

2015 Annual Meeting of Shareholders

May 5, 2015

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



Highlights - - 2014

- **Solid program performance**
- **Expanded International & Commercial business**
- **Combined Microwave and Comm Systems Groups... re-aligned Segments with Groups**
- **Addressed problems at Aerospace Systems**
- **Generated \$946 million Free Cash Flow**
- **Maintained efficient capital structure with ample liquidity**



Recognition for L-3

- Fortune 500 – 2014 Ranking: #221
- Defense News Top 100 – Ranking: #11
- James S. Cogswell Award for Outstanding Industrial Security Achievement
- Defense Security Service Excellence in Counterintelligence Award

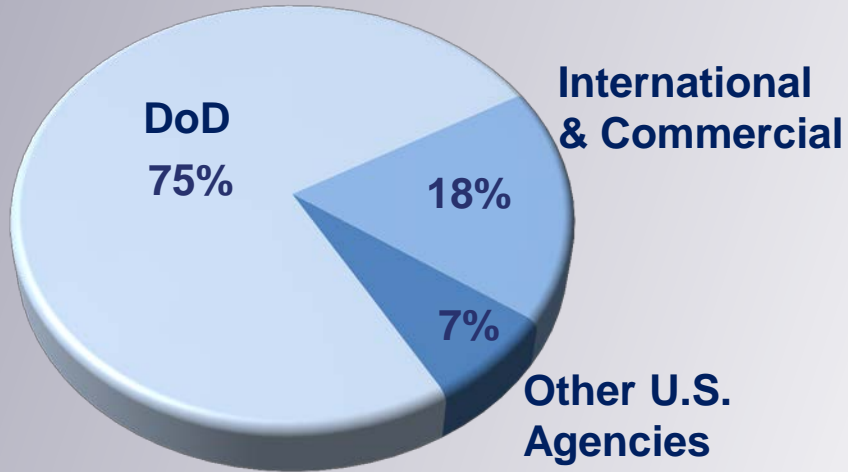
Key Employment Accolades

- *Forbes* – Best Employers 2015
Top 15 Employers for Veterans
- *U.S. Black Engineer and IT* – 2015 Best Companies for Veterans
- *Diversity/Careers in Engineering and IT* – 2014 Best Diversity Companies (Aerospace and Defense category)
- *Minority Engineers* – 2014 Top 50 Employers
- *Woman Engineer* – 2014 Reader's Choice Top 50 Employers

