Strategic View

Today's Landscape

The Ongoing Threat of Terrorism

Restructured Defense Budget

Homeland Security

Iraqi Elections

Military Transformation Continues

Focus on Readiness, Modernization and Joint Operations

Fewer Platforms, More Capabilities

Bush Reelection

Campaign in Afghanistan and Iraq

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Campaign in Afghanistan and Iraq
Dear Shareholders:

The year 2004 was a time of extraordinary heroism, challenge and sacrifice for US and coalition forces. In Iraq, the coalition continued its efforts to build peaceful conditions and defeat pockets of terrorists and insurgents. The coalition battled successfully in difficult urban environments and continued to build the infrastructure of Iraq needed to ensure the country’s future. A most remarkable achievement was the first free election in Iraq’s history in January 2005 and the birth of democracy within the nation.

At the same time, the Department of Defense (DoD) is moving to transform its capabilities and strategies to face today’s world order. This landscape differs significantly from the traditional Cold War challenges wherein the US national strategy was characterized by a concern about the bipolar nature of the world and its attendant demands. With recognition of asymmetrical threats facing the US and its allies, the DoD has identified four broad threats that the US will continue to face in the future. Known as the “four-way matrix,” these threats include irregular, catastrophic, disruptive and traditional challenges.

A transformational strategy to cope with these threats has been initiated and will be developed and sourced by the DoD in its planning documentation – the Quadrennial Defense Review (QDR) due in the beginning of 2006. This review will shape the defense capabilities in the years to come.

In 2004, the Bush administration initiated a national strategy for homeland security focusing on a number of key areas, including national joint intelligence and warning, border and transportation security, maritime security, domestic counterterrorism, crisis management, emergency preparedness and response, protection of critical infrastructure and national assets and defending against catastrophic threats. Any disruption in commerce, transportation, power and maritime activities can cause a major economic impact to the US and its international partners. It is anticipated that the Bush administration will ensure the implementation of this strategy to safeguard the nation and resource the Department of Homeland Security (DHS) to an increased level of funding.

L-3’s employees, systems, products and services play a significant role in assisting the US military and its civilian protectors in their efforts. There is no greater honor than to help those who put their lives on the line for others and L-3 employees take great pride in the work they do to support the safety and security of the nation’s protectors with the best available products and systems.

Strong Results

This was also a year in which L-3 continued exceeding its business and financial goals. Sales grew to $6,897.0 million from $5,061.6 million in 2003, a 36.3% increase. Organic sales growth for L-3 defense businesses increased by 16.3% versus 2003 and 15.1% for all of L-3. In 2004, operating income rose 28.8% to $748.6 million, increasing from $581.0 million in 2003. Diluted earnings per share for 2004 rose 27.1% to $3.33, from $2.62 in 2003.

L-3 recorded $552.1 million in free cash flow, compared to $377.0 million in 2003, an increase of 46.4%. L-3 concluded the year with $653.4 million of cash on hand. On March 9, 2005, L-3 entered into a new five-year senior credit facility that allows for total aggregate borrowings of up to $1.0 billion.

L-3 had a record year in orders, receiving $7,563.7 million in funded orders from all of the company’s major business areas. Backlog was $4,757.9 million at December 31, 2004. At the close of the year 2004, L-3 had a very strong balance sheet. The company’s debt to book capitalization decreased to 36.1% at December 31, 2004, compared to 48.1% at December 31, 2003. Additionally, in January 2005, Standard and Poor’s upgraded L-3’s senior debt rating to BBB-, an investment grade rating.

In 2004, L-3 was also selected by Standard & Poor’s for inclusion in its flagship stock market index – the S&P 500 Global Industry Classification Standard (GICS) Aerospace & Defense Sub-Industry Index. This was a signature honor for L-3, a milestone that demonstrates the company’s vital role in the defense industry.

Acquisitions

The acquisition of niche companies to augment L-3’s expanding portfolio of businesses continued to be a key company strategy. In total, the acquisitions had an aggregate purchase price of $347.4 million.

In L-3’s Secure Communications and Intelligence, Surveillance and Reconnaissance (SC & ISR) segment, L-3 acquired key companies that increase its capabilities in important product areas. L-3 added Cincinnati Electronics, a leading producer of infrared (IR) detectors, imaging sensors, missile warning sensors and products. L-3 also acquired BAI Aeronautics, Inc., a leading designer, manufacturer and integrator of unmanned aerial vehicles (UAV). BAI also offers a complete set of UAV subsystems, such as avionics and auto pilots, imaging and sensor payloads, ground control stations and support equipment, which are incorporated into its proprietary designs, as well as sold to other UAV manufacturers.

Training continues to be a high priority for the DoD to improve the skills of its military forces. The use of computer-based training (CBT) systems has proven to be an effective method in reducing the increasing costs of maintaining readiness and developing greater skill levels.

In L-3’s Training, Simulation and Government Services (TS & GS) and government segment, the company added BEAM-HIT, LLC, one of the top laser marksmanship training systems providers for military and law enforcement agencies in the world. D.P. Associates, which produces rapidly deployable CBT systems, brought L-3 important leading-edge courseware analysis, design and development capabilities that expand its leadership in the training marketplace.

In the Aircraft Modernization, Operations and Maintenance and Products (AOM & P) segment, L-3 acquired Northrop Grumman’s Canadian Navigation Systems and Aircraft Modernization business, a leader in electronic products and systems for aviation and ground vehicles and AVVISYS, a major international supplier of electronic warfare and electro-optical (EO) systems, as well as products developed to counter the threat of manportable, shoulder-launched surface-to-air missiles. L-3 is now the leading provider of operations, maintenance and modernization of platforms in the world and also the largest provider of operations support for Special Operations Forces and aircrew training. Major facilities are located in Canada, Texas and Kentucky and include several thousand personnel at the Army’s Fort Rucker Air School in Alabama, where L-3 provides operational support. Also, L-3 is teamed with Computer Sciences Corporation to provide the training and simulation for Fort Rucker.

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Frank C. Lanza Chairman and Chief Executive Officer
In Specialized Products (SP), L-3 made a number of acquisitions that add significant products to the company’s catalog of offerings. L-3 acquired General Dynamics’ Propulsion Systems business, renamed L-3 Combat Propulsion Systems, which provides engines, transmission suspension and turret drive systems for combat vehicles and CAE’s Marine Controls division, now known as L-3 MAPPS, which offers integrated marine controls and products for warships, submarines and offshore-going commercial vessels. L-3 MAPPS is also a leader in deploying simulation technology for operator training at power generation utilities around the world.

In addition, L-3 added two microwave device catalog by acquiring Boeing’s Electronic Dynamic Devices business, now known as L-3 Electron Technologies, Inc., a provider of high-technology components and systems, including space-qualified Traveling Wave Tubes (TWTs), Traveling Wave Tube Amplifiers (TWTA), passive microwave devices and electric propulsion systems for commercial, DoD, classified and NASA satellites and spacecraft. Electron Technologies also provides TWTs for terrestrial and airborne defense systems. This operation is synergistic in technology and customers with L-3’s microwave devices company, which provides similar products to missiles, aircraft and ships for radars, sensors and communications.

L-3 increased its E/O product group marketplace with the acquisition of Brahea, which is synergistic with L-3’s sensor products and provides complex E/O systems, telescopes and optical platforms for military and international customers. In addition, L-3 added Raytheon’s Commercial Infrared business, now L-3 Infrared Products, a well-respected producer of uncooled thermal imaging products for military and commercial use, which complements Cincinnati Electronics, a provider of cooled IR sensors used in military night vision systems and electronic warfare sensors.

Prospects for 2005 and Beyond
There has been much debate about the future of US defense spending and how it will impact the industry, and in particular L-3. With the 2005 top-line defense budget set at about $400 billion, the focus is now on 2006 and beyond. The President has submitted a 2006 defense budget ($419.3 billion) that is 4.8 percent higher than in 2005 and it now on 2006 and beyond. The President has submitted a 2006 defense budget request to pay for war operations and the procurement of critical technologies for urban warfare, as well as to recapitalize the current military force structure and priorities. We believe that L-3 is well positioned for future growth by the company’s continued participation in these vital capabilities that the DoD has initiated in transforming the military to meet both traditional and irregular threats and in homeland security responsibilities. These areas include shared intelligence, UAVs, precision weaponry, sensors, broadband digital communications and upgrading and modifying existing platforms. In addition, L-3 believes that the new military will be robust and fit as a joint force, capable of meeting the new world order and the threats imposed by asymmetrical terrorists and rogue nations, as well as traditional regional conflicts. Power projection against traditional confrontation will be swift, precise and with minimal collateral damage.

