

2014 Annual Meeting of Shareholders

May 6, 2014

Michael T. Strianese

Chairman, President
and Chief Executive Officer



SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except For Historical Information Contained Herein, The Matters Set Forth In This Presentation Are Forward-Looking Statements. Statements That Are Predictive In Nature, That Depend Upon Or Refer To Events Or Conditions Or That Include Words Such As Expects, Anticipates, Intends, Plans, Believes, Estimates And Similar Expressions Are Forward-Looking Statements. The Forward-Looking Statements Set Forth Above Involve A Number Of Risks And Uncertainties That Could Cause Actual Results To Differ Materially From Any Such Statement, Including The Risks And Uncertainties Discussed In The Company's Safe Harbor Compliance Statement For Forward-Looking Statements Included At The End Of This Presentation and In The Company's Recent Filings, Including Forms 10-K And 10-Q, With The Securities And Exchange Commission. The Forward-Looking Statements Speak Only As Of The Date Made, And The Company Undertakes No Obligation To Update These Forward-Looking Statements.



L-3 Vision

- Provide innovative solutions for our customers
- Expand our leading market positions
- Perform with excellence, integrity and accountability
- Increase value for all stakeholders



2013 Accomplishments

- **Solid program performance**
- **Adjusted to USG/DoD sequestration**
- **Exceeded financial plan**
- **Gained market share in every segment**
- **Grew international & commercial sales 11%**
- **Robust free cash flow ~ \$1 billion**



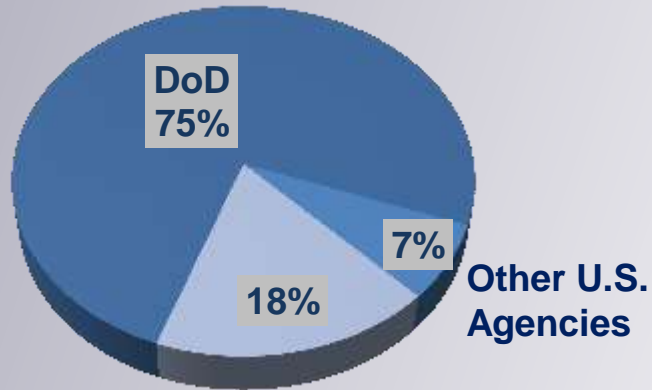
U.S. Defense Market Improving

- DoD base budget bottoming FY13-15... then grows even with sequester
- DoD procurement drivers unchanged
 - Better buying power
 - Drawdowns
 - Sequestration constraints
- Today's solutions are:
 - Less ambitious and less exquisite
 - Focused on rapid response
 - COTs based
 - Focused on lower price



