2-M Late Pension

A Participant who meets the requirements for a Normal Pension, except that he continues in employment with the Employer or any Affiliated Company beyond his Normal Retirement Date, shall be eligible for a Late Pension upon his actual retirement. Payment of such a Late Pension shall commence as of the Participant's Earliest Payment Start Date.

4.3-M Early Pension

A Participant shall be eligible for an Early Pension if his employment with the Employer and all Affiliated Companies is terminated (a) on or after his 60th birthday and before his Normal Retirement Age, provided he has completed five or more years of Vesting Service (b) or on or after his 55th birthday and before his Normal Retirement Age, provided he has completed 20 or more years of Vesting Service, and also provided he is not eligible to receive a Disability Pension hereunder. Payment of an Early Pension shall commence as of the Participant's Normal Payment Start Date if he is then living; however, if the Participant requests the commencement of his Early Pension as of the Participant's Earliest Payment Start Date, or the beginning of any month following his Earliest Payment Start Date, but prior to his Normal Payment Start Date, his Pension shall commence as of the beginning of such month, but the amount thereof shall be subject to reduction as provided in Section 5.3-M. Any election to begin Pension payments before the Normal Payment Start Date must be filed with the Administrator before the effective date of the first Pension payment. Notwithstanding the foregoing, a Participant who terminates employment as a result of a reduction in force on or after July 1, 2016 and on or before July 30, 2016 and who has attained age 54 and completed 20 or more years of Vesting Service as of his date of termination shall be eligible for an Early Pension commencing as of the first day of the month on or after the Participant's attainment of age 55. Notwithstanding the foregoing, a Participant who terminates employment as a result of a reduction in force due to operational relocation on or after January 1, 2018 and on or before December 31, 2019 and who has attained age 54 and completed 20 or more years of Vesting Service as of his date of termination shall be eligible for an Early Pension commencing as of the first day of the month on or after the Participant's attainment of age 55.

4.4-M Disability Pension

An Employee who is a Participant hereunder shall be eligible for a Disability Pension if his employment with the Employer and all Affiliated Companies is terminated by reason of Disability before his Annuity Starting Date, provided he has completed five or more years of Vesting Service.

Payment of a Disability Pension shall commence on the Employee's Normal Payment Start Date if he is then living, taking into account the special crediting provisions in Section 5.4M.

4.5-M Deferred Vested Pension

Any Employee who is a Participant hereunder shall be eligible for a Deferred Vested Pension, if his employment with the Employer and all Affiliated Companies is terminated, for reasons other than death or Normal, Late, Early or Disability Retirement, on or after the date he completes five years of Vesting Service Credit.

Payment of a Deferred Vested Pension shall commence as of the Employee's Normal Payment Start Date if he is then living; provided he has terminated employment with the Employer and all Affiliated Companies. However, if a Participant who terminates employment and is eligible for a Deferred Vested Pension requests the commencement of his Deferred Vested Pension as of his Earliest Payment Start Date, or the beginning of any month following his Earliest Payment Start Date, his Pension shall commence as of the first day of the month so requested, but the amount thereof shall be reduced as provided in Section 5.5-M.

Upon termination of employment under this Section, an Employee will immediately forfeit any amount of Pension in which he is not vested under this Section. Any such terminated Employees who have only a zero vested Accrued Pension in the Plan at the time of such termination will be deemed to have received an immediate distribution of such zero vested Accrued Benefit.

ARTICLE V-M - NORMAL, LATE, EARLY AND

DEFERRED VESTED PENSIONS

5.1-M Normal Pension

The amount of a Participant's Normal Pension as of his Normal Retirement Date shall be an annual Pension, payable in monthly installments, equal to the greatest of (a), (b), or (c) where those amounts are as defined further in this Section. In accordance with Section 411 of the Code, the monthly Pension of a Participant payable at or after his Normal Retirement Date shall be the greater of the amount determined above and the greatest monthly Pension that would have been payable if that Participant had elected any earlier date as of his Annuity Starting Date.

(a) (1) minus (2) below:

(1) 1.5% of a Participant's Average Credited Earnings multiplied by the Participant's number of years (and completed days as a fraction of a year) of Benefit Service completed on or before December 31, 2018; minus

(2) an amount equal to (A) multiplied by (B), with the result multiplied by (C), as set forth below:

(A) the Participant's Retirement Age Factor multiplied by the Participant's Final Average Earnings;

(B) the lesser of (i) or (ii):

(i) 35 years; or

(ii) (I) or (II) as applicable.

(I) as to an Employee who terminates employment prior to or coincident with his Normal Retirement Date, the number of years (and fractions thereof) of a Participant's Benefit Service the Participant would have accumulated at his Normal Retirement Date if his Covered Employment with the Employer had continued uninterrupted until that date; or

(II) as to a Participant who continues in employment beyond his Normal Retirement Date, the number of years (and fractions thereof) accumulated at his actual retirement date.

(C) the lesser of (i) or (ii):

(i) one; or

(ii) a fraction the numerator of which is the Participant's numbers of years (and fractions

thereof) of Benefit Service completed on or before December 31, 2018 and the denominator of which is the number of years (and fractions thereof) of Benefit Service he would have accumulated if his Covered Employment with the Employer had continued uninterrupted until his Normal Retirement Date.

- (b) \$84.00 multiplied by the Participant's years of Benefit Service completed on or before December 31, 2018;
- (c) as to any Participant who was a Former TI Employee, an amount equal to (1) plus (2):
 - (1) his benefit accrued under the TI Pension Plan as of December 31, 1988; plus
 - (2) (A) minus (B):
 - (A) an amount determined under Section 5.1-M(a)(1) considering only his years of Benefit Service earned on or after January 1, 1989 and on or before December 31, 2018 under the TI Pension Plan and this Plan; minus
 - (B) an amount determined in accordance with Section 5.1-M(a)(2), but reducing the 35 years (but not below zero) in Section 5.1M(a)(2)(B)(i) by the number of years (and fractions thereof) of Benefit Service completed prior to January 1, 1989 and by considering in Section 5.1-M(a)(2)(B)(ii) or 5.1-M(a)(2)(C)(ii) such Benefit Service on or after January 1, 1989 and, with respect to Section 5.1-M(a)(2)(C)(ii), on or before December 31, 2018.

For a Participant who was a Former TI Employee and whose compensation (as defined in the TI Pension Plan) was in excess of \$150,000 for any year prior to January 1, 1994, in no event shall the total Accrued Benefit payable for the total period of Benefit Service credit for such Former TI Employee be less than the accrued benefit earned under the TI Pension Plan on December 31, 1993 by such Participant plus the total accrued benefit earned under the TI Pension Plan, and this Plan based on Benefit Service earned after December 31, 1993 and on or before December 31, 2018 under this Plan and the TI Pension Plan and reducing the 35 years (but not below zero) in Section 5.1-M(a)(2)(B)(i) (by the final fractions thereof) of years of Benefit Service completed under the TI Pension Plan prior to January 1, 1994, and by considering in Section 5.1-M(a)(2)(B)(ii) or Section 5.1M(a)(2)(C)(ii) such Benefit Service, on or after January 1, 1994 and, with respect to Section 5.1-M(a)(2)(C)(ii), on or before December 31, 2018.

- (d) If a Participant has an Hour of Service on December 31, 2018, the Participant's accrued benefit determined under this Section 5.1-M at any time after December 31, 2018 shall not be less than the accrued benefit under this Section 5.1M determined as of December 31, 2018.

5.2-M Late Pension

An Employee who meets the requirements for a Late Pension shall receive an annual amount, payable in monthly installments, which shall be computed as for a Normal Pension in accordance with the provisions of Section 5.1-M hereof, considering his Average Compensation up to the date of his actual retirement and Benefit Service up to the earlier of the date of his actual retirement or December 31, 2018.

5.3-M Early Pension

An Employee who meets the requirements for an Early Pension shall receive an annual amount payable in monthly installments, determined in accordance with Section 5.1-M above.

If payment of an Early Pension commences prior to the Employee's Normal Payment Start Date, the Participant's Retirement Age Factor at commencement of Pension payments shall be substituted for the Participant's Retirement Age Factor at Normal Retirement Date in Section 5.1-M(a)(2)(A) or 5.1-M(c)(2)(B), as applicable. The amount determined under Section 5.1-M(a)(2), 5.1-M(b), or 5.1-M(c)(1) shall be reduced by one-third of one percent (.3333%) for each of the first 60 months and seven twenty-fourths of one percent (.2917%) for each of the next 60 months by which the starting date of Pension payments precedes the Employee's Normal Payment Start Date.

5.4-M Disability Pension

An Employee who meets the requirements for a Disability Pension shall receive an annual amount payable beginning at Normal Retirement Age and in monthly installments, which shall be computed in the same manner as a Normal Pension; provided, however, that if the Disability occurred on or before December 31, 2013:

- (a) such an Employee shall be deemed to have accrued the Benefit Service he would have accumulated if his employment with the Employer had continued uninterrupted until his Normal Retirement Date, or if earlier, the date he elects to commence an Early Pension;
- (b) for purposes of determining his Average Credited Earnings, he shall be deemed to have earned Compensation during the period from the date of his termination of employment due to Disability to his Normal Retirement Date, or if earlier, the date he elects to commence an Early Pension at a rate equal to the rate he was earning as of the date of his termination of employment due to Disability; and

- (c) such Employee's Final Average Earnings shall be determined as of the date of his termination of employment with the Employer and all Affiliated Companies due to Disability.

5.5-M Deferred Vested Pension

An Employee who meets the requirements for a Deferred Vested Pension shall be eligible to receive at any time after Termination of Employment an annual amount, payable in monthly installments of the Employee's Accrued Pension, which Accrued Pension shall be computed in the same manner as an Early Pension.

If the Annuity Starting Date for a Deferred Vested Pension precedes the Employee's Normal Retirement Date, the amount of that Deferred Vested Pension shall be Actuarially Equivalent to the Pension payable beginning at the Normal Payment Start Date.

Notwithstanding the above:

- (a) If the Actuarial Equivalent of the Participant's or Former Participant's Deferred Vested Pension on Termination of Employment is not more than \$1,000, it shall be paid as soon as administratively feasible following Termination of Employment in the form of a lump sum
- (b) If the Actuarial Equivalent of the Participant's or Former Participant's Deferred Vested Pension on Termination of Employment is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his or her Deferred Vested Pension as soon as administratively feasible following Termination of Employment in the form of a lump sum.
- (c) If the Actuarial Equivalent of the Participant's or Former Participant's Deferred Vested Pension on Termination of Employment is more than \$5,000 but not more than \$20,000, the Participant may elect to receive payment of his or her Deferred Vested Pension as soon as administratively feasible following Termination of Employment in the form of either (a) a lump sum or (b) a Single Life Annuity described in Section 6.1-M if the Participant is not married on termination of employment or the 50% Joint and Survivor Annuity described in Section 6.3-M if the participant is married on termination of employment. An election under this paragraph (3) to receive a lump sum payment shall be subject to the notice and consent requirements of Section C-4.8.

5.6-M Benefits Not Decreased Due to PostTermination Social Security Increase

No benefit which an Employee is eligible to receive under this Plan shall be decreased by reason of any increase in a benefit level or wage base under Title II of the Social Security Act which takes place after the Employee's Severance From Service Date.

5.7-M Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit M after December 31, 2019.

ARTICLE VI-M - FORMS OF PAYMENT

5.1-M Normal Form of Pension Single Life Annuity

Unless the 50% Joint and Survivor Annuity in Section 6.2-M or an alternate form in Section 6.3-M is applicable, any Pension will be paid as a Single Life Annuity. Under this form of Pension, monthly payments are made to the Participant during the remaining life of the Participant.

5.2-M 50% Joint and Survivor Annuity

Unless an election to the contrary is in effect, a Participant who is married on his Annuity Starting Date shall be paid his Pension in the form of a 50% Joint and Survivor Annuity. Under this form, an adjusted amount shall be paid to the Participant for his lifetime; and the spouse (to whom the Participant was married on his Annuity Starting Date), if surviving at the Participant's death, shall receive thereafter for life a monthly Pension of 50% of the adjusted monthly amount paid to the Participant. The adjusted amount payable to the Participant shall be determined so that the Pension payments expected to be made to the Participant and his spouse is the Actuarial Equivalent of the Single Life Annuity. The last payment shall be made for the month in which occurs the death of the last surviving of the Participant and his spouse. After the death of the Participant who has elected to receive a benefit under this Section, such Participant's spouse may elect to receive the Actuarially Equivalent lump sum value of the benefit payable to such spouse.

5.3-M Optional Forms of Distribution

Any Participant who is a benefit recipient hereunder may elect, during the 90 days prior to his Normal Payment Start Date, or Earliest Payment Start Date, as applicable, a Benefit payable in accordance with one or more of the options set forth below, in an Actuarially Equivalent amount, in lieu of the Benefit to which he is otherwise entitled.

- (a) 100% Joint and Survivor Annuity. Only the spouse may be named as Beneficiary under this option. Under this form, payments are made in the same manner as described in Section 6.2-M but with the monthly Pension continued to the spouse being the same as the monthly Pension payable to the Participant.
- (b) 75% Joint and Survivor Annuity. Only the spouse may be named as Beneficiary under this option. Under this form, payments are made in the same manner as described in Section 6.2-M but with the monthly Pension continued to the spouse being 75% of the monthly Pension payable to the Participant.
- (c) Period Certain and Continuous Annuity. Under this form, the Participant will receive a Pension payable for his lifetime; however, if he dies after his Pension commenced but before receiving a guaranteed number of monthly payments (which shall be 120 or 60 but not to exceed the months of life expectancy of the Participant and his Beneficiary at the date of commencement), then monthly payments, in the same amount, will continue to his Beneficiary, or Beneficiaries, until the total number of payments made (including those to the Participant and

those to the Beneficiary, or Beneficiaries) equals such guaranteed number; provided that such Beneficiary shall be eligible to elect to receive the remainder of such monthly payments in an Actuarially Equivalent lump sum. If the Beneficiary or Beneficiaries, should die before such total guaranteed number of payments have been made, the remaining payments will be made to the estate of such Beneficiary, or Beneficiaries (or, if designated by the Participant, to a secondary Beneficiary or Beneficiaries), either in an Actuarially Equivalent single sum, payable immediately, or as a continuation of the monthly payments, as selected by the Beneficiary or Beneficiaries.

