2010 Investor Conference
December 7, 2010

L-3 Overview

Michael T. Strianese
Chairman, President and Chief Executive Officer
Certain of the matters discussed in these slides, including information regarding the company’s 2010 and 2011 preliminary financial outlook that are predictive in nature, depend upon or refer to events or conditions or include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” and similar expressions constitute forward-looking statements. Although we believe that these statements are based upon reasonable assumptions, including projections of total sales growth, sales growth from business acquisitions, organic sales growth, consolidated operating margins, total segment operating margins, interest expense, earnings, cash flow, research and development costs, working capital, capital expenditures and other projections, they are subject to several risks and uncertainties, and therefore, we can give no assurance that these statements will be achieved. Such statements will also be influenced by factors which include, among other things: our dependence on the defense industry and the business risks peculiar to that industry; our reliance on contracts with a limited number of agencies of, or contractors to, the U.S. Government and the possibility of termination of government contracts by unilateral government action or for failure to perform; the extensive legal and regulatory requirements surrounding our contracts with the U.S. or foreign governments and the results of any investigation of our contracts undertaken by the U.S. or foreign governments; our ability to retain our existing business and related contracts (revenue arrangements); our ability to successfully compete for and win new business and related contracts (revenue arrangements) and to win re-competition of our existing contracts; our ability to identify and acquire additional businesses in the future with terms that are attractive to L-3 and to integrate acquired business operations; our ability to maintain and improve our consolidated operating margin and total segment operating margin in future periods; our ability to obtain future government contracts (revenue arrangements) on a timely basis; the availability of government funding or cost-cutting initiatives 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 retain and train our existing employees and to recruit and hire new qualified and skilled employees as well as our ability to retain and hire employees with U.S. Government Security clearances; 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, including those for the commercial aviation, shipbuilding and communications market; global economic uncertainty; the DoD’s contractor support services in-sourcing and 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 contracts as compared to cost-plus type and time-and-material type contracts; the rapid change of technology and high level of competition in the defense industry and the commercial industries 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; results of on-going governmental investigations, including potential suspensions or debarments; improper conduct by our employees, agents or business partners; anticipated cost savings from business acquisitions not fully realized or realized within the expected time frame; the outcome of matters relating to the Foreign Corrupt Practices Act (FCPA); ultimate resolution of contingent matters, claims and investigations relating to acquired businesses, and the impact on the final purchase price allocations; competitive pressure among companies in our industry; and the fair values of our assets, which can be impaired or reduced by other factors, some of which are discussed above.

For a discussion of other risks and uncertainties that could impair our results of operations or financial condition, see “Part I — Item 1A — Risk Factors” and Note 19 to our audited consolidated financial statements, included in our Annual Report on Form 10-K for the year ended December 31, 2009 as well as any material updates to these factors in our future filings.

Our forward-looking statements are not guarantees of future performance and the actual results or developments may differ materially from the expectations expressed in the forward-looking statements. 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. These forward-looking statements also represent our estimates and assumptions only as of the date that they were made. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of these slides to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events.
"To deliver state-of-the-art solutions to our customers while expanding our leading market positions to deliver value to all of our stakeholders"
2010 Update
2010 Accomplishments

- Outstanding program execution
- Significant competitive wins
- New product introductions in 2010
- Expanding operating margin 50 bpts vs. 2009
- 3 acquisitions completed - building portfolio
- Refinancings - improved liquidity
- Strong cash flow + improving leverage metrics
Cash Deployment - - 2010

- Cash - - $650M at September 24, 2010
- Invested $272M in IR&D
- Cash dividends - - $185M (estimate) - 6th increase
- Share repurchases - - $800M (estimate)
- Acquisitions totaling $705M
# YTD Acquisitions

<table>
<thead>
<tr>
<th>($ in Millions)</th>
<th>Annual Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Insight Technology</strong></td>
<td><strong>$290</strong></td>
</tr>
<tr>
<td>Developer and manufacturer of Night Vision and Electro-Optical systems for the U.S. military, law enforcement agencies and select allied nations</td>
<td></td>
</tr>
</tbody>
</table>

| **Airborne Technologies** | **$18** |
| Airframe manufacturer for the L-3 Cutlass UAS, several small UAS air vehicles and a Small Expendable program of record (POR) that has been approved for transition to production |

| **3Di Technologies** | **$40** |
| Provider of satellite communications services to a variety of DoD, US Government Agencies, NATO and state and local customers |
M&A Environment

