

Credit Suisse

2014 Global Industrials Conference

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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.

Forward Looking Statements

Certain of the matters discussed in these slides, including information regarding the company's 2014 financial guidance and preliminary 2015 outlook are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts, may be forward-looking statements, such as "may," "will," "should," "likely," "projects," "expects," "anticipates," "intends," "plans," "believes," "estimates," and similar expressions are used to identify forward-looking statements. The company cautions investors that these statements are subject to risks and uncertainties many of which are difficult to predict and generally beyond the company's control that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Some of the factors that could cause actual results to differ include, but are not limited to, the following: the effect, if any, of the results of our Internal Review on our customer relationships, financial condition or results of operations or our internal controls over financial reporting; our dependence on the defense industry; backlog processing and program slips resulting from delayed funding of the Department of Defense (DoD) budget; U.S. Government failure to raise the debt ceiling; our reliance on contracts with a limited number of customers and the possibility of termination of government contracts by unilateral government action or for failure to perform; the extensive legal and regulatory requirements surrounding many of our contracts; our ability to retain our existing business and related contracts; our ability to successfully compete for and win new business; or, identify, acquire and integrate additional businesses; our ability to maintain and improve our operating margin; the availability of government funding and changes in customer requirements for our products and services; our significant amount of debt and the restrictions contained in our debt agreements; our ability to continue to recruit, retain and train our employees; actual future interest rates, volatility and other assumptions used in the determination of pension benefits and equity based compensation, as well as the market performance of benefit plan assets; our collective bargaining agreements, our ability to successfully negotiate contracts with labor unions and our ability to favorably resolve labor disputes should they arise; the business, economic and political conditions in the markets in which we operate; global economic uncertainty; the DoD's Better Buying Power and other efficiency initiatives; events beyond our control such as acts of terrorism; our ability to perform contracts on schedule; our international operations; our extensive use of fixed-price type revenue arrangements; the rapid change of technology and high level of competition in which our businesses participate; our introduction of new products into commercial markets or our investments in civil and commercial products or companies; the outcome of litigation matters; results of audits by U.S. Government agencies and of on-going governmental investigations; the impact on our business of improper conduct by our employees, agents or business partners; ultimate resolution of contingent matters, claims and investigations relating to acquired businesses, and the impact on the final purchase price allocations; and the fair values of our assets.

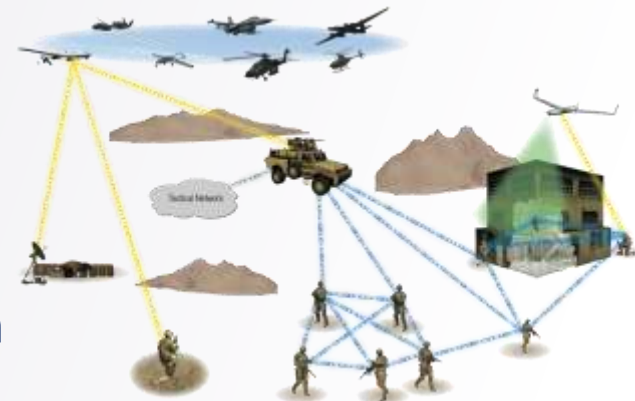
Our forward-looking statements speak only as of the date of these slides or as of the date they were made, and we undertake no obligation to update forward-looking statements. For a more detailed discussion of these factors, also see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our amendment to our Annual Report on Form 10-K/A for the year ended December 31, 2013 filed on October 10, 2014 and in the quarterly report on Form 10-Q for the quarterly period ended September 26, 2014 and any material updates to these factors contained in any of our future filings.

As for the forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainties of estimates, forecasts and projections and may be better or worse than projected and such differences could be material. Given these uncertainties, you should not place any reliance on these forward-looking statements.



L-3 Key Characteristics and Positioning

- Aerospace & defense contractor
- Prime contractor: ISR systems, aircraft modifications & sustainment, simulation, enterprise & mission IT, cyber
- Supplier: electronic and communication systems
- Attributes:
 - broad/diverse technologies, contracts
 - 29% international & commercial
 - flexible cost structure
 - efficient capital structure... IG credit
 - high earnings-to-cash flow conversion



L-3 Strategy and Priorities

- **Build strong businesses with durable discriminators and #1 or #2 market positions**
- **Strengthen market positions... gain market share**
 - **proactively right-size businesses**
 - **innovative and affordable solutions**
 - **IRAD, contract performance and M&A**
 - **excellent customer relationships**
 - **pursue adjacencies... expand platform content**
- **Portfolio shaping to strengthen L-3**
- **Attract & retain key employees**
- **Maintain strong internal controls**
- **Grow EPS... generate robust cash flow**

