

Operations, Disciplined Growth & Long Term Value Creation

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This presentation consists of L-3 Communications Corporation general capabilities and administrative information that does not contain controlled technical data as defined within the International Traffic in Arms (ITAR) Part 120.10 or Export Administration Regulations (EAR) Part 734.7-11.

Management Focus

Priorities

- **Flawless Execution**
- **Innovation for Growth**
- **Growing Internationally**
- **Growing thru Acquisitions**
- **Leveraging the Enterprise**

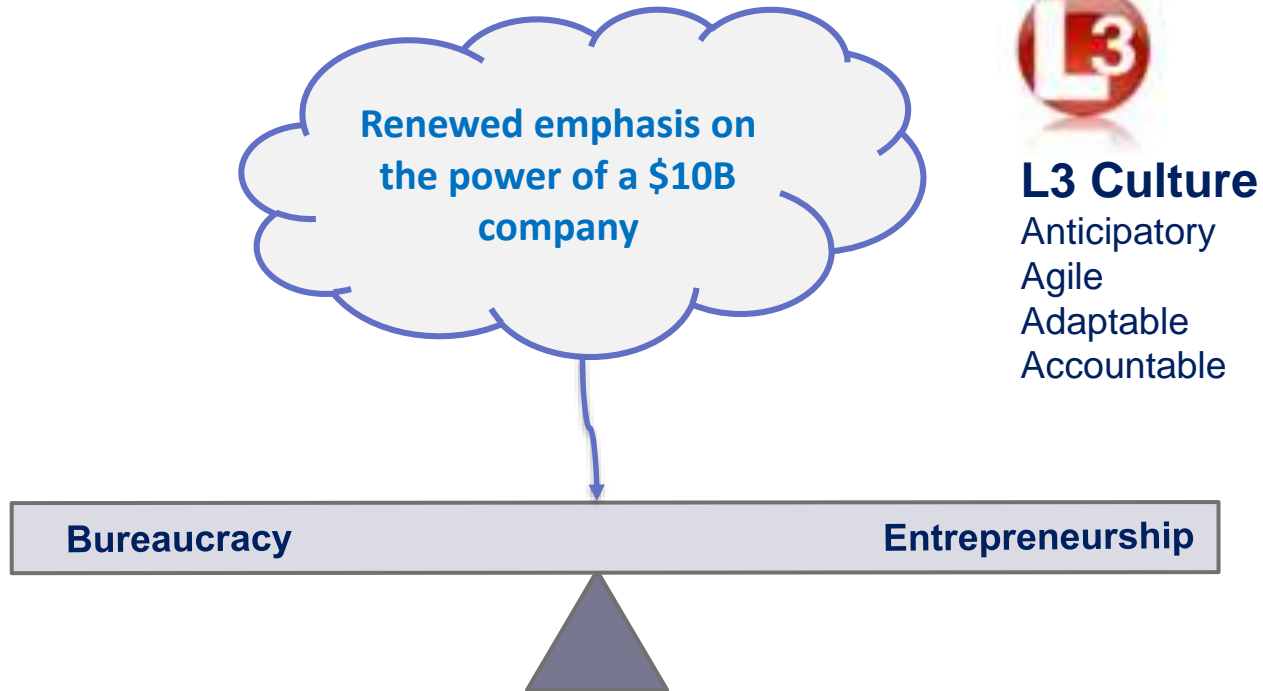


Shareholder Value Creation

- **Higher Margins and More Cash**
- **New & Affordable Products**
- **Strengthen Portfolio of Products**
- **Disciplined Capital Allocation**
- **Optimize Business Model**

Maximizing Our Unique Strengths

Achieving Balance Between Being a \$10B Company While Maintaining our Entrepreneurial Spirit