● Public defense company vs. private M&A transaction multiples

● High valuations for select properties, "busted" auctions for others

● Financing is more readily available

● Portfolio reshaping

● Overall - activity increasing
## Cash Returned to Shareholders

($ in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2010 Guidance</th>
<th>2009 Actual</th>
<th>2008 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Dividends</td>
<td>$185</td>
<td>$165</td>
<td>$147</td>
</tr>
<tr>
<td>Share Repurchases</td>
<td>800</td>
<td>505</td>
<td>794</td>
</tr>
<tr>
<td>Total Cash Returned</td>
<td>$985</td>
<td>$670</td>
<td>$941</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$1,260</td>
<td>$1,225</td>
<td>$1,184</td>
</tr>
<tr>
<td>% Returned</td>
<td>78%</td>
<td>55%</td>
<td>79%</td>
</tr>
</tbody>
</table>

Note: See Reconciliation of GAAP to Non-GAAP Measurements
2011 Outlook
Complex geopolitical environment

Record deficits and national debt

Slower DoD budget growth

DoD efficiency initiatives

Growth more challenging
Geopolitical Concerns

- Destabilized North Korea
- Assertive China
- Resurgent Russia
- Uncertain “Nuclear” Iran
- Violence against Israel
- Rise of new alliances and coalitions
- Directionless Cuba
- Post-Chavez Venezuela
- Fragmented Central Asia
- Inconclusive conflict in Afghanistan
- Flawed outcome in Iraq
- Expanding Pan-Islamic Alliance
- Appearance of competing Energy Alliances
- Violent conflict in Complex Urban Environments (CUE)
- Use of Weapons with Mass and Complex Effects (WMCE)
- Large-scale economic failure
- Increasing crime (with national security implications…)
- Disruption of our networks and systems
- Wildcards (violent/threatening) that we can’t fully anticipate…

Increasingly complex
QDR Key Mission Areas

1. Defend the United States and support civil authorities at home
2. Succeed in counterinsurgency, stability, and counterterrorism operations
3. Build the security capacity of partner states
4. Deter and defeat aggression in anti-access environments
5. Prevent proliferation and counter weapons of mass destruction
6. Operate effectively in cyberspace
## DoD Budget Trends

($ in Billions)

<table>
<thead>
<tr>
<th>Base:</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11 Request</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>MilPer</td>
<td>$116</td>
<td>$126</td>
<td>$135</td>
<td>$139</td>
<td>6%</td>
</tr>
<tr>
<td>O&amp;M Account</td>
<td>163</td>
<td>179</td>
<td>185</td>
<td>200</td>
<td>7%</td>
</tr>
<tr>
<td>Investment Account</td>
<td>178</td>
<td>180</td>
<td>185</td>
<td>189</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>21</td>
<td>28</td>
<td>26</td>
<td>21</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$478</td>
<td>$513</td>
<td>$531</td>
<td>$549</td>
<td>5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supplemental:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MilPer</td>
<td>$17</td>
<td>$20</td>
<td>$17</td>
<td>$15</td>
<td>-4%</td>
</tr>
<tr>
<td>O&amp;M Account</td>
<td>89</td>
<td>92</td>
<td>112</td>
<td>117</td>
<td>10%</td>
</tr>
<tr>
<td>Investment Account</td>
<td>74</td>
<td>35</td>
<td>30</td>
<td>25</td>
<td>-30%</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>-34%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$187</td>
<td>$153</td>
<td>$162</td>
<td>$159</td>
<td>-5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Base + Supplemental:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MilPer</td>
<td>$133</td>
<td>$146</td>
<td>$152</td>
<td>$154</td>
<td>5%</td>
</tr>
<tr>
<td>O&amp;M Account</td>
<td>252</td>
<td>271</td>
<td>297</td>
<td>317</td>
<td>8%</td>
</tr>
<tr>
<td>Investment Account</td>
<td>252</td>
<td>215</td>
<td>215</td>
<td>214</td>
<td>-5%</td>
</tr>
<tr>
<td>Other</td>
<td>28</td>
<td>34</td>
<td>29</td>
<td>23</td>
<td>-6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$665</td>
<td>$666</td>
<td>$693</td>
<td>$708</td>
<td>2%</td>
</tr>
</tbody>
</table>
Addressable DoD Budget Trends

($ in Billions)

<table>
<thead>
<tr>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11 Request</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>O&amp;M Account</td>
<td>163</td>
<td>179</td>
<td>185</td>
<td>200</td>
</tr>
<tr>
<td>Investment Account</td>
<td>178</td>
<td>180</td>
<td>185</td>
<td>189</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$341</td>
<td>$359</td>
<td>$370</td>
<td>$389</td>
</tr>
</tbody>
</table>

| **Supplemental:** | | | | |
| O&M Account | 89 | 92 | 112 | 117 | 10% |
| Investment Account | 74 | 35 | 30 | 25 | -30% |
| **Total** | $163 | $127 | $142 | $142 | -4% |

| **Base + Supplemental:** | | | | |
| O&M Account | 252 | 271 | 297 | 317 | 8% |
| Investment Account | 252 | 215 | 215 | 214 | -5% |
| **Total** | $504 | $486 | $512 | $531 | 2% |
FY10/11 DoD Program Cancellations/Cuts

