2012 Investor Conference

Financial Review

December 4, 2012

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Forward Looking Statements

Certain of the matters discussed in these slides, including information regarding the company's 2012 financial outlook 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 constitute forward-looking statements. Although we believe that these statements are based upon reasonable assumptions, including projections of total sales growth, sales growth from business acquisitions, organic sales growth, consolidated operating margins, total segment operating margins, interest expense, earnings, cash flow, research and development costs, working capital, capital expenditures and other projections, they are subject to several risks and uncertainties, and therefore, we can give no assurance that these statements will be achieved. Such statements will also be influenced by factors which include, among other things: our dependence on the defense industry and the business risks peculiar to that industry, including changing priorities or reductions in the U.S. Government defense budget; backlog processing and program slips resulting from delayed funding of the Department of Defense (DoD) budget; our reliance on contracts with a limited number of agencies of, or contractors to, the U.S. Government and the possibility of termination of government contracts by unilateral government action or for failure to perform; the extensive legal and regulatory requirements surrounding our contracts with the U.S. or foreign governments and the results of any investigation of our contracts undertaken by the U.S. or foreign governments; our ability to retain our existing business and related contracts (revenue arrangements); our ability to successfully compete for and win new business and related contracts (revenue arrangements) and to win re-competitions of our existing contracts; our ability to identify and acquire additional businesses in the future with terms that are attractive to L-3 and to integrate acquired business operations; the impact of any strategic initiatives undertaken by us, and our ability to achieve anticipated benefits; our ability to maintain and improve our consolidated operating margin and total segment operating margin in future periods; our ability to obtain future government contracts (revenue arrangements) on a timely basis; the availability of government funding or cost-cutting initiatives and changes in customer requirements for our products and services; our significant amount of debt and the restrictions contained in our debt agreements; our ability to continue to retain and train our existing employees and to recruit and hire new qualified and skilled employees as well as our ability to retain and hire employees with U.S. Government security clearances; 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, including those for the commercial aviation, shipbuilding and communications markets; global economic uncertainty; the DoD's contractor support services in-sourcing and efficiency initiatives; events beyond our control such as acts of terrorism; our ability to perform contracts (revenue arrangements) on schedule; our international operations; our extensive use of fixed-price type contracts as compared to cost-plus type and time-and-material type contracts; the rapid change of technology and high level of competition in the defense industry and the commercial industries in which our businesses participate; our introduction of new products into commercial markets or our investments in civil and commercial products or companies; the outcome of litigation matters, including in connection with jury trials; results of audits by U.S. Government agencies; results of on-going governmental investigations, including potential suspensions or debarments; the impact on our business of improper conduct by our employees, agents or business partners; anticipated cost savings from business acquisitions not fully realized or realized within the expected time frame; the outcome of matters relating to the Foreign Corrupt Practices Act (FCPA) and similar non-U.S. regulations; ultimate resolution of contingent matters, claims and investigations relating to acquired businesses, and the impact on the final purchase price allocations; competitive pressure among companies in our industry; and the fair values of our assets, which can be impaired or reduced by other factors, some of which are discussed above.

