

2016 Annual Meeting of Shareholders

May 3, 2016

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Chairman and Chief Executive Officer



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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

- **Affordable, innovative customer solutions**
- **Leading market positions**
- **Excellence, integrity and accountability**
- **Stakeholder value growth**



Highlights - - 2015 (1 of 2)

- **Sharpened strategic focus on stronger, higher margin businesses**
- **Maintained efficient capital structure**
- **Expanded positions in Defense, Commercial and International markets**
- **Strengthened management with appointment of Chris Kubasik as President and COO**



Highlights - - 2015 (2 of 2)

- **Balanced capital allocation**
 - **Generated \$876 million free cash flow**
 - **Returned \$954 million to shareholders**
 - **Raised dividend for 12th consecutive year**

- **Portfolio Reshaping**
 - **Divestitures - - MSI, BSI, NSS**
 - **Acquisitions - - Miteq, CTC, ForceX, ATM**



Recognition for L-3 - - 2015

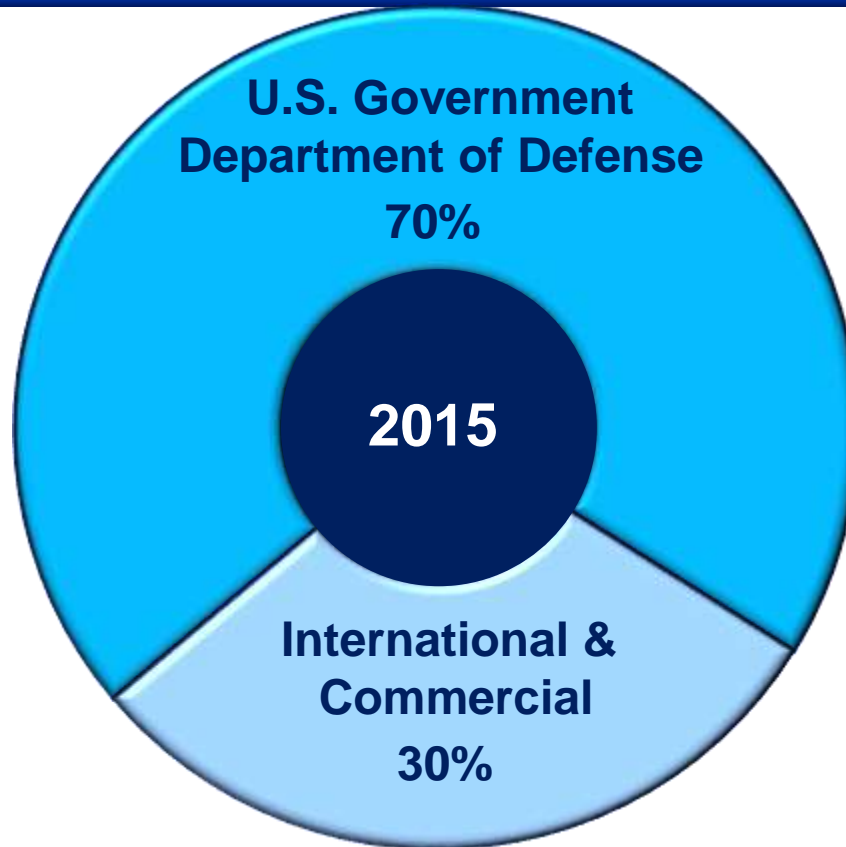
- **Fortune 500 - - 2015 Ranking: #252**
- **Defense News Top 100: #10**
- ***Flight International* Top 100: #15**
- **Three James S. Cogswell Outstanding Industrial Security Achievement Awards**
- **DSS Counterintelligence Award - - for the third year**

Key Employment Rankings

- ***Forbes Best Employers: #321 Overall, #9 in A&D***
- ***Forbes Top Employer for Veterans: #9***
- ***Minority Engineers: Top 50 Employer***
- **Top 100 Supporter of Historically Black Colleges and Universities (HBCU) Engineering Programs and Schools**
- ***Aviation Week Workforce Study: #2 for Professional Opportunity: Top Companies for Meeting A&D Professionals' Needs***



End Market Sales Mix



Favorable Outlook in U.S. Government Markets

- **Geopolitical conditions support increased military spending**
- **DoD budget begins growing FY16**
 - Congress reduced first 5 years of sequester cuts
 - drawdowns ending, BBP continues
 - constraints remain... anticipate LSD growth, OCO relief
- **Select L-3 capabilities... protected communications, ISR, sensors, power systems, readiness support, SOF**



