

Deutsche Bank
8th Annual Global Industrials and
Materials Summit
Chicago, IL
June 8, 2017

Ralph D'Ambrosio
SVP and CFO

This presentation consists of L3 Technologies, Inc. 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.



Technologies

Forward-Looking Statements

Certain of the matters discussed in these slides, including information regarding the company's 2017 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; the outcome of litigation matters (see Notes to our annual report on Form 10-K and quarterly reports on Form 10-Q); results of audits by U.S. Government agencies and of ongoing governmental investigations; 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 risk that our commercial aviation products and services businesses are affected by a downturn in global demand for air travel or a reduction in commercial aircraft OEM (Original Equipment Manufacturer) production rates; 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 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 reports on Form 10-Q for the quarterly period ended March 31, 2017, and on Form 10-K for the year ended December 31, 2016 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.



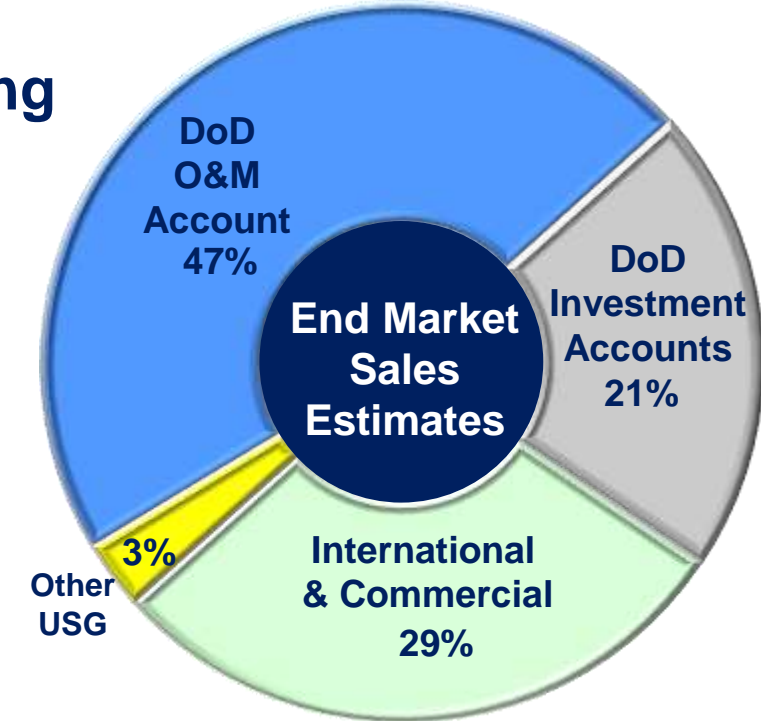
L3 Overview

- **Leading A&D contractor... non-platform prime and supplier positions... 2017 estimated sales \$10.85 billion**
- **Transitioned from portfolio shaping to disciplined growth**
- **Attributes:**
 - **broad/diverse U.S. defense market positions supporting organic growth**
 - **high earnings-to-cash flow conversion**
 - **efficient capital structure... IG credit**
 - **experienced management team**
- **Objectives: satisfy customers... disciplined growth + margin expansion + balanced capital allocation**



Improving U.S. Government Markets

- Geopolitical conditions support growth in military spending
- DoD budget upcycle began FY16
 - FY17 enacted May 5th... +4% vs. FY16
 - classified budgets expanding and growing
 - increasing attention on Readiness
 - anticipate more sequester trimming and OCO relief
- Higher defense budgets expected under Trump Administration, despite legislative uncertainties



DoD Budget Trends

(\$ in Billions)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 Request
Base	528	\$528	\$530	\$496	\$496	\$497	\$521	\$523	\$ 574
OCO	163	\$159	\$115	\$ 82	\$ 85	\$ 63	\$ 59	\$ 83	\$ 65
Total	\$691	\$687	\$645	\$578	\$581	\$560	\$580	\$606	\$ 639
Total vs Prior FY	4%	-1%	-6%	-10%	1%	-4%	4%	4%	5%
		-19% FY15 vs. FY10					New Upcycle...		