Enhancing Operations for Program Execution

Reviews & Metrics

Earlier Reviews

- Major Opportunities
- New Growth Initiatives
- M&A strategies

Analytics Approach

- Standardizing Business Metrics
- Utilize Dashboard

Enhanced Decision Making

- Emphasis on ownership, and long term value creation

Accountability

Quarterly Reviews



Site Visits

- 44 sites in 2016
- Continuing in 2017



Business Excellence Strategy

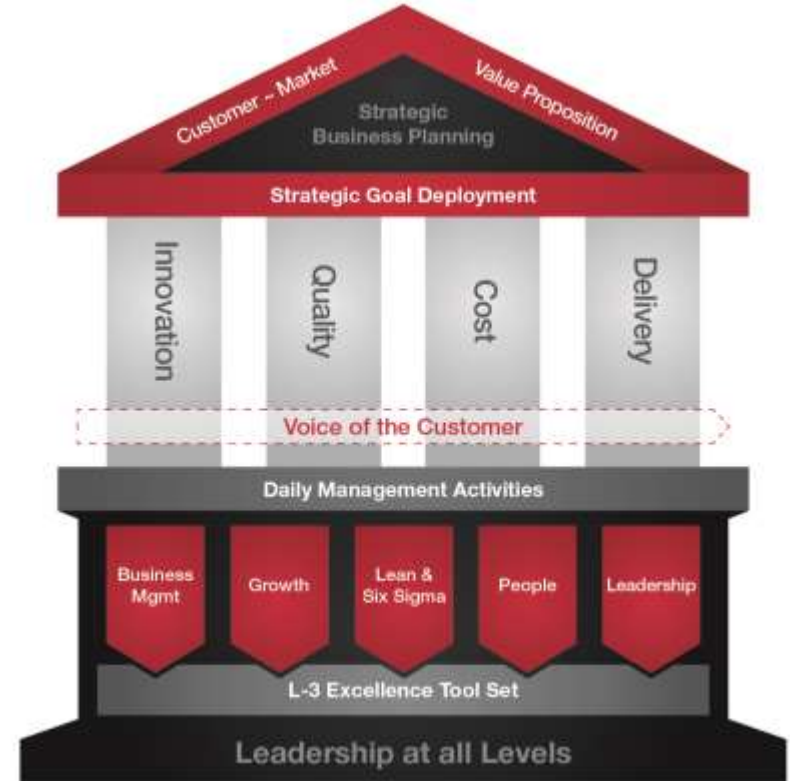
L3 Excellence

- **Continuous Improvement Framework**
 - Pillars: Innovation, Quality, Cost, Delivery
 - Foundation: Business Management, Growth, Lean & 6 Sigma, People, Leadership
- **Imperatives:**
 - Improved strategic alignment across the organization
 - Improved program execution
 - Improved customer focus & customer satisfaction