- (d) Single Life Annuity. Under this form, the Participant will receive a Pension payable only for his further lifetime.
- (e) Lump Sum Payment. Under this form, the Participant will receive a single sum payment in cash.

ARTICLE VII-M - DEATH BENEFITS

7.1-M Pre-Retirement Survivor Benefit

A Pre-Retirement Survivor benefit shall be payable to the spouse or Beneficiary of an Employee who dies while employed by the Employer or an Affiliated Company and who is a Participant hereunder at the time of his death, provided that the Employee is vested in any Pension at the time of death. The spouse or Beneficiary shall elect a payment commencement date (which must be the first day of a month) that is not later than the Employee's Normal Payment Start Date, except that, (a) if the spouse or Beneficiary fails to make such an election, payments shall commence as of the Employee's Normal Payment Start Date and (b) if the Employee's death is on or after his Normal Payment Start Date, commencement to the spouse or Beneficiary will be as of the first day of the Participant's Earliest Payment Start Date.

The monthly amount and manner of payment of such Pension shall be determined as though the Employee had terminated employment on the date of his death under the Deferred Vested, Early, Optional Early, Normal, or Late Pension provisions of this Plan, whichever is applicable, and was to receive the 50% Joint and Survivor Annuity described in Section 6.2-M with payments commencing to the Employee on the day prior to the spouse's payment commencement date with the Employee's death occurring the day of commencement.

In the event that the Participant designates a Beneficiary or Beneficiaries other than the spouse to receive the benefit payable under this Section 7.1-M, the Beneficiary shall be deemed to be the joint annuitant for purposes of calculating the amount of the benefit payable as an annuity and shall be deemed to be the same age as the Participant for purposes of determining the benefit if the benefit is payable as a lump sum. In the event that the Participant has designated more than one Beneficiary, the lump sum value of the above benefit shall be equally divided among the Beneficiaries or divided in the percentage selected by the deceased Participant if such election has been made. If the benefit is to be paid in the form of an annuity, the annuity shall be Actuarially Equivalent to the above lump sum value based upon the actual age of the Beneficiary.

Notwithstanding the foregoing, the spouse or Beneficiary entitled to a benefit under this Section may elect to receive such payment in the form of an Actuarially Equivalent lump sum payment. In the event that the Participant dies and is not survived by a spouse or a designated Beneficiary, the Actuarially Equivalent lump sum amount of the benefit determined under this Section 7.1-M (determined as though the Participant was survived by a joint annuitant of the same age as the Participant) shall be payable to the Participant's estate.

Anything in the Plan to the contrary notwithstanding, in lieu of any other benefit payable under the Plan, if a Participant dies after completing an election for a lump sum distribution, but prior to his Annuity Starting Date, the spouse of such Participant (if such Participant was married on the date of his death) shall receive a single life annuity equal to the Actuarial Equivalent of the lump sum distribution payable to the Participant, provided however that the spouse may elect to receive such death benefit in the form of a

lump sum. If such a Participant is not married, or if the Participant dies after his Annuity Starting Date but before the lump sum distribution has been made, then in lieu of any other benefit payable under the Plan, the lump sum distribution shall be paid in accordance with Section C-1.7 of the General Provisions.

7.2-M Post-Termination Death Benefit After Normal, Late or Early Retirement

- (a) Before Annuity Starting Date. If an Employee retires under the Normal, Late or Early Pension provisions of this Plan and dies before his Annuity Starting Date, then, subject to the last paragraph of Section 7.1-M, a pre-commencement survivor benefit shall be payable to the spouse or Beneficiary of the Participant if surviving at the Participant's death.

The spouse or Beneficiary shall elect a payment commencement date (which must be the first day of a month) that is not later than the Employee's Normal Payment Start Date, except that, (1) if the spouse fails to make such an election, payments shall commence as of the Employee's Normal Payment Start Date and (2) if the Employee's death is on or after his Normal Payment Start Date, commencement to the spouse or designated Beneficiary shall be as of the Participant's Earliest Payment Start Date.

The monthly amount and manner of payment of such Pension shall be determined as though such retired Employee's Pension commenced on the day prior to the spouse's payment commencement date in the form of the 50% Joint and Survivor Annuity described in Section 6.2-M hereof.

In the event that the Participant designates a Beneficiary other than the spouse to receive the benefit payable under this Section 7.2-M, the Beneficiary shall be deemed to be joint annuitant for purposes of calculating the amount of the benefit payable if the benefit is payable as an annuity and shall be deemed to be the same age as the Participant for purposes of determining the benefit if the benefit is payable as a lump sum. In the event that the Participant has designated more than one Beneficiary, the lump sum value of the above benefit shall be equally divided among the Beneficiaries or divided in the percentage selected by the deceased Participant if such election has been made. If the benefit is to be paid in the form of an annuity, the annuity shall be Actuarially Equivalent to the above lump sum value based upon the actual age of the Beneficiary.

Notwithstanding the foregoing, the spouse or Beneficiary entitled to a benefit under this Section 7.2-M may elect to receive such payment in the form of an Actuarially Equivalent lump sum payment. In the event that the Participant dies and is not survived by a spouse or Beneficiary, the Actuarially Equivalent lump sum amount of the benefit determined under this Section 7.2-M (determined as though the Participant was survived by a joint annuitant of the same age as the Participant) shall be payable to the Participant's estate.

- (b) After Annuity Starting Date. Subject to the last paragraph of Section 7.1-M, the death benefit, if any, payable after a Participant's Annuity Starting Date shall be determined according to the form of payment payable to the retired Employee under Article VI-M hereof.

7.3-M Post-Termination Death Benefit After Disability Retirement

- (a) Before Annuity Starting Date. If a Participant retires under the Disability Pension provisions of this Plan and dies while vested hereunder before his Annuity Starting Date, subject to the last paragraph of Section 7.1-M, a pre-commencement survivor benefit shall be payable to the spouse or Beneficiary of the Participant if surviving at the Participant's death.

The spouse or Beneficiary shall elect a payment commencement date (which must be the first day of a month after the election) is made that is not later than the Participant's Normal Payment Start Date, except that (1) if the spouse or Beneficiary fails to make such an election, payments shall commence as of the Employee's Normal Payment Start Date and (2) if the Participant's death is on or after his Normal Payment Start Date, commencement to the spouse or Beneficiary shall be as of the first day of the next month following the Participant's death.

The monthly amount and manner of payment of such Pension shall be the same as would have been applicable had the Participant terminated employment at the time of his death under the Deferred Vested provisions of this Plan and had not elected a form of payment.

- (b) After Annuity Starting Date. Subject to the last paragraph of Section 7.1-M, the death benefit, if any, payable on or after the Participant entitled to a Disability Pension hereunder has reached his Annuity Starting Date shall be determined according to the form of benefit elected by the Disabled Participant under Article VI-M hereof.

7.4-M Post-Termination Death Benefit After Deferred Vested Termination

- (a) Before Annuity Starting Date. If a Participant's employment terminates under the Deferred Vested Pension provisions of this Plan, and he dies while he is entitled to such Pension, but before his Annuity Starting Date, subject to the last paragraph of Section 7.1-M, a pre-commencement survivor benefit shall be payable to the spouse or Beneficiary of the Participant if surviving at the Participant's death.

The spouse or Beneficiary shall elect a payment commencement date (which must be the first day of a month) that is not later than the Participant's Normal Payment Start Date, except that (1) if the spouse or designated Beneficiary fails to make such an election, payments shall commence as of the Participant's Normal Retirement Date and (2) if the Participant's death is on or after his Normal

Payment Start Date, commencement to the spouse or Beneficiary shall be as of the first day of the next month following the Participant's death.

The monthly amount and manner of payment of such Pension shall be determined as though the Participant had at his death, commenced to receive his Pension in the form of the 50% Joint and Survivor Annuity described in Section 6.2-M hereof with his death occurring on the day after commencement.

- (b) After Annuity Starting Date. Subject to the last paragraph of Section 7.1-M, the death benefit, if any, payable on or after the Participant's Annuity Starting Date for his Deferred Vested Pension shall be determined according to the form of benefit the terminated Participant elected under Article VI-M hereof.

APPENDIX A-M - RETIREMENT AGE FACTORS

FOR PARTICIPANTS BORN ON OR AFTER JANUARY 1, 1955

ADDITIONAL MONTHS EARLY												
No. of Years Early	0	1	2	3	4	5	6	7	8	9	10	11
0	0.6500	0.6458	0.6417	0.6375	0.6333	0.6292	0.6250	0.6208	0.6167	0.6125	0.6083	0.6042
1	0.6000	0.5958	0.5917	0.5875	0.5833	0.5792	0.5750	0.5708	0.5667	0.5625	0.5583	0.5542
2	0.5500	0.5458	0.5417	0.5375	0.5333	0.5292	0.5250	0.5208	0.5167	0.5125	0.5083	0.5042
3	0.5000	0.4979	0.4958	0.4938	0.4917	0.4896	0.4875	0.4854	0.4833	0.4813	0.4792	0.4771
4	0.4750	0.4729	0.4708	0.4688	0.4667	0.4646	0.4625	0.4604	0.4583	0.4563	0.4542	0.4521
5	0.4500	0.4479	0.4458	0.4438	0.4417	0.4396	0.4375	0.4354	0.4333	0.4313	0.4292	0.4271
6	0.4250	0.4229	0.4208	0.4188	0.4167	0.4146	0.4125	0.4104	0.4083	0.4063	0.4042	0.4021
7	0.4000	0.3979	0.3958	0.3938	0.3917	0.3896	0.3875	0.3854	0.3833	0.3813	0.3792	0.3771
8	0.3750	0.3724	0.3698	0.3673	0.3647	0.3621	0.3595	0.3569	0.3543	0.3518	0.3492	0.3466
9	0.3440	0.3417	0.3393	0.3370	0.3347	0.3323	0.3300	0.3277	0.3253	0.3230	0.3207	0.3183
10	0.3160											

* In order to calculate Retirement Age Factors, the numbers above should be multiplied by .01.

L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN

**Exhibit N - Former Participants in the
L-3 Communications Infrared Products Retirement Plan
(Exhibit E – Former Participants in the
Raytheon Non-Bargaining Pension Plan – Non-Contributory Benefit Structure)**

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Pension Plan – Exhibit N
ACTIVE 262127863

ARTICLE I-N - DEFINITIONS

Whenever used in this Exhibit N, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural and any masculine terminology shall be deemed to refer to either a male or a female.

1.1-N Accrued Benefit

“Accrued Benefit” means the Participant’s Normal Retirement Benefit based upon the Participant’s Benefit Accrual Service accumulated to date and the Participant’s Compensation.

1.2-N Actuarial Equivalent or Actuarially Equivalent

“Actuarial Equivalent or Actuarially Equivalent” means the equivalent of a given Benefit or a given amount payable under an Optional Forms of Retirement Distribution, determined conclusively by or under direction of the Administrator based upon the interest rate and the table of adjusted mortality rates determined as follows:

(a) Except as provided in subsection (b),

- (1) For each Plan Year, the interest rate shall be 100% of the interest rate that would be used by the Pension Benefit Guaranty Corporation for lump sums for the October 1st preceding such year or for the December 1st following such October 1st if lesser, and
- (2) The table of adjusted mortality rates is a table of ages and corresponding annual mortality rates. The mortality rates are calculated by combining 80% of the rate for males and 20% of the rate for females from the 1971 Group Annuity Mortality Table. The attained age of the Participant in the Year in which benefits commence shall be used to determine the mortality rate.

(b) For purposes of determining the amount of the Optional Forms of Retirement Distribution payable in a lump sum form of payment, the interest rate and mortality assumption shall be determined in accordance with Appendix C, Section C-1.2(b).

1.3-N Benefit Accrual Service

“Benefit Accrual Service” means:

- (a) The total, expressed in years and fractional years, of those Accounting Months (treating each Accounting Month as one-twelfth year) for any part or all of which the Participant was employed by the Employer as an Eligible Employee, excluding those Accounting Months for the Participant did not receive Compensation from the Employer. If a Participant has a Separation from Service

for any reason prior to having a Vested Benefit, the unvested Benefit, as well as the Benefit Accrual Service relating thereto, shall be disregarded on the date when the number of the Participant's consecutive Breaks in Service equals the greater of (1) five (5), or (2) the aggregate number of Years of Vesting Service before such consecutive Breaks in Service.

- (b) A Participant's Benefit Accrual Service shall include his Benefit Accrual Service credited under the Prior Plan as of November 9, 2004.

1.4-N Break in Service

"Break in Service" means a Period of Severance of at least 12 consecutive months. For purposes hereof, a "Period of Severance" is the period of time commencing on the Severance from Service Date and ending on the date on which an Employee again performs an Hour of Service.

1.5-N Compensation

"Compensation" of a Participant for any Plan Year means:

- (a) (except as provided in subsection (b)) his regular base pay, shift differentials, sick leave or paid time-off allowance pay, payment for overtime hours, vacation actually taken, holiday, bereavement or personal leave, jury duty, military training pay when such payments are made by the Employer (or paid by a governmental agency and used as an offset by the Employer), sales commissions, and performance-based bonuses, but
- (b) shall exclude any compensation paid or not paid by the Employer (unless specifically included in paragraph (a)), payments for vacation not taken, pay for sick time not taken, tax differentials, retainers, insurance benefits, hazard area premium, domestic field and foreign service allowances, supplemental foreign service premiums, allowances for post, quarters, education, dual housing and home leave, profit sharing payments or public or private retirement payments, contributions (except Employee contributions) or benefits, company paid premiums, capture and detention pay, sea duty premium, flight duty pay, compensable travel pay, benefits from the L3 Technologies, Inc. Deferred Compensation Plan, severance pay, and any other special payments or allowances not specifically included in subsection (a).