There will be continuous growth for companies that have advanced products and services that fulfill the needs of the DoD’s transformational force structure and priorities. We believe that L-3 is well positioned for future growth by the company’s continued participation in these vital capabilities that the DoD has initiated in transforming the military to meet both traditional and irregular threats and in homeland security responsibilities. These areas include shared intelligence, UAVs, precision weaponry, sensors, broadband digital communications and upgrading and modifying existing platforms. In addition, L-3 believes that the new military will be robust and fit as a joint force, capable of meeting the new world order and the threats imposed by asymmetrical terrorists and rogue nations, as well as traditional regional conflicts. Power projection against traditional confrontation will be swift, precise and with minimal collateral damage.

We also believe that homeland security will receive greater focus and increased spending in the years ahead. There is general recognition in Congress and in the Administration that there are areas that need greater protection and support. These areas include cargo, maritime and transportation security and passenger entry at airport checkpoints. L-3 will continue, via Independent Research and Development (IR&D) and acquisitions, to add more capabilities to its existing portfolio of products and government services in 2005. As we survey the acquisition landscape, there are non-core businesses of larger platform companies coming onto the market as well as independent defense companies in the range of $50 million to $300 million in size. We continue to review companies that expand our offerings in key areas of each of our major business segments.

As a result, we know that we have the products and a roadmap for L-3 to continue to achieve its 20 percent growth target in 2005 and to maintain continued organic growth. Our products are leading edge, our backlog is strong, our follow-on programs are well funded and our employees are world class in their abilities, their dedication to L-3 and their achievements.

Frank C. Lanza
Chairman and Chief Executive Officer

### FINANCIAL HIGHLIGHTS

#### For the years ended December 31,

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Operating Income</th>
<th>Free Cash Flow</th>
</tr>
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<tbody>
<tr>
<td>2004</td>
<td>$6,896,997</td>
<td>$650</td>
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<tr>
<td>2003</td>
<td>$5,061,594</td>
<td>$450</td>
<td></td>
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<tr>
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<td>$4,011,229</td>
<td>$400</td>
<td></td>
</tr>
<tr>
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#### (In thousands, except per share amounts)

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#### Prospects for 2005 and Beyond

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Based on our analysis of the financial highlights, we believe that L-3 is well positioned for future growth by the company’s continued participation in the defense and homeland security markets. We also believe that homeland security will receive greater focus and increased spending in the years ahead. There is general recognition in Congress and in the Administration that there are areas that need greater protection and support. These areas include cargo, maritime and transportation security and passenger entry at airport checkpoints. L-3 will continue, via Independent Research and Development (IR&D) and acquisitions, to add more capabilities to its existing portfolio of products and government services in 2005. As we survey the acquisition landscape, there are non-core businesses of larger platform companies coming onto the market as well as independent defense companies in the range of $50 million to $300 million in size.
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Prospects for 2005 and Beyond

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In 2007 with the QDR in place, it is expected that defense spending will continue to moderately grow, while the DoD will be forced to refocus its spending priorities. Response to the need for readiness and modernization of present and new advanced combat capability has started and will be accelerated within this decade. By 2007, the DoD budget will implement the roadmap for the transformation of the military. The new military will be robust and fight as a joint force, capable of meeting the new world order and the threats imposed by asymmetrical terrorists and rogue nations, as well as traditional regional conflicts. Power projection against traditional confrontation will be swift, precise and with short timelines.

There will be continued growth for companies that have advanced products and services that fulfill the needs of the DoD’s transformational force structure and priorities. We believe that L-3 is well positioned for future growth by the company’s continued participation in these vital capabilities that the DoD has initiated in transforming the military to meet both traditional and irregular threats and in homeland security responsibilities. These areas include advanced intelligence, UAVs, precision weaponry, sensors, broadband digital communications and upgrading and modifying existing platforms. In addition, the military continues its support of rebuilding Iraq, we expect that the DoD will expand its use of outsourcing to assist in the reconstruction. These are all areas where there is solid budget growth and where L-3 has a significant presence.

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<tr>
<td>Operating income</td>
<td>748,619</td>
<td>581,021</td>
<td>453,979</td>
<td>275,330</td>
<td>222,718</td>
</tr>
<tr>
<td>Income before cumulative effect of a change</td>
<td>381,880</td>
<td>277,640</td>
<td>202,467</td>
<td>115,458</td>
<td>82,727</td>
</tr>
<tr>
<td>Diluted earnings per share before cumulative effect of a change</td>
<td>3.33</td>
<td>2.62</td>
<td>2.13</td>
<td>1.47</td>
<td>1.18</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>620,671</td>
<td>456,063</td>
<td>318,472</td>
<td>172,968</td>
<td>113,805</td>
</tr>
<tr>
<td>Capital expenditures, net of dispositions of property, plant and equipment</td>
<td>68,539</td>
<td>79,020</td>
<td>58,510</td>
<td>46,884</td>
<td>15,520</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>552,132</td>
<td>377,043</td>
<td>255,950</td>
<td>126,084</td>
<td>96,285</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>3,799,761</td>
<td>2,574,496</td>
<td>2,102,202</td>
<td>1,213,892</td>
<td>692,569</td>
</tr>
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(a) In accordance with Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002, we ceased amortizing goodwill.
(b) Diluted earnings per share (EPS) for all periods reflects our two-for-one stock split that became effective May 20, 2002.
(c) In the fourth quarter of 2004, we adopted the FASB Emerging Issues Task Force No. 04-8 (EITF 04-8), The Effect of Contingently Convertible Debt on Diluted Earnings Per Share, and restated diluted EPS for 2004, 2003 and 2002 to retroactively apply the provisions of EITF 04-8.
(d) We define free cash flow as net cash from operating activities, less net capital expenditures (capital expenditures less cash proceeds from dispositions of property, plant and equipment).
(e) Includes debt retirement charge of $3.2 million after taxes, or $0.03 per diluted share in 2004, $7.2 million after taxes, or $0.06 per diluted share in 2003 and $9.9 million after taxes, or $0.09 per diluted share in 2002.
(f) The year ended December 31, 2002 excludes the cumulative effect of a change in accounting principle for a goodwill impairment of $24.4 million or $0.23 per diluted share.

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<td>2,000</td>
<td>200</td>
<td>400</td>
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<td>00   01  02   03   04</td>
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Secure Communications and ISR

NETWORK COMMUNICATIONS
L-3 remains committed to US efforts to fully realize the promise of network-centric warfare, providing solutions that deliver real-time, executable battlefield information from multiple platforms and sources to the warfighter. L-3 Concept is the prime contractor for the Network-Centric Collaborative Targeting (NCCT) Advanced Concept Technology Demonstration (ACTD). NCCT provides machine-to-machine communications across multiple platforms for automatic threat identification, characterization and location purposes. At the Joint Expeditionary Force Experiment 2004 (JEFX-04), NCCT successfully correlated data from an RC-135 aircraft, a U-2 aircraft, an E-8 aircraft, a surrogate unmanned aerial vehicle with a signals intelligence payload and other national assets. This demonstration was the first time multiple sensors on multiple platforms were networked in real time and it resulted in NCCT’s selection as the Secretary of Defense’s 2004 ACTD Team of the Year.

L-3 also completed a successful Critical Design Review for its third-generation Multi-Role Tactical Common Data Link (MR-TCDL) product from Communication Systems-West, which forms the foundation for communications on the Army’s Aerial Common Sensor (ACS). Additionally, four L-3 business units – Communication Systems-West and -East, Integrated Systems and PacOrd – will provide secure, networked communications solutions for the Airborne, Maritime Fixed/Station (AMF) Joint Tactical Radio System (JTRS), which will enable interoperable communication in the joint battlespace environment.

SATELLITE COMMUNICATIONS
L-3 delivers comprehensive ground-to-satellite, real-time global communications capability through a family of transportable field terminals used to communicate with commercial, military and international satellites. These terminals, including the Tri-band Transportable Medium Earth Terminal (TTMET) and the Tri-band SATCOM Subsystem (TTSS), provide remote personnel with constant and effective communications links to distant forces, while minimizing long-term satellite lease costs. In addition, L-3 provides the design, engineering development, fabrication and test of upgraded Data Distribution Systems (DDS) for the United States Marine Corps Tactical Data Network (TDN). This network provides its subscribers with basic data transfer, switching services and access to joint strategic tactical data networks.

SATELLITE COMMUNICATIONS
L-3 provides wideband, network-centric interoperability theater-wide with airborne data links that have been selected for every major UAV platform, including Global Hawk, Shadow, Predator, Fire Scout and Deepwater Eagle Eye.

In 2004, L-3 acquired BAI Aerosystems, Inc., a developer of a family of UAVs for military remote surveillance missions. BAI brings to L-3 a new capability to test, demonstrate and market a broad array of imaging, sensor and detection systems in the fast-growing UAV sector of the defense market, with aircraft deployed in support of US operations in both Iraq and Afghanistan.