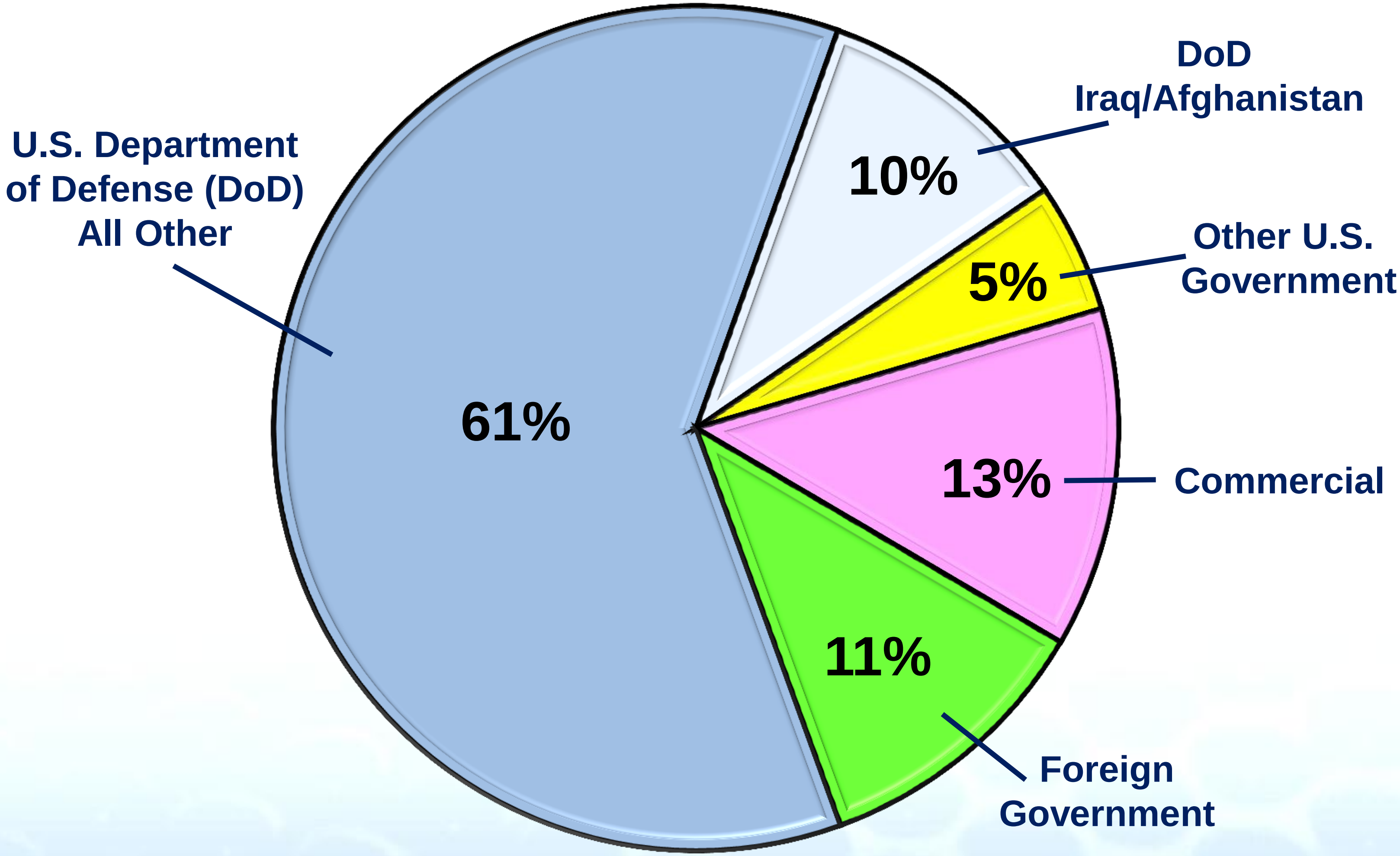
For a discussion of these and other risks and uncertainties that could impair our results of operations or financial condition, see ''Part I — Item 1A — Risk Factors'' and Note 19 to the recasted presentation of our audited consolidated financial statements, included in our Annual Report on Form 10-K for the year ended December 31, 2011 as filed on Form 8-K on November 20, 2012, "Part I – Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview and Outlook – Industry Considerations", included in our Quarterly Reports on Form 10-Q for the quarters ended September 28, 2012, June 29, 2012 and March 30, 2012, and any material updates to these factors contained in any of our future filings.

Our forward-looking statements are not guarantees of future performance and the actual results or developments may differ materially from the expectations expressed in the forward-looking statements. 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. These forward-looking statements also represent our estimates and assumptions only as of the date that they were made. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of these slides to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events.

2012 Progress Report

- **Won Fort Rucker CLS re-competition**
- **Gaining market share**
- **Robust free cash flow**
- **Disciplined capital allocation**
- **Strengthened portfolio…Engility spin-off…acquisitions**

End Customer Sales Mix Estimates



2012 Midpoint Net Sales Guidance $13,050M

2013 Business and Financial Trends

- **Macro trends similar to 2012…expect Sequester resolution**
- **Government customers confronting fiscal constraints**
- **Afghanistan drawdown reducing sales**
- **Market share opportunities**
- **Solid margins**
- **Robust cash flow continues**

DoD Budget Top-Line Trends

($ in Billions)