1.6-N Continuous Service

"Continuous Service" means:

- (a) An Employee's period as an Employee of the Employer or an Affiliated Company in any positions or classifications but excluding other periods of unpaid absence while an Employee, excludable under the Employer personnel policy consistently

applied. No such period of unpaid absence, however, shall be considered to be a break in Continuous Service. Continuous Service shall be broken by a Separation from Service under which the Employee has no recall rights.

(b) A Participant's Continuous Service shall include Continuous Service credited under the Prior Plan as of November 9, 2004.

1.7-N Covered Compensation

"Covered Compensation" means for any Plan Year, the average (without indexing) of the Social Security Taxable Wage Base in effect for each calendar year during the 35-year period ending with the calendar year in which a Participant attains or will attain his Social Security Retirement Date. In determining a Participant's Covered Compensation for a Plan Year, the Social Security Taxable Wage Base for the current and any subsequent Plan Year shall be assumed to be the same as in effect for the Plan Year for which the determination is being made. A Participant's Covered Compensation for any Plan Year after the 35-year period is the Covered Compensation for the Plan Year in which the Participant attained Social Security Retirement Date. A Participant's Covered Compensation shall be automatically adjusted for each Plan Year in accordance with this Section.

1.8-N Death Benefit

"Death Benefit" means the Benefit provided following the death of a Participant determined under Section 3.8-N.

1.9-N Early Retirement Benefit

"Early Retirement Benefit" means the Benefit payable to or with respect to a Participant or Former Participant under Section 3.4-N.

1.10-N Early Retirement Date

"Early Retirement Date" means the first day of a month before a Participant's or Former Participant's Normal Retirement Date so designated in advance by a Participant or Former Participant who at the time of his Separation from Service has attained his 55th birthday and completed five years of Vesting Service. Such a Participant or Former Participant who has a Separation from Service by resignation or discharge may treat such resignation or discharge as a retirement and may treat the first day of any month next following the date of such resignation or discharge as his Early Retirement Date. A Participant or Former Participant who has five years of Vesting Service and has a Separation from Service before his 55th birthday may elect Early Retirement, effective on or after his 55th birthday. The designated effective date of such election shall be his Early Retirement Date, and his Benefit shall be determined as provided in Section 3.9-N for a Vested Retirement Benefit.

l.11-N Eligible Employee

“Eligible Employee” means a salaried Employee who is eligible for coverage under the Plan in accordance with Section 2.1-N.

l.12-N Final Average Monthly Compensation

“Final Average Monthly Compensation” means:

- (a) One-twelfth (1/12th) of the amount determined by dividing:
 - (1) the Participant’s aggregate Compensation attributed to either:
 - (A) the five highest of his last ten qualifying twelve-Accounting-Month periods in which the aggregate Compensation is the highest, or
 - (B) if he has fewer than five qualifying twelve-month Accounting-Month periods, then all of such periods, by
 - (2) the number of twelve-Accounting-Month periods taken into account under paragraph (1).
- (b) For purposes of this Section, a Participant’s qualifying twelve Accounting-Month periods are the twelve-month periods ending on the last day of the month in which the Participant incurs a Separation from Service and on the same day in any prior year, provided that the Participant had at least one Hour of Service in the twelve months preceding that day.
- (c) If, in any qualifying twelve-Accounting-Month period, a Participant is not credited with the lesser of either 2,080 hours or the number of hours he would have had during such period had he worked during the entire period at his regularly scheduled number of hours per week, then the Participant’s Compensation will be adjusted or grossed-up as follows. For purposes of this Section, the Compensation attributed to a Participant with respect to any qualifying twelve-Accounting-Month period shall be the sum of:
 - (1) the Compensation paid during such period (excluding bonuses and incentive compensation payments of any kind) multiplied by a fraction (not less than one), the numerator of which shall be the lesser of:
 - (A) 2,080, or
 - (B) the number of Hours of Service he would have had during such period had he worked during the entire period at his regularly scheduled number of hours per week and the denominator of which shall be equal to his total actual Hours of Service in such period

less his Hours of Service resulting from the payment of vacation not taken in such period; plus

(2) any performance-based bonuses and incentive compensation payments excluded in paragraph (1) that otherwise would be treated as Compensation.

(d) If a Participant or Former Participant is re-Employed by the Employer or an Affiliated Company after incurring a Separation from Service followed by a five-year period during which he does not perform an Hour of Service, the Compensation and Accounting Months before and after such Separation from Service will not be aggregated for purposes of calculating Final Average Monthly Compensation, but will be calculated separately and multiplied by the Benefit Accrual Service attributable to the separate periods of employment for purposes of determining the Participant's Benefit.

(e) Accounting Month means the month, or four-week or five-week period, regularly used by the Employer for its payroll records.

l.13-N Joint and Survivor Annuity

"Joint and Survivor Annuity" means the form of Benefit payable to or with respect to a Participant or Former Participant under Section 3.11-N.

l.14-N Late Retirement

"Late Retirement" means a Participant's or Former Participant's retirement upon his Late Retirement Date.

l.15-N Late Retirement Benefit

"Late Retirement Benefit" means a Participant's or Former Participant's Benefit payable to or with respect to him under Section 3.6-N.

l.16-N Normal Retirement Benefit

"Normal Retirement Benefit" means the Benefit payable to or with respect to a Participant or Former Participant under Section 3.2-N.

l.17-N Normal Retirement Date

"Normal Retirement Date" means the first day of the month coinciding with or immediately following the Participant's 65th birthday.

l.18-N Optional Forms of Retirement Distribution

“Optional Forms of Retirement Distribution” means the optional form of Benefit payable to or with respect to a Participant or Former Participant under Section 3.10-N.

l.19-N Prior Plan

“Prior Plan” means the Raytheon Non-Bargaining Retirement Plan as in effect on November 9, 2004.

l.20-N Separation from Service

“Separation from Service” means:

- (a) An Employee’s resignation, quit, discharge, layoff (other than a temporary layoff), death, or Early, Normal or Late Retirement from the Employer and all Affiliated Companies.
- (b) A leave of absence, (whether paid or unpaid) authorized by the Employer, a vacation period, a temporary layoff, or a transfer to an Affiliated Company shall not constitute a Separation from Service; provided, however, that:
 - (1) continuation upon a temporary layoff for a period in excess of the maximum period for temporary layoffs, shall be considered a layoff effective as of the end of such specified period; and
 - (2) failure to return to work upon expiration of any leave of absence, vacation, or temporary layoff shall be considered a quit effective as of the expiration of such leave of absence, vacation, or temporary layoff.

l.21-N Severance from Service Date

“Severance from Service Date” means the date on which the Employee retires, quits, is discharged or dies, or if earlier, the 12-consecutive month anniversary of the date on which the Employee is otherwise first absent from service with the Employer or an Affiliated Company. Notwithstanding the preceding sentence, the Severance from Service Date of an Employee who is absent from service for maternity or paternity reasons shall not be any earlier than the second anniversary of the first day of such absence. For purposes hereof, an absence from service for maternity or paternity reasons means an absence by reason of the pregnancy of the Employee, by reason of the birth of a child of the Employee, by reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee, or for purposes of caring for such child for a period beginning immediately following such birth or placement.

1.22-N Social Security Taxable Wage Base

“Social Security Taxable Wage Base” means the contribution and benefit limit in effect under Section 3121(a) of the Code.

1.23-N Vested Retirement Benefit

“Vested Retirement Benefit” means the Benefit which is non-forfeitable in accordance with Section 3.9-N.

1.24-N Year of Vesting Service

“Year of Vesting Service” means:

- (a) Twelve months of Service. Years of Vesting Service (including partial Years of Vesting Service counting months and days) shall be aggregated for purposes of determining whether a Participant has a vested interest hereunder on his Severance from Service Date, even though such years may not have been consecutive; provided, however, for an Employee who has a Severance from Service Date prior to being Vested, Years of Vesting Service before any period of consecutive Breaks in Service shall not be required to be taken into account if the number of consecutive Breaks in Service within such period equals or exceeds the greater of five, or the aggregate number of Years of Vesting Service before such period.
- (b) For purposes of subsection (a), “Service” means that period of time beginning on the date an Employee is first credited with an Hour of Service with the Employer or an Affiliated Company and ending on the Employee’s Severance from Service Date. In addition, if an Employee incurs a Separation from Service and is reemployed within 12 consecutive months by the Employer or an Affiliated Company, his Service shall also include all days between his Severance from Service Date and his subsequent reemployment. An Employee’s Service shall be expressed in months and days and shall be measured in cumulative whole month increments (with 30 days equal to one month) which shall be credited to the Employee for each full month of Service prior to a Severance from Service Date.
- (c) A Participant’s Service shall include Service credited under the Prior Plan as of November 9, 2004.

ARTICLE II-N - ELIGIBILITY

2.1-N Requirements for Participation

This Exhibit N shall apply only to those individuals (1) who, on November 9, 2004, were participants in the Prior Plan and whose benefits were determined under Exhibit B of the Prior Plan, (2) became Employees of the Employer on November 10, 2004, and (3) for

whom assets and liabilities with respect to their benefits under the Prior Plan were transferred to this Plan.

2.2-N Forfeitures

If a Participant has a Separation from Service for any reason prior to being Vested, his unvested Accrued Benefit shall be forfeited when the number of his consecutive Breaks in Service equals the greater of (a) five or (b) the aggregate number of Years of Vesting Service before such consecutive Breaks in Service.

ARTICLE III-N - RETIREMENT, TERMINATION OR DEATH

3.1-N Normal Retirement

A Participant or Former Participant shall be entitled to Normal Retirement Benefits hereunder on his Normal Retirement Date, unless the Participant or Former Participant elects his Early Retirement Benefit or Late Retirement Benefit.

3.2-N Normal Retirement Benefit

A Participant or Former Participant who retires on his Normal Retirement Date shall receive a Normal Retirement Benefit, which, subject to the provisions of the Optional Forms of Retirement Distribution and Joint and Survivor Annuity, shall equal a monthly payment on the first day of each month commencing with his Normal Retirement Date and ending with the last such payment before his death equal to (a) minus (b) plus (c), subject to (d) where (a), (b), (c) and (d) are described below:

- (a) The product of:
 - (1) the factor of .015,
 - (2) that portion of his Benefit Accrual Service which is included in the first 35 years of Total Benefit Accrual Service, and
 - (3) his Final Average Monthly Compensation; minus
- (b) The product of:
 - (1) the factor of .006,
 - (2) that portion of his Benefit Accrual Service which is included in the first 35 years of Total Benefit Accrual Service, and
 - (3) his Final Average Monthly Compensation not in excess of Covered Compensation; plus
- (c) The product of:

- (1) the factor of .005,
 - (2) that portion of his Benefit Accrual Service which is included in the Total Benefit Accrual Service in excess of 35 years, and
 - (3) his Final Average Monthly Compensation.
- (d) The Benefit defined in subsections (a), (b) and (c) of this Section shall be reduced if either (1) the Participant's or Former Participant's Normal Retirement Date precedes his Social Security Retirement Date and the Participant or Former Participant has less than ten years of Continuous Service as of his Normal Retirement Date, or (2) the Participant's or Former Participant's Normal Retirement Date precedes his Social Security Retirement Date by more than three (3) years. The reduced Normal Retirement Benefit, if applicable, shall equal the greater of (A) the Actuarial Equivalent of the amount otherwise payable as of his Social Security Retirement Date, and (B) the amount otherwise payable, reduced by 0.5% for each month the Participant's or Former Participant's Normal Retirement Date precedes his Social Security Retirement Date. If a Participant or Former Participant who incurs a Separation from Service followed by five consecutive Breaks in Service is rehired (not recalled or reinstated) by the Employer, then the Final Average Monthly Compensation and the Benefit Accrual Service before and after such Separation from Service will not be aggregated for purposes of calculating his Normal Retirement Benefit, but the Normal Retirement Benefit will be calculated separately for each such period of employment.

3.3-N Early Retirement

A Participant or Former Participant shall be entitled to his Early Retirement Benefit hereunder on his Early Retirement Date.

3.4-N Early Retirement Benefit

A Participant who has a Vested Accrued Benefit and who retires on his Early Retirement Date shall receive an Early Retirement Benefit which, subject to the provisions of the Optional Forms of Retirement Distribution and the Joint and Survivor Annuity and the vesting provisions of Section 3.10-N, shall consist of a monthly payment on the first day of each calendar month commencing with his Early Retirement Date and ending with the last such payment before his death. The monthly payment shall equal the greater of (a) the Actuarial Equivalent at his Annuity Starting Date of the benefit payable at his Social Security Retirement Date, defined in Section 3.2-N(a) through (c), and (b) the benefit defined in Section 3.2-N(a) through (c), reduced by .05% for each month the Annuity Starting Date precedes his Social Security Retirement Date, except there shall be no reduction under (a) and (b) above for a Participant who at the time of his Separation from Service is within three years of Social Security Retirement Date or older and has ten or more years of Continuous Service.

3.5-N Late Retirement

A Participant or Former Participant shall be entitled to his Late Retirement Benefit hereunder on his Late Retirement Date, or on his Annuity Starting Date if occurring later than his Normal Retirement Date.

