



Group Universal Life

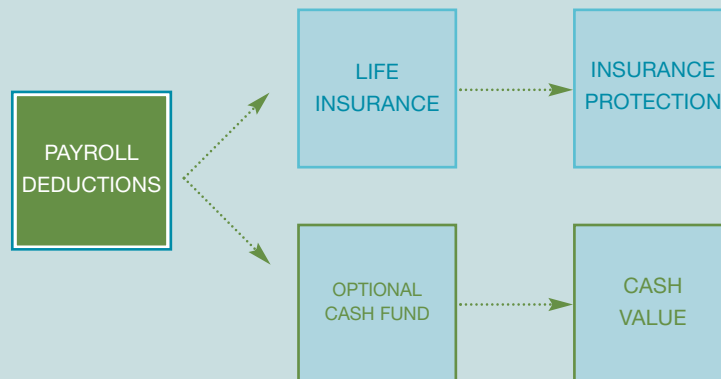
For You. For Your Family. For Life.

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INTRODUCTION

More than just a life insurance product, Group Universal Life is a highly flexible plan that lets you buy a substantial amount of life insurance and provides an opportunity to set aside money for the future. You can sign up for life insurance only, or sign up for life insurance *and* contribute to a tax-advantaged Cash Fund, and pay for them both with the same payroll deduction.



How the Plan Is Funded and Administered

You pay the full cost of the coverage you elect through convenient after-tax payroll deductions.

Group Universal Life is offered and underwritten by the Metropolitan Life Insurance Company (MetLife®). MetLife is a leading provider of insurance, employee benefits, health care, investment management and financial services to businesses and individuals worldwide. Group Universal Life is administered by Marsh Voluntary Benefits, a service of Seabury & Smith, a company with extensive administrative experience with Group Universal Life plans. L-3 Communications makes coverage available and takes payroll deductions but does not sponsor the Group Universal Life Plan.

Group Universal Life is a voluntary plan; it's entirely up to you to join or not. You should make your decision only after you have read all of this material carefully, including the [Understanding Some Key Terms](#) section, on page 11.

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HIGHLIGHTS OF THE PROGRAM

Group Universal Life takes a unique approach to meeting your insurance needs. It features much more than the simple term life insurance that supplemental life insurance plans typically provide.

- **Affordable life insurance.** You can buy substantial amounts of life insurance coverage at *low* group rates.
- **Coverage is automatic.** If you enroll when you're first eligible, you are *guaranteed* coverage for yourself of up to three times your base annual salary (up to \$500,000). You can buy greater amounts of insurance as long as you provide MetLife with evidence of your good health.
- **Choice and flexibility.** You decide how much life insurance you want and if you want to contribute to your Cash Fund. You can change these decisions as your needs change.
- **Portability.** You can take your Group Universal Life coverage with you if you change jobs, become totally disabled, or retire, as long as the group policy is in effect. You can keep the same amount of insurance; however, portable rates may be higher than the active rates. To keep the coverage in force, all you have to do is pay the required direct bill premiums to Marsh Voluntary Benefits, the Plan administrator.
- **Cash Fund with built-in tax advantages.** If you contribute to the Cash Fund, your money may grow substantially over time, because your interest-bearing account earns tax-deferred interest (guaranteed to be at least 4% for as long as you participate in the Plan). You have access to the money in your Cash Fund at all times, through loans and withdrawals. You pay no tax on the interest until you withdraw it and then, only if you have a gain that is greater than your total contributions to the Plan (for life insurance and the Cash Fund).
- **Family coverage.** You can provide life insurance for your spouse and eligible dependent children. You can enroll your spouse even if you decline coverage for yourself.*
- **Accelerated death benefit.** Should you become terminally ill, you can take an advance payment of a portion of your life insurance proceeds through the Group Universal Life benefit.
- **Easy, convenient premium payments.** You pay for Group Universal Life through automatic payroll deductions, so there's no need to worry about late or missed premium payments. Group Universal Life also lets you use your Cash Fund to pay your premiums.
- **Exclusive services as a Plan participant**, provided at no cost to you:
 - **MetDESK[®], MetLife's Division of Estate Planning for Special Kids**, which provides legal and financial planning assistance to families with special-needs children.
 - **Delivering the Promise, MetLife's Survivor Assistance Program**, which helps you and your family handle certain practical matters following the death of a loved one, including filing a life insurance claim, and financial counseling, if needed.
 - **Simple will preparation.** Meet with an attorney to create or update a basic will for you and your spouse.

