Cowen and Company 37th Annual Aerospace/Defense Conference & Transportation One-on-One Forum

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Chairman and Chief Executive Officer

Forward Looking Statements

Certain of the matters discussed in these slides, including information regarding the company's 2016 financial guidance 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," "financial guidance," ''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: our dependence on the defense industry; backlog processing and program slips resulting from delayed awards and/or funding from the Department of Defense (DoD) and other major customers; the U.S. Government fiscal situation; changes in DoD budget levels and spending priorities; 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 and actions taken by rating agencies that could result in a downgrade of our debt; 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 including currency risks and compliance with foreign laws; our extensive use of fixed-price type revenue arrangements; the rapid change of technology and high level of competition in which our businesses participate; risks relating to technology and data security; 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 ongoing governmental investigations, including the Aerospace Systems segment; our ability to predict the level of participation in and the related costs of our voluntary refund program for certain EoTech holographic weapons sight products, and our ability to change and terminate the refund program at our discretion; the impact on our business of improper conduct by our employees, agents or business partners; goodwill impairments and the fair values of our assets; and ultimate resolution of contingent matters, claims and investigations relating to acquired businesses, and the impact on the final purchase price allocations.

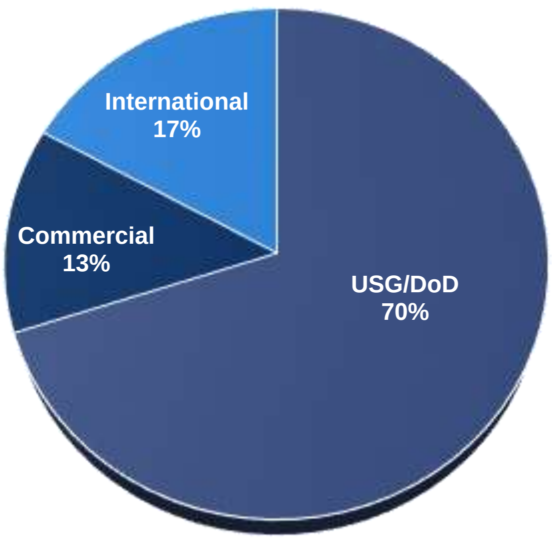
Our forward-looking statements speak only as of the date of these slides or as of the date they were made, and we undertake no obligation to update forward-looking statements. For a more detailed discussion of these factors, also see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent report on Form 10-K for the year ended December 31, 2014 and in the quarterly report on Form 10-Q for the quarterly period ended September 25, 2015 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 at a Glance

- **Leading positions in select aerospace and defense markets**
- **Prime contractor: ISR systems, aircraft sustainment, training & simulation, night vision**
- **Supplier: electronic and communication systems**
- **Strengths:**
  - **broad/diverse technologies, contracts**
  - **efficient capital structure**
  - **high earnings-to-cash flow conversion**
- **Strategic objectives:**
  - **strengthen portfolio**
  - **expand operating margins**
  - **return top-line to growth**

2015 Sales Mix



Favorable Outlook in U.S. Government Markets

- **Geopolitical threats escalating**
- **Fiscal deficit improving**

- **DoD budget growing in FY16**
  – **BBA reduces sequester cuts, sets budgets for FY16-17, raises OCO funding**
  – **Budget constraints and BBP remain**
- **Market share opportunities… especially in USG classified**

Attractive International & Commercial Opportunities

- International - - large addressable market
  - Increased marketing & selling efforts
  - Key product areas:
    - ISR systems, simulators, communication systems, night vision, sensors
  - Business lumpiness in expected long-term growth market

- Commercial - - favorable long-term fundamentals
  - Key product areas:
    - Aviation products, security screening, and training & simulation