3.6-N Late Retirement Benefit

A Participant or Former Participant who retires on his Late Retirement Date shall receive a Late Retirement Benefit which, subject to the provisions of the Optional Forms of Retirement Distribution and the Joint and Survivor Annuity, shall consist of a monthly payment on the first day of each calendar month commencing with his Late Retirement Date, and ending with the last such payment before his death, equal to his Normal Retirement Benefit but with Benefit Accrual Service, Covered Compensation and Final Average Monthly Compensation determined as of his Late Retirement Date.

3.7-N Actuarial Equivalence

The Participant's or Former Participant's Optional Forms of Retirement Distribution or the Joint and Survivor Annuity Benefit shall be the Actuarial Equivalent of his Early, Normal, or Late Retirement Benefit, such Actuarial Equivalent being computed as of his Annuity Starting Date.

3.8-N Death Benefit

- (a) If a Participant or Former Participant is age 55 or older, is entitled to a Vested Retirement Benefit, has a Separation from Service due to his death, or has a Separation from Service because of retirement but dies prior to the first day of the month coinciding with or next following retirement within which the initial payment of any benefit is or would be payable to him, and leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a monthly payment on the first day of each calendar month commencing with the month following the month of such Participant's or Former Participant's death, and continuing through the month of such spouse's death, in an amount equal to the Preretirement Survivor Annuity as described in subsection (d).
- (b) Unless the provisions of 3.9-N(a) apply, if a Participant or Former Participant dies with a Vested Retirement Benefit and such death is prior to the due date of the first monthly Benefit payable to him under the Plan and if he leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive the Preretirement Survivor Annuity described in subsection (d).
- (c) Notwithstanding any provision herein to the contrary, if a married Former Participant who is eligible to commence Benefits under this Plan dies within 60 days of

electing Benefits to commence, but before such Benefits have actually commenced, the Former Participant's surviving spouse may elect to receive the Benefits in the form elected by the Former Participant or to receive the Death Benefits otherwise prescribed in this Section.

- (d) A Preretirement Survivor Annuity is a survivor annuity for the life of the surviving spouse of the Participant or Former Participant under which the periodic payments to the surviving spouse are not less than the periodic payments that would be payable under the Joint and Survivor Annuity (or the Actuarial Equivalent thereof) if:
 - (1) In the case of such a Participant or Former Participant who dies after reaching his Early Retirement Date, the Participant or Former Participant had retired with an immediate 100% Joint and Survivor Annuity, or
 - (2) In the case of such a Participant or Former Participant who dies before the date on which he would have attained his Early Retirement Date, by assuming the Participant or Former Participant had a Separation from Service on or prior to the date of death, had survived to his Early Retirement Date, had commenced to receive payments under an immediate 50% Joint and Survivor Annuity at his Early Retirement Date, and had died on the day after the day on which he would have attained his Early Retirement Date.

3.9-N Vested Retirement Benefit

Each Participant or Former Participant shall be entitled to a Vested Retirement Benefit in the amount provided in this Section. In the event of his Separation from Service prior to his Normal Retirement Date, except for the Joint and Survivor Annuity and the Death Benefit, such Participant or Former Participant shall upon his Normal Retirement Date become entitled to a Normal or Optional Forms of Retirement Distribution, or upon his Early Retirement Date may receive an Early or Optional Form of Retirement Distribution, as he shall elect, or in the absence of such election, as determined under the provisions of the Normal Retirement Benefit, the Optional Forms of Retirement Distribution and Joint and Survivor Annuity, all in an amount Actuarially Equivalent to that percentage of his Accrued Benefit determined on the basis of his Years of Vesting Service as follows:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
Less than 5	0%
5 or more	100%

A Participant's or Former Participant's Accrued Benefit to the extent not forfeited under Section 2.2-N or paid as a Death Benefit shall become 100% vested if he is then employed by the Employer or an Affiliated Company on his 65th birthday.

Notwithstanding the above:

- (1) If the Actuarial Equivalent of the Participant's or Former Participant's Deferred Vested Pension on Termination of Employment is not more than \$1,000, it shall be paid as soon as administratively feasible following Termination of Employment in the form of a lump sum
- (2) If the Actuarial Equivalent of the Participant's or Former Participant's Deferred Vested Pension on Termination of Employment is more than \$1,000 but not more than \$5,000, the Participant may elect to receive payment of his or her Deferred Vested Pension as soon as administratively feasible following Termination of Employment in the form of a lump sum.
- (3) If the Actuarial Equivalent of the Participant's or Former Participant's Deferred Vested Pension on Termination of Employment is more than \$5,000 but not more than \$20,000, the Participant may elect, with spousal consent if applicable to receive payment of his or her Deferred Vested Pension as soon as administratively feasible following Termination of Employment in the form of either (a) a lump sum or (b) a single life annuity if the Participant is not married on termination of employment or the Joint and Survivor Annuity described in Section 3.11-N if the Participant or Former Participant is married on termination of employment. An election under this paragraph (3) to receive a lump sum payment shall be subject to the notice and consent requirements of Section C-4.8.

3.10-N Optional Forms of Retirement Distribution

A Participant or Former Participant who is entitled to receive a Normal, Early, or Late Retirement Benefit and who is married as of his Annuity Starting Date shall receive the 50% Joint and Survivor Annuity with his spouse as Contingent Annuitant unless he elects not to receive such annuity, elects instead to receive a distribution in accordance with subsections (a) or (b), and his spouse consents in writing to such election. A Participant or Former Participant to whom a Joint and Survivor Annuity does not apply and who makes no election under this Section shall receive a Benefit in accordance with subsection (a). A Participant or Former Participant may not make or change an election hereunder after his Annuity Starting Date. A Participant or Former Participant may elect to receive his Benefit in accordance with subsection (b) (1), (2), (3) or (4):

- (a) A Normal, Early or Late Retirement Benefit, as the case may be,
- (b) A Benefit consisting of monthly payments commencing on his Annuity Starting Date:

- (1) in the form of a joint and survivor annuity payable to the Participant or Former Participant for his life, and monthly payments to his Contingent Annuitant for life (in amounts as selected by the Participant or Former Participant equal to a survivor annuity of 50%, 75% or 100% of the monthly amount paid to such Participant or Former Participant), or
 - (2) in the form of a period certain and continuous annuity payable to the Participant or Former Participant and his Beneficiaries over the later of a period certain for a guaranteed number of payments of ten years or the life of the Participant or Former Participant; or
 - (3) in the form of a period certain only annuity to the Participant or Former Participant and his Beneficiaries for a period certain for a guaranteed number of payments (for a period as selected by the Participant or Former Participant of 10 or 15 years); or
 - (4) in the form of a lump sum payment if the Actuarial Equivalent value of the benefit is more than \$5,000 but not more than \$20,000.
- (c) If a Participant or Former Participant dies after his Annuity Starting Date, the remaining portion of his Benefit, if any, may continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's or Former Participant's death to the Contingent Annuitant, if surviving the Participant or Former Participant, or otherwise to the Participant's or Former Participant's designated primary Beneficiary; provided, however, that if the primary Beneficiary is the estate of the Participant or Former Participant, or if the primary Beneficiary dies before receiving all of the payments due him under the Plan, the remaining portion of his Benefit will be distributed in a lump sum to either the Participant's or Former Participant's contingent Beneficiary who survives the Participant or Former Participant or otherwise to the estate of the Participant or Former Participant, as applicable. If a Participant or Former Participant dies before his Annuity Starting Date, the Participant's or Former Participant's entire Benefit will be limited to, and distributed as, a Death Benefit in accordance with Section 3.8-N.

3.11-N Joint and Survivor Annuity

- (a) Notwithstanding anything in the Plan to the contrary, the Benefit, if any, of a Participant or Former Participant commencing on his Annuity Starting Date shall be a Joint and Survivor Annuity, as described in subsection (b), if
- (1) he was married on his Annuity Starting Date, and
 - (2) he has not otherwise elected an Optional Form of Retirement Distribution with the consent of his spouse.

- (b) The Joint and Survivor Annuity of a Participant or Former Participant shall be a Benefit, reduced as provided in subsection (c), consisting of monthly payments to him beginning on his Annuity Starting Date and ending with the calendar month in which his death occurs with the provision that, if he dies after his Annuity Starting Date and is survived by the spouse to whom he was married on his Annuity Starting Date, such spouse shall receive monthly payments of 50% of such reduced Benefit adjusted, beginning on the first day of the calendar month next following his death and ending with the calendar month in which such spouse dies.
- (c) The reduced Benefit payable under this Section to a Participant or Former Participant during his lifetime shall be at a monthly rate such that his Joint and Survivor Annuity is the Actuarial Equivalent of his Early, Normal or Late Retirement Benefit.

3.12-N Termination of Benefit Accruals

Notwithstanding any provision of the Plan to the contrary, no additional benefits will accrue under this Exhibit N after December 31, 2019.

**AMENDMENT NUMBER ONE
TO THE
L3HARRIS LINK SIMULATION AND TRAINING PENSION PLAN**

WHEREAS, L3Harris Technologies, Inc., a Delaware corporation (“**L3Harris**”), heretofore has adopted and maintains the L3Harris Link Simulation and Training Pension Plan, as amended and restated effective August 31, 2020 (the “**Plan**”); and

WHEREAS, pursuant to authority granted to her by the L3Harris Employee Benefits Committee, the Head of Global Benefits desires to amend the Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Plan hereby is amended, effective as of the date hereof unless otherwise set forth below, as follows:

1. The Introduction shall be amended to insert a new final sentence to the sixth paragraph thereof, to read as follows:

“Effective as of December 31, 2020, the Plan shall be merged with and into the L3Harris Salaried Pension Plan.”

2. Section 5.3 (Claims Procedure) shall be amended as follows:

- a. To amend subsection (a) (Appeal Procedure) to insert a new final sentence thereof, to read as follows:

“In no event shall an Employee, Participant, former Participant or their Beneficiaries, or any other person having or claiming to have an interest in the Plan, be entitled to challenge a decision of the Committee in court or in any administrative proceeding unless and until the procedures adopted by the Committee pursuant to this section have been complied with and exhausted.”

- b. To amend subsection (b) (Legal Action) in its entirety, to read as follows:

“(b) Legal Action. Except for actions to which the statute of limitations prescribed by Section 413 of ERISA applies, (i) no legal or equitable action relating to a claim under Section 502 of ERISA may be commenced later than the

date that is one year after the claimant receives a final decision from the Committee in response to the claimant's request for review of an adverse benefit determination (or, if later, the earlier of the date that is two years after the date that an initial claim for benefits was filed with the Plan Administrator or January 1, 2022) and (ii) no other legal or equitable action involving the Plan may be commenced later than two years after the date the person bringing the action knew, or had reason to know, of the circumstances giving rise to the action (or, if later, January 1, 2023). The Plan Administrator will be the necessary party to any action or proceeding involving the assets held with respect to the Plan or the administration thereof. No Employee, Participant, former Participant or their Beneficiaries, or any other person having or claiming to have an interest in the Plan will be entitled to any notice or process. Any final judgment that may be entered in any such action or proceeding will be binding and conclusive on all persons having or claiming to have any interest in the Plan. This provision shall not bar the Plan or its fiduciaries from recovering overpayments of benefits or other amounts incorrectly paid to any person under the Plan at any time or bringing any legal or equitable action against any party."

c. To insert a new subsection (c), to read as follows:

"(c) Legal Fees. Any award of legal fees in connection with an action involving the Plan shall be calculated pursuant to a method that results in the lowest amount of fees being paid, which amount shall be no more than the amount that is reasonable. In no event shall legal fees be awarded for work related to: (a) administrative proceedings under the Plan; (b) unsuccessful claims brought by a Participant or any other person; or (c) actions that are not brought under ERISA. In calculating any award of legal fees, there shall be no enhancement for the risk of contingency, nonpayment or any other risk, nor shall there be applied a contingency multiplier or any other multiplier. In any action brought by any person against the Plan, the Committee, the L3Harris Technologies, Inc. Investment Committee, any Plan fiduciary, the Company, the Employer, or any of their respective affiliates or their or their affiliates' respective

officers, directors, trustees, employees or agents (collectively, the “Plan Parties”), legal fees of the Plan Parties in connection with such action shall be paid by the Participant or other person bringing the action, unless the court specifically finds that there was a reasonable basis for the action.”

3. Section 6.11 (Governing Law) shall be amended in its entirety, to read as follows:

“6.11 Governing Law.

The Plan and all rights hereunder shall be governed by and construed in accordance with the laws of the State of Florida (without regard to principles of conflicts of law) to the extent such laws have not been preempted by applicable Federal law. Venue for any action arising under the Plan shall be in Brevard County, Florida.”

4. Section C-4.8(h) of Appendix C shall be amended, effective as of January 1, 2021, to delete the following phrases therefrom: “or Beneficiary”; “or Beneficiary (or Beneficiaries)”; and “, in the case where the designation to be changed is one involving a joint pensioner,”.
5. Each of Section 1.4-A(a)(1) (definition of Actuarial Equivalent or Actuarially Equivalent) of Exhibit A and Section 1.2-B(a)(1) (definition of Actuarial Equivalent or Actuarially Equivalent) of Exhibit B shall be amended to insert a new final sentence thereof, to read as follows:
- “Effective January 1, 2021, references to the applicable interest rate shall mean such rate as determined utilizing the methodology set forth in Appendix C to Part 4022 of ERISA (Lump Sum Interest Rates for Private-Sector Payments).”
6. Each of Section 1.4-C(b)(2) (definition of Actuarial Equivalent; Actuarially Equivalent) of Exhibit C and Section 1.2-D(b)(2) (definition of Actuarial Equivalent; Actuarially Equivalent) of Exhibit D shall be amended to insert a new final sentence thereof, to read as follows:

“Effective January 1, 2021, references to the interest rate used by the PBGC for such purposes shall mean such rate as determined utilizing the methodology set forth in Appendix C to Part 4022 of ERISA (Lump Sum Interest Rates for Private-Sector Payments).”

