

L 3 COMMUNICATIONS HOLDINGS INC  
Form 10-K  
February 26, 2016  
[Table of Contents](#)

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-K**

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

For the fiscal year ended December 31, 2015

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

For the transition period from to

**Commission file numbers 001-14141 and 333-46983**

**L-3 COMMUNICATIONS HOLDINGS, INC.**

**L-3 COMMUNICATIONS CORPORATION**

(Exact names of registrants as specified in their charters)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**600 Third Avenue, New York, NY**

(Address of principal executive offices)

**(212) 697-1111**

(Telephone number)

**13-3937434 and 13-3937436**

(I.R.S. Employer Identification Nos.)

**10016**

(Zip Code)

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

**Title of each class**

L-3 Communications Holdings, Inc.

common stock, par value \$0.01 per share

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

None.

**Name of each exchange on which registered:**

New York Stock Exchange

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☒ No

Indicate by check mark whether the registrants (1) have 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) have been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒ Yes ☐ No

Indicate by check mark whether the registrant L-3 Communications Holdings, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐  
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant L-3 Communications Corporation is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐  
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the L-3 Communications Holdings, Inc. voting stock held by non-affiliates of the Registrants as of June 26, 2015 was approximately \$9.2 billion. For purposes of this calculation, the Registrants have assumed that their directors and executive officers are affiliates.

There were 77,818,517 shares of L-3 Communications Holdings, Inc. common stock with a par value of \$0.01 outstanding as of the close of business on February 19, 2016.

As of June 26, 2015 and February 19, 2016, L-3 Communications Holdings, Inc. held all 100 shares of L-3 Communications Corporation common stock.

#### DOCUMENTS INCORPORATED BY REFERENCE

## Edgar Filing: L 3 COMMUNICATIONS HOLDINGS INC - Form 10-K

Portions of the definitive proxy statement to be filed with the Securities and Exchange Commission ( SEC ) pursuant to Regulation 14A relating to the Registrants Annual Meeting of Shareholders, to be held on May 2, 2016, will be incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13 and 14 of Part III. The definitive proxy statement will be filed with the SEC no later than 120 days after the registrants fiscal year ended December 31, 2015.

**Table of Contents**

**L-3 COMMUNICATIONS HOLDINGS, INC.**

**L-3 COMMUNICATIONS CORPORATION**

**INDEX TO ANNUAL REPORT ON FORM 10-K**

**For the Year Ended December 31, 2015**

**PART I**

Item 1:	<u>Business</u>	1
Item 1A:	<u>Risk Factors</u>	19
Item 1B:	<u>Unresolved Staff Comments</u>	27
Item 2:	<u>Properties</u>	28
Item 3:	<u>Legal Proceedings</u>	28
Item 4:	<u>Mine Safety Disclosures</u>	28

**PART II**

Item 5:	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	29
Item 6:	<u>Selected Financial Data</u>	31
Item 7:	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	32
Item 7A:	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	71
Item 8:	<u>Financial Statements and Supplementary Data</u>	71
Item 9:	<u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	71
Item 9A:	<u>Controls and Procedures</u>	72
Item 9B:	<u>Other Information</u>	73

**PART III**

Item 10:	<u>Directors, Executive Officers and Corporate Governance</u>	74
Item 11:	<u>Executive Compensation</u>	74
Item 12:	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	74
Item 13:	<u>Certain Relationships and Related Transactions, and Director Independence</u>	74
Item 14:	<u>Principal Accountant Fees and Services</u>	74

**PART IV**

Item 15:	<u>Exhibits, Financial Statement Schedules</u>	75
	<u>Signatures</u>	82

**Table of Contents****PART I**

*For convenience purposes in this filing on Form 10-K, L-3 Holdings refers to L-3 Communications Holdings, Inc., and L-3 Communications refers to L-3 Communications Corporation, a wholly-owned operating subsidiary of L-3 Holdings. L-3, Company, we, us and our refer to L-3 Holdings and its subsidiaries, including L-3 Communications.*