Financial Excellence Focus

- Reduced inventory
- Improved cash collection
- Overhead reductions

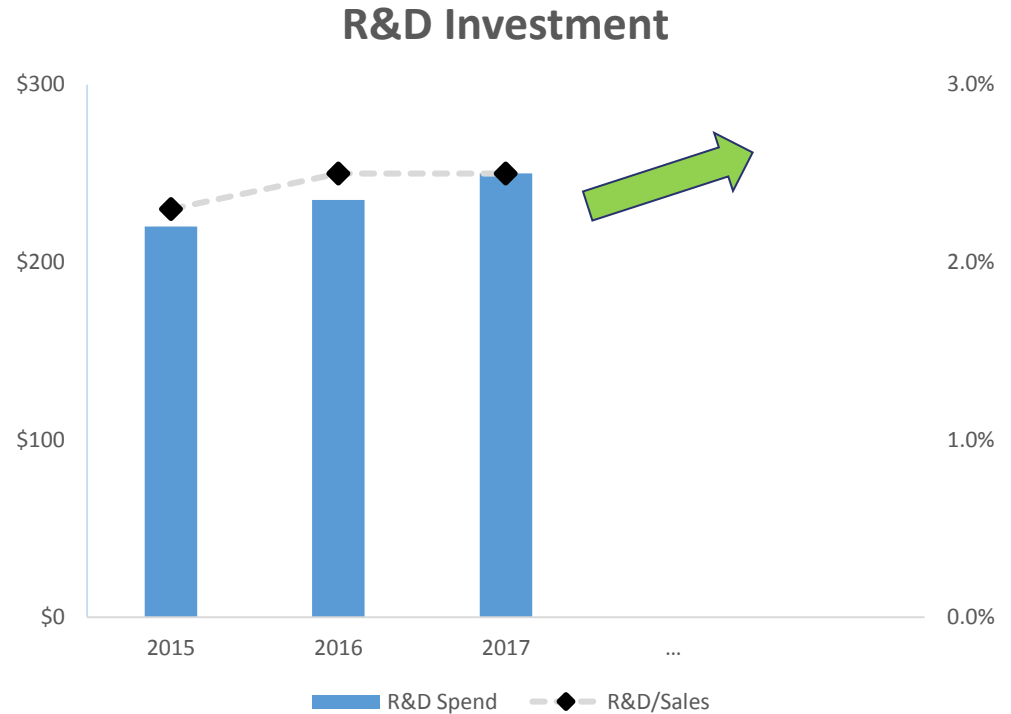
Achieved 2016 Goals



Innovation

Focal Areas

- **Aligning R&D with Customer Growth Areas**
- **Leverage Existing Capabilities**
- **Accelerate Programs**
- **Address Technology & Product Gaps**
- **Bridge Core Businesses with Acquisitions**



L-3 International – New Initiatives Next Year



2016 International is 15% of total

2017 New Initiatives Include:

- Adding new business leadership
- Acquisitions
- Enhanced strategy in key countries
- Bolstering current country relationships and adding new ones

Our M&A Process

Strategic Vision

What's Big in 2020 & Beyond

- Change in Threat
- Change in Budgets/Focus
- Changing Competitors
- New Customers
- New Technology
- New Products
- New Capabilities
















Operations

- Cultural fit & values
- Leadership/talent
- Contracts/BD/R&D
- Customer Relationships
- Systems
- Facilities
- Strengths to preserve
- Vulnerabilities to resolve

Financial

- L-3 View of Plan
- Drive Reasonable Valuation
- Detailed Integration Plan
- Identify Synergies
- Accountability

2016 Acquisitions

SDS Sales 2016...	2017e	
	\$500M+	  
\$370M	\$60M	Implant Sciences
 	\$130M	MacDonald Humfrey
<p>Aviation Checkpoint</p>   <p>International Checked</p>   <p>Security Information Management</p>  	<p>Aviation Checkpoint</p> <p>International Checked</p> <p>Security Information Management</p>	   



2016 Acquisitions

MacDonald Humfrey

Adds Integrated Security Solution Capability
Expands International Presence
Leading Efficiency-Based Checkpoint
Security at TSA

Purchase Price: \$280M
EV/EBITDA: 10X



Aerosim

Takes L-3 to #2 Cadet Academy globally
Add key certifications in US & China
Forward positioning for rising global training
demand

Purchase Price: \$56M
EV/EBITDA: 8.7X



Micreo

Furthers Australia Defense presence
Attractive rapid deploy Australian
Counter IED program
Direct & Adjacent growth opportunities in EW&C,
Airborne and Land EW

Purchase Price: \$27M
EV/EBITDA: 4.8X



ATM

Added microwave RF components
Waive guide based RF assemblies for
space and tactical applications

Purchase Price: \$27M
EV/EBITDA: 6.6X



Total 2016 deals: Paid \$390M, 8.9X EV/EBITDA

Summary: Execution, Growth and Efficiency

- **Continue Opportunistic Cash Deployment**
- **Gaining Momentum on Organic Growth**
 - **Core Defense Markets** – Budget lift, possible increase in Modernization
 - **Security Detection & Commercial Aero** – Aero cycle, augmented by M&A
 - **International** – Focus for 2017
- **Enduring Principles: Execution, Cost, On-Time, Quality**
- **Assessing Cross-Enterprise Synergies**