Disciplined Capital Allocation

Internal investment in organic growth, IRAD & CapX

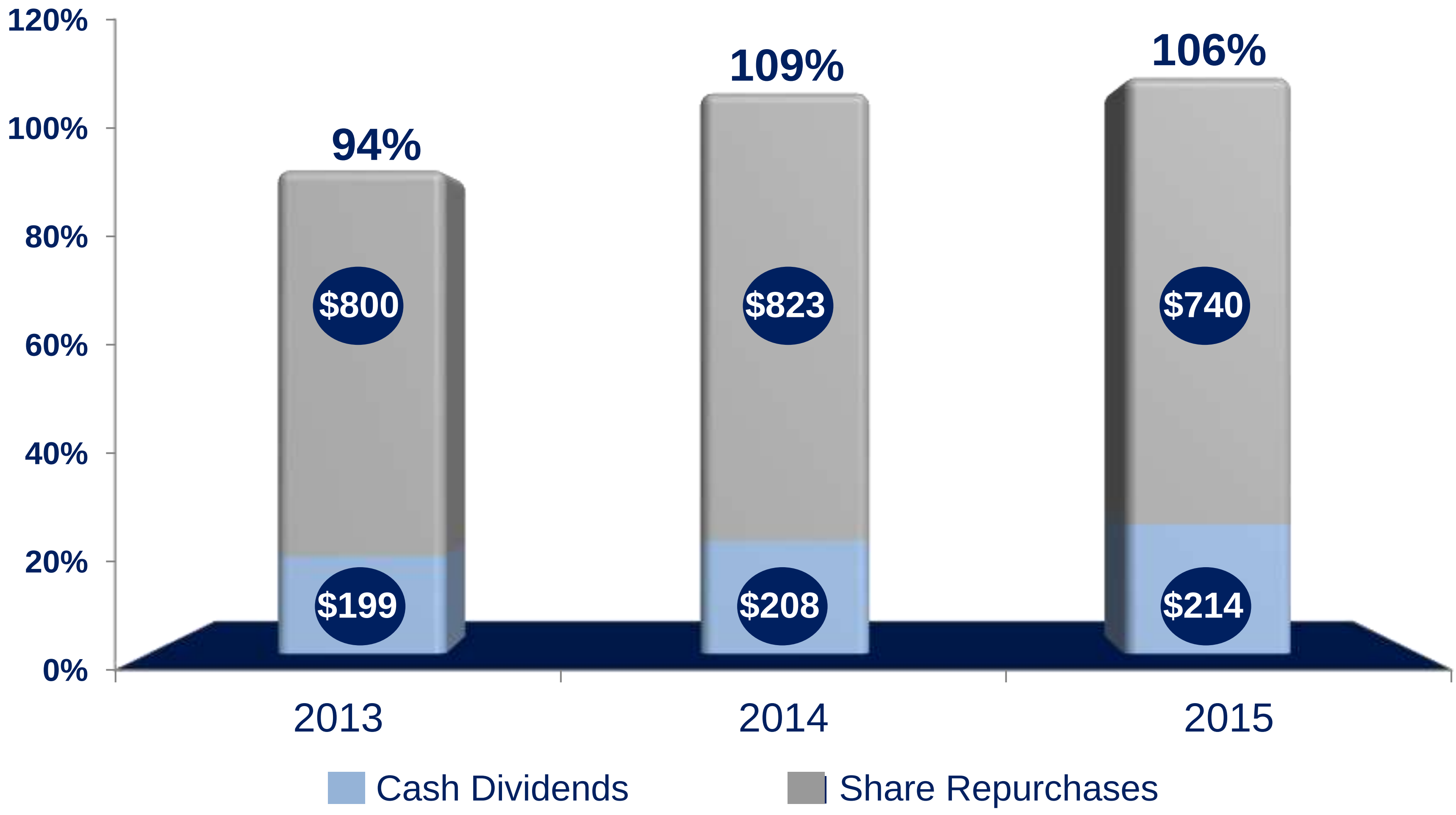
Return cash flow to shareholders

Maintain investment grade credit ratings

M&A to strengthen portfolio

Cash Returned to Shareholders

($ in Millions)



Note: Percentage of cash returned to shareholders includes free cash flow from discontinued operations.