**Item 1. Business****Overview**

L-3 Holdings, a Delaware corporation organized in April 1997, derives all of its operating income and cash flows from its wholly-owned subsidiary, L-3 Communications. L-3 Communications, a Delaware corporation, is a prime contractor in Intelligence, Surveillance and Reconnaissance (ISR) systems, aircraft sustainment (including modifications, logistics and maintenance), simulation and training, night vision and image intensification equipment, and security and detection systems. L-3 is also a leading provider of a broad range of communication and electronic systems and products used on military and commercial platforms. Our customers include the United States (U.S.) Department of Defense (DoD) and its prime contractors, U.S. Government intelligence agencies, the U.S. Department of Homeland Security (DHS), foreign governments, and domestic and international commercial customers.

On December 8, 2015, we entered into a definitive agreement to sell our National Security Solutions (NSS) business to CACI International Inc. The transaction was completed on February 1, 2016. NSS, which provides cybersecurity solutions, high-performance computing, enterprise IT services, analytics and intelligence analysis to the DoD, U.S. Government intelligence agencies, federal civilian agencies and foreign governments, has historically been reported as a reportable segment. In accordance with Accounting Standards Update (ASU) 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, the assets and liabilities and results of operations of NSS are reported as discontinued operations for all periods presented. Accordingly, all references made to financial data in this Annual Report on Form 10-K are to L-3's continuing operations, unless specifically noted. NSS had sales of \$1,088 million, \$1,138 million and \$1,202 million for the years ended December 31, 2015, 2014 and 2013, respectively.

We have the following three reportable segments: (1) Electronic Systems, (2) Aerospace Systems and (3) Communication Systems. Financial information for our segments, including sales by geographic area, is included in Part II Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and in Note 21 to our audited consolidated financial statements.

For the year ended December 31, 2015, we generated sales of \$10,466 million, consolidated operating income of \$475 million, segment operating income of \$890 million and net cash from operating activities from continuing operations of \$1,042 million. The table below presents a summary of our 2015 sales by major category of end customer. For a more detailed presentation of our sales by end customer, see Major Customers within this Business section.

	2015 Sales	% of
	(in millions)	Total Sales
DoD	\$ 6,973	67%

Edgar Filing: L 3 COMMUNICATIONS HOLDINGS INC - Form 10-K

Other U.S. Government	318	3
Total U.S. Government	\$ 7,291	70%
International (foreign governments)	1,799	17
Commercial international	759	7
Commercial domestic	617	6
Total sales	\$ 10,466	100%

---

**Table of Contents**

**Business Strategy**

The goal of our strategy is to build and sustain strong businesses with durable competitive discriminators and number one or number two market positions. Our business strategy is customer-focused and aims to increase shareholder value by expanding our strong positions in aerospace systems, electronic systems and communication systems by leveraging our customer relationships and pursuing adjacent market opportunities. We intend to gain market share with innovative and affordable solutions, collaboration across L-3's business units and demonstrated past performance that address customer imperatives. We expect that we will continue to shift our business portfolio to emphasize products and systems in our core defense electronics, ISR and Communication businesses. Financially, our emphasis is on growing earnings per share and cash flow. Our strategy involves a flexible and balanced combination of organic growth, cost reductions, and select business acquisitions and divestitures, enabling us to grow the company and also return cash to our shareholders in a balanced and disciplined manner. Our strategy includes the elements discussed below.

***Maintain an Agile, Accountable, Ethical and Results-Driven Culture.*** A key part of L-3's strategy is our agile, accountable, and results-driven culture that focuses on meeting our customers' needs and on achieving L-3's strategic goals and growth objectives. L-3's culture is made up of diverse people providing creative, innovative and affordable solutions and ideas in an environment that fosters teamwork and collaboration across our business units. Operating with integrity and a commitment to the highest standards of ethical conduct and maintaining strong internal controls are foundational elements of our strategy to build and maintain the trust of our customers, shareholders, employees, suppliers and communities where we live and work.