* Texas residents: State law requires that spouse and children's coverage cannot be more than the coverage amount the employee is *eligible* to elect.

LIFE INSURANCE

Group Universal Life is an excellent way to buy substantial amounts of insurance at competitive group rates. Your spouse and children can also participate in Group Universal Life.

Employee Coverage

You can buy Group Universal Life insurance of one to eight times your base annual salary, rounded to the next higher \$10,000, if not a multiple of \$10,000. “Base annual salary” means your base rate of pay as of the prior November 1 (or your hire date, if later). “Base annual salary” does not include overtime, bonuses or other special forms of pay.

- **Minimum coverage:** \$10,000.
- **Maximum coverage:** \$2,500,000.
- **Guaranteed coverage amounts.** You automatically qualify for coverage of up to three times your base annual salary, to a \$500,000 maximum. If you want more coverage, you’ll have to provide evidence of your good health, as explained on page 4. (If you want to increase your coverage after the initial enrollment period, you will be required to provide evidence of good health.)
- **Automatic coverage increases.** If you receive a salary increase, your coverage may increase automatically. If your base salary in effect as of November 1 increases enough to make you eligible for additional coverage, your coverage will increase on the following January 1. You must be actively at work for this increase to be effective. You’ll have to notify Marsh Voluntary Benefits if you don’t want your coverage to increase automatically each January 1.
- **Increased coverage option if family status changes.** If you marry, divorce, have a child or become widowed while you are insured, you can increase your coverage by one multiple of your base annual salary without having to provide evidence of good health. You’ll need to notify Marsh Voluntary Benefits within 31 days of the change for the evidence of good health requirement to be waived. The increased amount will become effective on the first of the month in which the payroll deduction occurs.
- **Reducing your coverage.** Once you choose a coverage amount, you’re not locked into it. You can decrease or even cancel your coverage at any time.
- **Cost of coverage.** Rates are based on your age as of the prior January 1 and whether you used any form of tobacco within 12 months before the date you enroll for coverage. For example, if a person turns 35 on January 17, his age for coverage purposes would be his age on the prior January 1—age 34. The [Rate Card](#) shows the monthly cost of insurance.

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Evidence of good health. Most employees who sign up for Group Universal Life when they're first eligible are not required to provide evidence of good health. However, MetLife does require evidence of your good health if you:

- elect coverage of more than three times your base annual salary or in excess of \$500,000
- do not enroll initially but want to enroll later
- cancel coverage and want to re-enroll later
- increase your coverage after you first enroll (this doesn't apply to the automatic increase each January 1 if your base annual salary goes up)
- notify Marsh Voluntary Benefits more than 31 days after a family status change that you want to increase your coverage by one multiple.

If the insurance you want to buy is more than the guaranteed amount, you will have to provide MetLife with "full evidence of good health." This involves a medical questionnaire and in some cases may require a physical exam.

What your beneficiary receives. Group Universal Life will pay your insurance amount (or your spouse's insurance amount, if applicable) to the designated beneficiary if you or your covered spouse dies while coverage is in effect. (If you or your covered spouse dies as a result of suicide within the first two years coverage is in effect, the death benefit is limited to a refund of paid premiums plus any balance in your Cash Fund. The death benefit is also limited if you or your covered spouse dies as a result of suicide within two years of increasing your coverage from a prior amount. In this case, the death benefit is limited to a refund of paid premiums for the increased amount, the balance of the coverage in effect before the increase and any balance in your Cash Fund.) Proceeds are normally paid in one cash payment, but alternate arrangements may be available.

Family Coverage

Group Universal Life is one of the best ways to provide life insurance for the whole family. You can buy substantial amounts of coverage for your spouse and provide your dependent children with a "starter" amount of life insurance, which they can build on when they get older. Eligibility requirements for your spouse and children are explained under [Enrolling In The Program](#), on page 10.

Spouse Coverage

You can buy Group Universal Life insurance for your spouse—even if you don't buy coverage for yourself.* Coverage is available from \$10,000 to \$100,000 in multiples of \$10,000. As with coverage for yourself, if you provide coverage for your spouse, he or she will have to provide evidence of good health in certain situations, as described below.