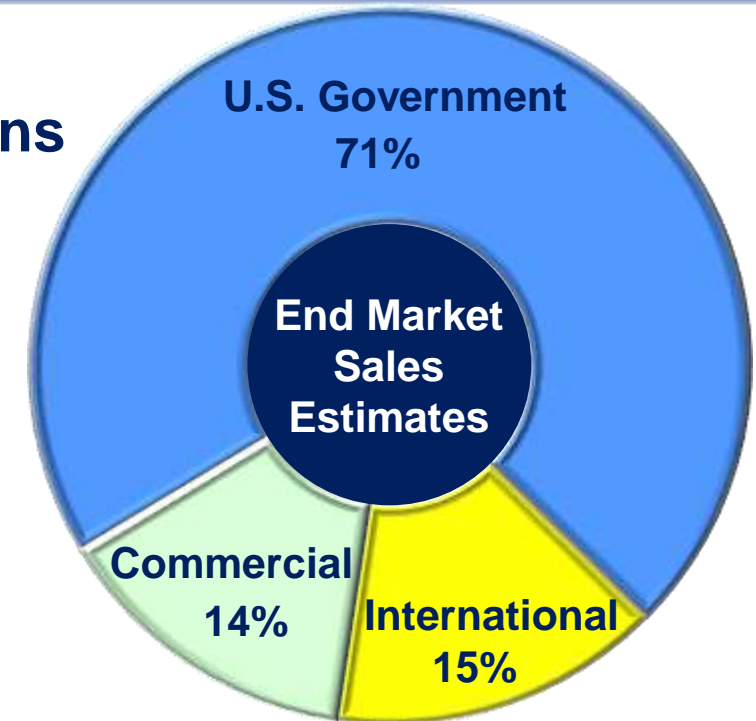
Budget began growing in FY16

Note: Enacted budgets through FY17. FY18 based on Trump administration budget request of May 23, 2017.



Attractive International & Commercial Markets

- **Markets affected by global economic and security conditions**
- **International - - large addressable market**
 - foreign governments and FMS
 - ISR systems, simulators, communication terminals, night vision, sensors systems
 - returning to organic growth
- **Commercial - - favorable fundamentals**
 - avionics, aviation security, simulation & training growing
 - softness in commercial space market



2017 Trends

(\$ in Millions except EPS)	2017	
	Estimate	vs. 2016
Net Sales	\$10,850	3.0%
Organic Growth	2%	n.c.
Operating Margin	10.3%	+70 bps
Operating Income	\$1,118	11%
Diluted Earnings Per Share	\$8.60	5%
Free Cash Flow	\$865	-4%

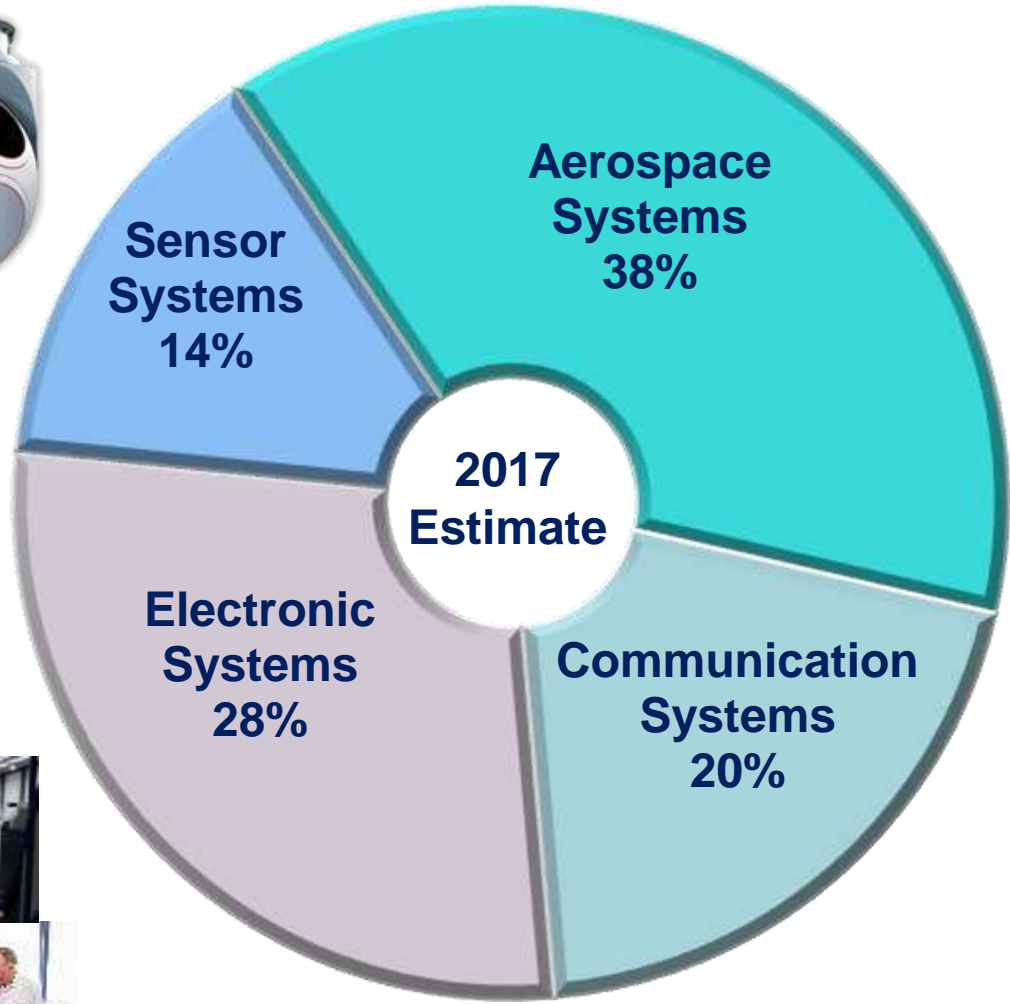
Note: 2017 Estimate based on April 27, 2017 financial guidance midpoints.
Refer to GAAP to Non-GAAP Reconciliation on pages 23 and 24.