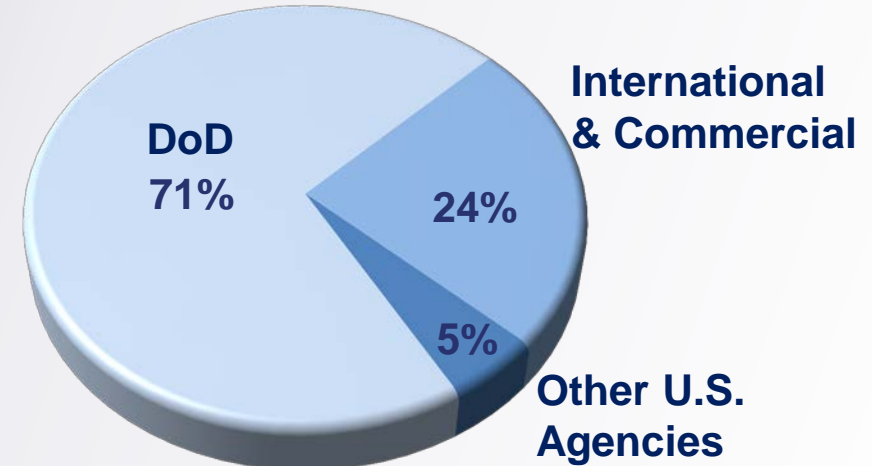


Sales Mix Continues to Shift

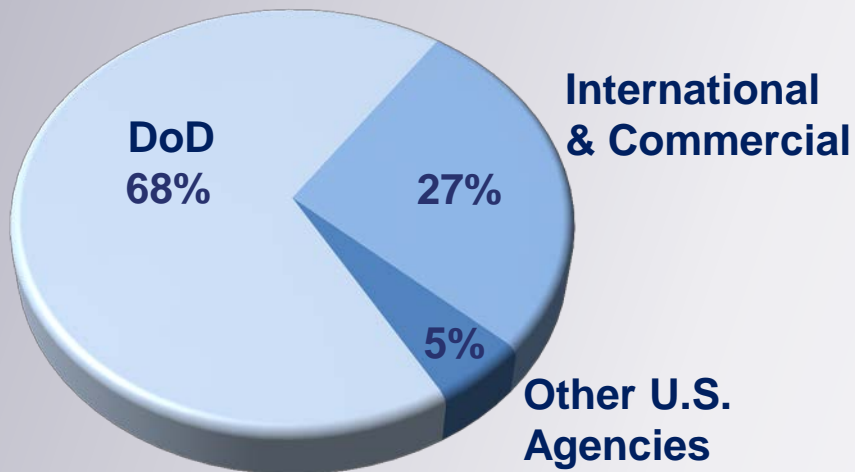
2011



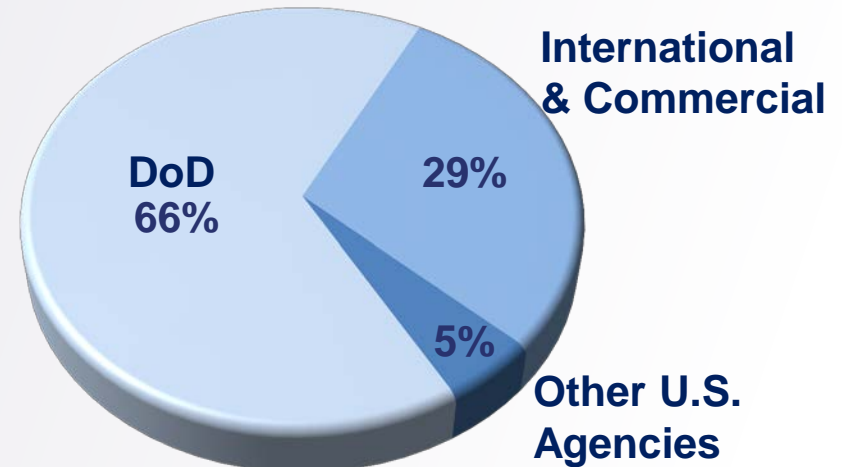
2012



2013



2014



U.S. Government Markets Improving

- DoD budget expected to grow in FY16... first increase since FY10
- Procurement drivers
 - Geopolitics
 - Better buying power
 - Afghanistan drawdown
 - Sequestration constraints
- Focus:
 - Less ambitious and less exquisite
 - Quick reaction capabilities
 - COTs based solutions
 - Affordable prices



International & Commercial Markets Growing

- **International - - large addressable market**
 - Increased marketing & selling efforts
 - Introducing more products for export
- **Commercial - - favorable fundamentals**
 - **Growing: aviation products, security screening, simulation & training and SATCOM**
 - **Declining: shipbuilding products... divesting MSI**



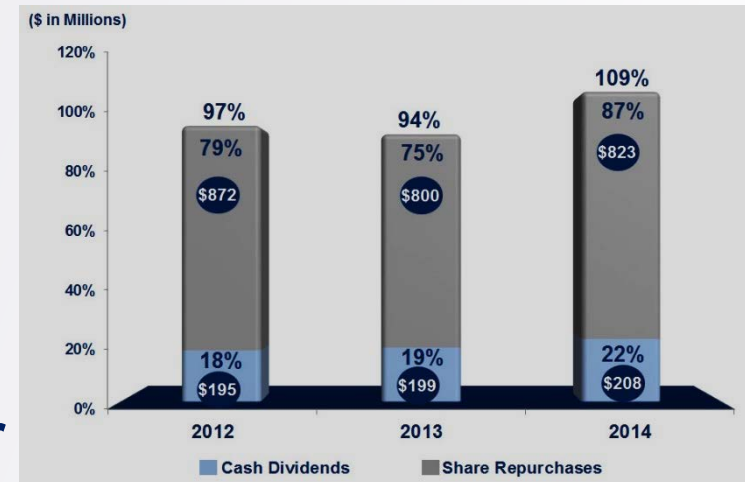
L-3 Strategy and Priorities

- **Build strong businesses with durable discriminators**
- **Strengthen market positions... gain market share**
 - proactively right-size businesses
 - innovative and affordable solutions
 - IRAD and contract performance
 - excellent customer relationships
 - expand SOF and USG classified business
- **Portfolio shaping to strengthen L-3**
- **Attract & retain key employees**
- **Maintain strong internal controls**
- **Grow EPS... generate robust cash flow**



Delivering Value to Our Shareholders

- Strong market positions with improving margins
- High earnings to cash flow conversion - - \$946 million in 2014
- Disciplined Capital Allocation
 - Share repurchases \$823 million
 - Dividend growth
 - Paid \$208 million
 - Increased 11th consecutive year
 - Acquisitions \$57 million



Operating Performance + Capital Allocation = Delivering Value to Our Shareholders

Summary

- DoD budget inflecting in FY16
- Affordable solutions/technologies aligned with customer priorities
- Winning recompetitions and new business
- Growing international/commercial
- Generating robust cash flow



With Our Sincerest Thanks



***L-3 thanks Alan H. Washkowitz
for 18 years of dedicated service on our Board***

Questions?