***Strengthen and Expand Our Market Positions.*** We intend to use our existing prime contractor and supplier positions and internal investments to increase our market share, grow our sales organically and continue to build strong businesses with durable discriminators that have a number one or number two market position. We intend to expand our prime contractor roles in select business areas where we have domain expertise, including special operations forces and U.S. Government classified business. We expect to benefit from and expand our supplier positions to multiple bidders by leveraging our customer relationships, pursuing adjacent market opportunities and expand our content on Original Equipment Manufacturers (OEMs) platforms. As an independent supplier of a broad range of products, subsystems and systems in several key business areas, our growth will partially be driven by expanding our share of existing programs and participating in new programs. Teaming arrangements with other prime contractors and platform original equipment manufacturers is one way we intend to pursue select new business opportunities and expand our content on select platforms. We plan to maintain our diversified and broad business mix with limited reliance on any single contract, follow-on or new business opportunity. While sales to the U.S. Government, especially the DoD, will remain an integral part of L-3's business, we also intend to continue to increase our sales to foreign governments and domestic and international commercial businesses. We expect to continue to supplement our organic sales growth by acquiring, on a select basis, businesses that provide attractive returns on investment and add new products, technologies, programs and contracts, or provide access to select DoD, other U.S. Government, international and/or commercial customers.

***Collaborate to Increase Growth Opportunities.*** We intend to deepen the collaboration among our diversified businesses to develop new business opportunities, combine our leading technologies and deliver the right solutions to our customers quickly. We expect that our core strengths of agility, responsiveness and cost-effectiveness will allow us to continue to provide exceptional performance to our customers.

***Leverage Our Excellent Customer Relationships.*** We intend to maintain and expand our excellent customer relationships. We also intend to continue to leverage our customer relationships and our capabilities, including proprietary technologies, to expand the scope of our products to existing and new customers. We also intend to

continue to align our products, services, investments in research and development and business acquisitions to proactively address customer priorities and requirements and invest in growth areas such as aerospace systems, sensor systems and special operations.



## **Table of Contents**

***Increase Margins by Proactively Managing Our Cost Structure and Optimizing Our Business Portfolio.*** We intend to increase our operating margin by improving productivity and reducing direct contract costs and overhead costs, including general and administrative costs. Our effective management of labor, material, subcontractor and other direct costs is also an important element of cost control and favorable contract performance. We believe that proactively re-sizing our businesses to their anticipated sales, combined with continuous cost improvement will enable us to increase our cost competitiveness and operating margin, and to also selectively invest in new product development, business acquisitions, bids and proposals and other business development activities to win new business. We intend to continue to evaluate our portfolio of businesses to address the needs of a dynamic and demanding market place and to strengthen our core business through select business acquisitions or divestitures.

***Achieve Outstanding Program Performance.*** We believe that outstanding performance on our existing programs and contracts in terms of on-budget, on-schedule and satisfying and exceeding technical and other contractual performance requirements, is the foundation for expanding L-3's prime contractor and supplier positions and winning new business. We believe that a prerequisite for growing and winning new business is to retain our existing business by successfully meeting the performance criteria included in our contracts. We will continue to focus on delivering superior contract performance with affordable prices to our customers in order to maintain our reputation as an agile and responsive contractor and to differentiate ourselves from our competitors.

***Attract and Retain Skilled Personnel.*** The success of our businesses is, to a large extent, dependent upon the knowledge and skills of our employees. We intend to continue to attract and retain employees who have management, contracting, engineering and technical skills and who have U.S. Government security clearances, particularly those with clearances of top-secret and above.

## **Business Acquisitions and Divestitures**

During the years ended December 31, 2015, 2014 and 2013, we used net cash of \$320 million, \$57 million and \$62 million for business acquisitions, respectively. On May 29, 2015, we completed the sale of our Marine Systems International (MSI) business to Wärtsilä Corporation for a preliminary sale price of \$295 million (approximately \$318 million) in cash. See Part II Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Business Acquisitions and Divestitures for additional information regarding our business acquisitions and divestitures, including the sale of NSS on February 1, 2016 for a base sale price of \$550 million, subject to customary adjustments for net working capital.