- Sales growing in all end customer markets
- Margin, operating income and EPS growing... IRAD and CapEx increasing
- Maintenance / logistics support contract competitions
- Disciplined capital allocation... increasing investment in acquisitions



Segment Sales Mix



2017 Segment Guidance (April 27, 2017)

(in Millions)

Segment	Net Sales	Midpoint Sales vs. 2016	Midpoint Organic Growth	Segment Operating Margin	Midpoint Margin vs. 2016 (bps)
Electronic Systems	\$3,000 to \$3,100	11%	5%	13.2% to 13.4%	-
Aerospace Systems	\$4,050 to \$4,150	-3%	-3%	6.9% to 7.1%	+20
Communication Systems	\$2,075 to \$2,175	4%	4%	10.5% to 10.7%	+80
Sensor Systems	\$1,525 to \$1,625	7%	6%	12.7% to 12.9%	+250
Total Segments	\$10,750 to \$10,950	3%	2%	10.3%	+70

Note: Communication Systems segment quarterly operating margin for 2017 will be impacted by approximately \$28 million of restructuring and severance expenses for the EDD/ETI business unit consolidation that are expected to be offset by a property gain.



Robust Cash Flow

(\$ in Millions)

	2017 Guidance (April 27, 2017)	2016 Actual
Net income from continuing operations*	\$ 700	\$ 661
Depreciation & amortization	220	206
Deferred income taxes	50	43
401K common stock match	116	113
Stock-based employee compensation	59	49
Amortization of pension and OPEB net losses	59	48
Working capital/other items	(119)**	(23)
Capital expenditures, net	(220)**	(195)
Free cash flow	<u>\$ 865</u>	<u>\$ 902</u>
Free cash flow/net income	124%	136%

Notes: See Reconciliation of GAAP to Non-GAAP Measurements.

* Before deduction for net income attributable to noncontrolling interests.

** Capital expenditures, net for 2017 does not include the anticipated sale of the Electron Devices property in San Carlos, CA, which is offset in Working capital/other items.



Disciplined Capital Allocation

(\$ in Millions)

	2017 Guidance (April 27, 2017)	2016 Actual
Beginning cash	\$ 363	\$ 207
Free cash flow from continuing operations	865	902
Divestitures	16	561
Acquisitions	(139)	(388)
Dividends	(235)	(220)
Share repurchases	(500)*	(373)
Debt reduction	-	(303)
Other, net	80	(23)
Ending cash	<u>\$ 450</u>	<u>\$ 363</u>

Shifting Cash Deployment to Acquisitions

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

* Combined placeholder for additional acquisitions and share repurchases.