7. Section 1.2-E(a) (definition of Actuarial Equivalent) of Exhibit E shall be amended to insert a new second sentence thereof, to read as follows:

“Effective January 1, 2021, references to the interest rate used by the PBGC for such purposes shall mean such rate as determined utilizing the methodology set forth in Appendix C to Part 4022 of ERISA (Lump Sum Interest Rates for Private-Sector Payments).”

8. Each of Section 1.2-H(a)(1) (definition of Actuarial (or Actuarially) Equivalent) of Exhibit H and Section 1.2-M(a)(1) (definition of Actuarial (or Actuarially) Equivalent) of Exhibit M shall be amended to insert a new final sentence thereof, to read as follows:

“Effective January 1, 2021, references to the interest rate used by the Pension Benefit Guaranty Corporation for such purposes shall mean such rate as determined utilizing the methodology set forth in Appendix C to Part 4022 of ERISA (Lump Sum Interest Rates for Private-Sector Payments).”

9. Section 1.2-L (definition of Actuarial Equivalent) of Exhibit L shall be amended to insert a new fourth sentence thereof, to read as follows:

“Effective January 1, 2021, references to the interest rate used by the Pension Benefit Guaranty Corporation for such purposes shall mean such rate as determined utilizing the methodology set forth in Appendix C to Part 4022 of ERISA (Lump Sum Interest Rates for Private-Sector Payments).”

10. Section 1.2-N(a)(1) (definition of Actuarial Equivalent or Actuarially Equivalent) of Exhibit N shall be shall be amended in its entirety, to read as follows:

“(1) For each Plan Year, the interest rate shall be 100% of the interest rate that would be used by the Pension Benefit Guaranty Corporation (or, effective January 1, 2021, as determined utilizing the methodology set forth in Appendix C to Part 4022 of ERISA (Lump Sum Interest Rates for Private-Sector Payments)) for lump sums for the October 1st preceding such year or for the December 1st following such October 1st if lesser, and”

APPROVED by the **HEAD OF GLOBAL BENEFITS** on this 22 day of December, 2020.

Allison Oncel
Senior Director, Global Benefits

L3HARRIS TECHNOLOGIES, INC. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(Restated January 1, 2020)

ARTICLE I PURPOSE OF THE SERP

The purpose of this L3Harris Technologies, Inc. Supplemental Executive Retirement Plan is to provide supplemental retirement income for a select group of management and highly compensated employees of L3 Technologies, Inc. and certain of its subsidiaries and divisions by providing benefits equal to those benefits that cannot be provided under certain tax-qualified pension plans because of the limitations of Sections 401(a)(17) and 415 of the Internal Revenue Code of 1986, as amended.

The Plan was effective as of May 1, 1997. It was amended and restated in 1999 and 2000. The Plan was amended and restated effective January 1, 2005 to comply with the requirements of Section 409A of the Code, except for Sections 3.4 and 3.5 which were amended effective January 1, 2009.

Effective after the close of business on December 31, 2016, L-3 Communications Corporation changed its name to L3 Technologies, Inc. Accordingly, the name of the Plan was changed from the L-3 Communications Corporation Supplemental Executive Retirement Plan to the L3 Technologies, Inc. Supplemental Executive Retirement Plan effective January 1, 2017.

L3 Technologies, Inc. became a subsidiary of L3Harris Technologies, Inc. effective June 29, 2019. All benefit accruals under the Plan, including the Appendices, will cease effective December 31, 2019.

The Plan is amended and restated effective January 1, 2020 and the name of the Plan is changed to the L3Harris Technologies, Inc. Supplemental Executive Retirement Plan as of that date.

ARTICLE II DEFINITIONS

Additional SERP Participant – An employee of a Participating Company who is not eligible to participate in a Participating Company sponsored defined benefit pension plan and designated by the Board or the Compensation Committee thereof as eligible to participate in the SERP.

Adjusted Compensation – The Participant’s “compensation” as defined in the applicable Pension Plan provided that (1) base salary deferred by a Participant under any deferred compensation plan sponsored by the Company shall be taken into account, (2) management incentive bonuses, whether or not deferred by a Participant under any deferred compensation

plan sponsored by the Company shall be taken into account, and (3) the limitations under Section 401(a)(17) of the Code shall not apply.

Beneficiary – The Participant’s beneficiary with respect to the Pension Benefit payable under the Pension Plan or such Beneficiary elected at the time of benefit commencement.

Board – With respect to periods beginning on or after January 1, 2017, the Board of Directors of L3 Technologies, Inc. and with respect to periods ending on or before December 31, 2016, the Board of Directors of L-3 Communications Holdings, Inc.

Code – The Internal Revenue Code of 1986, as amended.

Committee – The committee described in Section 6.1, which administers this SERP. Company – L3 Technologies, Inc.

Participant – The individuals who are described in (a) or (b) below:

(a) An employee of a Participating Company who participates in a Pension Plan and (1) whose Adjusted Compensation for a calendar year, including all amounts deferred by the employee under any deferred compensation plan sponsored by the Company, exceeds the maximum dollar amount for that year under Section 401(a)(17) of the Code, or (2) for whom benefits under the Pension Plan are limited by Sections 401(a)(17) or 415 of the Code, provided that the employee meets any other requirements as determined by the Committee in its sole and exclusive discretion. An employee who satisfies the requirements for participation in this SERP for any calendar year shall continue to be a Participant for all subsequent years regardless of whether he or she meets the participation requirements of this paragraph for any such subsequent year.

(b) An employee who is an Additional SERP Participant.

The Committee shall limit participation in this SERP to a select group of management or highly compensated employees within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended, as determined by the Committee, in its sole and exclusive discretion.

Participating Company – The Company and any affiliate thereof that maintains a Pension Plan listed in Appendix A.

Pension Benefit – The Participant’s accrued benefit under the Pension Plan.

Pension Plan – The tax-qualified defined benefit plan, among those listed in Appendix A, in which the Participant participates (or, in the case of an Additional SERP Participant, would have been eligible to participate had he or she been an employee of the Participating Company on the date prior to the date the Pension Plan was frozen to newly hired employees).

Section 409A Change of Control Event – A change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of Section 409A(a)(2)(A)(v) of the Code.

SERP – This L3 Technologies, Inc. Supplemental Executive Retirement Plan.

Supplemental Pension Benefit – The benefit, if any, to which a Participant is entitled under the terms of this SERP.

ARTICLE III
ELIGIBILITY FOR AND AMOUNT OF BENEFITS

3.1 Eligibility for Benefits. A Participant who terminates employment and is entitled to a Pension Benefit under the terms of the Pension Plan (or, in the case of an Additional SERP Participant, would have been entitled to a Pension Benefit had he or she been an employee of the Participating Company on the date prior to the date the Pension Plan was frozen to newly hired employees) shall be entitled to a Supplemental Pension Benefit in an amount determined in accordance with Section 3.2 or any applicable Appendix and payable in accordance with Sections 3.4 , 3.5 and 3.6.

3.2 Amount of Benefit for General SERP Participants. Except as otherwise provided in Section 3.3, Appendix B-1 or B-2, the Supplemental Pension Benefit shall be equal to the excess, if any, of:

(a) the benefit that would have been paid under the applicable Pension Plan to such Participant (or his or her Beneficiary), in the normal form of benefit payable to a single participant pursuant to the terms of the Pension Plan, based on Adjusted Compensation and irrespective of the limitations of Sections 401(a)(17) and 415 of the Code, less

(b) the Pension Benefit that is actually payable under the Pension Plan to such Participant (or his or her Beneficiary), in the normal form of benefit payable to a single participant, based on “compensation” as defined in the Pension Plan and taking into account the limitations of Sections 401(a)(17) and 415 of the Code.

The Supplemental Pension Benefit resulting from (a) less (b) in this Section 3.2 is then further reduced based upon early commencement and optional form elected, if any. The reduction factors utilized for an early commencement are equivalent to the early reduction factors provided under the Pension Plan. For a surviving spouse Beneficiary where the Participant is deceased prior to commencement of the Pension Plan or Supplemental Pension Plan Benefit the Supplemental Pension Benefit will be reduced for early commencement, if applicable, and payable as a survivor benefit of a 50% joint and survivor annuity.

3.3 Amount of Benefit for Additional SERP Participants. The Supplemental Pension Benefit for an Additional SERP Participant shall be the benefit that would have been paid under the Pension Plan to such Participant (or his or her Beneficiary), based on Adjusted Compensation and irrespective of the limitations of Sections 401(a)(17) and 415 of the Code, if the Additional SERP Participant had been eligible to participate in the Pension Plan had it not been frozen to newly hired employees (but without regard to the Pension Plan provisions reflecting the limitations of Sections 401(a)(17) and 415 of the Code). Notwithstanding the foregoing, the Committee may determine in its discretion, at the time an employee is designated as an Additional SERP Participant, the period during which benefit accrual service, vesting service and

compensation will be taken into account in determining the Supplemental Pension Benefit for an Additional SERP Participant.

3.4 Form of Benefit Payments.

(a) Except as otherwise provided in subsections (b) or (c) below, any Supplemental Pension Benefit to which a Participant is entitled under this SERP shall be paid in the form of a life annuity.

(b) A Participant may elect not more than 90 days prior to the event that gives rise to the right to benefit payments to receive any Supplemental Pension Benefit to which he or she is entitled in the form of a 50%, 75% or 100% joint and survivor annuity, or a life annuity with ten years certain, each of which shall be the actuarial equivalent of the Participant's Supplemental Pension Benefit payable as a life annuity using a 6% interest rate and the mortality table under Rev. Rul. 2001-62. Upon the death of a Participant who has commenced a Supplemental Pension Benefit and has elected a 50%, 75% or 100% joint and survivor annuity or a life annuity with ten years certain, benefits shall continue to be paid to the Participant's Beneficiary, provided that such Beneficiary survives the Participant.

(c) If the present value of the Participant's Supplemental Pension Benefit is \$5,000 or less at the time payments are to commence, the entire amount of such Supplemental Pension Benefit, payable as a life annuity, shall be paid to the Participant in one payment. The present value of the Participant's Supplement Pension Benefit shall be determined using the actuarial assumptions under Section 417(e) of the Code as such actuarial assumptions are incorporated in the Pension Plan and in effect on the date of payment.

3.5 Time of Benefit Payments.

(a) Except as otherwise provided in subsection (b) or (c) below, a Supplemental Pension Benefit to which a Participant is entitled under this SERP shall be payable on the later of Participant's termination of employment date or the Participant's earliest retirement date under the applicable Pension Plan. The Participant's earliest retirement date under the applicable Pension Plan shall mean the earliest date on which the Participant may begin to receive payment of his Pension Benefit.

(b) If the Supplemental Pension Benefit becomes payable due to termination of employment (other than due to death), the first payment shall be made on the date that is six months following the termination of employment date. In such case, the amount of Supplemental Pension Benefit shall be determined as of the termination of employment date but actuarially increased to reflect the six-month delay in payment using the actuarial factors set forth in Section 3.4(b) or (c) (as applicable) or, with respect to a Supplemental Pension Benefit payable in the form set forth in Section 3.4(a), the same actuarial assumptions provided for under Section 3.4(b).

(c) Notwithstanding the foregoing, if a Participant elects on or after January 1, 2008 and on or before December 31, 2008, in accordance with Notice 2007-86, 2007-46 IRB 990, the date on which benefit payments are to commence, payment of his or her

Supplemental Pension Benefit shall be paid in accordance with such election. Such election will be effective only if it applies to amounts that would not otherwise be payable in 2008 and does not cause any amount to be paid prior to January 1, 2009.

3.6 Payment on Change of Control.

(a) Notwithstanding any other provision of this SERP to the contrary, in the event of a Change of Control, a Participant who has not begun receiving benefits under this SERP and either (1) has a vested right to a Pension Benefit under the terms of the Pension Plan at the time of the Change of Control or (2) in the case of an Additional SERP Participant has completed five years of service with the Company at the time of the Change of Control shall be entitled to receive a Supplemental Pension Benefit in the amount determined under Section 3.2 or 3.3 or Appendix B-1 or B-2, in each case as of the date immediately preceding the Change of Control, which benefit shall be paid in a lump sum within 60 days following the date of the Change of Control. A Participant who began to receive benefits under this SERP prior to a Change of Control shall continue to receive payment of benefits in the same amount and in the same form as such benefits were paid prior to the Change of Control. The lump sum value of the Participant's Supplement Pension Benefit shall be determined using the actuarial assumptions under Section 417(e) of the Code as such actuarial assumptions are incorporated in the Pension Plan and in effect on the day of payment.

(b) For purposes of this SERP, a Change in Control shall be deemed to occur upon a Section 409A Change of Control Event that also constitutes one or more of the following:

(1) The acquisition by any person or group (including a group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than the Company or any of its subsidiaries, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of a majority of the combined voting power of the Company's then outstanding voting securities, other than by any employee benefit plan maintained by the Company;

(2) The sale of all or substantially all of the assets of the Company and its subsidiaries taken as a whole; or

(3) The election, including the filling of vacancies, during any period of 24 months or less, of 50 percent or more of the members of the Board without the approval of Continuing Directors, as constituted at the beginning of such period. "Continuing Directors" shall mean any director who either (i) is a member of the Board on July 1, 1997, or (ii) is nominated for election to the Board by a majority of the Board which is comprised of directors who were, at the time of such nomination, Continuing Directors.

3.7 Forfeiture of Benefits.

(a) Notwithstanding any other provision of this SERP to the contrary, a Participant shall forfeit any and all benefits under this SERP (including benefits that are

to be paid in the future and benefits that have already commenced payment) if the Participant (1) is dismissed for “Cause”, (2) becomes employed by another employer (or becomes self-employed) in substantial competition with a Participating Company, or (3) engages in conduct detrimental or contrary to the best interests of a Participating Company. “Cause” means an Employee’s:

- (1) intentional failure to perform reasonably assigned duties;
- (2) dishonesty or willful misconduct in the performance of duties;
- (3) engaging in a transaction in connection with the performance of duties to the Company or its affiliates which transaction is adverse to the interests of the Company and is engaged in for personal profit or;
- (4) willful violation of any law, rule or regulation in connection with the performance of duties (other than traffic violations or similar offenses).