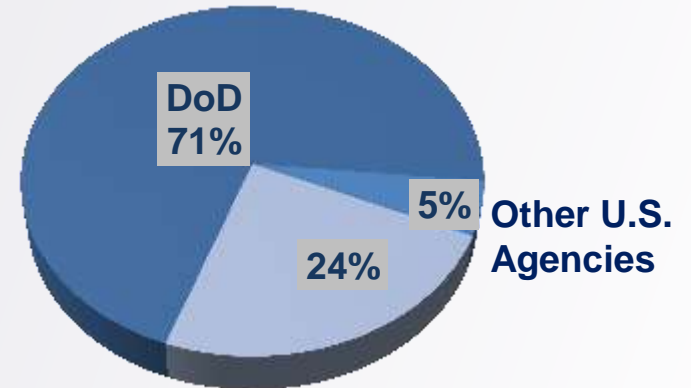
Sales Mix Shifting

2011



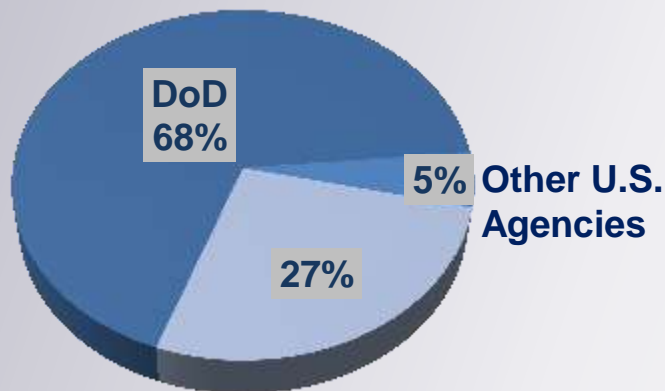
International & Commercial

2012



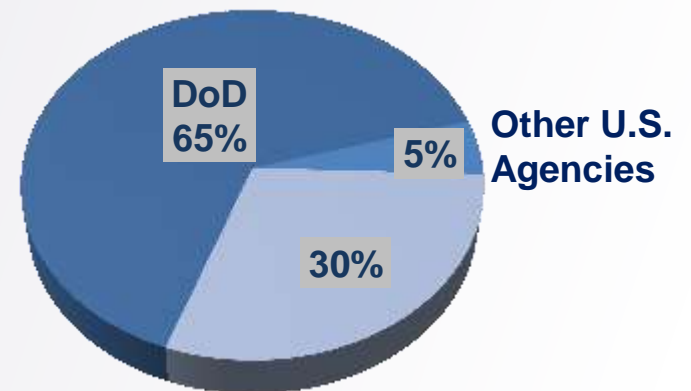
International & Commercial

2013



International & Commercial

2014 Estimate



International & Commercial



U.S. Government Markets

- **Geopolitical threats vs. fiscal constraints... deficit improving**
- **Defense down-cycle began 2011**
- **Congress reduced first three years of sequester cuts**
- **Budgets flat FY13 to FY15, resume growth in FY16**
- **Non-DoD agencies - - smaller bill payers than DoD**
- **Market share opportunities**



International & Commercial Markets

- **International - - growing... large addressable market**

- **ISR systems, simulators, aircraft modifications, communication systems, NVE, sensors... gaining market share**