## **Products and Services**

Our three reportable segments provide a wide range of products and services to various customers and are described below. See Part II Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Reportable Segment Results of Operations and Note 21 to our audited consolidated financial statements for financial information about each segment.

**Table of Contents*****Electronic Systems Reportable Segment***

In 2015, Electronic Systems had net sales of \$4,269 million, representing 41% of our total net sales. The businesses in this reportable segment provide a broad range of products and services, including components, products, subsystems, systems and related services to military and commercial customers in several niche markets. The table below provides a summary of the segment's business areas and the percentage that each contributed to Electronic Systems' net sales in 2015.

<b>Business Area</b>	<b>% of 2015 Segment Sales</b>
Precision Engagement & Training	25%
Power & Propulsion Systems	20
Aviation Products & Security	20
Sensor Systems	18
Warrior Systems	10
Marine Systems International (divested on May 29, 2015)	4
Advanced Programs	3
Total Electronic Systems	100%

The table below provides additional information for the systems, products and services; selected applications; and selected platforms or end users of our Electronic Systems reportable segment.

<b>Systems/Products/Services</b>	<b>Selected Applications</b>	<b>Selected Platforms/End Users</b>
<b><i>Precision Engagement &amp; Training</i></b>		
Military and commercial aircraft flight simulators, reconfigurable training devices, distributed mission training suites	Advanced simulation technologies and training for pilots, navigators, flight engineers, gunners and operators	Fixed and rotary winged aircraft and ground vehicles for U.S. Air Force (USAF), U.S. Navy (USN), U.S. Army, foreign militaries, commercial airlines and aircraft OEMs
Training services, courseware integrated logistics support and maintenance	Systems management, operations, and maintenance	Various DoD and foreign military customers
Fuzing and ordnance systems	Precision munitions, fuzes, and electronic and electro safety arming devices (ESADs)	Various DoD and foreign military customers

Edgar Filing: L 3 COMMUNICATIONS HOLDINGS INC - Form 10-K

Unmanned systems and components	Tactical unmanned air systems (UAS), medium altitude long endurance (MALE) UAS, small expendable UAS, flight controls, sensors and remote viewing systems	U.S. DoD and foreign ministries of defense
Radar-based sensors and systems	Electronic warfare, unmanned systems, ISR and precision-guided munitions	U.S. DoD and DHS

**Table of Contents**

<b>Systems/Products/Services</b>	<b>Selected Applications</b>	<b>Selected Platforms/End Users</b>
Global Positioning System (GPS) receivers	Location tracking	Guided projectiles and precision munitions
Global airline pilot training and crew resourcing	Commercial flight training for pilots	Commercial airlines and flight training companies
Navigation systems and positioning navigation units	Satellite launch and orbiting navigation and navigation for ground vehicles and fire control systems	USAF, U.S. Army, USMC and National Aeronautics Space Administration (NASA)
<i>Power &amp; Propulsion Systems</i>		
Naval power delivery, conversion and switching products, and hybrid electric drives	Switching, distribution and protection, frequency and voltage conversion, propulsion motors and drive units	Naval submarines, surface ships and aircraft carriers
Heavy fuel engines, cross drive variable transmissions, turret drive systems, vehicle suspension, advanced drive systems and auxiliary power generators	Power trains and suspension systems for military vehicles, power and energy management for military hybrid electric vehicles, non-portable and under armor auxiliary power units, and heavy fueled engines for unmanned systems	U.S. Army, USMC and foreign ministries of defense, manned/unmanned military platforms
Airborne dipping sonars, submarine and surface ship towed arrays	Submarine and surface ship detection and localization	USN and foreign navies
Underwater sensor ranges	Monitor nuclear testing, track submarines and surface vessels	U.S. and foreign military and commercial customers
Service life extensions	Landing craft air cushion amphibious vehicle	USN
In-service engineering, ship repair, overhaul, upgrades and maintenance, and battle force tactical training	Embedded shipboard training systems, towed arrays, navigation systems, radar systems and electronic warfare systems	USN, U.S. Coast Guard (USCG), U.S. Army and commercial shipowners
Power plant simulation, modeling, computer systems, and training services	Submarines, nuclear and other power plants	Foreign navies, nuclear and other power plant companies