For purposes of this definition, an act, or failure to act, on an Employee’s part shall be deemed “willful” if done, or omitted to be done, by an Employee in bad faith and without reasonable belief that Employee’s action or omission was in the best interest of the Company.

(b) The Committee shall have full discretionary authority to make determinations under this Section 3.7. Any forfeiture determination made by the Committee shall be final and binding. The Committee may make a retroactive determination that a Participant’s SERP benefits are forfeited under this Section 3.7 after payment of SERP benefits has commenced. Such a forfeiture shall be effective as of the date that the Committee determines the events of forfeiture have occurred. Any SERP benefits that have been paid after the effective date of the retroactive forfeiture determination shall be considered a mistaken payment under Section 7.5.

3.8 Termination of Benefit Accruals. Notwithstanding any provision of the SERP, including Appendices B-1, B-2 and B-3, to the contrary, no additional benefits shall accrue under this SERP, including Appendices B-1, B-2 and B-3, after December 31, 2019.

ARTICLE IV UNFUNDED PLAN

4.1 Unfunded Status of SERP. This SERP constitutes a contractual promise by each Participating Company to make payments in the future, and a Participant’s rights shall be those of a general, unsecured creditor of the Participating Company. A Participant shall not have any beneficial interest in this SERP. Notwithstanding the foregoing, to assist each Participating Company in meeting its obligations under this SERP, the Committee may set aside assets in a trust described in Revenue Procedure 92-64, 1992-2 C.B. 422 (generally known as a “rabbi trust”), and the Committee may direct that its obligations under this SERP be satisfied by payments out of such trust or trusts. It is each Participating Company’s intention that this SERP be unfunded for federal income tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974.

4.2 Nonalienability of Benefits. A Participant's rights to benefit payments under this SERP shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or his or her Beneficiary except as otherwise required by law.

ARTICLE V AMENDMENT OR TERMINATION

5.1 Amendment. The Board, the Compensation Committee of the Board or, to the extent permitted by resolution of the Board or the Compensation Committee, any delegate of the Board or Compensation Committee may amend, modify, suspend or discontinue this SERP at any time; provided, however, that no such amendment, modification, suspension or discontinuance of the SERP shall have the effect of reducing a Participant's Supplemental Pension Benefit determined as though the Participant had terminated employment with the Participating Company on the date of the amendment, modification, suspension or discontinuance.

5.2 Termination. The Board or the Compensation Committee of the Board reserves the right to terminate this SERP (by amendment to the SERP) at any time and to pay any benefits under this SERP in a lump sum immediately following such termination or at such time thereafter as it may determine, provided that any payments on termination of the Plan must comply with the requirements of Treasury Regulation §1.409A-3(j)(4)(ix).

ARTICLE VI ADMINISTRATION

6.1 The Committee. This SERP shall be administered by the L3Harris Technologies, Inc. Employee Benefits Committee which is referred to in this document as the "Committee."

6.2 Delegation and Reliance. The Committee may delegate to any officer or employee of the Company the authority to execute and deliver those instruments and documents and to take, or refrain from taking, all actions deemed necessary, advisable or convenient for the effective administration of this SERP in accordance with its terms and purposes. The Committee may also appoint a plan administrator or any other agent and delegate to such administrator or agent such powers and duties in connection with the administration of the SERP as the Committee may deem appropriate. In making any determination or in taking or not taking any action under this SERP, the Committee may obtain and rely upon the advice of experts, including professional advisors to the Company. No member of the Committee or officer of any Participating Company who is a Participant may participate in any decision specifically relating to his or her individual rights or benefits under this SERP.

6.3 Powers of the Committee. The Committee shall administer this SERP in accordance with its terms. The Committee shall have full discretion to construe and interpret the terms and provisions of this SERP, which interpretation or construction shall be final and binding on all parties, including but not limited to the Company, the Participating Companies and any Participant or Beneficiary. The Committee shall administer this SERP in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to the SERP. The Committee shall have all powers necessary to administer the SERP, including without limitation, in addition to those powers set forth above, the following:

- (a) to determine whether individuals qualify as the Participants in the SERP;
- (b) to determine the amount of benefits payable to Participants and their Beneficiaries;
- (c) to maintain all records that may be necessary for the administration of the SERP; and
- (d) to make and publish rules and procedures for the administration of the SERP.

6.4 Exculpation and Indemnity. To the extent permitted by applicable law, the Company shall indemnify and hold harmless the Committee and each member thereof and delegates of the Committee who are employees of the Company or a Participating Company against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims, arising out of their discharge of responsibilities under or incident to the SERP, other than expenses, liabilities and claims arising out of their willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement or otherwise, as such indemnities are permitted under applicable law.

6.5 Facility of Payment. If a minor, person declared incompetent, or person incapable of handling the disposition of his or her property, is entitled to receive a benefit, make an application, or make an election hereunder, the Committee may direct that such benefits be paid to, or such application or election be made by, the guardian, legal representative, or person having the care and custody of such minor, incompetent, or incapable person. Any payment made, application allowed, or election implemented in accordance with this Section shall completely discharge the Participating Company and the Committee from all liability with respect thereto.

6.6 Proof of Claims. The Committee may require proof of the death, disability, competency, minority, or incapacity of any Participant or Beneficiary and of the right of a person to receive any benefit or make any application or election.

6.7 Claim Procedure.

(a) Any person claiming a benefit, requesting an interpretation or ruling under this SERP, or requesting information under this SERP shall present the request in writing to the Committee, which shall respond in writing within 90 days. The Committee may, however, extend the reply period for an additional ninety 90 days for special circumstances. If the claim or request is denied, the written notice of denial shall state (1) the reason for denial, with specific reference to the plan provisions on which the denial is based, (2) a description of any additional material or information required and an explanation of why it is necessary, and (3) an explanation of the claims review procedure.

(b) Within 60 days after the receipt by a claimant of the written decision described above or the expiration of the claims review period described above including any extension, the claimant may request review by giving written notice to the Committee. The claim or request shall be reviewed by the Committee, which may, but

shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing. If the claimant does not request a review within such sixty-day period, he or she shall be barred from challenging the original determination.

(c) The decision on review shall normally be made within 60 days after the Committee's receipt of a request for review. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be 120 days. The decision shall be in writing and shall state the reason and the relevant plan provisions. All decisions on review shall be final and binding on all parties concerned.

(d) In the event of any dispute over benefits under this SERP, all remedies available to the disputing individual under this Section 6.7 must be exhausted, within the specified deadlines, before legal recourse of any type is sought.

ARTICLE VII GENERAL PROVISIONS

7.1 No Guarantee of Employment. This SERP shall in no way obligate any Participating Company to continue the employment of a Participant with the Participating Company or limit the right of the Participating Company at any time and for any reason to terminate the Participant's employment. In no event shall the SERP constitute an employment contract between the Participating Company and a Participant or in any way limit the right of the Participating Company to change a Participant's compensation or other benefits.

7.2 Other SERP Benefits. Amounts under this SERP shall not be treated as compensation for purposes of calculating the amount of a Participant's benefits or contributions under any pension, retirement, or other plan maintained by the Participating Company (or a subsidiary or division of the Participating Company), except as provided in such other plan.

7.3 Tax Withholding. To the extent required by law, the Participating Company shall withhold from benefit payments hereunder any Federal, state, or local income or payroll taxes required to be withheld and shall furnish the recipient and the applicable government agency or agencies with such reports, statements, or information as may be legally required.

7.4 Missing Payees. If all or portion of a Participant's SERP benefit becomes payable and the Committee after a reasonable search cannot locate the Participant (or his or her Beneficiary if such Beneficiary is entitled to payment), the Committee may forfeit the Participant's SERP benefit. If the Participant (or his or her Beneficiary) subsequently presents a valid claim for benefits to the Committee, the Committee shall restore and pay the appropriate SERP benefit.

7.5 Mistaken Payment. No Participant or Beneficiary shall have any right to any payment made in error or in contravention of the terms of the SERP, the Code, or ERISA. The Committee shall have full rights under the law to recover any such mistaken payment, and the right to recover attorney's fees and other costs incurred with respect to such recovery. Recovery shall be made from future SERP payments, or by any other available means.

7.6 Receipt and Release for Payments. Any payment to a Participant, Beneficiary, or to any such person's legal representative, parent, guardian, or any person or entity specified in Section 6.5, shall be in full satisfaction of all claims that can be made under the SERP against the Participating Company. The Participating Company may require such Participant, Beneficiary, legal representative, or any other person or entity described in Section 6.5, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Participating Company.

7.7 Successors. The provisions of this SERP shall be binding upon and inure to the benefit of each Participating Company, its successors, and its assigns, and to the Participants and their heirs, executors, administrators, and legal representatives.

7.8 Governing Law. The validity of this SERP and any of its provisions shall be construed, administered, and governed in all respects under and by the laws of the State of New York (including its statute of limitations and all substantive and procedural law, and without regard to its conflict of laws provisions), except as to matters of Federal law. If any provision of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

IN WITNESS WHEREOF, this L3Harris Technologies, Inc. Supplemental Executive Retirement Plan is hereby restated as of January 1, 2020.

L3 Technologies, Inc.

Date: December 17, 2019

/s/ Natalie Lee

Natalie Lee

Vice-President, Global Benefits, Global Total Rewards

Appendix A – Pension Plans

Pension Plans

L3Harris Technologies, Inc. Pension Plan

The Narda MITEQ Pension Plan (prior to January 1, 2020)

L3 Communication Systems - East Retirement Income Plan (prior to January 1, 2020) L3Harris Aviation Products Pension Plan

L3 Aviation Products Retirement Plan II (prior to January 1, 2019) L3Harris Communication Systems West

Pension Plan

L3Harris Communication Systems Pension Plan L3Harris Link Simulation & Training

Pension Plan

L3 Pension Plan For Certain Divisions – Ocean Systems and Space & Navigation Divisions only (prior to January 1, 2020)

L3Harris Integrated Systems Pension Plan

L-3 Communications Infrared Products Retirement Plan (prior to January 1, 2013) Hycor Pension Plan (prior to October 2000)

Appendix B-1

Special Provisions for the Narda - East Division

This Appendix B-1 contains additional terms of the SERP that apply to Participants who are employees of the Narda - East Division of the Company ("Narda East").

1. Participation. An employee of Narda East is eligible to participate in the SERP if he or she became an officer of Narda East prior to January 1, 2003 (regardless of the amount of his or her annual base compensation).

2. Supplemental Pension Benefit. A Participant shall be entitled to a Supplemental Pension Benefit equal to the greater of the amount determined under subsection (a) or (b) below:

(a) the excess, if any, of:

(1) the benefit that would have been paid under the Pension Plan to such Participant (or his or her Beneficiary), in the normal form of benefit payable to a single participant pursuant to the terms of the Pension Plan, based on Compensation as defined in Section 4(d) of this Appendix B-1 and irrespective of the limitations of Sections 401(a)(17) and 415 of the Code, less

(2) the Pension Benefit that is actually payable under the Pension Plan to such Participant (or his or her Beneficiary), in the normal form of benefit payable to a single participant, based on "compensation" as defined in the Pension Plan and taking into account the limitations of Sections 401(a)(17) and 415 of the Code.

(b) the excess, if any, of:

(1) the benefit that would have been paid to the Participant (or his or her Beneficiary) in the normal form of benefit payable to a single participant based on the Basic Plan Benefit Formula under the Basic Plan and based on compensation as defined in Section 4(d) of this Appendix B-1 and without regard to the limitations of Section 401(a)(17) and 415 of the Code, less

(2) the Pension Benefit that is actually payable under the Pension Plan to such Participant (or his or her Beneficiary), in the normal form of benefit payable to a single participant, based on "compensation" as defined in the Pension Plan and taking into account the limitations of Sections 401(a)(17) and 415 of the Code.

3. Payment of Supplemental Pension Benefit. The Supplemental Pension Benefit payable under this Appendix B-1 shall be subject to all of the terms of the SERP including, but not limited to, Sections 3.3, 3.4, 3.5 and 3.6.

4. Definitions. The following definitions shall apply solely for purposes of this Appendix B-1:

(a) “Average Compensation” means the Compensation, as defined in this Appendix B-1, of a Participant averaged over the five consecutive years which produce the highest annual average during the ten-year period (or the number of years of plan participation, if less than ten) ending on the date on which the Participant ceases to be a Participant.

(b) “Basic Plan” means Exhibit E of the L3Harris Technologies, Inc. Pension Plan (formerly The Narda MITEQ Pension Plan), as amended and restated effective as of January 1, 2020.

(c) “Basic Plan Benefit” means a benefit expressed as a single life annuity beginning at age 65 determined under the following formula:

20% of the Participant’s Average Compensation not in excess of his or her Covered Compensation, plus
50% of the Participant’s Average Compensation in excess of his or her Covered Compensation, reduced by
1/15th for each year of service, determined under the “elapsed time” method, less than 15 years determined
as of the Participant’s 65th birthday, and further reduced by a fraction, the numerator of which is the
Participant’s years of Credited Service at termination of employment and the denominator of which is the
Participant’s years of Credited Service if he continued in employment with Narda East until age 65.

(d) “Compensation” means the aggregate basic rate of annual remuneration paid by the Narda East division of the Company during the applicable year of Credited Service, including annual cash bonuses, and amounts deferred under the L3 Technologies, Inc. Deferred Compensation Plan and L3 Technologies, Inc. Deferred Compensation Plan II, and without regard to the limitations under Section 401(a)(17) of the Code.