- **Growth in UK, Canada, Australia, Saudi, UAE, South Korea, others**

2014 Sales Estimate



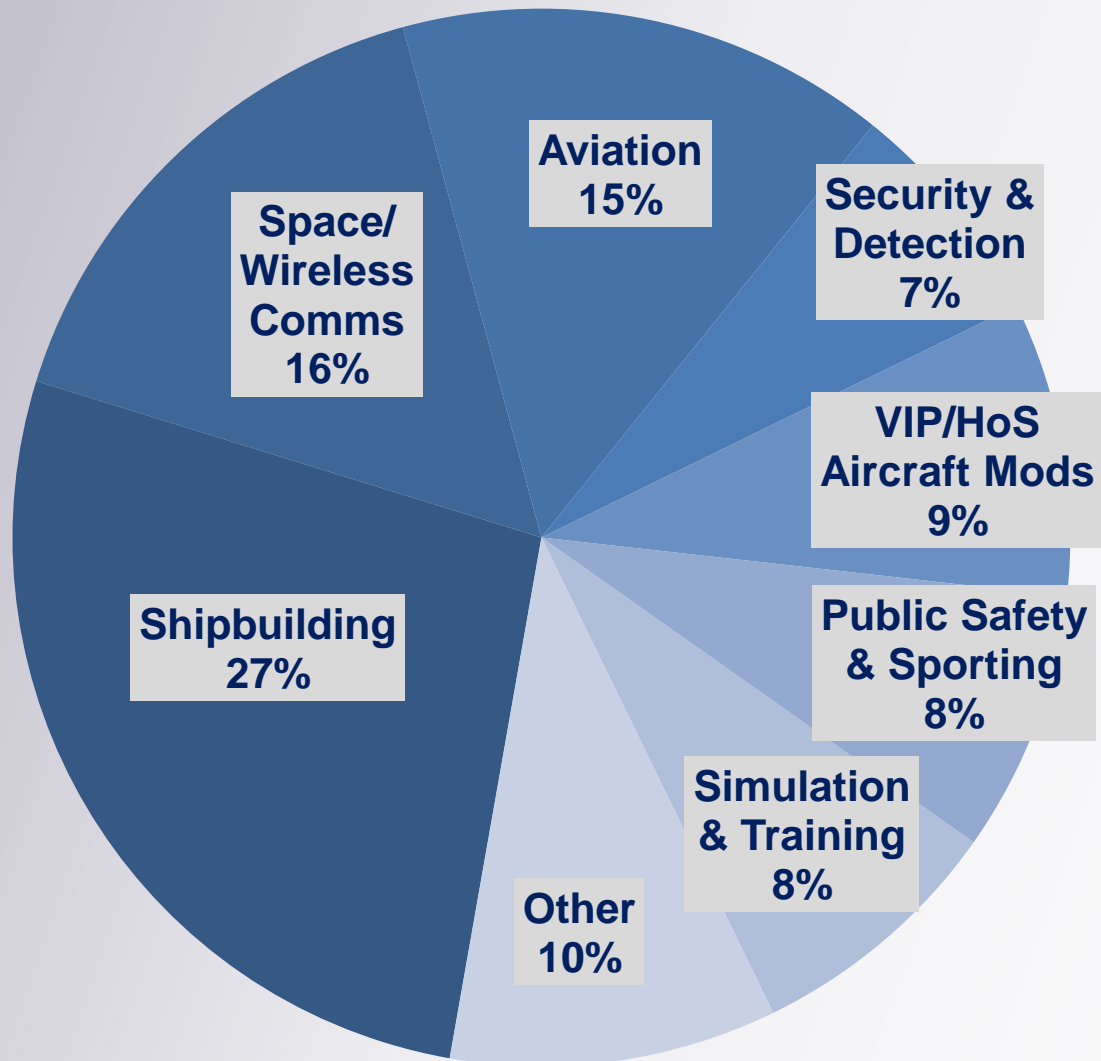
- **Commercial - - growing... favorable fundamentals**

- **Aviation products and simulation & training growing**

- **Shipboard electronics bottoming**

- **SATCOM rebounding**

Commercial Sales by End Market



2014 Sales Estimate \$1.8B



Corporate Strategies

- **Build strong businesses with durable discriminators and #1 or #2 market positions**
- **Strengthen market positions... grow market share**
 - innovative and affordable solutions
 - contract performance and collaboration
 - excellent customer relationships
 - pursue adjacencies... expand platform content
- **Invest in IRAD and M&A**
- **Proactively right-size businesses**
- **Attract & retain key employees**
- **Maintain strong internal controls/ethics**
- **Grow EPS... maintain robust cash flow**



Recent Acquisitions



Mustang Technology Group

- Acquired December 2013
 - Plano, TX (Headquarters)
 - Privately owned, founded in 1999
 - Annual sales: \$45 million
- Primary products
 - Proprietary programs
 - Radar seekers, fuze proximity sensors
 - Electronic warfare sensors and systems
 - Engineering services / capabilities
- Rationale
 - Enhances growth strategies in precision guided munitions, advanced fuzes, SUAS and classified programs



Data Tactics

- **Acquired March 2014**
 - **McLean, VA (Headquarters)**
 - **Annual sales: \$50 million**
- **Data management and analytics**
- **Unique intellectual property including Big Data engine and data visualization techniques**
- **Emerging, state-of-the-art technologies & methodologies**
- **Primary customers: US Army, DARPA, DHS**
- **Rationale**
 - **Provides a "Big Data analytics" tool set**
 - **Large, cleared, skilled workforce around growing areas of data science, cloud computing and analytics**
 - **Synergies with emerging EW/Cyber businesses**