**Table of Contents**

<b>Systems/Products/Services</b>	<b>Selected Applications</b>	<b>Selected Platforms/End Users</b>
Automation, navigation, communications, and sensors and integrated Command, Control, Communications, Computers and Navigation (C <sup>4</sup> N) solutions	Vessel bridge and machinery plant platform management systems, and C <sup>4</sup> N systems	USN and foreign navies
High power microwave sources, systems & effects, pulse power systems and electromagnetics hardened construction	Forensic analysis of weapons of mass destruction, and active detection of special nuclear material.	U.K. MoD, U.S. Defense Threat Reduction Agency, U.S. Army and USAF
Ballistic missile targets	Targets for ground based ballistic missile intercept systems	U.S. Missile Defense Agency (MDA)
<i>Aviation Products &amp; Security</i>		
Cockpit and mission displays	High performance, ruggedized flat panel and cathode ray tube displays and processors	Various military aircraft
Airborne traffic and collision avoidance systems, terrain awareness warning systems	Reduce the potential for midair aircraft collisions and crashes into terrain by providing visual and audible warnings and maneuvering instructions to pilots	Commercial transport, business, regional and military aircraft
Advanced cockpit avionics	Pilot safety, navigation and situation awareness products	Commercial transport, business, regional and military aircraft
Solid state crash protected cockpit voice and flight data recorders	Aircraft voice and flight data recorders that continuously record voice and sounds from cockpit and aircraft intercommunications	Commercial transport, business, regional and military aircraft
Airport security systems, explosives detection systems and whole body imaging systems	Rapid scanning of passenger checked baggage and carry-on luggage, scanning of large cargo containers	DHS, including the U.S. Transportation Security Administration (TSA), domestic and international airports and state and local governments
Non-invasive security systems and portals, and sophisticated sensors with threat detection capabilities	Aviation, rail and border crossing security	TSA, U.S. Customs and Border Protection agency, various regulatory authorities and private security companies



**Table of Contents**

<b>Systems/Products/Services</b>	<b>Selected Applications</b>	<b>Selected Platforms/End Users</b>
<i>Sensor Systems</i>		
Targeted stabilized camera systems with integrated sensors and wireless communication systems	Intelligence data collection and surveillance and reconnaissance	DoD, foreign ministries of defense, intelligence and security agencies, law enforcement, manned/unmanned platforms
Airborne and ground based high energy laser beam directors, laser designators and high tracking rate telescopes	Directed energy systems, space surveillance, satellite laser ranging and laser communications, airborne and ground target designation/illumination	USAF and NASA
Submarine photonic systems and periscopes	Virginia class submarines	USN
Force protection, electronic warfare and satellite monitoring	Counter IED systems, jamming and satellite monitoring	U.K. MoD and other foreign security agencies and ministries of defense
ISR mission management software and geospatial application technology programs	Cueing system software, hardware and video algorithms and wide-area sensor integration solutions and software	USAF, USSOCOM, Naval Surface Warfare Center and various other DoD agencies
<i>Warrior Systems</i>		
Enhanced vision and weapon sights products	Image intensified night vision goggles/sights, holographic weapon sights, thermal sights and images, and driver viewers for special forces, pilots and aircrews, soldiers, marines, sailors and law enforcement personnel	U.S. Army, USN, USMC, DHS, foreign militaries and law enforcement agencies
Laser designation and range finder systems	Airborne and ground target designation/illumination	DoD, law enforcement and foreign customers
<i>Advanced Programs</i>		
Optics, telescopes and precision optical subsystems	Airborne pointing and scanning stabilized mirrors and stabilized lightweight multi-spectral telescopes	NASA, DoD and National Reconnaissance Office