Solid Balance Sheet + Ample Liquidity

(\$ in Millions)

	3/31/17 Actual	12/31/16 Actual	12/31/15 Actual
Cash	\$ 230	\$ 363	\$ 207
Debt	\$ 3,326	\$ 3,325	\$ 3,626
Equity	4,802	4,624	4,429
Book Capitalization	\$ 8,128	\$ 7,949	\$ 8,055
Debt/Invested Capital	40.9%	41.8%	45.0%
Debt/LTM EBITDA	2.73x	2.74x	3.30x
Available Revolver	\$ 1,000	\$ 1,000	\$ 1,000



Summary

- **All end markets growing... DoD budget up cycle beginning**
- **Affordable solutions/technologies aligned with customer priorities**
- **Growing sales, operating income and EPS**
- **Robust cash flow and disciplined capital allocation**
- **Building upon strong 2016 and 1Q17 performance**



Supplemental Data

Strategy and Priorities - - Disciplined Growth

- **Build strong businesses with durable discriminators and leading positions**
- **Strengthen market positions**
 - innovative and affordable customer solutions
 - excellent customer relationships
 - IRAD and contract performance
 - collaborate to expand platform content
 - proactively right-size businesses
 - portfolio shaping... acquisitions and divestitures
- **Attract & retain key employees**
- **Maintain strong internal controls**
- **Grow sales, operating income, EPS, free cash flow**



2017 Consolidated Financial Guidance

(in Millions, except per share amounts)

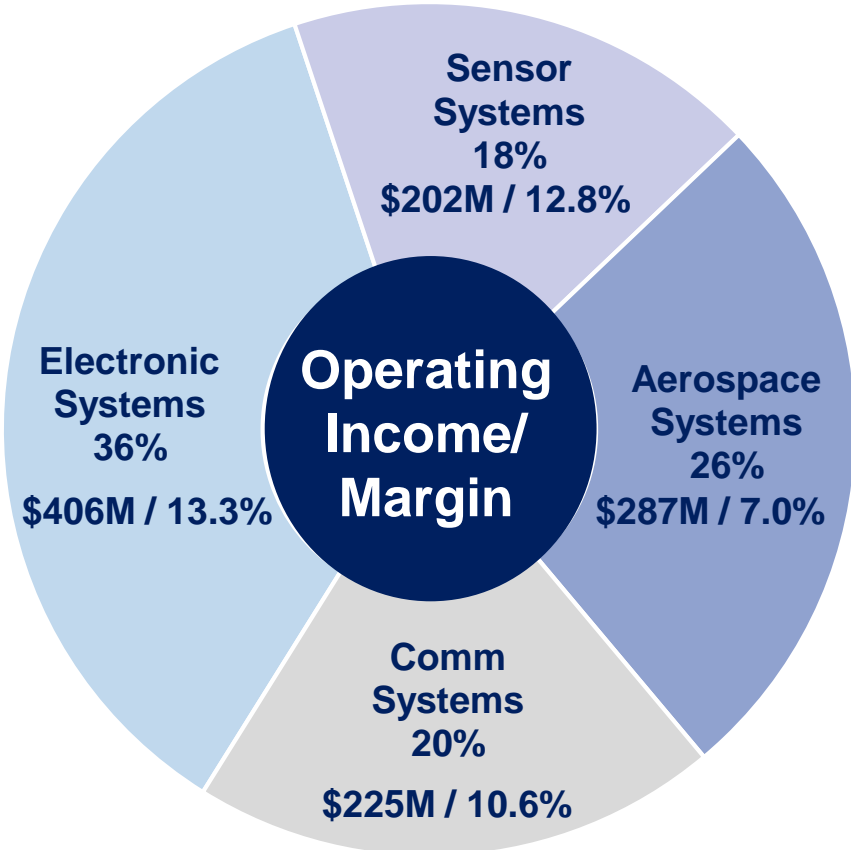
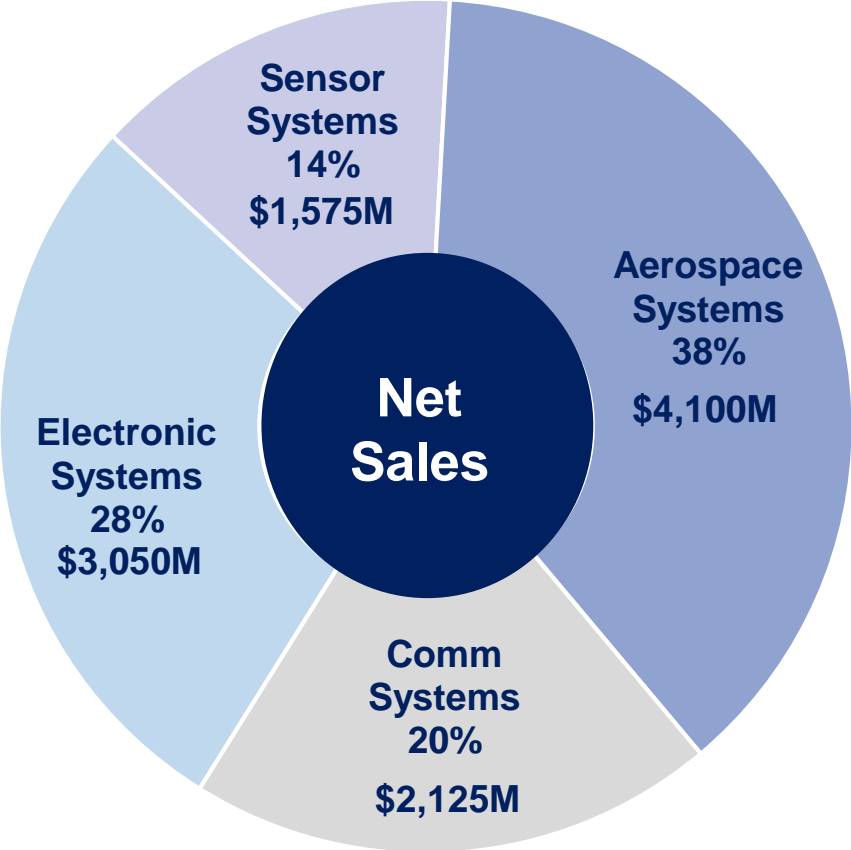
	<table border="1"> <tr> <td>USG/DoD</td> <td>+2%</td> </tr> <tr> <td>International</td> <td>+1%</td> </tr> <tr> <td>Commercial</td> <td>+3%</td> </tr> </table>	USG/DoD	+2%	International	+1%	Commercial	+3%	Guidance (April 27, 2017)	vs. 2016
USG/DoD	+2%								
International	+1%								
Commercial	+3%								
Net Sales		\$10,750 to \$10,950	3%						
Organic Growth		2%	n.c.						
Operating Margin		10.3%	+70 bps						
Interest Expense and Other		\$158	\$0						
Effective Tax Rate		27.0%	+480 bps						
Minority Interest Expense		\$15	\$1						
Diluted Shares		79.8	1%						
Diluted EPS		\$8.50 to \$8.70	5%						
Free Cash Flow		\$865	-4%						