U.S. Government Markets

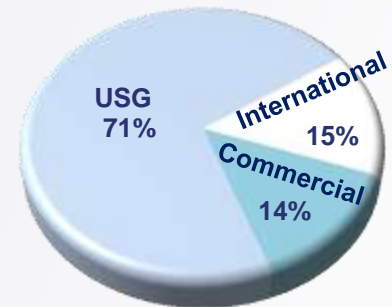
- **Geopolitical threats escalating**
- **Fiscal deficit improving... debt ceiling extended to March 2015**
- **Defense down-cycle began 2011**
 - **BBP and drawdowns continue**
 - **Congress reduced first 3 years of sequester cuts**
 - **Base budgets flat FY13 to FY15... then grow**
- **Several market share opportunities**



International & Commercial Growing

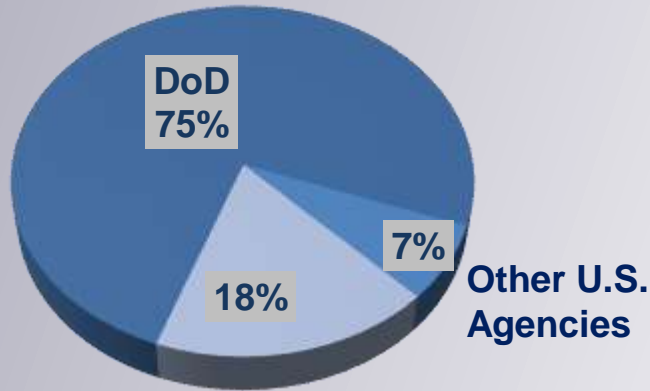
- **International** - - large addressable market
 - Introducing more products for export
 - Targeting UK, Canada, Saudi, Australia, UAE, South Korea, others
- **Commercial** - - favorable fundamentals
 - Avionics, security & detection and simulation & training growing
 - Public safety & sporting contracting
 - SATCOM rebounding

2014 Sales Estimate



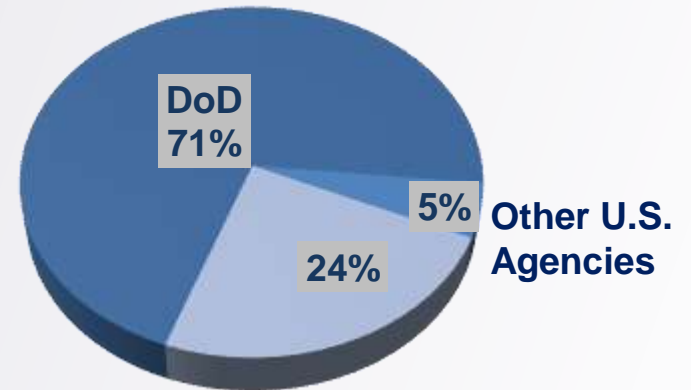
Business Mix Shifting

2011



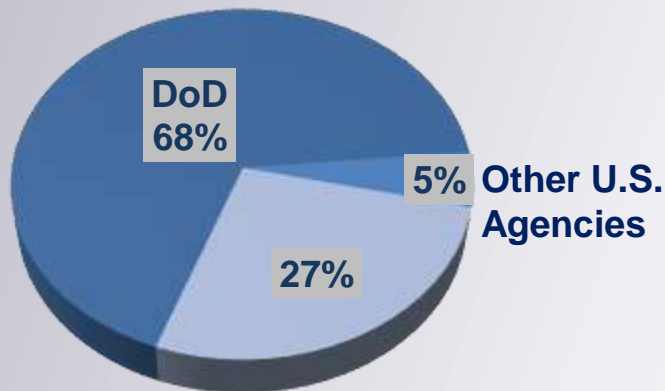
International & Commercial

2012



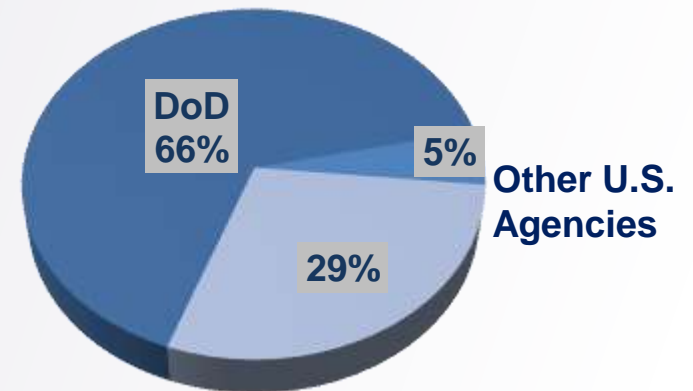
International & Commercial

2013



International & Commercial

2014 Estimate



International & Commercial



Select DoD Wins

- Small ISR Aircraft
- Proprietary Aircraft
- Gray Eagle Communication Systems
- C-17 Simulation & Training
- T-45 CLS
- RCAS Services