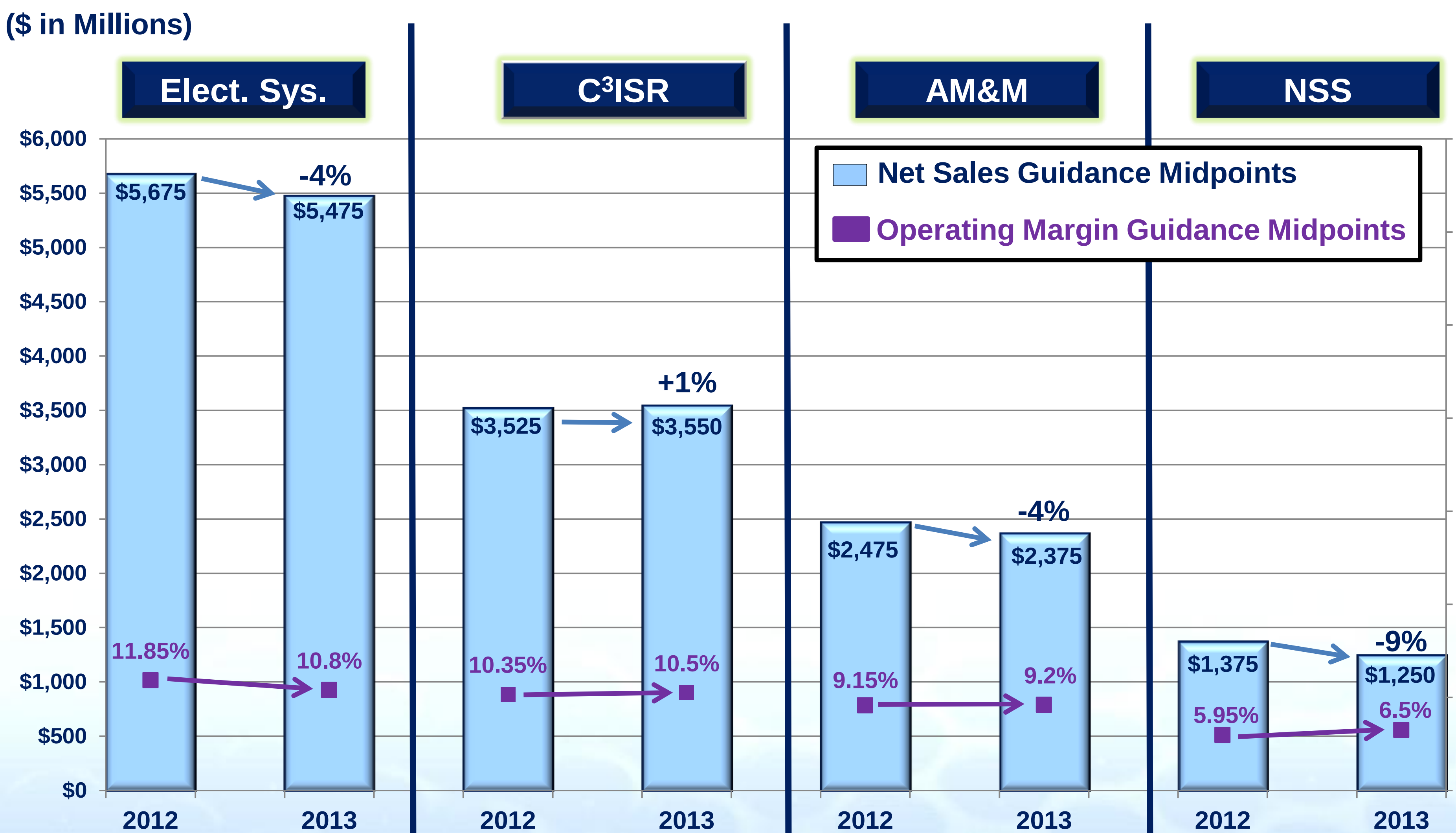
	Budget			vs. PFY		
	Base	OCO	Total	Base	OCO	Total
	Enacted Budget Authority					
FY10	$528	$162	$690	3%	11%	5%
FY11	$528	$159	$687	0%	-2%	0%
FY12	$531	$115	$646	1%	-28%	-6%
	FY13 Plan (February 2012)					
FY13	$525	$89	$614	-1%	-23%	-5%
FY14	$534	$57	$591	2%	-36%	-4%
FY15	$546	$43	$589	2%	-25%	0%
FY16	$556	$34	$590	2%	-21%	0%
FY17	$567	$33	$600	2%	-3%	2%

	Base Budget with Sequester Cuts	
		vs. PFY
FY13	$473	-11%
FY14	$482	2%
FY15	$494	2%
FY16	$504	2%
FY17	$515	2%

Defense down-cycle…manageable

Note: DoD base budget Investment Accounts declining 3% per year FY10-13. OCO budgets FY14-17 and base budget with Sequester cuts are based on L-3 estimates.

Segment Sales and Margin Guidance



Note: Higher pension expense. 2013 vs. 2012 reduces Electronic Systems margin by 10 bps and C^3ISR margin by 40 bps.