- **Minimum coverage:** \$10,000.
- **Maximum coverage:** The lower of \$100,000 or two times your base annual salary.
- **Evidence of good health.** During your spouse's initial enrollment period, he or she will be required to answer the eligibility questions on the [Enrollment Form](#). For coverage in excess of \$30,000, the questions in Section 5 also will need to be answered. Evidence is also required for any amount of coverage if your spouse does not enroll when first eligible but wants to enroll or increase coverage later.
- **Cost of coverage.** Rates are based on your spouse's age and whether your spouse used any form of tobacco within 12 months before the date he or she enrolls for coverage. The rates on the [Rate Card](#) apply to employees and spouses.
- **Changing coverage amounts.** You may decrease or end your spouse's coverage at any time. To increase your spouse's coverage, you must contact Marsh Voluntary Benefits directly. Unlike coverage for you, coverage for your spouse will not increase automatically each January 1.

* Texas residents: State law requires that spouse and children's coverage cannot be more than the coverage amount the employee is *eligible* to elect.

Children's Coverage

You can cover each of your eligible children for \$10,000 or \$20,000 of life insurance. No matter how many children you have, one low premium of \$1.00 a month covers each of them for \$10,000 of coverage, and \$2.00 a month covers each of them for \$20,000 of coverage. It's an excellent way to give them a head start with their financial planning, because when they reach age 19 (age 25 if they are unmarried full-time students and still dependent on you for support), they can request to continue coverage under Group Universal Life as long as the group plan is still in effect. The coverage may be increased up to five times the amount in force at the time the request for continuation of coverage is made, up to a \$50,000 maximum coverage amount. A request for coverage portability must be made in writing within 90 days of the date the child ceases to be a dependent. Once the request is approved, the child will be issued a Group Universal Life certificate and will be eligible to contribute to the Cash Fund.

This portability privilege is not available to a disabled child. However, the coverage for dependent children may be continued for a disabled child as a rider to adult Group Universal Life coverage. The Dependent rider may remain in effect as long as you or your spouse maintains coverage. Contact Marsh Voluntary Benefits to request a form to continue coverage on a disabled child.

You can buy coverage for your children only if you or your spouse enrolls for Group Universal Life. Also, children can be covered as part of either your own or your spouse's coverage—not both. Evidence of good health is not required if your children are enrolled for either \$10,000 or \$20,000 of coverage during their initial enrollment period. Evidence is required for either amount of coverage if your children do not enroll when initially eligible and want to enroll later, or want to increase their coverage amount to \$20,000 from \$10,000 after they first enroll.

Accelerated Death Benefit

The Accelerated Death Benefit is a special feature of Group Universal Life. If you or your covered spouse is certified as being terminally ill (that is, diagnosed as having a life expectancy of 12 months or less), up to 80% of the death benefit will be payable immediately under this benefit. (The minimum payout is \$10,000; the maximum payout is \$500,000.) The remaining benefit will go to the named beneficiary after you or your spouse dies.

The accelerated death benefits offered under your certificate are intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. If the accelerated benefits qualify for such favorable treatment, they will be excludable from your income and not subject to federal taxation. Tax laws relating to accelerated benefits are complex. Consult with a qualified tax advisor about circumstances under which you could receive accelerated benefits excludable from income under federal tax law.

Receipt of accelerated benefits may affect your eligibility, or that of your spouse or family, for public assistance programs such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), supplementary Social Security income (SSI) and drug assistance programs. Consult with social services agencies concerning the effect receipt of accelerated benefits will have on public assistance eligibility for you, your spouse or your family.

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THE CASH FUND

The Cash Fund is what sets Group Universal Life apart from any other type of life insurance. If your spouse signs up for coverage, he or she can contribute to the Cash Fund, too.

How The Cash Fund Works

If you participate in this part of the Plan, a portion of your Group Universal Life premium goes into a separate Cash Fund, where it earns tax-deferred interest. You decide how much you want to contribute to the Cash Fund. You can select any amount you want, up to the maximum established by law for your age and coverage amount. Please see the Monthly Cash Contribution table on the [Rate Card](#).

Tax-deferred Competitive Interest

Your Cash Fund will earn tax-deferred interest at a competitive rate that changes annually. The rate will be announced annually, but the interest rate is guaranteed to be at least 4% for as long as you participate in the Plan. New and old money interest rates are reviewed annually and could be higher than the minimum interest rate for any particular period. Marsh Voluntary Benefits, the Plan's administrator, will keep you informed about the interest rate applied to your Cash Fund.