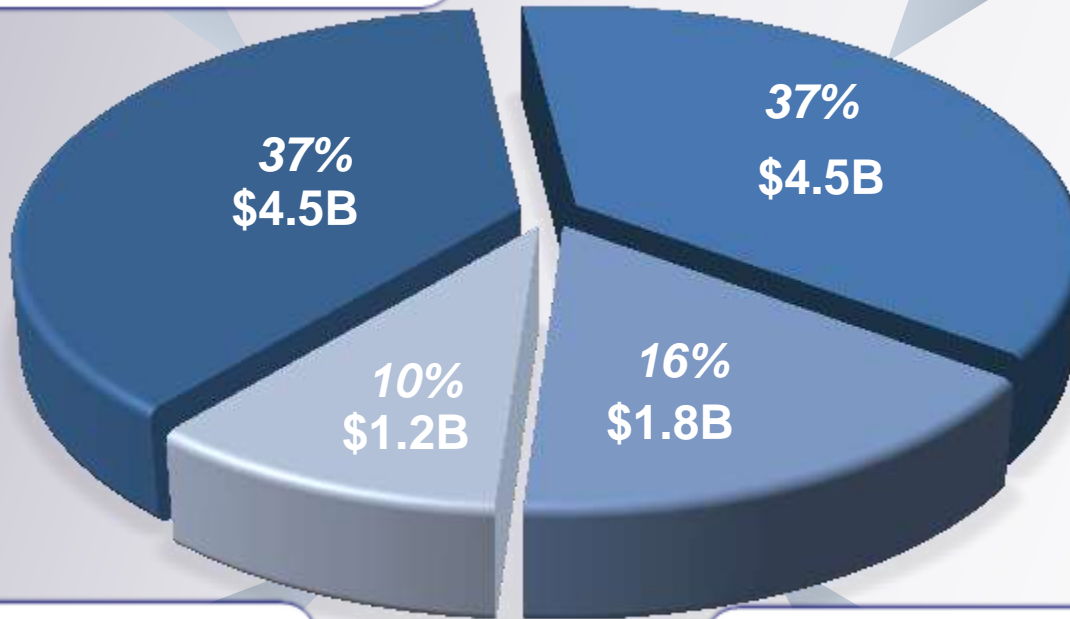
L-3 Business Segments

Aerospace Systems

Products and Services For The Global ISR Market, Specializing in SIGINT and COMINT, and Modernization, Upgrades, Sustainment, Maintenance and Logistics Support For Various Aircraft

Electronic Systems

Broad Range Of Products Including Systems, Subsystems, Components and Related Services for Military and Commercial Platforms



National Security Solutions

Cybersecurity Solutions, High-Performance Computing, Enterprise IT Services, Analytics, Intelligence Analysis

Communication Systems

Products and Services For The Global Communications Market, Specializing in Strategic and Tactical Communication Systems