(e) “Covered Compensation” means the amount of compensation with respect to which old age and survivors insurance benefits would be provided under the Social Security Act computed as though for each year until the Participant reaches age 65 his annual compensation is at least equal to the taxable wage base, as set for in Revenue Ruling 99-47, 1999-47 I.R.B. 588 or any successor ruling thereto.

(f) “Credited Service” means the full years and months of employment beginning with the first day of the month in which the Participant first became employed by Narda East (or its predecessor, The Narda Microwave Corporation) and ending on the Participant’s last day of employment with Narda East.

Appendix B-2

Special Provisions for the L3 Communication Systems - East Division

This Appendix B-2 contains additional terms of the SERP that apply to Participants who are employees of the L3 Communication Systems – East division of the Company (“CS-East Participants”). Appendix D of the L3Harris Communication Systems Pension Plan (formerly the L3 Communications Systems – East Retirement Income Plan) (the “Pension Plan”) has been amended to freeze the benefit accruals of participants who are not subject to a collective bargaining agreement and have compensation in excess of specified amounts (the “Frozen HCE Amendments”) effective January 1, 2010 and January 1, 2017. Any participant in the Pension Plan whose benefits under the Pension Plan are affected by the Frozen HCE Amendments and who is not already a Participant in the SERP will become Participant in the SERP effective as of the first day of the Plan Year immediately following the date on which such individual ceases to accrue benefits under the Pension Plan as a result of the Frozen HCE Amendments. As a result, a Participant may be a CS-East Participant either as a result of the Frozen HCE Amendments (a “Frozen HCE”) or having been designated as a Participant in the SERP without regard to the Frozen HCE Amendments (a “Designated CS-East SERP Participant”). Accordingly, there are two categories of CS-East Participants: (1) CS-East Participants who are both Designated SERP Participants and Frozen HCEs, and (2) CS-East Participants who are Frozen HCEs but not Designated SERP Participants.

Except as otherwise specifically set forth in this Appendix B-2, the SERP benefits of CS- East Participants shall be calculated in accordance with other provisions of this SERP; provided, however, that:

(i) Section 3.7 of the SERP shall not be applicable to any benefits payable to CS-East Participants under the SERP that would have been payable under the Pension Plan if the Frozen HCE Amendments had not been adopted; and

(ii) a CS-East Participant who becomes a Participant in the SERP solely because of the Frozen HCE Amendments may commence to receive benefit payments under the SERP on a date elected by such Participant if the individual makes a written election of an alternate benefit commencement date no later than 30 days following the effective date of such individual’s participation in the SERP and the date elected is at least six months following the date of the Participant’s termination of employment.

1. The Supplemental Pension Benefit of a CS-East Participant who is both a Designated SERP Participant and a Frozen HCE shall be equal to the excess, if any, of:

(a) the benefit that would have been paid under the Pension Plan to such Participant (or his or her Beneficiary), in the normal form of benefit payable to a single participant pursuant to the terms of the Pension Plan, if the Frozen HCE Amendments had not been adopted, based on final average pensionable earnings, as defined in subsection (c) below and irrespective of the limitations of Sections 401(a)(17) and 415 of the Code, over

(b) the Pension Benefit that is actually payable under the Pension Plan to such Participant (or his or her Beneficiary), in the normal form of benefit payable to a single participant, taking into account the limitations of Sections 401(a)(17) and 415 of the Code and the Frozen HCE Amendments.

(c) Solely for purposes of subsection (a) above, the benefit that would have been payable under the Pension Plan to such Participant (or his or her Beneficiary), shall be based on “final average pensionable earnings”, which shall be defined as the sum of:

(1) The average rate of Pensionable Earnings as defined in the Pension Plan but excluding management incentive bonuses, determined by taking the amount of such Pensionable Earnings of an Employee (excluding management incentive bonuses) during the three calendar years selected from the most recent ten calendar years of his Period of Employment as defined in Section III(1) of the Pension Plan in respect of which he shall have the greatest aggregate amount of Pensionable Earnings (excluding management incentive bonuses), and dividing such amount by three; and

(2) The average rate of the Participant’s management incentive bonuses, determined by taking the amount of such management incentive bonuses of the Employee during the three calendar years selected from the most recent ten calendar years of his Period of Employment as defined in Section III(1) of the Pension Plan in respect of which he shall have the greatest aggregate amount of management incentive bonuses, and dividing such amount by three.

(d) Except as otherwise provided in subsection (c), final average pensionable earnings shall have the meaning provided in the Pension Plan.

2. The Supplemental Pension Benefit of a CS-East Participant who is a Frozen HCE but not a Designated CS-East Participant shall be equal to the excess, if any, of:

(a) the benefit that would have been paid under the Pension Plan to such Participant (or his or her Beneficiary), in the normal form of benefit payable to a single participant pursuant to the terms of the Pension Plan, if the Frozen HCE Amendments had not been adopted, based on final average pensionable earnings as defined in the Pension Plan and taking into account the limitations of Sections 401(a)(17) and 415 of the Code, over

(b) the Pension Benefit that is actually payable under the Pension Plan to such Participant (or his or her Beneficiary), in the normal form of benefit payable to a single participant, taking into account the limitations of Sections 401(a)(17) and 415 of the Code and the Frozen HCE Amendments.

3. Additional Benefit. In addition to the Supplemental Pension Benefit described in Sections 1 and 2 above, a Designated SERP Participant who is an employee of the L3 Communication Systems - East division of the Company shall receive a retirement benefit from this SERP equal to the excess, if any, of the pension benefit calculated based on the formula described in Article V(1)(B) of the January 1, 1995 Martin Marietta Corporation Retirement

Income Plan without regard to the limitation described in Article 5(1)(c), reduced by the greater of the pension benefits described in Article 5(1)(d)(i)(A) or (B) of that Plan.

4. Additional Death Benefit to Beneficiary. If a Designated SERP Participant dies prior to retirement, his designated Beneficiary under the Pension Plan shall receive a lump sum pre-retirement death benefit from this SERP equal to the excess, if any, of (a) the lump sum pre-retirement death benefit which would have been paid to such designated Beneficiary under the Pension Plan if such payment were not limited by Code Sections 401(a)(17) and the incidental death benefit rules of Treasury Regulation 1.401-1(b)(1)(i), over (b) the lump sum pre-retirement death benefit actually payable under the Pension Plan. Such payment shall be made no later than March 15 of the calendar year following the calendar year in which the death occurred. Notwithstanding the foregoing, if the calculation of the amount of a payment is not administratively feasible due to events beyond the control of the Participant or Beneficiary, the payment will be treated as made upon the date specified in the prior sentence if the payment is made during the first taxable year of the Participant or Beneficiary in which the calculation of the amount is administratively feasible.

5. Additional Death Benefit to Spouse. If a Designated SERP Participant dies prior to retirement and after having attained five years of vesting service under the Pension Plan, his surviving spouse shall receive a pre-retirement surviving spouse annuity from this SERP equal to the excess, if any, of (a) the pre-retirement surviving spouse annuity benefit which would have been paid to such surviving spouse under the Pension Plan if such payment were not limited by Code Sections 401(a)(17) and 415 and the incidental death benefit rules of Treasury Regulation 1.401-1(b)(1)(i), over (b) the pre-retirement surviving spouse annuity benefit actually payable under the Pension Plan. If the Participant has attained age 55 at the time of death, such annuity shall commence to be paid no later than March 15 of the calendar year following the calendar year in which the death occurred. If the Participant has not attained age 55 at the time of death, such annuity shall commence to be paid no later than March 15 of the calendar year following the calendar year in which the Participant's 55th birthday would have occurred. Notwithstanding the foregoing, if the calculation of the amount of a payment is not administratively feasible due to events beyond the control of the Participant or Beneficiary, the payment will be treated as made upon the date specified in the applicable prior sentence if the payment is made during the first taxable year of the Participant or Beneficiary in which the calculation of the amount is administratively feasible.

6. Contributions to Rabbi Trust. The Company will contribute to the L3Harris Master Rabbi Trust an amount equal to the amount required under the governmental Cost Accounting Standards (CAS) reimbursement rules. To the extent appropriate, the same cost methods and procedures will be used that would have applied had such benefits accrued under the Pension Plan.

7. Benefit Accruals beginning January 1, 2011. Notwithstanding any provision of the foregoing, the benefit calculations under Section 1(a) and 2(a) above shall be made with respect to benefits accrued on or before December 31, 2010 taking into account only final average pensionable earnings, as defined in Sections 1(a) and 2(a) respectively, determined through that date. With respect to benefits accrued on and after January 1, 2011, the benefit calculations under Section 1(a) and 2(a) shall be made in accordance with those provisions, except taking into account pensionable earnings, as defined in the Pension Plan, with respect to

each full and partial year of Credited Service commencing on or after that date, instead of final average pensionable earnings. The benefit calculations under Section 1(a) above as modified by this Section 7 shall be computed without regard to the limitations of Code Sections 401(a)(17) and 415 and the benefit calculations under Section 2(a) above as modified by this Section 7 shall be computed taking into account such limitations.

B-2-4

L3Harris Technologies, Inc.
Supplemental Executive Retirement Plan

Appendix B-3

Special Provisions for the L3 Communication Systems - West Division

This Appendix B-3 contains additional terms of the SERP that apply to Participants who are employees of the L3 Communication Systems – West division of the Company (“CS-West Participants”). The L3Harris Communication Systems – West Pension Plan and the L3Harris Communication Systems Pension Plan other than Appendix D (formerly the L3 Communication Systems – West Retirement Plan II) (each a “Pension Plan” and collectively the “Pension Plans”) have been amended to freeze the benefit accruals of participants who have more than \$180,000 in compensation (the “Frozen HCE Amendments”) effective January 1, 2016. Any participant in a Pension Plan whose benefits under the Pension Plan are affected by the Frozen HCE Amendments and who is not already a Participant in the SERP will become Participant in the SERP effective as of the first day of the Plan Year immediately following the date on which such individual ceases to accrue benefits under a Pension Plan as a result of the Frozen HCE Amendments. As a result, a Participant may be a CS-West Participant either as a result of a Frozen HCE Amendment (a “Frozen HCE”) or having been designated as a Participant in the SERP without regard to the Frozen HCE Amendment (a “Designated CS-West SERP Participant”). Accordingly, there are two categories of CS-West Participants: (1) CS-West Participants who are both Designated SERP Participants and Frozen HCEs, and (2) CS-West Participants who are Frozen HCEs but not Designated SERP Participants. References to the “Pension Plan” herein mean the Pension Plan in which the CS-West Participant was a participant.

Except as otherwise specifically set forth in this Appendix B-3, the SERP benefits of CS- West Participants shall be calculated in accordance with other provisions of this SERP; provided, however, that:

(i) Section 3.7 of the SERP shall not be applicable to any benefits payable to CS- West Participants under the SERP that would have been payable under a Pension Plan if the Frozen HCE Amendments had not been adopted; and

(ii) a CS-West Participant who becomes a Participant in the SERP solely because of a Frozen HCE Amendment may commence to receive benefit payments under the SERP on a date elected by such Participant if the individual makes a written election of an alternate benefit commencement date no later than 30 days following the effective date of such individual’s participation in the SERP and the date elected is at least six months following the date of the Participant’s termination of employment.

1. The Supplemental Pension Benefit of a CS-West Participant who is both a Designated SERP Participant and a Frozen HCE shall be equal to the excess, if any, of:

(a) the benefit that would have been paid to such Participant under the Pension Plan in which the CS-West Participant participated, in the normal form of benefit payable to a single participant pursuant to the terms of the Pension Plan, if the Frozen HCE Amendment had not been adopted, and irrespective of the limitations of Sections 401(a)(17) and 415 of the Code, over

(b) the Pension Benefit that is actually payable under the Pension Plan to such Participant, in the normal form of benefit payable to a single participant, taking into account the limitations of Sections 401(a)(17) and 415 of the Code and the Frozen HCE amendment.

2. The Supplemental Pension Benefit of a CS-West Participant who is a Frozen HCE but not a Designated CS-West Participant shall be equal to the excess, if any, of:

(a) the benefit that would have been paid to such Participant under the Pension Plan in which the CS-West Participant participated, in the normal form of benefit payable to a single participant pursuant to the terms of the Pension Plan, if the Frozen HCE amendment had not been adopted, and taking into account the limitations of Sections 401(a)(17) and 415 of the Code, over

(b) the Pension Benefit that is actually payable under the Pension Plan to such Participant, in the normal form of benefit payable to a single participant, taking into account the limitations of Sections 401(a)(17) and 415 of the Code and the Frozen HCE amendment.

3. Additional Death Benefit to Beneficiary. Upon the death of a CS-West Participant who was a Frozen HCE at the time of the Participant's termination of employment with the Company, an amount equal to the Additional Death Benefit that would have been payable under Appendix A of the Pension Plan in which the CS-West Participant participated if it had not been amended by a Frozen HCE Amendment will be payable to the CS-West Participant's designated beneficiary as determined under the Pension Plan.

4. Contributions to Rabbi Trust. For each year commencing on or after January 1, 2016, the Company will contribute to the L3Harris Master Rabbi Trust an amount equal to the amount required under the governmental Cost Accounting Standards (CAS) reimbursement rules. To the extent appropriate, the same cost methods and procedures will be used that would have applied had such benefits accrued under the Pension Plans.