Cost Structure Summary

Cost Categories	Cost & Expenses Throughput*
Direct Labor and Labor Related Overhead	42%
Material Subcontracts, ODCs and Variable Non-Labor Overhead	52%
Fixed Non-Labor Overhead	6%
Consolidated Total	100%

Flexible and adaptable cost structure

*** Calculated at the consolidated operating income level.**

Free Cash Flow

($ in Millions)

	2013 Guidance	2012 Guidance
Net income from continuing operations	$ 730	$ 770
Impairment charges	-	3
Depreciation & amortization	230	225
Deferred income taxes	60	60
401K common stock match	115	130
Stock-based employee compensation	55	58
Working capital/other items	20	(40)
Capital expenditures, net	(180)	(185)
Discontinued operations income taxes	-	24
Free cash flow	$ 1,030	$ 1,045

Robust Cash Flow…High Conversion Rate

Cash Sources and Uses

($ in Millions)

	2013 Guidance	2012 Guidance
Beginning cash	$ 300	$ 764
Free Cash Flow	1,030	1,045
Net cash from discontinued operations	-	50
Engility spin-off dividend	-	335
Dividends	(198)	(195)
Debt repayments	(250)	(500)
Share repurchases	(500)	(875)
Acquisitions	(10)	(349)
Other, net	28	25
Ending cash	$ 400	$ 300

Disciplined, Balanced Capital Allocation

Capitalization and Leverage

($ in Millions)

	12/31/13 Guidance	12/31/12 Guidance	12/31/11 Actual
Cash	$ 400	$ 300	$ 764
Debt	$ 3,381	$ 3,629	$ 4,125
Equity	6,035	5,700	6,724
Book capitalization	$ 9,416	$ 9,329	$ 10,849
Available revolver	$ 1,000	$ 1,000	$ 997

Strong Balance Sheet, Liquidity and Credit Ratings

Note: Equity includes non-controlling interests.

Initial 2013 Financial Guidance

(in Millions, except per share amounts)

	2013 Guidance	Midpoint vs. 2012
Net Sales	$12,550 to $12,750	-3%
Operating margin	10.0%	-30 bps
Interest expense/other	$164	-7%
Debt retirement charges	$0	-$13
Tax rate	33.7%	+50 bps
Diluted Shares	90.1	-8%
Diluted EPS	$7.95 to $8.15	3%
Free cash flow	$1,030	-1%

2013 Notes: (1) Assumes Sequester cuts are avoided and no meaningful cuts to DoD FY13 Plan.

(2) 2013 estimated pension expense (FAS net CAS) $15M >2012, reducing operating margin ~10 bps. Assumes a 4.2% discount rate and 2012 asset return of 12%. A 25 bps increase/decrease in 12/31/12 discount rate would decrease/increase 2013 expense by $14M. A 1% increase/decrease in 2012 pension asset return would decrease/increase 2013 expense by $3M. Actual 2013 pension expense assumptions will be determined on December 31, 2012, and may differ from these estimates.

(3) 2012 is based on the financial guidance for continuing operations, updated November 1, 2012.

L-3 Summary

- **Manageable DoD environment**
- **International, commercial, select DoD areas growing**
- **Flexible cost structure…proactive business unit resizing**
- **Robust cash flow…FCF per share growing**

Healthy, adaptable…and getting stronger

Supplemental Financial Data

2013 Segment Guidance

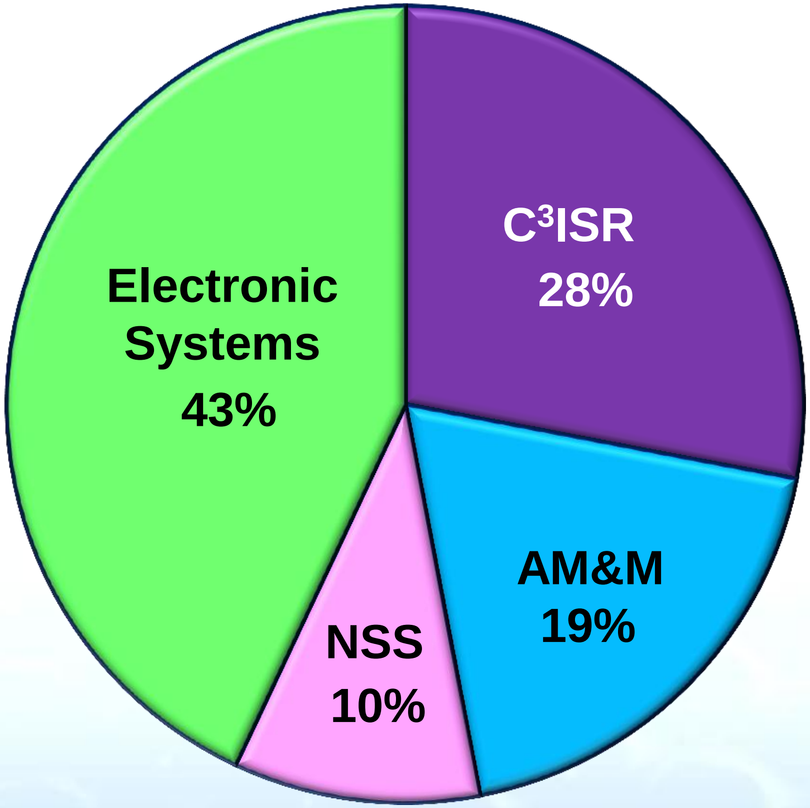
($ in Millions)