**Table of Contents*****Aerospace Systems Reportable Segment***

In 2015, Aerospace Systems had net sales of \$4,156 million, representing 40% of our total net sales. The businesses in this reportable segment provide products and services for the global ISR market, specializing in signals intelligence (SIGINT) and multi-intelligence platforms, to include full motion video, electro-optical, infrared, and synthetic aperture radars, along with other types of information gathering systems. These products and services provide the warfighter with the ability to collect and analyze data from command centers, communication nodes and air defense systems for real-time situational awareness and response. The businesses in this reportable segment provide select Command, Control and Communications (C<sup>3</sup>) systems products for military and other U.S. Government and select foreign government intelligence, reconnaissance and surveillance applications. We believe that these products and services are critical elements for a substantial number of major command, control and communication and intelligence gathering systems. The businesses in this reportable segment also provide modernization, upgrades and sustainment, maintenance and logistics support solutions for military and various government aircraft and other platforms. We sell these services primarily to the DoD and select foreign governments. Major products and services for this reportable segment include:

highly specialized fleet management sustainment and support services, including procurement, systems integration, sensor development, modifications and periodic depot maintenance for ISR and special mission aircraft and airborne systems;

strategic and tactical SIGINT systems that detect, collect, identify, analyze and disseminate information;

engineering, modification, maintenance, logistics and upgrades for aircraft, ground vehicles and personnel equipment;

turnkey aviation life cycle management services that integrate custom developed and commercial off-the-shelf products for various military fixed and rotary wing aircraft, including heavy maintenance and structural modifications and interior modifications; and

aerospace and other technical services related to large fleet support, such as aircraft and vehicle modernization, maintenance, repair and overhaul, logistics, support and supply chain management, primarily for military training, tactical, transport cargo and utility aircraft.

The table below provides a summary of the segment's business areas and the percentage that each contributed to Aerospace Systems' net sales in 2015.

<b>Business Area</b>	<b>% of 2015 Segment Sales</b>
ISR Systems	52%
Logistics Solutions	30



Aircraft Systems	18
Total Aerospace Systems	100%

## Table of Contents

The table below provides additional information for the systems, products and services; selected applications; and selected platforms or end users of our Aerospace Systems reportable segment.

<b>Systems/Products/Services</b>	<b>Selected Applications</b>	<b>Selected Platforms/End Users</b>
<i>ISR Systems</i>		
Prime mission systems integration, sensor development and operations and support	Signal processing, airborne SIGINT applications, antenna technology, real-time process control and software development	DoD, USAF, U.K. MoD, and other select foreign military ISR aircraft platforms and ground systems
Fleet management of special mission aircraft, including avionics and mission system upgrades and logistics support	Measurement collection and signal intelligence, special missions	DoD and classified customers within the U.S. Government
ISR operations and support	Data link support and services, special applications, classified projects, spares and repairs	USAF and U.S. Army ISR aircraft platforms and ground systems
<i>Logistics Solutions</i>		
Logistics support and maintenance	Aircraft maintenance and repair, flight operations support for training, transport/cargo and special mission aircraft	U.S. Army, USAF, USN and select foreign militaries
Contract Field Teams (CFT)	Deployment of highly mobile, quick response field teams to customer locations to supplement the customer's resources for various ground vehicles and aircraft	U.S. Army, USAF, USN and USMC
Contractor Operated and Managed Base Supply (COMBS)	Inventory management activities relating to flight support and maintenance, including procurement and field distribution	Military training and transport/cargo aircraft for USN, USAF and U.S. Army
<i>Aircraft Systems</i>		
Modernization and life extension maintenance upgrades and support	Aircraft structural modifications and inspections, installation of mission equipment, navigation and avionics products and interior modifications	USN, USAF, select foreign governments, OEMs, VIP and Head-of-State (HOS) aircraft, and various military fixed and rotary wing aircraft



**Table of Contents**

<b>Systems/Products/Services</b>	<b>Selected Applications</b>	<b>Selected Platforms/End Users</b>
Fabrication and assembly of fixed and rotary wing aerostructures	Rotary wing cabin assemblies, new and modified wings and subassemblies, structure and parts fabrication for OEMs	