Estimated 2014 Sales: \$12B

Delivering Value to Our Shareholders

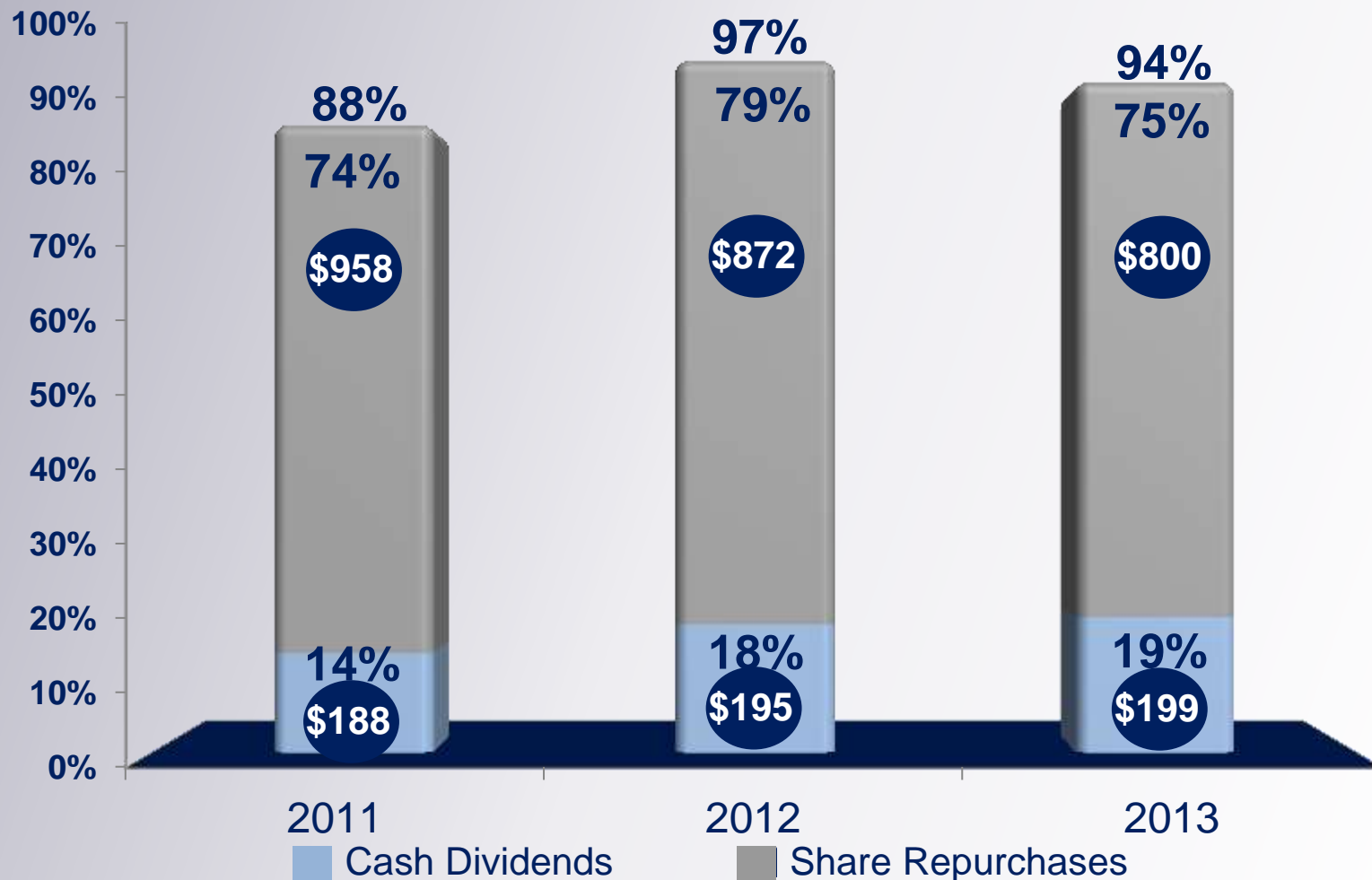
- **Solid margins reflecting strong market positions**
- **High quality earnings delivering strong cash flow**
- **Disciplined to Capital Deployment - - \$1B in 2013**
 - **Stock repurchases**
 - **\$800 million of L-3 common stock**
 - **Dividend growth**
 - **Paid \$199 million**
 - **Increased dividend 10th consecutive year**

***Strong Operating Performance + Capital Allocation =
Delivering Value to Our Shareholders***



Cash Returned to Shareholders

(\$ in Millions)



L-3 Summary

- **Gaining market share**
- **International & commercial growing**
- **Resizing businesses and reducing costs**
- **Improving margin... generating robust cash flow**
- **DoD budget cycle nearing upturn**



L-3: healthy... strong... managing through DoD down-cycle

With Our Sincerest Thanks



***L-3 thanks Dr. John P. White
for 10 years of dedicated service on our Board***

Questions?