Segment	Net Sales	Midpoint Sales vs. 2012	Operating Margin	Midpoint Margin vs. 2012 (bps)	*Higher Pension Margin Impact* (bps)*
Elect Systems	$5,425 to $5,525	-4%	10.7% to 10.9%	-105	*-10*
C^3ISR	$3,500 to $3,600	1%	10.4% to 10.6%	+15	*-40*
AM&M	$2,325 to $2,425	-4%	9.1% to 9.3%	+5	*n.c.*
NSS	$1,200 to $1,300	-9%	6.4% to 6.6%	+55	*n.c.*
L-3 Consolidated	**$12,550 to $12,750**	**-3%**	**10.0%**	**-30**	***-10***

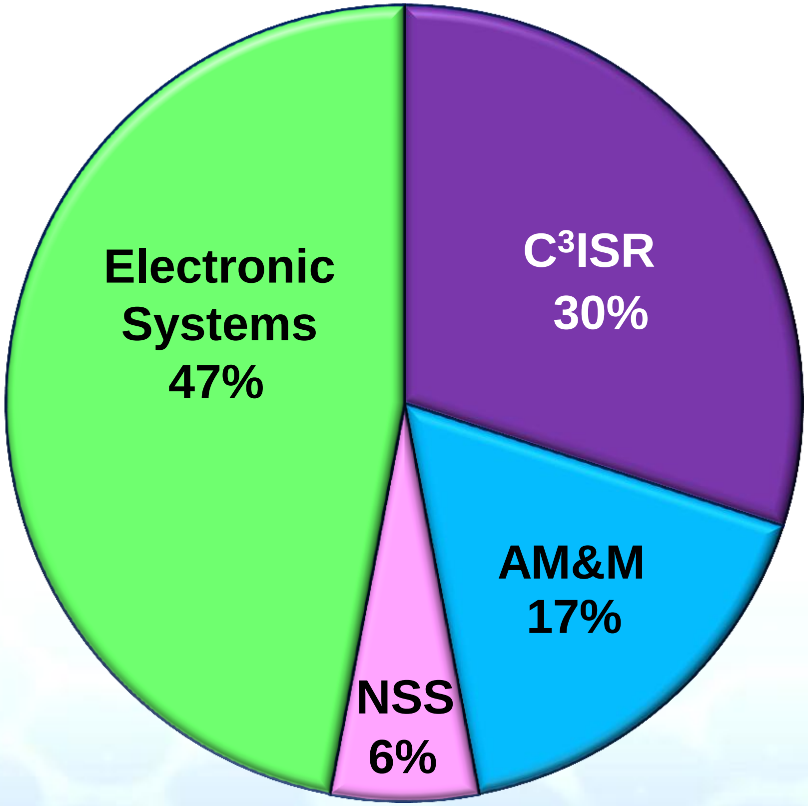
* Represents the reduction to 2013 operating margin caused by higher estimated pension expense (FAS net of CAS) of $15M for 2013 vs. 2012, with $3M in Electronic Systems and $12M in C^3ISR.