- Notes: (1) Operating margin for 2017 will be impacted by approximately \$28 million of restructuring and severance expenses for the EDD/ETI business unit consolidation in Communication Systems Segment, that are expected to be offset by a property gain.
 (2) See Reconciliation of GAAP to Non-GAAP Measurements.

The current guidance for 2017 excludes: (i) any potential non-cash goodwill impairment charges for which the information is presently unknown, (ii) potential adverse results related to litigation contingencies and (iii) other items such as gains or losses related to potential business divestitures and the impact of potential acquisitions.



Segment Mix: 2017 Guidance



Note: Net sales and operating income/margin represent midpoints of the range of segment guidance.

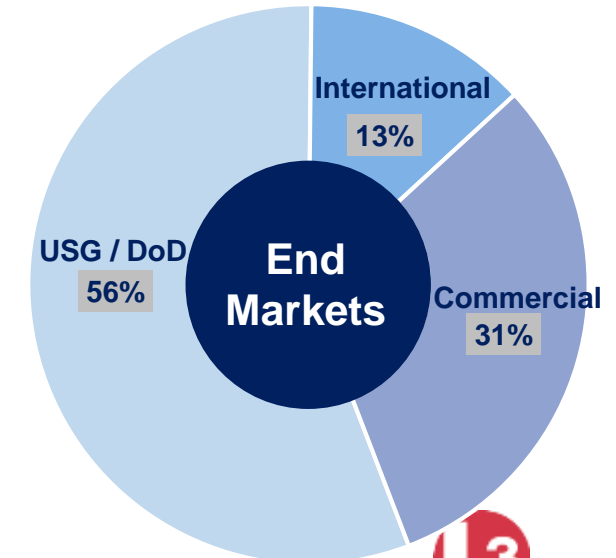
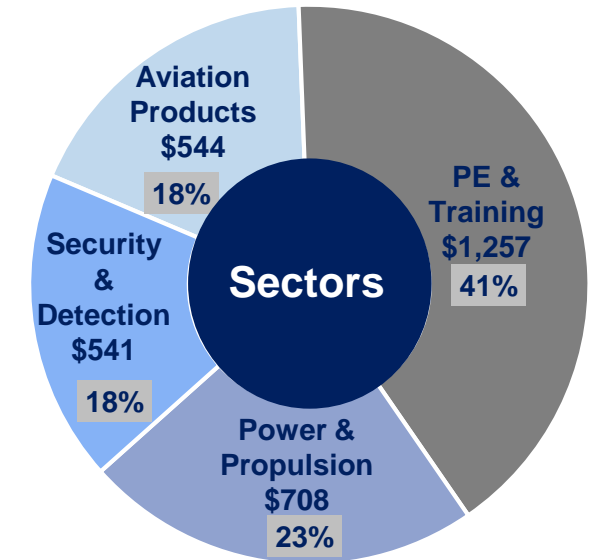