The *interest* your Cash Fund earns is sheltered from taxes for as long as it stays in your Cash Fund. When you take money out of your Cash Fund, the interest is taxable, but only if you have a gain that is greater than your total contributions to the Plan (for life insurance and the Cash Fund).

Using The Cash Fund To Your Best Advantage

While you can use the money in your Cash Fund for any purpose, consider using it to:

- Supplement your retirement income
- Buy paid-up life insurance
- Pay your premiums when you're short of cash and need to stop payroll deductions for a while
- Pay your future life insurance premiums
- Pay your children's tuition expenses.

Use it for retirement. Group Universal Life's Cash Fund offers a number of retirement options that make it an exceptionally valuable long-range financial planning tool. At retirement, you can take the cash, leave the money in your Cash Fund (where it continues to earn tax-deferred interest) or use the balance in your Cash Fund to pay your life insurance premiums or buy a paid-up life insurance policy.

About paid-up life insurance. Group Universal Life makes it easy for you to set aside money gradually in your Cash Fund. With that money you can buy a paid-up life insurance policy by the time you retire. If you wait until retirement to buy life insurance coverage on your own, it may be more difficult to qualify for coverage. Plus, a paid-up life insurance policy provides your beneficiary with a tax-free benefit.

You can add to your Cash Fund. Group Universal Life is flexible enough to let you make unscheduled payments, too. That means you have the option of putting more money into your Cash Fund where it will earn the declared rate of tax-deferred interest.

You can use it to pay your insurance premiums. If you want to stop your Group Universal Life payroll deduction payments for a while, you can still keep your coverage in force. Your premiums will be deducted automatically from your Cash Fund (assuming of course, that there's enough money in your Cash Fund to cover them).

You can use it to pay for your children's education. The cost of post-secondary education can be daunting. The build-up in your Cash Fund can be both a welcome and readily accessible source of funds when the time comes to help your children get a jump-start on life by assisting with their tuition payments.

You have complete access to your money. Group Universal Life gives you complete and easy access to your funds. Arranging a loan or withdrawal is simple. To initiate the process, just call Marsh Voluntary Benefits Customer Service at 1-800-642-5722.

- **Penalty-free withdrawals.** If you have enough money in your Cash Fund to cover it, you can withdraw \$200 or more whenever you like. There are no withdrawal penalties or age restrictions.
- **Loans.** You can borrow against the money in your Cash Fund. You can take loans against the value in your Cash Fund.

Determining How Much You Can Direct To Your Cash Fund

For each \$10,000 of insurance coverage you elect for yourself and/or your spouse, you can contribute up to a set amount of additional money to your Cash Fund. This set amount depends on your age or your spouse's age, your coverage amount and your insurance certificate's effective date, as shown on the enclosed [Rate Card](#).

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WHY GROUP UNIVERSAL LIFE IS AN IMPORTANT PART OF YOUR FINANCIAL PLANNING

Group Universal Life can complement your other L-3 Communications-sponsored benefit plans. You can take advantage of Group Universal Life's unique features to enhance the overall value of your benefit program.

- **Need family coverage?** Group Universal Life lets you cover your spouse and children, too.
- **Need access to the money in your Cash Fund?** Unlike other retirement-oriented, tax-deferred plans, there is no penalty for withdrawals from your Group Universal Life Cash Fund.
- **Concerned about maintaining life insurance after you retire?** Group Universal Life coverage can continue unreduced into retirement.

CUSTOMER SERVICE

If you need to know more before signing up for Group Universal Life, Marsh Voluntary Benefits Customer Service representatives will answer your questions. They will also process your [Enrollment Form](#), issue your certificate, process claims and provide any assistance you need.

When to Call Marsh Voluntary Benefits

- Change of address
- Change of beneficiary
- Increase or decrease coverage amount(s)
- Add coverage for your child(ren)
- Add coverage for a newly married spouse
- Find out the balance in your Cash Fund

- Find out the current interest rate credited to your Cash Fund
- Arrange direct billing if you leave L-3 Communications.

If you have any questions, please call Marsh Voluntary Benefits between 8 a.m. and 5 p.m., Central Time, at 1-800-642-5722. Answers to frequently asked questions are available on Marsh's PersonalPlans website for L-3 employees: www.personal-plans.com/L3.