Exhibit 21
L3HARRIS TECHNOLOGIES INC.
SUBSIDIARIES AS OF MARCH 1, 2021
(100% direct or indirect ownership by L3Harris Technologies, Inc., unless otherwise noted)

<u>Name of Subsidiary</u>	<u>State or Other Jurisdiction of Incorporation</u>
1231670 Ontario Inc.	Canada
AeroElite Limited	United Kingdom
Aerosim Academy, Inc.	Florida
Aerosim Bangkok Company Limited	Thailand
Aerosim Technologies, Inc.	Minnesota
Aerosim Thai Company Limited	Thailand
Airline Placement Limited	United Kingdom
Airline Recruitment Limited	United Kingdom
Applied Defense Solutions, Inc.	Delaware
Asia Flight Data Services Pte. Ltd.	Singapore
Asian Aviation Training Centre Ltd.	Thailand
ASV Global, L.L.C.	Louisiana
Autonomous Surface Vehicles Limited	United Kingdom
Autonomous Surface Vehicles, LLC	Louisiana
Aviation Communication & Surveillance Systems, LLC	Delaware
Azimuth Security Pty Ltd	Australia
Azimuth Security Trust	Australia
Azimuth Security, LLC	Florida
Beijing MAPPS-SERI Technology Company Ltd.*	China
Calzoni S.r.l.	Italy
Cancer Treatment Services International, Inc.*	Delaware
Combat Advanced Propulsion, LLC	Delaware
CR MSA LLC	Delaware
CTC Aviation Group Limited	United Kingdom
CTC Aviation Holdings Limited	United Kingdom
CTC Aviation International Limited	United Kingdom
CTC Aviation Services Limited	United Kingdom
CTC Aviation Training (UK) Limited.	United Kingdom
Defence Investments Limited	United Kingdom
DMRAC-Aviation Corporation - SGPS, Unipessoal LDA	Portugal
EAA – Escola de Aviação Aerocondor, S.A.	Portugal
Eagle Technology, LLC	Delaware
EDO (UK) Ltd.	United Kingdom
EDO MBM Technology Ltd.	United Kingdom
EDO Western Corporation	Utah
Electrodynamics, Inc.	Arizona
ESSCO Collins Limited	Ireland
Exelis Arctic Services	Delaware
Exelis Australia Holdings Pty Ltd	Australia
Exelis Australia Pty Ltd	Australia
Exelis Holdings, Inc.	Delaware
Exelis Luxembourg SARL	Luxembourg
FAST Holdings Limited*	United Kingdom

<u>Name of Subsidiary</u>	<u>State or Other Jurisdiction of Incorporation</u>
FAST Training Services Limited	United Kingdom
Felec Services, Inc.	Delaware
Flight Data Services Incorporated	Arizona
Flight Training Acquisitions LLC	Delaware
ForceX, Inc	Tennessee
G Air Advanced Training, Lda	Portugal
G Air II Maintenance, Lda	Portugal
G4U – Gestão de Activos Aeronáuticos, Sociedade, Lda	Portugal
Harris Asia Pacific Sdn. Bhd.	Malaysia
Harris Atlas Systems LLC*	UAE
Harris C4i Pty Ltd	Australia
Harris Canada Systems, Inc.	Canada
Harris Cayman Ltd.	Cayman Islands
Harris Communications (Australia) Pty. Ltd.	Australia
Harris Communications (Spain), S. L.	Spain
Harris Communications FZCO	UAE
Harris Communications GmbH	Germany
Harris Communications Limited	Hong Kong
Harris Communications Malaysia Sdn. Bhd.	Malaysia
Harris Communications MH Spain, S. L.	Spain
Harris Communications Pakistan (Private) Limited	Pakistan
Harris Communications Systems India Private Limited	India
Harris Comunicações e Participações do Brasil Ltda.	Brazil
Harris Defence Ltd.	United Kingdom
Harris Denmark ApS	Denmark
Harris Denmark Holding ApS	Denmark
Harris Geospatial Solutions B.V.	Netherlands
Harris Geospatial Solutions SARL	France
Harris Geospatial Solutions GmbH	Germany
Harris Geospatial Solutions Italia SRL	Italy
Harris Geospatial Solutions KK	Japan
Harris Geospatial Solutions UK Limited	United Kingdom
Harris Geospatial Solutions, Inc.	Colorado
Harris Global Communications, Inc.	New York
Harris Holdeo LLC	Delaware
Harris International Chile Limitada	Chile
Harris International Holdings, LLC	Delaware
Harris International, Inc.	Afghanistan
Harris International, Inc.	Delaware
Harris International Saudi Communications	Saudi Arabia
Harris International Venezuela, C.A.	Venezuela
Harris Luxembourg Sarl	Luxembourg
Harris NV	Belgium
Harris Orthogon GmbH	Germany
Harris Pension Management Limited	United Kingdom
Harris Solid-State (Malaysia) Sdn. Bhd.	Malaysia
Harris Systems Limited	United Kingdom
Honeywell TCAS Inc.*	Delaware
Interstate Electronics Corporation	California
L-3 Afghanistan, LLC	Delaware

<u>Name of Subsidiary</u>	<u>State or Other Jurisdiction of Incorporation</u>
L3 Applied Technologies, Inc.	Delaware
L3 Australia Group Pty Ltd	Australia
L3 Aviation Products, Inc.	Delaware
L-3 Centaur, LLC	Delaware
L3 Cincinnati Electronics Corporation	Ohio
L3 Commercial Training Solutions Limited	United Kingdom
L-3 Communications Advanced Aviation, Inc.	Montana
L-3 Communications Advanced Aviation, LLC	Montana
L-3 Communications AIS GP Corporation	Delaware
L-3 Communications ASA Limited	United Kingdom
L-3 Communications Australia Pty Ltd	Australia
L-3 Communications Flight Capital LLC	Delaware
L-3 Communications Holding GmbH	Germany
L-3 Communications India Private Limited	India
L-3 Communications Integrated Systems L.P.	Delaware
L-3 Communications Investments Inc.	Delaware
L-3 Communications Link Simulation and Training UK (Overseas) Limited	United Kingdom
L3 CTS Airline Academy (NZ) Limited	New Zealand
L3 CTS Airline and Academy Training Limited	United Kingdom
L-3 Domestic Holdings, Inc.	Delaware
L3 Doss Aviation, Inc.	Texas
L3 Electron Devices, Inc.	Delaware
L3 ESSCO, Inc.	Delaware
L3 Foreign Holdings, Inc.	Delaware
L3 Fuzing and Ordnance Systems, Inc.	Delaware
L-3 Global Holding UK Ltd.	United Kingdom
L3 International Australia Pty Ltd	Australia
L-3 International UK Ltd	United Kingdom
L3 Investments UK Holdings Ltd	United Kingdom
L3 Investments, LLC	Delaware
L3 Kenya LTD	Kenya
L3 Kigre, Inc.	Ohio
L3 Latitude, LLC	Arizona
L3 Magnet-Motor GmbH	Germany
L3 MAPPS INC.	Canada
L3 MAPPS Limited	United Kingdom
L3 MAPPS Sdn. Bhd.	Malaysia
L3 Micro Pty Limited	Australia
L3 Open Water Power, Inc.	Delaware
L-3 Saudi Arabia LLC	Saudi Arabia
L-3 Societa' Srl.	Italy
L3 Technologies Canada Group Inc.	Canada
L3 Technologies Canada Inc.	Canada
L3 Technologies Investments Limited	Cyprus

<u>Name of Subsidiary</u>	<u>State or Other Jurisdiction of Incorporation</u>
L3 Technologies MAS Inc.	Canada
L3 Technologies, Inc.	Delaware
L-3 Technology & Services UK Ltd	United Kingdom
L3 Unidyne, Inc.	Delaware
L3 Unmanned Systems, Inc.	Texas
L3 Westwood Corporation	Nevada
L3Harris Technologies Australia Pty Ltd.	Australia
L3Harris Technologies Australia Group Pty Ltd	Australia
L3Harris Technologies BTC Holding, LLC	Delaware
L3Harris Technologies CMAS Holdings, LLC	Delaware
L3Harris Technologies CTS Holdings Limited	United Kingdom
L3Harris Technologies Holding, LLC	Delaware
L3Harris Technologies UK Holding Ltd	United Kingdom
L3Harris Technologies UK Limited	United Kingdom
L3Harris Technologies UK Topco Limited	United Kingdom
L3Harris Unlimited	United Kingdom
Linchpin Labs Inc.	Canada
Linchpin Labs Inc.	Delaware
Linchpin Labs Limited	United Kingdom
Linchpin Labs Limited	New Zealand
Linchpin Labs Pty Limited	Australia
L-Tres Comunicaciones Costa Rica, S.A.	Costa Rica
Manatee Investment, LLC	Delaware
Melbourne Leasing, LLC	Florida
Mission Systems Australia Pty Ltd	Australia
Mustang Technology Group, L.P.	Texas
Narda Safety Test Solutions GmbH	Germany
Narda Safety Test Solutions S.r.l.	Italy
NexGen Communications, LLC	Virginia
Power Paragon, Inc.	Delaware
Riptide Autonomous Solutions LLC	Delaware
S.C. Harris Assured Communications SRL	Romania
SARL Assured Communications	Algeria
Sovcan Star Satellite Communications Inc.	Canada
SPD Electrical Systems, Inc.	Delaware
Sunshine General Services, LLC	Iraq
TRL Electronics Limited	United Kingdom
TRL Technology Limited	United Kingdom
Wescam Inc.	Canada
Wescam USA, Inc.	Florida

* Subsidiary of L3Harris Technologies, Inc. less than 100% directly or indirectly owned by L3Harris Technologies, Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

Form S-4	No. 333-236885	L3Harris Technologies, Inc. Offer to Exchange
Form S-3	No. 333-233827	L3Harris Technologies, Inc. Debt and Equity Securities
Form S-4/A	No. 333-228829	Harris Corporation Shares of Common Stock
Form S-8	No. 333-232482	L3 Technologies, Inc. Amended and Restated 2008 Long Term Performance Plan; L3 Technologies, Inc. Master Savings Plan; and Aviation Communications & Surveillance Systems 401(k) Plan
Form S-8	No. 333-222821	Harris Corporation Retirement Plan
Form S-8	No. 333-192735	Harris Corporation Retirement Plan
Form S-8	No. 333-163647	Harris Corporation Retirement Plan
Form S-8	No. 333-75114	Harris Corporation Retirement Plan
Form S-8	No. 333-130124	Harris Corporation 2005 Equity Incentive Plan
Form S-8	No. 333-207774	L3Harris Technologies, Inc. 2015 Equity Incentive Plan

of our reports dated March 1, 2021, with respect to the consolidated financial statements of L3Harris Technologies, Inc. and the effectiveness of internal control over financial reporting of L3Harris Technologies, Inc. included in this Annual Report (Form 10-K) of L3Harris Technologies, Inc. for the year ended January 1, 2021.

/s/ Ernst & Young LLP

Orlando, Florida
March 1, 2021

POWER OF ATTORNEY

KNOW TO ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints SCOTT T. MIKUEN and ROBERT A. JOHNSON JR., each and individually, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned, for him or her in any and all capacities, to sign the Annual Report on Form 10-K of L3Harris Technologies, Inc., a Delaware corporation, with respect to the fiscal year ended January 1, 2021, and to sign any and all amendments to such Annual Report on Form 10-K and to file the same, with all exhibits thereto and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each of such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that each such attorneys-in-fact or agents or their substitutes, may do or cause to be done by virtue hereof. This Power of Attorney may be signed in counterparts.

Date: March 1, 2021.

/s/ WILLIAM M. BROWN

William M. Brown
Chairman and Chief Executive Officer

/s/ THOMAS A. DATTILO

Thomas A. Dattilo
Director

/s/ CHRISTOPHER E. KUBASIK

Christopher E. Kubasik
Vice Chairman, President and Chief Operating Officer

/s/ ROGER B. FRADIN

Roger B. Fradin
Director

/s/ JESUS MALAVE JR.

Jesus Malave Jr
Senior Vice President and Chief Financial Officer

/s/ LEWIS HAY III

Lewis Hay III
Director

/s/ TODD A. TAYLOR

Todd A. Taylor
Vice President, Principal Accounting Officer

/s/ LEWIS KRAMER

Lewis Kramer
Director

/s/ SALLIE B. BAILEY

Sallie B. Bailey
Director

/s/ RITA S. LANE

Rita S. Lane
Director

/s/ PETER W. CHIARELLI

Peter W. Chiarelli
Director

/s/ ROBERT B. MILLARD

Robert B. Millard
Director

/s/ THOMAS A. CORCORAN

Thomas A. Corcoran
Director

/s/ LLOYD W. NEWTON

Lloyd W. Newton
Director

CERTIFICATION

I, William M. Brown, Chairman and Chief Executive Officer of L3Harris Technologies, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended January 1, 2021 of L3Harris Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021

/s/ William M. Brown

Name: William M. Brown

Title: Chairman and Chief Executive Officer

CERTIFICATION

I, Jesus Malave Jr., Senior Vice President and Chief Financial Officer of L3Harris Technologies, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended January 1, 2021 of L3Harris Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021

/s/ Jesus Malave Jr.

Name: Jesus Malave Jr.
Title: Senior Vice President and Chief Financial Officer

Certification
Pursuant to Section 1350 of Chapter 63 of Title 18 of the
United States Code as Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Annual Report on Form 10-K of L3Harris Technologies, Inc. ("L3Harris") for the fiscal year ended January 1, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, William M. Brown, Chairman and Chief Executive Officer of L3Harris, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of L3Harris as of the dates and for the periods expressed in the Report.

Date: March 1, 2021

/s/ William M. Brown

Name: William M. Brown
Title: Chairman and Chief Executive Officer

Certification
Pursuant to Section 1350 of Chapter 63 of Title 18 of the
United States Code as Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Annual Report on Form 10-K of L3Harris Technologies, Inc. ("L3Harris") for the fiscal year ended January 1, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jesus Malave Jr., Senior Vice President and Chief Financial Officer of L3Harris, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of L3Harris as of the dates and for the periods expressed in the Report.

Date: March 1, 2021

/s/ Jesus Malave Jr.

Name: Jesus Malave Jr.
Title: Senior Vice President and Chief Financial Officer