This presentation consists of L-3 Communications Corporation general capabilities and administrative information that does not contain controlled technical data as defined within the International Traffic in Arms (ITAR) Part 120.10 or Export Administration Regulations (EAR) Part 734.7-11.
L-3 at a Glance

• Leading positions in select aerospace and defense markets

• **Prime contractor:** ISR systems, aircraft sustainment, training & simulation, night vision

• **Supplier:** electronic and communication systems

• **Strengths:**
  – broad/diverse technologies, contracts
  – efficient capital structure
  – high earnings-to-cash flow conversion

• **Strategic objectives:**
  – strengthen portfolio
  – expand operating margins
  – return top-line to growth
End Customer Sales Trends

2014
- 65% DoD
- 32% International & Commercial
- 3% Other U.S. Agencies

2015 Estimate
- 66% DoD
- 31% International & Commercial
- 3% Other U.S. Agencies

2016 Estimate
- 69% DoD
- 28% International & Commercial
- 3% Other U.S. Agencies
Favorable Outlook in U.S. Government Markets

• Geopolitical threats escalating
• Fiscal deficit improving
• DoD budget growth resumes in FY16
  – BBA 2.0 reduces sequester cuts, sets budgets for FY16-17, raises OCO funding
  – Budget constraints and BBP remain
• View that defense has been underfunded, thus impacting readiness and overall U.S. technology advantages - - impact of years of neglect seem apparent, political views seem to be changing
• Market share opportunities… especially in USG classified
Select DoD Awards

• Classified
  – Communication System for multiple agencies - - $260 million

• Gray Eagle
  – UAV communication systems - - $90 million

• Manned UnManned Teaming eXpanded (MUMT-X)
  – Upgrade communication data link between Apache and UAVs: Initial award $11 million with $400 million follow-on potential

• EMARSS - Geospatial (G)
  – Enhanced sensors for Constant Hawk and TACOP aircraft - - $48 million

• EMARSS - Multi-Int (M)
  – Prototype development contract for ISR aircraft - - $32 million

• U.S. Coast Guard C-130J
  – Missionization of two C-130J aircraft - - $93 million
Attractive International & Commercial Opportunities

• International - - large addressable market
  – Increased marketing & selling efforts
  – Key growth areas:
    o ISR systems, simulators, communication systems, night vision, sensors
  – Business lumpiness in expected long-term growth areas

• Commercial - - favorable fundamentals
  – Key growth product areas:
    o Aviation products, security screening, and training & simulation
Select International & Commercial Wins

• Australian Very Small Aperture Terminals (VSATs)
  – Production of 1.2 & 2.0 meter Manpacks - - $90 million

• Japanese Coast Guard Surveillance Aircraft
  – Installation of Mission Systems - - $60 million

• Hainan Airlines Trainers
  – Full Flight Simulators (FFS) for B787 and A320 - - $40 million

• Singapore Airport Security
  – Baggage screening systems for Changi Airport Group - - $30 million

• Canadian Navy Arctic Offshore Patrol Cutter
  – On-board communication systems - - $30 million
Disciplined Capital Allocation

- Internal investment in organic growth, IRAD & CapX
- Return to shareholders
- Reduce debt to maintain investment grade rating
- M&A to build out portfolio
Select R&D Investments

**Mission Based Modeling & Simulation**

- Mission Based Modeling & Simulation
- EW System of Systems

**Advanced Apertures**

- Steerable Arrays
- Low Observables
- Conformal Arrays

**ELECTRONIC WARFARE**

- Small Unmanned Systems
- Intelligent Radar Systems
- Distributed ISR
- LASER Communications

**AUTONOMY**

- C4ISR

**SPACE**

- Small Sats
- Advanced Sensors
- Ground Stations
Cash Flow Returned to Shareholders

($ in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Dividends</th>
<th>Share Repurchases</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>$199</td>
<td>$800</td>
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<tr>
<td>2014</td>
<td>$208</td>
<td>$823</td>
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<tr>
<td>2015 Estimate</td>
<td>$214</td>
<td>$740</td>
</tr>
</tbody>
</table>

- 94% in 2013
- 109% in 2014
- 112% in 2015 Estimate
Portfolio Shaping

• Focusing on Electronic Systems, ISR Systems, Communication Systems

• Repositioning capital
  – Divestitures: MSI, BSI and NSS (low margin/low growth)
  – Acquisitions: CTC, ForceX and Miteq (high margin/high growth)

• Improving top-line growth and margin expansion profile
Portfolio Shaping Objectives

Top-Line Growth

- Miteq
- ForceX CTC
- MSI
- BSI
- Tinsley

Margins

- 0%
- 10%
- 20%
L-3 Positioned for Growth

• Focusing on margin expansion, top-line growth and re-positioning portfolio

• R&D well-aligned with DoD priority areas

• Portfolio focus on areas where L-3 has significant leadership positions - Electronics, Communication Systems, ISR

• Solid free cash flow + disciplined capital allocation