ISR PLATFORMS
L-3 offers highly specialized fleet management and support for signals intelligence and ISR special mission aircraft and airborne surveillance systems. In 2004, L-3 Integrated Systems was selected to begin developing the US Army’s ACS, a next-generation airborne ISR and target identification system that will replace current aircraft systems, including the US Army’s Guardrail Common Sensor, the Airborne Reconnaissance Low aircraft and the US Navy’s fleet of EP-3 aircraft. L-3 IS was also selected for several key international ISR programs, including P-3 surveillance system upgrades for the Republic of Korea and New Zealand and the UK Ministry of Defence’s (MOD) Nimrod R Mk 1 aircraft.

INTEGRATED MARITIME COMMUNICATIONS
L-3 Communications is a leading US Navy communications systems integration contractor. For over 25 years, Communication Systems-East has provided state-of-the-art communications technology for a wide range of platforms supporting the US Navy and other maritime customers.

Over this 25-year period, L-3 has seen an increasing emphasis on integration of communication functionality. This change, which is consistent with key DoD initiatives, including Maritime Domain Awareness, network-centric warfare and ForceNet, is fully enabled by L-3’s MarCom™ digital switching system. The MarCom system, which was developed using L-3 research and development funding, is an integral part of the communication systems for key programs, including AEgis, Deepwater, LPD-17, JTRS and a number of international pursuits.

To handle the increased volume of shipboard and shore-based radio room integration work from these programs, L-3 has facilitated a 7,000-square-foot radio room assembly, integration and test facility capable of handling 72 racks of equipment at one time. This L-3 Integration and Test Facility (LITF) will lower the cost of building systems and extends L-3’s competitiveness into new markets.
Secure Communications and ISR

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COMMUNICATION PRODUCTS

L-3 Communication Systems-West is on the team to develop wideband satellite communications terminals for a transformational DoD initiative known as the Family of Advanced Beyond Line-of-Sight Terminals (FAB-T). FAB-T is intended to provide strategic forces with multi-mission capable terminals, or radio systems with special-purpose antennas, that talk to different satellites and allow information exchange between ground, air and space platforms. FAB-T will provide critical, protected beyond line-of-sight communications capability for warfighters via the new Advanced Extremely High Frequency system, a new class of secure satellites that supports military forces. The FAB-T program will eventually encompass up to 46 airborne platforms with participation from all branches of the armed services.

L-3 specializes in communication systems for ground command centers, surface and undersea vessels and manned space flights. In 2004, L-3 Communication Systems-West launched the new Rover III Multi-band Manpack Receiver, which is designed to provide military, special operations and homeland defense personnel with connectivity to most aerial surveillance platforms, including Shadow, Predator and Global Hawk.

INFORMATION SECURITY

L-3’s RedEagle™ network encryptor allows tunneling of classified Internet Protocol (IP) traffic through an unclassified IP network, tunneling of compartmented data through a lower-security level network or tunneling of unclassified traffic through a classified network. The RedEagle™ KG-240 is a High Assurance Internet Protocol Interoperability Specification (HAIPIS) interoperable 100 Mbps network encryptor supporting security levels of TS/SCI and below. During 2004, L-3 Communication Systems-East added Voice Over Internet Protocol (VoIP) capability to its Secure Terminal Equipment (STE) product line. Adding secure VoIP to the STE supports convergence of voice and data onto a single network and enables classified network users connected to the Global Information Grid (GIG) to make secure voice calls across the IP backbone.

In addition, L-3’s TS & GS business, SYColeman, is developing and supplying an advanced Work-Centered Interface Computer Network Defense (WCI-CND) system that enables network security managers and their commanders to rapidly and effectively assess, defend and respond to cyber attacks. The use of intelligent agents gives the system advanced capability for rapid adaptation and accomplishing automated correlation and decision support.

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SECURE COMMUNICATIONS

L-3 is an unmatched supplier of secure data links for real-time information collection and dissemination to users on a variety of mission-critical platforms, including the RC-135 Rivet Joint, EP-3, E-4B, Guardrail, Cobra Ball, Sea Sentinel and Joint Surveillance Target Attack Radar System (JSTARS). In addition, L-3 has extended its data links expertise to precision weaponry as the ISR data link supplier for the Joint Air-to-Surface Standoff Missile (JASSM) program. This technological breakthrough from L-3 Communication Systems-West allows bidirectional post-launch communications from ISR networks to strike weapons.
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Training, Simulation and Government Services

L-3 GSI is providing advanced operational and tactical-level air and space command and control education and training and mentorship to the US Air Force for the 705th Training Squadron at Hurlburt Field, Florida; Nellis Air Force Base (AFB), Nevada; South Korea; Southwest Asia and other locations.

L-3 D.P. Associates will support the development of naval aviation technical training products for every Navy and Marine Corps aircraft currently in the inventory. L-3 also provides training for operator and aircraft maintenance procedures on the Navy’s new MH-60R/S aircraft and develops courseware for organizational-level maintenance of F/A-18C/D aircraft.

In addition, L-3 SYColeman developed and maintains the US Army’s official public web site, www.army.mil. The site has grown from 300,000 to 6,000,000 visitors per month and is the second largest federal government site in the country.

LASER MARKSMANSHIP

L-3 MPRI-BEAMHIT develops laser marksmanship training systems that are in regular use today by the US military, federal law enforcement agencies and state, local and international policy and security organizations. These systems include weapons from handguns through machine guns and enable users to practice shooting skills with their own service weapons – without live fire, having to go to a range or depleting their ammunition.

The BEAMHIT™ Laser Marksmanship Training System (LMTS) is a projectile-less modular system allowing soldiers to use their own service weapons and train in any classroom, maintenance bay or other suitable open space. The LMTS is designed to be an integral part of a well-rounded small arms marksmanship program. Military units that use the LMTS have shown significant improvements in qualification and readiness levels.

L-3 MPRI Ship Analytics’ driver training products and services offer a unique combination of state-of-the-art simulation, computer-based training and classroom instruction. Drivers receive cost-effective, realistic training in a risk-free environment with the Mark III™, TranSim VST™ III and PatrolSim™ III Driver Training Simulators for commercial trucking, automobile operations, emergency vehicle and advanced law enforcement training. L-3 MPRI Ship Analytics also offers a Virtual Combat Convoy Trainer (VCCT), which gives battle crews the opportunity to train in a humvee simulator that is linked to a live-fire simulator and an AVCATT Apache helicopter simulator.

INTELLIGENCE SUPPORT

L-3 GSI, L-3 MPRI and L-3 ILEX were awarded a competitive omnibus contract to support the Army Intelligence and Security Command (INSCOM). The GSI team will provide critical worldwide support to INSCOM focused on intelligence, force management and information technology services.
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COMPUTER-BASED TRAINING AND DISTANCE LEARNING

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ROTARY-WING AIRCRAFT TRAINING & SUPPORT

L-3 Link Simulation and Training’s Aviation Combined Arms Tactical Trainer (AVCATT) provides a realistic, high-intensity virtual combat training environment for helicopter pilots, crews and teams. The US Army’s AVCATT program continued to underscore the value that combined arms training can bring to military operations. During the year, Link received an order to build an eighth AVCATT suite and gained funding from Congress for additional AVCATT suites and engineering change proposal requirements.

Link is also a key partner in the development and support of the US Army’s Flight School XXI program, which is designed to enhance the operational readiness and tactical proficiency of the Army’s active, reserve and National Guard aviation units. Link will deliver suites of Advanced Aircraft Virtual Simulators (AAVS) and Reconfigurable Collective Training Devices (RCTD), network all of the program’s training devices and provide contractor logistics support for all AAVS devices and RCTDs.

Additionally, L-3 SYColeman supports the Office of the Secretary of Defense (OSD)-led Joint Vertical Aircraft Task Force (JVATF) by providing analytical, technical and programmatic support.

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LEADERSHIP & SECURITY

L-3 MPRI develops leadership programs to help public and private sector customers in the training, education and development of confident, competent leaders at multiple levels who are capable of responding to the challenges of transformation and change in business, government and international institutions.

L-3 MPRI and SYColeman are supporting US troops with the Program Executive Office (PEO) Soldier Rapid Fielding Initiative (RFI). PEO Soldier is responsible for virtually everything a soldier wears or carries in a tactical environment. This support includes warehousing, transporting and issuing the RFI equipment to soldiers, both in the US and overseas.

INTERNATIONAL

L-3 MPRI provides international clients with professional services, products and integrated solutions to meet their national security sector reform and private sector challenges. In 2004, MPRI conducted a seminar that focused on recommendations for developing a national military strategy with representatives of the Afghan Ministry of Defence and the US Office of Military Cooperation-Afghanistan (OMC-A).

In related work, SYColeman’s Iraqi Advisor Task Force (IATF) provides former US Army Special Forces operators, Iraqi expatriates and local nationals as advisors to military commanders dealing with political, cultural, social, economic, media, tribal and security-related issues throughout greater Baghdad.

In other international work, L-3 MPRI provides global mission support for Australian Defence and the US Office of Military Cooperation-Afghanistan (OMC-A).