Attractive International & Commercial Markets

- **Affected by global economic and security conditions**
- **International - - large addressable market**
 - **ISR systems, simulators, communication systems, night vision, sensors**
 - **near-term softness**
 - **increasing business development efforts**
- **Commercial - - favorable fundamentals**
 - **avionics, security screening, simulation & training, RF microwave**



L-3 Strategy and Priorities

- **Affordable customer solutions**
- **Strengthen market positions**
 - innovation
 - customer relationships
 - build presence in growth areas
 - targeted M&A
 - operational excellence
- **Drive margin, operating income, and organic growth**
- **Grow EPS... generate robust cash flow**



Delivering Innovation to Our Customers

- **Increased investments to drive organic growth**
 - **ISR systems**
 - **Simulation and training**
 - **Anti-Access/Area Denial**
 - **Smaller and lighter SATCOM and EO/IR**
 - **Full digital night vision capability**
 - **Classified markets**
- **Strategic partnerships with design and engineering leaders**



2015 - - \$228 Million in R&D

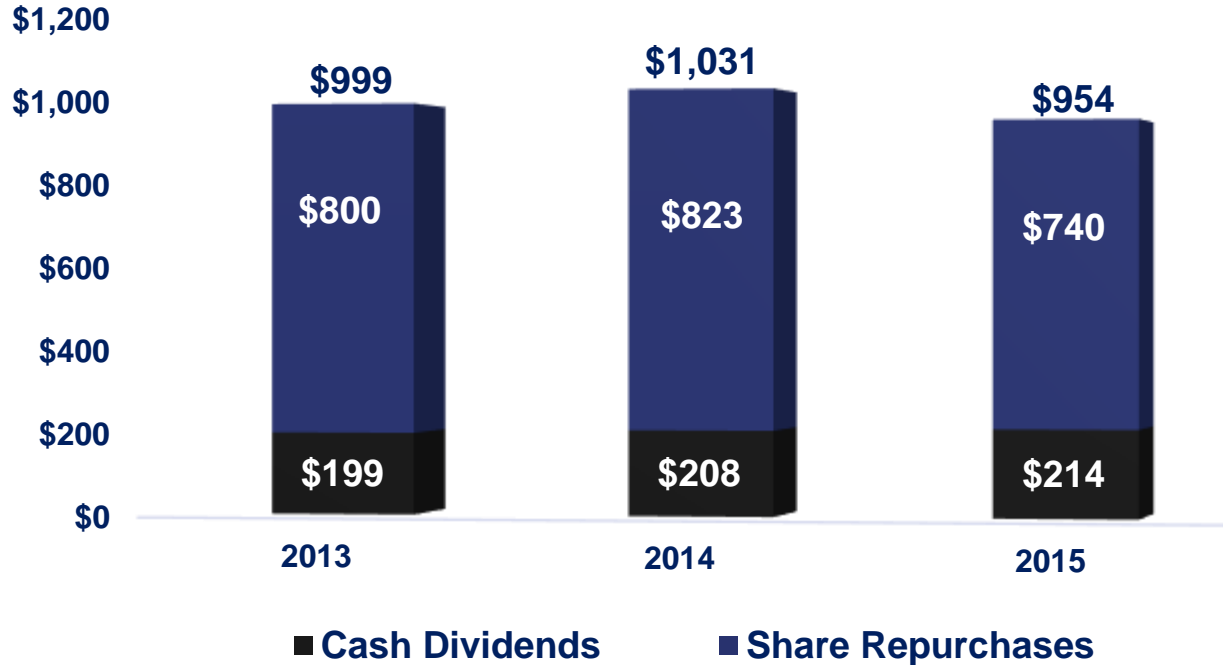
Delivering Value to Our Shareholders

- **Strong market positions with improving margins**
- **Share repurchases \$740 million**
- **Dividends \$214 million**
- **Divestitures \$318 million**
- **Acquisitions \$320 million**
- **Debt Repayments \$296 million**



Cash Returned to Shareholders

(\$ in Millions)



Summary

- **DoD budget growing**
- **Affordable, innovative customer solutions**
- **Increasing growth investments**
- **Generating robust cash flow and returning cash to shareholders**



Questions?