Electronic Systems Trends

- Diverse, discriminating products
- Strengthening positions with R&D, acquisitions and divestitures
- Highest segment margin and expanding

(\$ in Millions)	2015 Actual	2016 Actual	2017 Midpoint Guidance
Net Sales	\$2,823	\$2,751	\$3,050
Sales Growth	-9%	-3%	11%
Organic Growth	0%	2%	5%
Operating Margin	12.2%	13.3%	13.3%
Operating Income	\$345	\$367	\$406

2017 Estimated Sales Mix

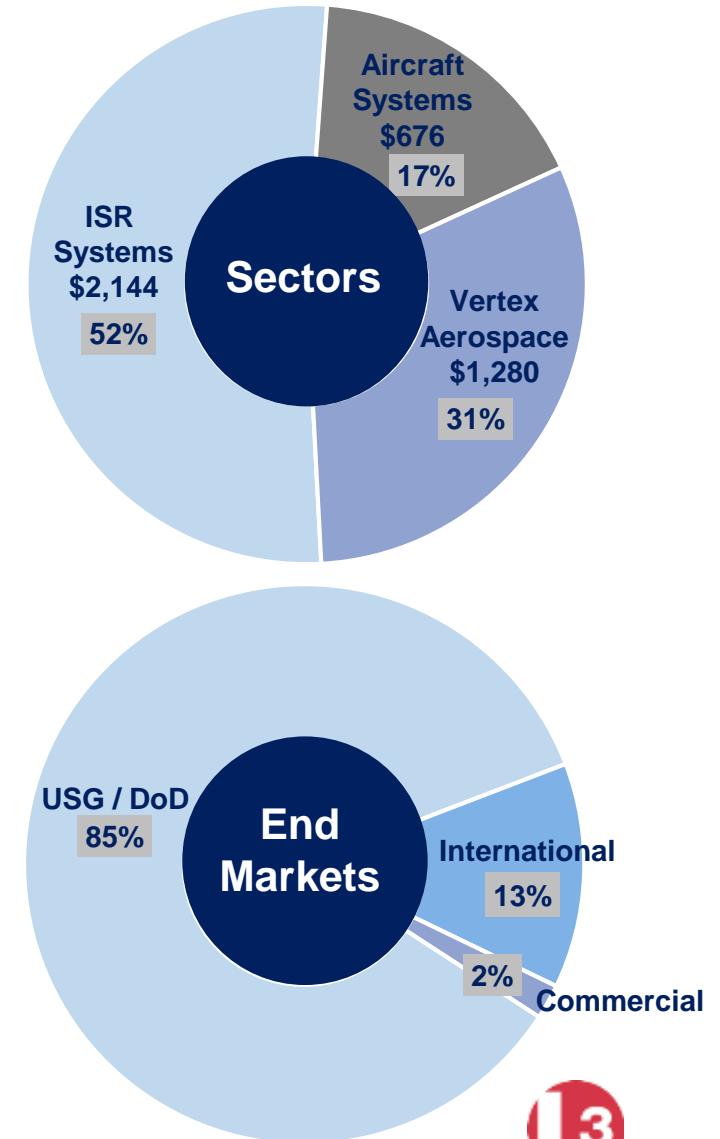


Aerospace Systems Trends

- Aircraft aftermarket prime contractor... modernization, missionization, sustainment
- Sales headwinds... legacy DoD programs, foreign military procurement cycles
- Investing in advanced ISR and SLEP
- Margins stabilizing