BALLISTIC MISSILE DEFENSE SYSTEM

MPRI supports the US Army Space and Missile Defense Command by assessing its command organization, functions and responsibilities. MPRI also provides project management services to the US Army Field Artillery School, Depth and Simultaneous Attack Battle Lab in its roles as the Advanced Concept Technology Demonstration (ACTD) Transition Manager; Assistant Operational Manager and Head of the Requirements Working Group. The objectives of the ACTD are to develop, integrate and test an earth-penetrating warhead on an Army Tactical Missile System (ATACMS) boost vehicle.

In addition, L-3 SYColeman provides business management, systems engineering and integration, independent assessment panel support and program protection support to assist in the development, acquisition and protection of the Ground-based Midcourse Defense (GMD) System. L-3 SYColeman also supports the Missile Defense Agency (MDA) in the GMD Test and Evaluation Directorate with the production of Integrated Data Packages for both flight and ground tests and provides extensive logistics support to the MDA GMD Logistics Directorate for sites in Alaska and Vandenberg AFB, California.

RECRUITMENT TRAINING

L-3 MPRI provides support to the US Army Recruiting Command (USAREC), which includes recruiters and guidance counselors as well as security interviewers and administrative assistants.

The division also provides systems administration to the GoArmy.com web site, which resulted in the most successful “Lead-generation” operation in the USAREC.

MILITARY FIXED-WING AIRCRAFT TRAINING

Link will deliver and support state-of-the-art F/A-18 aircraft training systems for the Canadian Air Force’s Advanced Distributed Combat Training System program, the Royal Australian Air Force (RAAF) F/A-18 Hornet Aircrew Training System and the Swiss F/A-18 Flight Simulator Upgrade program. Link’s P-36 Aircrew Training Systems have been selected for use by the Polish and Royal Oman Air Forces. With its teammates, L-3 GST is creating a reconfigurable E-6B Weapon System Trainer for the US Navy that will train mission crews.

In 2004, Link was awarded a contract to deliver five P-3 Tactical Operational Readiness Trainers to the US Navy, including upgrades to four previously built P-3 Tactical Aircrew Coordination Trainers. This win continues Link’s position as a supplier of choice for weapons systems trainers.

Link is also responsible for the majority of E-3 Airborne Warning and Control System (AWACS) ground-based flight crew training, including ownership of the training devices and training facility. The program provides a full spectrum of US Air Force-directed E-3 flight crew training. An efficient approach to the training program minimizes involvement of E-3 Air Force instructors and provides Air Force E-3 flight crew training to a guaranteed level of proficiency.

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In other international work, L-3 MPRI Ship Analytics, an international market leader in maritime products and services, is providing the Indonesian Ministry of Communications with a turnkey solution called the Indonesian Seafarers’ Education and Training Program. The objectives of the ACTD are to develop, integrate and test an earth-penetrating warhead on an Army Tactical Missile System ATACMS) boost vehicle.

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Aircraft Modernization, Operations & Maintenance and Products

MILITARY TRAINING AIRCRAFT

L-3 is a leading provider of contractor logistics support, life-cycle maintenance and supply for more than 3,500 government aircraft, including 1,600 military training aircraft. Fixed-wing training platforms include the US Navy T-34, T-44, T-45, T-39, T-6 and T-2, as well as the US Air Force T-38, T-6 and F-16. L-3 Vertex Aerospace continues to provide contractor logistics support for the US Navy Undergraduate Military Flight Officer Training System (UMFOTS) and operation of the Aircraft Intermediate Maintenance Department (AIMD) at Naval Air Stations in Pensacola, Florida and Corpus Christi, Texas. Vertex has served as the incumbent contractor for UMFOTS since 1994.

LOGISTICS SUPPORT

L-3 provides labor augmentation to government customers through several Indefinite Delivery / Indefinite Quantity (ID/IQ) contracts, including the Contract Field Teams (CFT) program, which provides comprehensive maintenance and depot services for aircraft and other equipment deployed around the world. By the close of 2004, several hundred L-3 Vertex CFT personnel were deployed in Iraq, Kuwait and Afghanistan, maintaining front-line US Army tactical and logistics aircraft.

In 2004, L-3 Vertex continued its expansion into ID/IQ technical services by providing maintenance for multiple fixed- and rotary-wing aircraft and weapons systems under the US Army Aviation Joint Administrative Management Support Services (AVJAMSS) program.

L-3’s TS & GS division, Link Simulation and Training, won a new US Navy contract to provide contractor maintenance and logistics support for USN C-40 (Boeing 737) aircraft over a five-year period. The services provided under this contract are expected to grow as additional C-40 aircraft become part of the fleet.

Additionally, L-3 IS is providing logistics support for the C-20, which provides worldwide airlift support for the Vice President, Secretaries of State and Defense, Chairman and members of the Joint Chiefs of Staff, members of Congress and other government officials.

TACTICAL & MARITIME AIRCRAFT

L-3 provides aircraft modernization, systems integration and life-cycle support services to tactical and maritime aircraft manufacturers around the world. In 2004, L-3 Spar completed a number of depot-level maintenance inspections for the US Navy and Coast Guard. Additionally, L-3 IS delivered the first of 16 refurbished P-3 maritime patrol aircraft and was subsequently awarded a follow-on contract for another 16 aircraft as part of the US Navy’s Enhanced Special Structural Inspection (ESSI) program. L-3 IS will also provide mission systems upgrades to the Navy’s E-6B fleet as part of the E-6 Block I Modification program.

L-3 IS continues to provide systems integration, modification and fleet maintenance on EC-130H Compass Call aircraft. The EC-130H performs tactical command, control and communications counter-measures and recently completed missions in support of Operation Iraqi Freedom. Additionally, L-3 IS is providing aircraft avionics/system upgrades for the EP-3 ARIES I/II reconnaissance aircraft.

INTERNATIONAL AIRCRAFT

L-3 has a strong global presence in maintaining and modifying hundreds of fixed- and rotary-wing aircraft for commercial, military and government customers. L-3 Spar completed the design and prototyping of a number of C-130 system improvements, including cockpit avionics modernization, electrical power upgrade, rewiring, wing upgrade and structural refurbishment. Recent C-130 avionics modernization programs in Greece and Malaysia positioned L-3 Spar to be selected by the Royal New Zealand Air Force for the single most comprehensive C-130 Life Extension Program to date. This program covers avionics modernization and structural/electrical overhaul together with comprehensive publication updates and training.

Under Canada’s 20-year Maritime Helicopter Project (MHP), L-3 MAS will provide In-Service Support for the 28 CH-148 (Sikorsky H-92) medium-lift helicopters that will replace the Canadian Forces’ aging fleet of Sea Kings. In addition, L-3 MAS has renewed its contract with the Canadian Department of National Defence to provide engineering, maintenance, component repair/overhaul and integrated logistics support on Canada’s CF-18s. MAS is also involved in the structural upgrade of all the RAAF’s F/A-18s.

In further work, L-3 IS will provide structural modifications, modernized systems design and integration and ground support systems for eight P-3 Orion aircraft for the Republic of Korea’s Navy, and will upgrade mission and communication/navigation systems for New Zealand’s P-3K maritime patrol aircraft. The upgrades will include T2CAS, the combined traffic and terrain collision avoidance system designed and developed by L-3 Aviation Communication & Surveillance Systems (ACSS).
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ROTARY AIRCRAFT
L-3 maintains and supplies fleets of rotary-wing training aircraft, including the US Navy TH-57, as well as the US Army AH-64, UH-60, CH-47, UH-1, TH-67 and OH-58 fleets at Fort Rucker, Alabama. At Fort Rucker, L-3’-s Vertex serves as managing partner for the Army Fleet Support (AFS) LLC Joint Venture (JV). Fort Rucker is a 10-year contract, providing contractor logistics support and services to customers deployed worldwide.

SCIENCE & HEAD-OF-STATE AIRCRAFT
L-3’s aircraft modernization expertise extends to specialized markets, including science-related platforms and VIP aircraft interiors. L-3 IS provides design engineering, airframe structural modifications, telescope design integration and flight test services for the FAA-certified Stratospheric Observatory for Infrared Astronomy (SOFIA). SOFIA is NASA’s and the German Space Agency DLR’s premier observatory for infrared astronomy into this century. In addition, L-3 Display Systems will provide cockpit displays for the NASA T-38N astronaut trainer/proficiency aircraft.

L-3 has performed modifications on head-of-state and custom interiors on the world’s most popular wide-body aircraft, including the Airbus A310 and A340, and the Boeing 737, 747, 767 and 777. These finely crafted interiors feature the sophisticated communications and self-defense systems that VIP customers require in today’s political climate.