Portfolio Shaping

- Focusing on Electronic Systems, ISR Systems, Communication Systems

- Repositioning capital
  - Divestitures: MSI, BSI, Tinsley, Klein, NSS (low margin/lower growth)
  - Acquisitions: Miteq, CTC, ForceX and ATM (high margin/higher growth)

- Improving top-line growth and margin expansion profile

2016 Consolidated Financial Guidance

($ in Millions, except per share amounts)

USG/DoD	-2%
International	-14%
Commercial	8%

	Guidance (January 28, 2016)	vs. 2015
Net Sales	$9,950 to $10,150	-4%
Organic Growth	-2.5%	n.c.
Segment Operating Margin	9.8%	+130 bps
Segment Operating Income	$985	11%
Diluted EPS	$7.40 to $7.60	9%
Free Cash Flow	$825	0%

Notes: (1) Comparisons are to 2015 segment operating income and adjusted diluted EPS from continuing operations.
(2) Diluted EPS and free cash flow growth is calculated based on a comparison to 2015 adjusted diluted EPS and free cash flow from continuing operations, respectively.
(3) See Reconciliation of GAAP to Non-GAAP Measurements and Definitions.

L-3 Summary

- DoD budget growing in FY16
- Affordable solutions/technologies aligned with customer priorities
- Generating solid cash flow
- Focusing on margin expansion, top-line growth and portfolio strengthening

Q & A

Supplemental Data

2016 Consolidated Financial Guidance

($ in Millions, except per share amounts)

USG/DoD	-2%
International	-14%
Commercial	8%

	Guidance (January 28, 2016)	vs. 2015	Prior Guidance (December 8, 2015)
Net Sales	$9,950 to $10,150	-4%	$9,950 to $10,150
Organic Growth	-2.5%	n.c.	-1.5%
Segment Operating Margin	9.8%	+130 bps	9.5%
Segment Operating Income	$985	11%	$955
Interest Expense and Other	$162	6%	$162
Effective Tax Rate	28.0%	+680 bps	30.0%
Diluted Shares	77.5	-5%	77.5
Diluted EPS	$7.40 to $7.60	9%	$6.90 to $7.10
Free Cash Flow	$825	0%	$810

Notes: (1) Operating margin assumes a net pension expense decrease of $32 million to a $9 million net pension benefit, compared to a net pension expense of $23 million included in the prior guidance. The estimated decrease in net pension expense will increase 2016 operating margin by approximately 30 basis points and diluted EPS by $0.25. The decrease in pension expense is due to: (i) $25 million related to a change in the approach to measure service and interest costs and (ii) $7 million primarily related to an 18 basis point increase in the estimated weighted average discount rate to 4.63% from 4.45% assumed for prior guidance.
(2) Planned share repurchases of $750 million.
(3) Comparisons are to 2015 segment operating income, adjusted diluted EPS and free cash flow from continuing operations.
(4) Diluted EPS growth is calculated based on a comparison to 2015 adjusted diluted EPS of $6.91.
(5) See Reconciliation of GAAP to Non-GAAP Measurements and Definitions.

2016 Segment Guidance

($ in Millions)

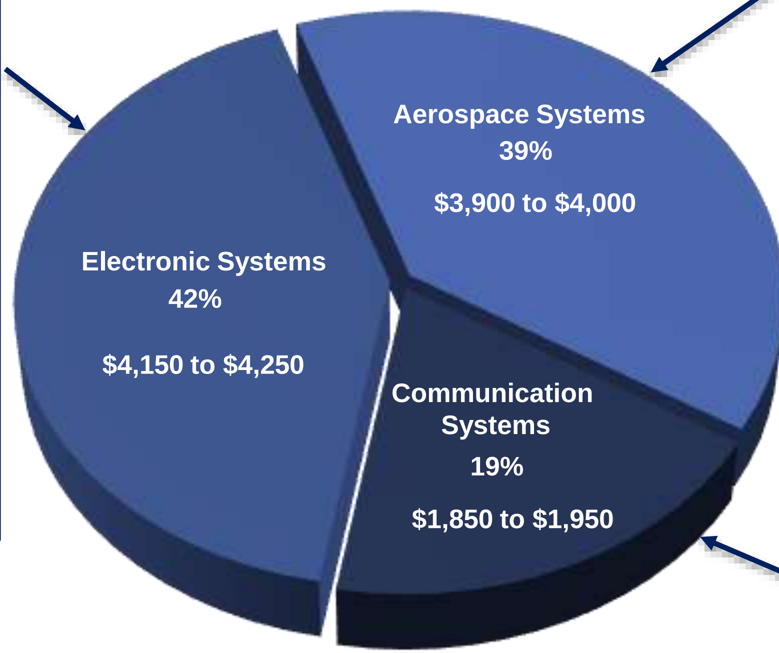
Segment	Net Sales	Midpoint Sales vs. 2015	Organic Growth	Segment Operating Margin	Midpoint Margin vs. 2015 (bps)
Electronic Systems	$4,150 to $4,250	-2%	2%	12.4% to 12.6%	+100
Aerospace Systems	$3,900 to $4,000	-5%	-5%	6.5% to 6.7%	+170
Comm Systems	$1,850 to $1,950	-7%	-7%	10.3% to 10.5%	+80
Total Segment	$9,950 to $10,150	-4%	-2.5%	9.8%	+130