- Program Cancellations/Reductions
  - FCS vehicles
  - F-22 (cap at 187 aircraft)
  - VH-71
  - ABL
  - MND (MKV, GMD)
  - TSAT (replace with 2 AEHF)
  - CSAR-X
  - DDG-1000
  - C-17 (cap at 205 aircraft)
  - FA-18
  - C-17
  - CGX
  - EP-X
  - JCA

- Program Delays/Stretchouts
  - USN aircraft carriers
  - LPD
  - MLP
  - CG-X
  - Next Gen
  - Bomber, EFV
OSD Efficiency Goals

- Find $100+B of cost savings over next 5 years
- Plan is to use savings to modernize and recapitalize
- September 14 - - Under SecDef, Ash Carter issues memo to ACQ EXECs aimed at "Better Buying Power"

"DO MORE WITHOUT MORE"
### Business Mix Trends

<table>
<thead>
<tr>
<th></th>
<th>2011 Estimate</th>
<th>2010 Estimate</th>
<th>2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>DoD</td>
<td>75%</td>
<td>77%</td>
<td>76%</td>
</tr>
<tr>
<td>Other US Government</td>
<td>8%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Commercial</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Foreign Governments</td>
<td>8%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Consolidated</td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Non-DoD Businesses

- Intelligence agencies growing budgets
- Avionics - aircraft deliveries, new products, NEXT GEN will fuel growth - starting to improve
- Marine & Power - less idle vessels but no real improvement until at least 2012
- Security & Detection - AIT, new products and Middle East/Asia driving growth
- Commercial communications - continued modest growth
- International opportunities in select regions

~25% of consolidated 2011 sales
2011 vs. 2010 Business Area Estimated Sales Trends

- **Growing**
  - ISR Systems
  - Comm Systems
  - Aircraft Modernization
  - EO/IR
  - Microwave
  - Avionics/Displays
  - Precision Engagement
  - Security & Detection
  - Simulation & Training

- **Unchanged**
  - Government Services

- **Declining**
  - Systems Field Support
  - Marine & Power Systems
  - Propulsion Systems
  - Telemetry & Advanced Tech
2011 Segment Sales Outlook

**Electronic Systems:** $5.7B to $5.8B (+3% vs. 2010)
- Growing - EO/IR, Microwave, Avionics/Displays, Precision Engagement, Security & Detection, Simulation & Training
- Declining - Marine & Power Systems, Propulsion Systems, Telemetry

**Government Services:** $3.9B to $4.0B (flat vs. 2010)
- Growth opportunities in Intelligence, Cyber, Federal, Healthcare IT and Afghanistan
- Investing in Cyber Security and CECOM relocation to Aberdeen
2011 Segment Sales Outlook (cont’d)

AM&M: $2.4B to $2.5B, (-11% vs. 2010)
   • USN aircraft mod opportunities
   • Opportunities exist with aging aircraft fleets
   • Growth from Army C-12 CLS win offset by SOFSA loss

C³ISR: $3.6B to $3.7B, (+6% vs. 2010)
   • Continues to lead growth
   • Strong demand for small aircraft ISR and networked communications
   • International Airborne ISR growing
Strategy Considerations

- Flattening budget is not a surprise
- Growth will come from gaining market share, new products/services, new customers, non-DoD sources
- Large-scale commercial diversification not likely
- Large M&A not likely, portfolio reshaping is
- Company remains well positioned
- Low stock valuations driving share repurchases
Outlook - - 2011

- Uncertainties will continue (deficit, budget, drawdown, programs, etc.)
- Low single-digit sales growth (challenging)
- EPS growth of 2% (4% before an estimated $0.20 pension expense increase)
- Strong cash flow
- Upside from cash deployment

Yet many opportunities
Concluding Thoughts

- Overall good execution in a challenging environment
- Uncertainties as to timing of orders, level of funding and future cancellations will continue
- Defense budget – as expected
- Commercial markets recovering
- International growth in select regions
- Continued change after mid-term elections
- Even downturns present opportunities

L-3 remains well positioned
## Reconciliation of GAAP to Non-GAAP Measurements

($ in Millions)

<table>
<thead>
<tr>
<th></th>
<th>2010 Guidance</th>
<th>2009 Actual</th>
<th>2008 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>$1,460</td>
<td>$1,407</td>
<td>$1,387</td>
</tr>
<tr>
<td>Less: Capital expenditures</td>
<td>(207)</td>
<td>(186)</td>
<td>(218)</td>
</tr>
<tr>
<td>Add: Dispositions of property, plant and equipment</td>
<td>7</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$1,260</td>
<td>$1,225</td>
<td>$1,184</td>
</tr>
</tbody>
</table>