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ENROLLING IN THE PROGRAM

To sign up for Group Universal Life, complete the [Enrollment Form](#) and return it to the following address:

Marsh Voluntary Benefits
P.O. Box 9122
Des Moines, IA 50306-9122

You may want to use the [Worksheet](#) to experiment with different coverage and Cash Fund amounts.

Eligibility Requirements

Employees. Generally, all active full-time employees and all benefit-eligible part-time employees, and otherwise eligible employees, who are on the L-3 Communications payroll on Group Universal Life's effective date are eligible to enroll for Group Universal Life. See your Human Resources Department for more information about eligibility and the effective date.

Initial enrollment period. Eligible employees on the Program's effective date can enroll within 60 days of the effective date; newly hired eligible employees can enroll within 60 days after their date of hire (the "initial enrollment period"). An employee must be "actively at work" and able to "perform normal activities" (as defined by MetLife) on both the date the form is completed and the effective date of coverage for coverage to begin. If you do not enroll within your initial enrollment period, you may enroll later provided you show evidence of good health to MetLife. You will then be enrolled for coverage on the date your application is approved.

Dependents. Your spouse and children are eligible for Group Universal Life if they are able to perform all normal activities and have not been hospitalized during the 90 days before the date you complete your [Enrollment Form](#). You may enroll your spouse in the Plan during the initial enrollment period as described above, even if you decide not to enroll.* Also keep in mind that you may enroll your children only if you and/or your spouse enroll.* In addition, the initial enrollment period for a new spouse is 31 days from the date you marry; for your first child, it is 45 days after the date of birth, adoption or legal guardianship.

If both you and your spouse are L-3 Communications employees, each of you can be covered as an employee or spouse—not both. Children's coverage can be added to either your or your spouse's coverage—not both.

*Texas residents: State law requires that spouse and children's coverage cannot be more than the coverage amount the employee is *eligible* to elect.

UNDERSTANDING SOME KEY TERMS

Actively at work means that the individual must be regularly working and physically able to perform the normal duties of his or her occupation.

Cash Fund means the cash value of the contract, reduced by any cash withdrawn or loan outstanding.

Dependent children means your children who are at least 14 days old and under age 19 (or under age 25 if unmarried, full-time students) and are dependent upon you for support. Eligible children include your natural children plus any legally adopted children or stepchildren who live with you, and any children for whom you are the legal guardian.

Full evidence of good health means evidence of good health as required by MetLife. Coverage will not become effective until approved by MetLife.

Guaranteed coverage means the specified amount of coverage will be issued without evidence of good health, provided the individual meets the eligibility requirements.

Hospitalized means inpatient confinement for hospital care, hospice care, or care in an intermediate or long-term care facility. It also includes outpatient care for chemotherapy, radiation therapy or dialysis treatment.

Late entrant means that the individual is applying for Group Universal Life coverage after the initial enrollment period or after his or her initial eligibility period.

Life insurance coverage means the stated amount of life insurance benefit provided on your life, the life of your spouse or the life of each of your eligible children.

Perform normal activities means that the individual:

- (1) has not been hospitalized within 90 days,
- (2) is not confined at home for a sickness or injury or
- (3) is not receiving or entitled to receive any disability or sick pay income from any source due to an illness or injury.

Qualifying pay increase means that your salary increase will result in your coverage increasing to the next \$10,000. For example, assume you earn \$40,000 and elect three times your base annual salary, for coverage of \$120,000. If your base annual salary increases to \$42,000 the next year, your coverage would automatically increase to \$130,000 (\$42,000 x 3, rounded to the next \$10,000).

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L-3 Communications is making available to employees the opportunity to enroll in Group Universal Life through the distribution of brochures and other materials. While not endorsing the Plan, L-3 Communications will furnish Marsh Voluntary Benefits with necessary records and information to verify your qualifications for insurance under the Plan. Group Universal Life is not an employer-sponsored welfare benefit plan for purposes of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

This brochure is not a contract; it is a brief description of the benefits of Group Universal Life and contains references to concepts which have legal, accounting and tax implications. The brochure presents a general understanding of applicable provisions, but it is not intended as a legal opinion. It is recommended that you consult your personal financial advisor to discuss the specific tax, financial and legal consequences the Plan may have in your situation. Subsequent developments in the law may impact the benefits described. Please keep this summary of Group Universal Life provisions with your other records. In all cases, the actual insurance policy will govern.

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