Note: Estimated net pension expense (FAS, net of CAS) for 2016 vs. 2015 is expected to decrease $40 million, increasing estimated 2016 operating margin by 40 basis points (bps) ($10 million or 20 bps for Electronic Systems, $18 million or 50 bps for Aerospace Systems and $12 million or 60 bps for Communication Systems).

2016 Segments / Sectors Sales Estimates

($ Net Sales in Millions)

Electronic Systems		
Precision Engagement & Training	$1,170	28%
Aviation Products & Security	890	21%
Sensor Systems	880	21%
Power & Propulsion Systems	800	19%
Warrior Systems	460	11%



Aerospace Systems		
ISR Systems	$2,050	52%
Logistics Solutions	1,200	30%
Aircraft Systems	700	18%

Communication Systems		
Broadband Communications	$ 940	49%
Advanced Communications	450	24%
Space & Power Systems	330	18%
Tactical SatCom	180	9%

Cash Flow

($ in Millions)

	2016 Guidance	2015 Actual
Net income from continuing operations	$ 590	$ 297*
Impairment/divestiture charges	-	415
Depreciation & amortization	213	210
Deferred income taxes	65	(90)
401K common stock match	110	110
Stock-based employee compensation	51	46
Excess income tax benefits related to stock-based comp.	(25)	(25)
Amortization of pension and OPEB net losses	52	67
Working capital/other items	(26)	(9)
Capital expenditures, net	(205)	(194)
Income tax payments attributable to discontinued operations	-	2
Free cash flow	$ 825	$ 829

* Includes after tax charges related to the business divestitures of $20 million and impairment of $264 million.

Cash Sources and Uses

($ in Millions)

	2016 Guidance	2015 Actual
Beginning cash	$ 207	$ 442
Free cash flow from continuing operations	825	829
Free cash flow from discontinued operations	(15)	70
Acquisitions, net of divestitures	511	(2)
Dividends	(217)	(214)
Share repurchases	(750)	(740)
Senior notes net proceeds, (redemption)	(300)	(296)
Change in cash balance included in assets held for sale	-	61
Other, net	64	57
Ending cash	$ 325	$ 207

Note: See Reconciliation of GAAP to Non-GAAP Measurements and Definitions.

Capitalization and Leverage

($ in Millions)

	12/31/15 Actual	12/31/14 Actual
Cash	$207	$442
Debt	$3,642	$3,939
Equity	4,423	5,360
Invested Capital	$8,065	$9,299
Debt/Invested Capital	45.2%	42.4%
Debt/EBITDA	3.14x	3.01x
Available Revolver	$1,000	$1,000

Notes: (1) Equity includes non-controlling interests (minority interests) of $73 million and $75 million as of December 31, 2015 and December 31, 2014, respectively.
(2) Debt/EBITDA includes discontinued operations.
(3) See Reconciliation of GAAP to Non-GAAP Measurements and Definitions.