AVIATION PRODUCTS
L-3 offers expansive product capability for the aviation marketplace, with offerings that include cockpit displays, collision avoidance and proximity warning systems, flight management systems and solid state flight data and cockpit voice recorders and data transfer units. In 2004, L-3 celebrated several milestones, including a multi-year order for Avionics Systems’ SmartDeck® Integrated Flight Controls & Display System and the 45,000th delivery of the Stormscope® Lightning Detection System. Also, L-3’s T/CAS traffic and terrain warning system manufactured by ACSS was submitted to Airbus for certification.

Other 2004 highlights included significant contracts for Display Systems to provide cockpit displays for several key programs, such as the US Air Force C-130J, and for Avionics Systems to replace aging electro-mechanical systems with its Vertical Reference System (VRS) model 3010 on the Air Force’s entire fleet of KC-135 aircraft. In addition, demand for the Modular Airborne Data Recorder and Acquisition System (MADRAS) from Aviation Recorders grew with a contract for AgustaWestland’s A109 Light Twin Helicopter.

Also in 2004, Targa Systems received contracts to provide its Data Transfer Systems for the BAE Tornado and NATO Airborne Warning and Control System upgrade programs, while Electrodyne was awarded a contract from Lockheed Martin for the Crash Survivable Memory Unit (CSMU) for the F-35 Joint Strike Fighter.

SPECIAL OPERATIONS AVIATION
L-3’s Joint Operations Group (JOG) has continued an increased operational tempo in supporting the global war on terrorism and homeland security initiatives with the deployment of 135 personnel for Operation Enduring Freedom and Operation Iraqi Freedom. Four of these deployments included shipboard operations for installation of aircraft survivability equipment (ASE) on Marine Corps helicopters en route to Iraq.

The JOG has increasingly been involved with the modernization of Army Special Operations Aviation (SOA) rotary-wing platforms and performs as the prime integrator for many “lead the fleet” modifications and system enhancements. For the Air Force Special Operations Command (AFSOC), JOG supports MH-53M/J operations through Collocated Depot Teams (CDT) and is currently performing reconstitution activities on designated A/MC-130 aircraft. In addition, JOG provides rapid response logistical support and services to customers deployed worldwide.

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L-3 is a predominant provider of ground-to-satellite, real-time global communications through high-performance products used to communicate with commercial, military and international satellites. On behalf of the US Air Force, the Space and Naval Warfare System Center (SPAWAR) in Tampa, Florida has asked L-3 Narda Satellite Networks to provide deployable satellite communications systems and subsystems/components as well as maintenance support to reduce acquisition and operating costs. L-3 Narda Satellite Networks will also manufacture, integrate, test, commission and provide maintenance for current SATCOM products, including the AN/USC-60A FlyAway Tri-Band Satellite Terminals (FTSAT), the AN/TSC-161 mobile Quad-Band Dual Hub Terminals (QDHT) and most significantly, the new AN/TSC-168 transportable Quad-Band Dual Hub SATCOM Terminal (QHST), which will be the standard dual hub system for future Air Force deployments.

Additionally, L-3’s 95th SC & ISR division, Communication System-West, is building new humvee-mounted ground terminals designed to access commercial satellites as part of the US Army’s Phoenix program. As Phoenix is integrated into the Army, the systems will be migrated to selected National Guard and reserve units, bringing those units satellite capability for the first time.
Specialized Products

**ANTENNAS & RADOMES**

L-3 leads the industry with a full complement of integrated ground-based and airborne antenna systems for surveillance and radar applications, as well as ground and shipboard radomes used for air traffic control and radio astronomy. L-3 Randtron Antenna Systems will provide the next-generation Airborne Early Warning (AEW) radar antenna system for the US Navy’s E-2 Advanced Hawkeye (AHE) surveillance aircraft and will be a member of the team supplying low radar cross section GPS antennas for the Joint Standoff Weapon (JSOW), Block II.

Also, L-3 ESSCO was awarded a contract to upgrade the existing Haystack 37-meter-diameter high-performance millimeter wave antenna system. When completed in 2006, Haystack will be the highest performance millimeter wave antenna system in the US operating in the 90-100 GHz band.

**ELECTRO-OPTICAL/INFRARED (EO/IR) LASER SENSORS**

L-3 is the market leader in producing uncooled thermal infrared detectors and imaging sensors and systems for a broad spectrum of military and commercial applications. During 2004, L-3 significantly expanded its infrared capability with Thermal-Eye™ thermal imaging technology from L-3 Infrared Systems. Thermal-Eye is used for search and rescue, perimeter surveillance, investigation, industrial process monitoring, preventive maintenance and automotive and truck night vision for public safety and law enforcement, government agencies, industrial companies and utilities. In support of rapid deployment battlespace requirements, L-3 now offers a diversity of high-performance IR imaging modules based on the patented Indium Antimonide (InSb) IR focal plane array architecture developed by L-3 Cincinnati Electronics. L-3 Aeromet, an SC & ISR subsidiary of L-3 Integrated Systems, is a leader in pointing, acquisition and tracking technology for ballistic targets. The business offers EO/IR programs supporting ISR missions and specialized meteorological applications for such customers as the MDA.

Additionally, L-3 WESCAM extended its robust line of imaging turrets with the MX-15D, which is engineered to achieve the industry’s longest EO/IR target identification range in its class.

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**NAVAL POWER & CONTROL AND SONARS**

A pioneer in a broad range of naval technologies, L-3 provides acoustic undersea warfare systems and side scan sonars for such platforms as helicopters, submarines and surface ships, and supports every major US Navy shipbuilding program with shock-hardened circuit breakers and switchgear, military power propulsion equipment and ship control and interior communications equipment.

L-3 Ocean Systems’ Helicopter Long Range Active Sonar (HELRAS) has long been the preferred solution for a full range of international programs, including Italy’s EH-101 and NH-90, The Netherlands’ NH-90, Turkey’s S-70B and Greece’s S-70B, and was selected as a preferred supplier in 2004 for both the Canadian MHP and Singapore government programs. A special configuration of HELRAS is currently being tested to allow Anti-Submarine Warfare (ASW) missions to be executed via a remote location from a Littoral Combat Ship (LCS). Also for the new high-speed LCS, L-3 Henschel developed a Multi-Function Console (MFC) that supports the Total Ship Computing Environment (TSCE) – the backbone of a new computing infrastructure for future systems and platforms. Additionally, L-3 Westwood’s participation in the DDG-51 Class Destroyer continued to grow with the award for Repair Station Consoles, consisting of large screen visual displays, which will be placed throughout the ship to enhance crew monitoring awareness of onboard operating systems.
L-3 is a world premier provider of inertial instruments and integrated fire control systems for programs such as the Multiple Launch Rocket System (MLRS) and Army Tactical Missile System (ATACMS). L-3 is also a major supplier of painting, guidance, control and positioning equipment as well as GPS products for satellites, artillery and launch vehicles serving the military, commercial and government markets. In 2004, L-3 Space & Navigation was awarded a hardware contract for the Delta launch vehicle program to supply everything from complex assemblies that provide inertial sensing, power switching and actuator control functions to simple modules used for transient suppression of the launch vehicle. In addition, L-3 Henschel provided the Automated Bridge System to the US Navy’s newest large deck amphibious ship (LHD-8) as well as hardware and software for navigation data distribution and display onboard US Navy aircraft carriers.

**NAVIGATION & GUIDANCE**

**SPACE PRODUCTS**

L-3’s thrust into the space market surged in 2004 with the addition of Boeing Electronic Dynamic Devices, now known as L-3 Electron Technologies, Inc. (ETTI), a recognized leader in the design, manufacture and sale of space-qualified high technology components and subsystems used in communications satellites, mariner space programs and key commercial and defense systems worldwide. ETTI designs and produces space-qualified passive microwave devices, amplifiers and electric propulsion products utilized for deep-space exploration spacecraft. Its broad commercial and military customer base includes the US Army, US Navy and US Air Force, as well as prime contractors and Original Equipment Manufacturers (OEM).

**ELECTRONIC FUZES, SAFETY & ARMING DEVICES**

L-3 has a distinguished track record in delivering an array of premium fuzing products, including proximity fuzes, electronic and electro-mechanical safety and arming devices (ESAD) and self-destruct/submunition grenade fuzes. Early in 2004, L-3 KDI began production deliveries of ESADs for the Army’s precision Guided Multiple Launch Rocket System (GMLRS). New electronic fuze programs awarded in 2004 include the Tomahawk cruise missile and the Precision Attack Missile used in the Non Line-of-Sight Launch System (%LOS-LS). Also in 2004, L-3 BT Fuze Products received US Army contracts to provide electronic timed artillery fuzing as well as 105mm tactical and training ammunition for the Stryker Mobile Gun System.