Select International & Commercial Wins

- **SPYDR (FMS)**
- **Argentina C-130**
- **VIP/HOS aircraft modification**
- **Kuwait S-92 CLS**
- **Airport / cargo security equipment**

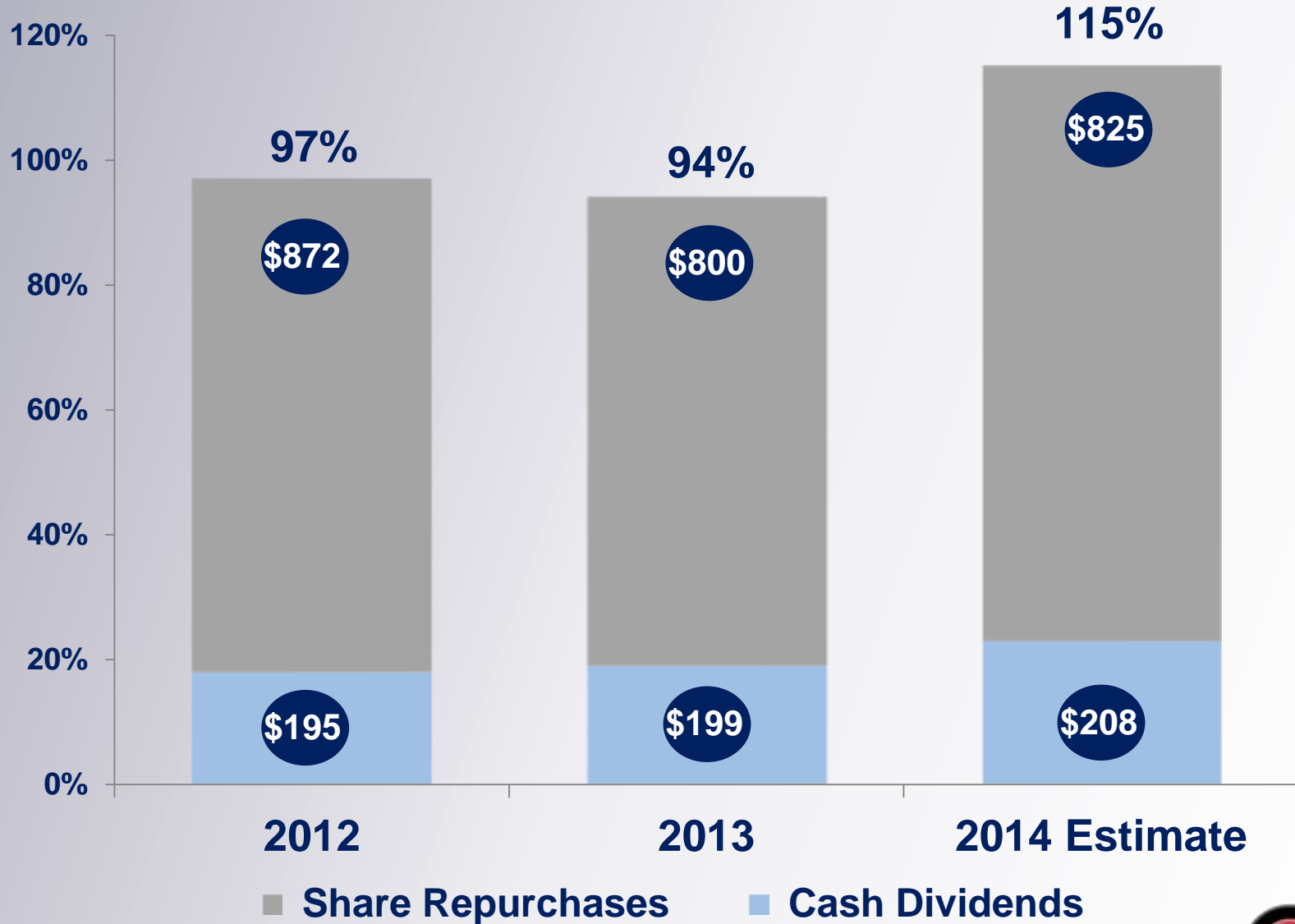


Cash Deployment - - 2014

- **Investing \$240M IR&D**
 - **Electronic Systems... 2.9% of sales**
 - **Aerospace Systems... 0.8% of sales**
 - **Comm Systems... 3.6% of sales**
- **Generating \$900M Free Cash Flow**
- **Dividends of \$208M... 10th annual increase**
- **Repurchasing \$825M of stock**