Reconciliation of GAAP to Non-GAAP Measurements (1 of 4)

($ in Millions)

		2016 Guidance	2015 Actual	2014 Actual	2013 Actual
Net cash from operating activities from continuing operations		$ 1,030	$ 1,021	$ 1,092	$ 1,157
Less:	Capital expenditures	(215)	(197)	(174)	(204)
Add:	Dispositions of property, plant and equipment	10	3	4	12
	Income tax payments attributable to discontinued operations	-	2	14	27
Free cash flow from continuing operations		$ 825	$ 829	$ 936	$ 992
Free cash flow from discontinued operations		(15)	70	11	74
Free cash flow		$ 810	$ 899	$ 947	$ 1,066

Reconciliation of GAAP to Non-GAAP Measurements (2 of 4)

($ in Millions, except per share amounts)

		2015 Actual
	Diluted EPS from continuing operations attributable to L-3 Holdings' common stockholders	$ 3.44
	EPS impact of loss on business divestitures (A)	0.25
	EPS impact of the goodwill impairment charge (B)	3.22
	Adjusted diluted EPS from Continuing Operations*	$ 6.91
(A)	Loss on business divestitures	$ (31)
	Tax benefit	11
	After-tax impact	(20)
	Diluted weighted average common shares outstanding	81.9
	Per share impact**	$ (0.25)
(B)	Goodwill impairment charge	$ (384)
	Tax benefit	120
	After-tax impact	(264)
	Diluted weighted average common shares outstanding	81.9
	Per share impact	$ (3.22)

* Adjusted diluted EPS is diluted EPS attributable to L-3 Holdings' common stockholders, excluding the charges or credits relating to business divestitures and non-cash goodwill impairment charges. Adjusted net income attributable to L-3 is net income attributable to L-3, excluding the charges or credits relating to business divestitures and non-cash goodwill impairment charges. These amounts are not calculated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The company believes that the charges or credits relating to business divestitures and non-cash goodwill impairment charges affect the comparability of the financial guidance for 2016 to the results of operations for 2015. The company also believes that disclosing net income and diluted EPS excluding the charges or credits relating to business divestitures and non-cash goodwill impairment charges will allow investors to more easily compare the financial guidance for 2016 to the 2015 results. However, these measures may not be defined or calculated by other companies in the same manner.

** Amounts may not recalculate directly due to rounding.

Reconciliation of GAAP to Non-GAAP Measurements (3 of 4)

($ in Millions)

Cash Flow to EBITDA Reconciliation	2015 Actual	2014 Actual
Net cash from operating activities from continuing operations	$ 1,021	$ 1,092
Income tax payments, net of refunds	150	136
Interest payments	165	157
Stock based employee compensation	(156)	(169)
Amortization of pension and post retirement benefit plans net loss	(67)	(15)
Other non-cash items	2	(1)
Changes in operating assets and liabilities	(15)	26
EBITDA from continuing operations	$ 1,100	$ 1,226
Net cash from operating activities from discontinued operations	$ 77	$ 33
Stock based employee compensation	(12)	(14)
Changes in operating assets and liabilities	(5)	65
EBITDA from discontinued operations	$ 60	$ 84
EBITDA	$ 1,160	$ 1,310
DEBT	$ 3,642	$ 3,939
DEBT/EBITDA	3.14x	3.01x

Note: EBITDA is defined as consolidated operating income (excluding impairment losses incurred on goodwill and identifiable intangible assets and losses related to business divestiture transactions), plus consolidated depreciation and amortization. The Debt to EBITDA ratio is presented because we believe it to be a useful indicator of our debt capacity and our ability to service our debt. EBITDA is not a substitute for net cash from operating activities as determined in accordance with generally accepted accounting principles in the United States of America. EBITDA is not a complete net cash flow measure because EBITDA is a financial measure that does not include reductions for cash payments for our obligation to service our debt, fund our working capital and capital expenditures and pay our income taxes. Rather, EBITDA is one potential indicator of our ability to fund these cash requirements. We believe that the most directly comparable GAAP financial measure to EBITDA is net cash from operating activities. The table above presents a reconciliation of net cash from operating activities to EBITDA.

Reconciliation of GAAP to Non-GAAP Measurements (4 of 4)

<u>Organic Sales Growth</u>: Organic sales growth is defined as the increase or decrease in sales compared to the prior year, excluding the increase or decrease in sales attributable to acquired businesses or business divestitures. Sales from acquired businesses is defined as sales from business acquisitions that are included in L-3's actual results for less than 12 months. Sales from business divestitures is defined as sales from business divestitures that are included in L-3's actual results for the 12 months prior to the divestiture.

L3