**STABILIZED OPTICAL PLATFORMS**

Recognized for world-class optics technology, L-3 Brashear designs and produces complex electro-optical and electro-mechanical systems and instrumentation for the commercial and defense markets with products that include telescope systems, optical components, stabilized tracking systems, test range instrumentation, small arms fire control systems and high-energy laser beam directors. L-3 Brashear produces the Block 1B upgrade pedestal unit for the Raytheon MK-15 Phalanx Close-In Weapon System (CIWS), extending the capability of the CIWS to identify, track and address threats in a full naval environment.

**MICROWAVE**

Under the well-recognized Narda brand name, L-3 has developed and manufactured state-of-the-art microwave components for over 50 years and has been a leader in the development of oscillators, frequency synthesizers and broadband amplifiers for such platforms as the International Space Station and the B-2, F-14, F-15, F-16, F-18 and F-22 military fighter aircraft.

L-3 Electron Devices is a well-established supplier of vacuum electronics products that uniquely provide the high power microwave energy and high operating efficiency required in a variety of strategic military systems. Systems such as AWACS, the AEGIS long-range search radar used on destroyers and cruisers, the AIM-120 Advanced Medium Range Air-to-Air Missile (AMRAAM) and the Patriot missile all utilize the performance features available only with vacuum electronics technology.

**PROPULSION**

L-3 expanded its operations and maintenance capability into the land systems market with the acquisition of General Dynamics Propulsion Systems, now known as L-3 Combat Propulsion Systems. The company is a recognized market leader in the engineering, design and manufacture of engines, transmissions, suspension and turret drive systems for combat vehicles, including both tracked and wheeled vehicles, and has a continued presence on core programs, such as the Bradley, the Abrams and the Expeditionary Fighting Vehicle (EFV). Combat Propulsion Systems’ advanced gun and turret drive system components are used on programs, including the Stryker Mobile Gun System, the Opposing Force Surrogate Vehicle and the Avenger Air Defense System. Additionally, the business is developing upgrades as part of the spiral performance improvements for the transformation of the US Army.
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L-3 leads the industry in the development of components and systems used for a wide array of ground, airborne and space telemetry applications and broadened its reach with the acquisition of Cincinnati Electronics, a producer of high-reliability electronic communications equipment for use on missiles, launch vehicles and spacecraft.

L-3 Telemetry-East and -West airborne telemetry hardware is currently being provided for many weapons programs, including Joint Direct Attack Munition (JDAM), Small Diameter Bomb (SDB), Joint Air-to-Surface Standoff Missile (JASSM), Joint Standoff Weapon (JSOW), Exoatmospheric Kill Vehicle (EKV), AIM-9X Sidewinder, Tactical Tomahawk and the Patriot Advanced Capability (PAC-3) missile. L-3 also provides telemetry hardware for various launch vehicles and targets, including the Strategic Target System (STARS), Taurus and Pegasus. Additionally, L-3 Southern California Microwave was selected to provide airborne video transmitters and ground receivers for various models of miniature UAVs, including the US Marine Corps’ Dragon Eye and the US Army’s Raven man portable UAVs.

SPECIALIZED VEHICLES
L-3 is a leader in mobile communications vehicles for homeland security, military and law enforcement uses, broadcast newsgathering and telecommunications. The range of scalable vehicle solutions from L-3 Wolf Coach provides “on-the-move” communications, multi-frequency radio interoperability and command capability. L-3 Wolf Coach has over a decade of experience in this area, with hundreds of units deployed around the country for organizations like the New York Police Department (NYPD), the Centers for Disease Control (CDC), the National Guard, FEMA and many other federal, state, county and municipal agencies.
L-3 leads the industry in the development of components and systems used for a wide array of ground, airborne and space telemetry applications and broadened its reach with the acquisition of Cincinnati Electronics, a producer of high-reliability electronic communications equipment for use on missiles, launch vehicles and spacecraft.

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Homeland Security
Our business segments provide products and services for the Homeland Security market in the following areas:

DEEPWATER
As part of the sweeping renovation of US Coast Guard (USCG) platforms, the L-3 team will design and develop the communications suite for the Command, Control, Communications and Computers, ISR (C4ISR) system that will apply across numerous assets. Key features of this system include the MacCom Integrated Voice Communication System (IVCS), the RF Distribution System and the Automated Communications Resource Manager. In addition, a MacCom IVCS was successfully integrated as part of a major communications upgrade for the District 7 Command Center in Miami, Florida – the USCG’s most active command. L-3 Henschel will also provide Amplified Announcing and Global Maritime Distress & Safety Systems for USCG Deepwater communications.

NAVAL PORTS & OIL PLATFORM SECURITY
L-3 Klein is supplying its Harboguard® Small Target Detection Radar to naval and commercial customers, including SPAWAR San Diego Systems Center; Naval Station – Guantanamo Bay; Port of Galveston, Texas; Greater New Orleans Expressway Commission – Lake Pontchartrain and several others. The L-3 Klein system sensors are optimized for critical detection and tracking for surface and subsurface surveillance for port and harbor environments. Harboguard will also be used by various customers for oil platform security. In addition, L-3 Aviation Recorders is providing its PROTEC™ Automatic Identification System (AIS) to monitor vessel movements for customers in Corpus Christi, Texas, Guantanamo Bay and Malaysia.

CARGO
L-3 Security & Detection Systems (S&DS) was selected by the Transportation Security Administration (TSA) to participate in a break-bulk air cargo screening pilot program using the eXaminer 3DX® 6000 in air carrier cargo facilities at Miami International Airport (MIA), Chicago O’Hare International Airport (ORD), Los Angeles International Airport (LAX) and Ted Stevens International Airport (ANC) in Anchorage, Alaska. The objective of the pilot program is to evaluate the use of Explosives Detection Systems (EDS) to inspect break-bulk air cargo to determine if it is feasible and practicable to clear cargo that is flown on commercial aircraft using the technology. The Australian Customs Service also selected L-3 S&DS to supply pallet cargo X-ray screening equipment for use at its cargo examination facilities. L-3’s equipment is being integrated into existing security protocols to manage and ensure the integrity and safety of Australia’s borders at Brisbane and Fremantle.

RAIL PASSENGER SECURITY
L-3 S&DS was also selected by the TSA to provide its explosives detection equipment for a first-ever pilot program to screen rail passenger baggage. The TSA’s Transit and Rail Inspection Pilot (TRIP) used L-3’s Multi-View Tomography (MVT) and Advanced Passenger Screening (APS) systems to evaluate the feasibility of automatically screening passenger carry-on bags in rail applications. L-3 Henschel also delivered a propulsion control system to Southeastern Philadelphia Transit Authority’s (SEPTA) commuter trains.

CUSTOMS & BORDER PROTECTION
Team with L-3 Vertex Aerospace, L-3 IS is performing a consolidated structural inspection process at its Waco, Texas facility to improve P-3 aircraft availability for the Department of Homeland Security’s Bureau of US Customs and Border Protection (CBP). L-3 Vertex, one of the largest suppliers to the CBP, provides integrated contractor logistics services to CBP, including aircraft maintenance and repair performed at multiple branch locations of CBP’s Office of Air and Marine Operations (AMO).

Additionally, L-3 SYColeman is providing comprehensive program and resource management support for the National Virtual Translation Center and is supplying technical, analytical and administrative support to the Student and Exchange Visitor Program (SEVP) office of the Bureau of Immigration and Customs Enforcement (ICE). Also for ICE, the T’CAS from ACSS is being installed on P-3s to improve safety and situational awareness for P-3 pilots.

AIRPORT SECURITY
In 2004, the TSA ordered 37 eXaminer 3DX® 6000 EDS systems from L-3 S&DS for deployment at airports nationwide. The new systems will be integrated into airport automated baggage conveyor systems to offer a faster, more customer-friendly solution to meet the US Government mandate for 100 percent screening of all checked baggage for explosives at US airports. The TSA is now operating fully integrated In-line eXaminer EDS systems at six US airports, with three additional systems under construction using the eXaminer – the most for any TSA-certified EDS system on the market.

L-3 S&DS worked closely with the TSA to continue further deployments of its networked explosives detection system (NEDS) for the eXaminer at airports nationwide. Following the completion of successful evaluations at California’s John Wayne Airport and Boston’s Logan International Airport, the TSA funded the installation of the advanced Ethernet-based networking system at six major airports in 2004. NEDS has been proven successful in reducing the manpower required to conduct screening operations, reducing TSA’s operating costs while improving security.

Following a successful one-year competitive evaluation of the eXaminer, the Israel Airport Authority (IAA) leased five eXaminer EDS systems for the new terminal at Ben Gurion Airport with an option to purchase up to 20 systems. In addition, L-3’s MVT system will be used to provide automated explosives screening at airports throughout Australia. The systems will be installed in terminals serving the domestic and international routes of Qantas as well as other carriers. Qantas will integrate the systems into the existing baggage handling infrastructure at each of the airports.
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OLYMPIC SECURITY

L-3 WESCAM provided the Airborne Video Network subsystem (helicopters) and Olympic Security Airship subsystem (Skyship 600 blimp) for the 28th Olympiad and the 12th Paralympic Games in Athens, Greece. The Hellenic Police had two MX-15TS imaging systems in service and available 24 hours a day, seven days a week. The Skyship 600 airship was equipped with three imaging systems, two MX-15s and one M-16SS. It was fully operational and airborne for not less than 16 hours per day, seven days a week for the duration of the Games.