Cash Flow Returned to Shareholders

(\$ in Millions)



Segment Trends



Electronic Systems Trends

- Diverse discriminating products... mostly FFP
- 49% International & Commercial - growing
- Increasing market positions with IRAD and M&A
- Reducing costs... streamlining organizations, combining support and facilities, supply chain
- Highest core margin and expanding

(\$ in Millions)	2014 Midpoint	2013 Actual	2014 vs. 2013
Net Sales	\$4,550	\$4,598	-1%
Operating Margin	11.8%	11.6%	+20 bps
Book-to-Bill	0.98x	1.00x	-0.02x

Aerospace Systems Trends

- DoD sales headwinds... drawdown, budget shortfalls
- DoD requires low cost/rapid turnaround fleet upgrades
- Investing in ISR and multi-mission aircraft, C-130 upgrades and commercial aerostructures
- Margin pressures... volume, mix, BBP, logistics

(\$ in Millions)	2014 Midpoint	2013 Actual	2014 vs. 2013
Net Sales	\$4,350	\$4,551	-4%
Operating Margin	7.0%	9.4%	-240 bps
Book-to-Bill	0.97x	0.95x	0.02x

Communication Systems Trends

- Solid, long-term positions
- Lower tactical ISR and Army budgets sales pressures abating
- International & Commercial growing... new products
- Investing in next gen / advanced comms and antennas
- Core margin improving... manufacturing productivity, realignment synergies

(\$ in Millions)	2014 Midpoint	2013 Actual	2014 vs. 2013
Net Sales	\$1,925	\$2,178	-12%
Operating Margin	9.7%	7.7%	+200 bps
Book-to-Bill	0.99x	0.90x	0.09x

National Security Solutions (NSS) Trends

- Gaining share in price competitive market
- Won several major IDIQs
- Building cyber security with targeted pursuits
- Entering select international markets
- Margins stable

(\$ in Millions)	2014 Midpoint	2013 Actual	2014 vs. 2013
Net Sales	\$1,250	\$1,295	-3%
Operating Margin	6.5%	6.6%	-10 bps
Book-to-Bill	0.98x	0.90x	0.08x

Preliminary Outlook - - 2015

Preliminary Outlook 2015 vs. 2014 Guidance

(\$ in Billions, except per share amounts)

	2014 Guidance (October 30, 2014)	2015 Preliminary Outlook
Net Sales	\$12.025 to \$12.125	\$11.8
Operating margin	9.2%	9.3%
Effective tax rate	30.0%	32.0%
Diluted EPS	\$7.30 to \$7.50	\$7.50
Free cash flow*	\$0.875 to \$0.925	\$0.925

2015 Preliminary Outlook Assumptions:

- (1) DoD and other U.S. Government sales are expected to decrease 5%, including a \$250 million decline due to the U.S. military drawdown from Afghanistan. International/Commercial sales are expected to increase 5%.
- (2) Estimated higher pension expense (FAS expense, less CAS cost recoveries) vs. 2014 decreases operating income by \$73 million, operating margin by approximately 60 bps and diluted EPS by \$0.56. The increase is due to: (i) \$49 million for an 86 bps decline in the estimated weighted average discount rate to 4.17% from 5.03% at 12/31/13, (ii) \$12 million for the reduction of 2015 recoverable CAS pension costs due to the passage of HATFA and (iii) \$12 million for other changes in actuarial assumptions, primarily mortality rates.
- (3) No U.S. Federal R&E tax credit, which expired on December 31, 2013. If reenacted for 2015, the annual R&E credit benefit would be a reduction to the effective tax rate of 170 bps and an increase to diluted EPS of \$0.19.
- (4) Share repurchases of \$500 million.
- (5) Outlook excludes any potential non-cash goodwill impairment charges for which the information is presently unknown.
- (6) Outlook excludes the impact, if any, of litigation and investigations relating to matters subject to the Internal Review.

* 2014 Free Cash Flow range is comprised of net cash from operating activities of \$1,070M - \$1,120M less capital expenditures, net of dispositions of \$195M.



L-3 Summary

- Technologies/affordable solutions aligned with customer priorities
- DoD budget stabilizing
- Growing international & commercial
- Gaining market share
- Generating robust cash flow



L-3: Healthy, Agile and Focused

Q & A