Segment Mix: 2013 Guidance Midpoints

Net Sales



Operating Income



2012 Estimated Sales by End Customer

	Electronic Systems	C^3ISR	AM&M	NSS	Total Estimate
Air Force	14%	59%	21%	11%	27%
Army	17%	20%	39%	9%	21%
Navy/Marines	18%	6%	22%	11%	15%
Other Defense	6%	3%	0%	42%	8%
U.S. Dept. of Defense	55%	88%	82%	73%	71%
Other USG Agencies	5%	2%	1%	24%	5%
Foreign Governments	14%	10%	11%	0%	11%
Commercial	26%	0%	6%	3%	13%
Total	100%	100%	100%	100%	100%

2012 Financial Guidance – Continuing Operations

($ in Millions, except per share amounts)

	2012 Guidance (Nov. 1, 2012)	Midpoint Guidance vs. 2011
Net Sales	$13,000 to $13,100	-1%
Operating Margin	10.3%	-70 bps
Interest Expense/Other	$176	-7%
Debt Retirement Charge	$13	-$22
Tax Rate	33.2%	+200 bps
Diluted EPS	$7.80 to $7.90	0%
Net Cash from Operating Activities	$1,206	-2%
Less: CapEx, net of Dispositions	$(185)	2%
Plus: DiscOps Income Tax Payments	$24	-62%
Free Cash Flow	$1,045	-6%

Notes: (1) Guidance excludes Engility, which was spun-off on July 17, 2012 and is reported as discontinued operations.
(2) The 2011 amounts exclude a tax benefit of $78M, or $0.74 per share and non-cash impairment charges of $57M ($50M after taxes), or $0.48 per share.

2012 Segment Guidance (Nov. 1, 2012)

($ in Millions)

Segment	2012 Net Sales	Midpoint Sales Growth vs. 2011	2012 Operating Margin	Midpoint Margin Change vs. 2011 (bps)
Electronic Systems	$5,650 to $5,700	1%	11.8% to 11.9%	-100 to -90
C^3ISR	$3,500 to $3,550	1%	10.3% to 10.4%	-100 to -90
AM&M	$2,450 to $2,500	1%	9.1% to 9.2%	-30 to -20
NSS	$1,350 to $1,400	-15%	5.9% to 6.0%	-30 to -20
Consolidated	**$13,000 to $13,100**	**-1%**	**10.3%**	**-70**

Notes: (1) Higher pension expense for 2012 vs. 2011 is estimated to reduce 2012 operating income by $38M, consolidated margin by 30 bps, C^3ISR by 70 bps, AM&M by 30 bps and Electronic Systems by 10 bps.
(2) 2011 excludes a goodwill impairment charge of $43M.

Supplemental Cash Flow Data

($ in Millions)

	2013 Guidance	2012 Guidance	2011 Actual
Cash interest payments	$ 168	$ 197	$ 238
Income tax payments, net (1)	315	300	194
FAS pension expense	183 (2) (4)	178	145
CAS pension cost (3)	116	126	131
Pension contributions	165	174	176

(1) Income tax payments, net exclude payments attributable to discontinued operations of $24M for 2012 Guidance and $63M for 2011 Actual.

(2) FAS pension expense represents pension expense determined using U.S. GAAP and assumes a 4.2% discount rate (vs. 5.02% for 2012) and a 12% pension asset return in 2012.

(3) CAS pension cost represents estimated allowable and reimbursable pension cost under U.S. Government procurement regulations (determined using Cost Accounting Standards or CAS) on L-3's U.S. Government contracts.

(4) Estimated 2013 Pension Expense Sensitivity: A 1% increase/decrease in 2012 pension asset return would decrease/increase 2013 pension expense by $3M and decrease/increase the 12/31/12 unfunded obligation by $17M. A 25 bps increase/decrease in 12/31/12 discount rate would decrease/increase 2013 pension expense by ~$14M and decrease/increase the 12/31/12 unfunded obligation by ~$115M.

Debt Balances and Maturities

($ in Millions)

	12/31/12 Guidance	Type	Maturity Date	Redemption Premium
Senior:				
Revolver	$ -	L+150 bpts	2/3/17	n.a.
3.95% Senior Notes	500	fixed	11/15/16	T+0.50% make-whole
5.2% Senior Notes	1,000	fixed	10/15/19	T+0.30% make-whole
4.75% Senior Notes	800	fixed	7/15/20	T+0.25% make-whole
4.95% Senior Notes	650	fixed	2/15/21	T+0.25% make-whole
Subordinated:				
3% CODES	689	fixed	8/1/35	0%
Unamortized Discounts	(10)			
Total	$ 3,629			

Notes: (1) The contingent convertible notes (CODES) contain "puts" that holders can exercise on Feb 1, 2016, and every 5-year anniversary thereafter at a price of 100%. The current conversion price is $91.21.

(2) T = comparable U.S. treasury note rate.

L3