WESCAM also provided program management, engineering, technical support, training and customer support to the Hellenic Police. In addition, WESCAM supplied key system interfaces for other onboard systems to include the SX-16 SpectroLab searchlight, microwave transmitters and moving map systems (MMS).

SUPPORTING US VISIT

L-3 GSI was awarded a three-year contract by the General Services Administration to provide information technology and technical support to the self-service, touch-screen biometric workstations located at 78 airports and 12 seaports. This contract supports the Department of Homeland Security’s US VISIT program by providing technicians to maintain the workstations and assist non-immigrant visa holders with recording their visa and biometric data as they depart the country and then to transmit that data to the DHS.

SECURITY SCREENING

L-3 S&DS received a follow-on award from the New York Police Department (NYPD) Division of School Safety to provide more than 50 additional PX-M X-ray security screening systems for use in New York City schools. To date, nearly 90 L-3 PX-M screening systems are deployed in about 75 New York City schools for screening of small baggage and parcels at school entryways during peak hours of operation.

ENHANCING SECURITY AT US AIR FORCE BASES

The General Services Administration (GSA) has awarded a contract to L-3 GSI to install hundreds of vehicle barricades at US Air Force bases worldwide. This enhanced security follows an initiative implemented under the Integrated Base Defense Security System (IBDSS) Upgrade Program for the US Air Force. These barriers, capable of stopping a 15,000-pound truck traveling at 50 mph, increase the effectiveness of security forces to control the entry of vehicles into military installations. The IBDSS program provides vital security for critical assets – fixed, temporary or mobile – by integrating electronic detection, alarm assessment, access control, communications, command and control and intelligent video capabilities to enable an effective response. Over the past six years, GSI has delivered hundreds of Tactical Automated Security System kits to the Air Force for deployment worldwide.
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SWEDISH COAST GUARD

L-3 IS and WESCAM are teamed to provide a new maritime patrol aircraft for use by the Swedish Coast Guard. The team will provide three Bombardier Dash 8 Q300 aircraft equipped with a mission system designed by L-3 IS that integrates critical mission sensors. In addition, L-3’s proven Integrated Data Handling System will provide the heart of a world-class maritime patrol capability, including the L-3 WESCAM MX-15 multi-sensor EO/IR system, as well as Elta Systems’ surveillance radar and other environmental sensors.

CRISIS MANAGEMENT

L-3 MPRI Ship Analytics’ Crisis Management System, known as L-3 CRISIS™, gives industry and government leaders exceptional situational awareness and the ability to rapidly respond to a full spectrum of natural and man-made disasters. In addition, MPRI Ship Analytics has provided comprehensive assessments and solutions for port security, state-level intelligence fusion and support for exercises and homeland security to state and local government agencies.

MISSILE WARNING SYSTEMS

L-3 Communications acquired AVISYS, Inc. in 2004 and one of its key technologies – the Wide-body Integrated Platform Protection System (WIPPS) – a decoy-based infrared defense system, providing automatic threat detection and protection that is proven in combat. WIPPS integrates fully exportable missile warning and threat adaptive countermeasures subsystems that may be deployed on head-of-state, civilian, special mission and commercial aircraft to a worldwide customer base. L-3 also acquired Cincinnati Electronics, whose AN/AAR-44 missile warning system is used on the US Air Force Special Operations Command (AFSOC) C-130 aircraft. The AN/AAR-44, which leverages patented midwave InSb detector technology, can initiate countermeasure commands to the C-130 and hand off precise threat angle-of-arrival information.

PRAETORIAN ADVANCED VIDEO SURVEILLANCE

L-3 GSI and SYColeman offer the Praetorian suite of advanced video surveillance capabilities – Video Flashlight, VisionAlert and Hawk – which can be deployed individually or in combination. Using Praetorian technology, multiple video feeds once viewed on separate monitors can now be combined into a unified view through which the operator can travel, look around corners and see behind objects. In addition, the software can detect threats before an incident occurs by identifying suspicious activity, such as loitering, left-behind objects or perimeter breaches. The new capabilities can be integrated into various security systems for governmental and critical infrastructure markets as well as commercial markets, such as shopping centers, banks and sports arenas.
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Future Products

**LIGHTWEIGHT SIGNALS INTELLIGENCE SYSTEM (LITES)**
The L-3 IS-developed LITES, which quickly and accurately locates and identifies targets using manned and unmanned platforms in tandem, was successfully demonstrated at a major US military exercise in the summer of 2004.

**PROJECT HELIX**
L-3 IS began work in 2004 on the first stage of a three-year Assessment Phase program for the UK MOD to compete for a major upgrade of the Royal Air Force fleet of Nimrod R Mk 1 aircraft. Designated “Project Helix,” the upgrade focuses on maintaining the capability of the Nimrod R out to 2025 and includes aircraft mission systems, associated ground stations and training facilities.

**DIGITAL TELEVISION BROADCAST**
Utilizing microwave tube experience and technology developed for the military, L-3 Electron Devices brought its Constant Efficiency Amplifier (CEA) to the UHF television transmitter market. This patented technology notably improves efficiency over current technology, allowing broadcasters to achieve as much as twice the power efficiency over existing devices. A market of approximately 2,500 potential sockets exists for the L-3 CEA 130 as 1,300 UHF television stations complete their transition to digital by July 2006. All high-definition television format signals will be transmitted using this same technology, developed for the military, L-3 Electron Devices.

**POP-UP SWITCHING INDICATOR**
L-3 Electrodynamics introduced a series of switching fault indicators that feature a pop-up button, which provides both a visual and tactile fault indication. The indicator was designed for aerospace applications – specifically for use in a Ground Fault Interruption (GFI) circuit to indicate an over current condition in aerospace relays. The switch deactivates other circuitry when a fault occurs, and the indicator provides a visual reference without system power applied. The device is reset manually to ensure that the fault cannot be disregarded when system power is restored.

**COMBINING AUDIO AND FLIGHT DATA RECORDERS**
L-3 Aviation Recorders received a GSA Task Order to produce a combined Audio and Flight Data Recorder System, the APR-2500, for the US Army Helicopter Retrofit Program managed at Redstone Arsenal. The initial award is part of the Service Life Extension Program for over 300 CH-47 Chinook helicopters.

**NEW AVIATION TECHNOLOGIES**
ACSS received supplemental type certification (STC) for its new Dlink+ system; a high-performance flight deck data communications system onboard Bombardier CRJs operated by Air Wisconsin. ACSS also received over 70 STCs in 2004 for T2CAS and Mode S products and submitted for T/CAS type certification at Airbus, where the product is a supplier-furnished equipment option for all new Airbus long-range, single-aisle and wide-body aircraft. Certified in 2004, the LandMark™ 8100 is the first standalone Class B Terrain Awareness and Warning System (TAWS) to offer the accuracy of a Wide Area Augmentation System (WAAS)-GPS sensor. Using highly accurate WAAS-GPS positioning information, the LandMark 8100 eliminates the need for multiple inputs from other aircraft sensors, simplifying the installation process and eliminating equipment incompatibility. With increased emphasis on cockpit security, L-3 Aviation Recorders introduced a family of Cabin Surveillance System (CSS) products. The FAA-approved system allows pilots in the cockpit to monitor various areas of the cabin, especially the areas in and around the cockpit door. The system supports up to 16 video cameras placed in the cabin with two LCD video displays mounted in the cockpit. A wireless signaling capability allows the cabin crew to alert the pilots to any cabin activity requiring cockpit attention.

**IMPROVED POSITION AND AZIMUTH DETERMINING SYSTEM (IPADS)**
L-3 Space & Navigation achieved a production decision from the US Army on IPADS. A significant production contract was issued by the US Army Tank-automotive and Armaments Command (TACOM) to support the Army’s high-performance indirect fire support requirements. IPADS is a first inertial high accuracy system used for surveying and navigational requirements.

**ADVANCED HELMET MOUNTED DISPLAY**
Link launched its Advanced Helmet Mounted Display (AHMD), a breakthrough visual display technology that supports both virtual flight simulation and augmented reality awareness for unmanned aircraft, and air traffic control and C4ISR operators, as well as for other non-military applications. The AHMD, which affixes to a user’s helmet, provides a 360 degree field-of-regard of out-the-window, sensor and systems symbology imagery. A revolutionary optics and illumination design, in addition to the use of solid state micro displays, enables the AHMD to provide unmatched contrast, brightness and vivid color for all types of imagery.
**Future Products**

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Future Products (cont’d)

ORGANIC LIGHT EMITTING DEVICE (OLED)

The US Air Force awarded L-3 Display Systems a developmental project for the creation of an advanced mobile communications technology with enhanced video capabilities. The initial program involves the development and demonstration of a full-color, active matrix OLED display prototype, which will be built on metal foil.

NEW FUZES FOR NON LINE-OF-SIGHT LAUNCH SYSTEM (NLOS-LS)

L-3 KDI was selected to develop and qualify fuzes for the NLOS-LS, a key element of the Army’s Future Combat System. NLOS-LS consists of a portable, network-enabled canister that contains two types of missiles—the Loitering Attack Munition (LAM) and the Precision Attack Munition (PAM). Launch canisters can be transported by Humvee and dropped on the battlefield in key locations and function autonomously. Munitions will be selected, designated to a target and fired remotely via a tactical network plugged into the overall joint command infrastructure.

FIRST MILITARIZED LARGE AREA AVIONICS COCKPIT DISPLAY

L-3 RCCS will supply a multi-function product for the E-2 Advanced Hawkeye. The L-3 RCCS 17.1-inch Primary Flight Display is the first militarized large area avionics cockpit display. It provides wide viewing angles and maintains visual clarity from night-enclosed cockpit to bright daylight operations, and also provides the sensor and the combat system workstation displays for complete situational awareness.

HIGH-CAPACITY PORTABLE MICROWAVE RADIO

L-3 Telemetry West received initial orders from several US Government customers for the new TCM-930 high-capacity portable microwave radio system. The TCM-930’s unparalleled portability and tunability allow it to be used in both homeland security and military applications.

FIRST FLIGHT TEST

The air platform for the Airborne Standoff Radar (ASTOR), designated the Sentinel R Mk 1, made its first flight from the Greenville, Texas facility of L-3 Integrated Systems, where the aircraft is being integrated under subcontract to Raytheon for the UK MOD.

HIGH-FIDELITY TRAINING SOLUTION

In collaboration with the National Oceanic and Atmospheric Administration (NOAA), L-3 Klein is currently developing a low frequency long-range side scan sonar system that incorporates a Gap Filler Sonar, a Multibeam Sounder and an Active Depressor for rapid large area coverage of the sea floor.

NAVAL PRODUCTS

In addition, L-3 SSP Electrical Systems and Power Paragon continued joint development of the new Integrated Power Node Delivery System (IPNDS), applying leading-edge technology to revolutionize power distribution systems. The IPNDS power server products are responding to a growing need for intelligent, programmable control in "Integrated Fight Through" systems and applications.

NEXT-GENERATION AIRPORT SECURITY PRODUCTS

L-3 S&DS introduced its newest TSA-certified eXaminer 3DX® Explosives Detection System (EDS). This latest-generation EDS system introduces a number of industry-leading advancements that set it apart from competing systems, including an unprecedented baggage throughput of over 600 bags per hour, the unmatched capability to accommodate skis or golf clubs up to 100 inches in length, an active bay centering and alignment system and an increased entrance tunnel size to simplify integration with baggage handling systems. The system also allows users to adopt more stringent screening requirements at the “push of a button” if threat levels are increased. These systems will be integrated into the baggage handling systems for international flights at Tokyo Narita International Airport (NRT).

Passive Millimeter Wave (MMW) technology is leading to a new generation of security products at L-3 S&DS. Millimeter Waves can pass through clothing and packaging to allow for the detection of concealed metal and non-metallic weapons, as well as plastic explosives. The technology is based on proven missile seeker automatic target recognition systems, used by the US military over the last 20 years, and millimeter wave camera technology from Millivision, Inc. Commercial development of an advanced MMW imaging portal is now underway at L-3 S&DS for use indoors at airports for passenger screening and is expected to enter into trial testing at a major international airport in the near future.

NIGHT VISION TRAINING SYSTEM

Link debuted its Night Vision Training System (NVTS), which has been designed to meet demanding night vision goggle (NVG) training requirements. The Link NVTS provides a highly responsive, real-time simulation that accurately displays dynamic light blooms and a full range of NVG effects. An integrated product solution, the Link NVTS couples an image generation system, NVG sensor simulation, head tracking, NVG goggle displays and correlated databases to provide a high-fidelity training solution.

POTENTIAL FUTURE PRODUCTS

Future Products

Optical Spectral Imaging (OSI) technology improves “Integrated Fight Through” systems and applications.

End-to-end integrated systems and applications.

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Shareholder Information

Corporate Headquarter
You can contact the corporate headquarter by writing to: L-3 Communications, 600 Third Avenue, New York, NY 10016, or by calling 212-697-1111. To send a fax, dial 212-867-5249.

Corporate Information
News media, analysts, shareholders and other seeking corporate information about L-3 Communications should contact Cynthia Swain, Vice President of Corporate Communications at 212-697-1111.

Printed Materials
Printed financial materials, including the 2004 Annual Report, may be obtained without charge by calling 1-866-INFO-LLL (866-463-6555).

Internet
You can access quarterly and annual financial information, news releases, and an overview of the company’s products and services through the L-3 web site at http://www.L-3com.com on the Internet.

Shareholder Assistance
If you have questions concerning your shareholder account, please contact the stock transfer agent, EquiServe Trust Company N.A., P.O. Box 219045, Kansas City, Missouri 64122-9045, or call 816-843-4299. For the hearing impaired, the phone number is TDD: 781-575-4592.

You can also contact the stock transfer agent through their web site at http://www.equiserve.com on the Internet.

Stock Exchange Listing
The common stock of L-3 Communications is traded on the New York Stock Exchange under the symbol LLL.

Annual Meeting
The annual meeting of shareholders will be held at 2:30 p.m. on Tuesday, April 26, 2005 at the Rihga Royal New York Hotel, 151 West 54th Street, New York, NY.

Equal Opportunity Employer
L-3 Communications Corporation is an equal opportunity employer. All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and all other personnel policies will continue to be free from discriminatory practices.

A Lifetime of Service in the Defense Industry

The Board of Directors, management and employees of L-3 Communications would like to thank Robert V. LaPenta, L-3’s president and Chief Financial officer and one of the founders of the company, for his years of service and dedication. Under his leadership, L-3 Communications grew from a small defense electronics business to one of the largest defense companies in the United States. Because of his hard work and commitment, L-3 has become a Fortune 500 company and joined the flagship stock market index – the S&P 500. We all congratulate Bob on his achievements and wish him well in his retirement.

Robert V. LaPenta

General (Ret.)
John M. Shalikashvili continued to play an active role on the Board of Directors of L-3 Communications in 2004. L-3 thanks him for his advice and counsel and wishes him well on his recovery.

Board of Directors
(front) Frank C. Lanza, Chairman and Chief Executive Officer
(middle row, l to r) Claude R. Canizares, John P. White and Robert V. LaPenta
(back row, l to r) Thomas A. Corcoran, Alan H. Washkowitz, Arthur L. Simon and Robert B. Millard
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L-3 Communications Leadership Team

Executive Management
- Richard A. Nordstrom: Vice President of Operations Review
- Michael T. Strianese: Senior Vice President, Chief Financial Officer and Corporate Ethics Officer
- Christopher C. Cambria: Senior Vice President, Secretary and General Counsel
- Jimmie V. Adams: Senior Vice President and President of Washington Operations
- James W. Dunn: Senior Vice President and President of Sensors and Simulation Group
- Charles J. Schafer: Vice President and President and CEO of Sensors and Simulation Group
- Anthony Caputo: Senior Vice President and President and CEO of L-3 Communications Canada
- Robert W. Davis: Vice President and President and CEO of Products Group
- Steve Kantor: Vice President and President and CEO of Power and Control Systems Group
- John S. Mega: Vice President and President and CEO of Microwave Group
- Carl E. Vasse: President and COO of Government Services Group
- A. Michael Andrews II, Ph.D.: Vice President and Chief Technology Officer
- David T. Butler III: Vice President of Mergers, Acquisitions and Corporate Strategy
- Ralph G. D’Ambrosio: Vice President of Finance
- Kenneth R. Goldstein: Vice President of Taxes
- Larry L. Henry: Vice President of Air Force Programs
- Dennis A. Jones: Vice President of Maritime Programs
- Kenneth W. Manne: Vice President of Human Resources
- Sabina J. Marotta: Vice President of Employee Benefits
- Ted McFarland: Vice President-International
- Robert W. RisCassi: Vice President of Business Review
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Corporate Management
- David M. Reilly: Vice President, Assistant General Counsel and Assistant Secretary
- Ronald G. Subbah: Vice President of Software Development and Special Projects
- Sheila M. Sheridan: Vice President of Administration
- Stephen M. Swain: Vice President and Treasurer
- Cynthia Swain: Vice President of Corporate Communications
- Vincent E. Taylor: Vice President and Chief Information Officer
- Fred Wahl: Vice President of Government Affairs
- Jill J. Wittles, Ph.D.: Vice President of Business Development
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