(\$ in Millions)	2015 Actual	2016 Actual	2017 Midpoint Guidance
Net Sales	\$4,156	\$4,240	\$4,100
Sales Growth	-4%	2%	-3%
Organic Growth	-4%	2%	-3%
Operating Margin	4.9%	6.8%	7.0%
Operating Income	\$205	\$289	\$287

2017 Estimated Sales Mix

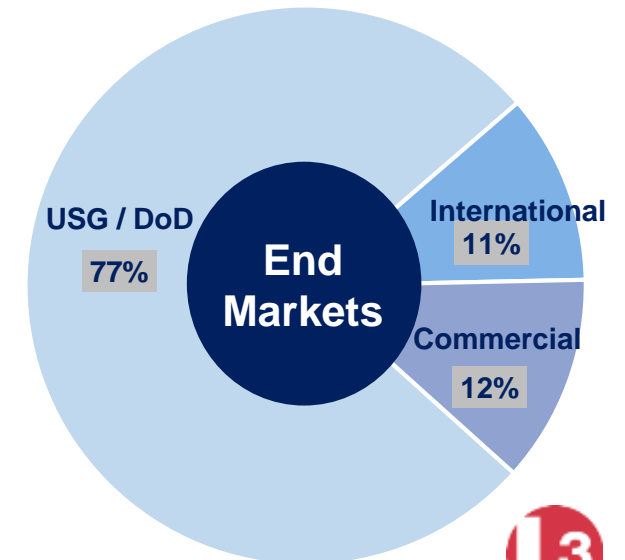
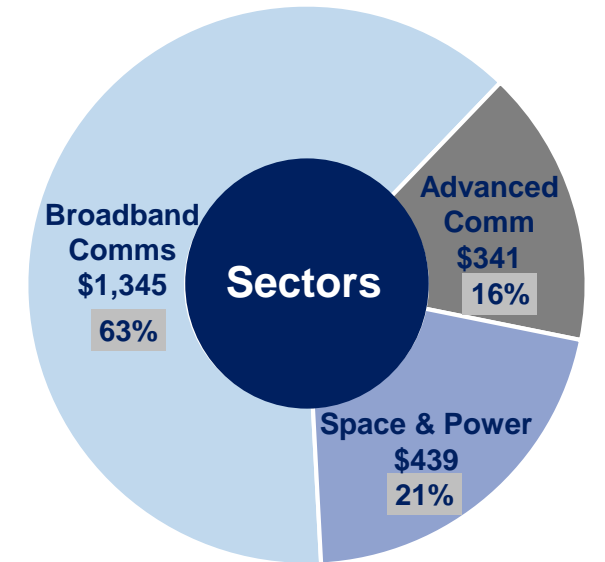


Communication Systems Trends

- Solid, long-lived positions
- Investing in protected, A2/AD communications
- Manufacturing productivity and consolidation synergies improving margins

(\$ in Millions)	2015 Actual	2016 Actual	2017 Midpoint Guidance
Net Sales	\$2,041	\$2,052	\$2,125
Sales Growth	1%	1%	4%
Organic Growth	-2%	0%	4%
Operating Margin	9.6%	9.8%	10.6%
Operating Income	\$196	\$201	\$225

2017 Estimated Sales Mix

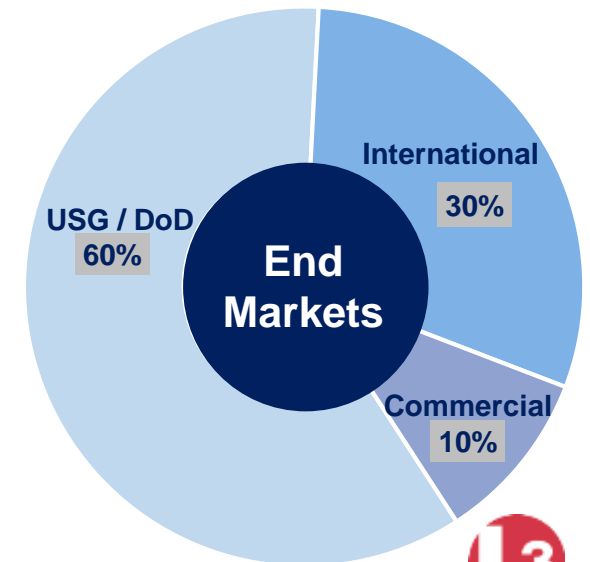
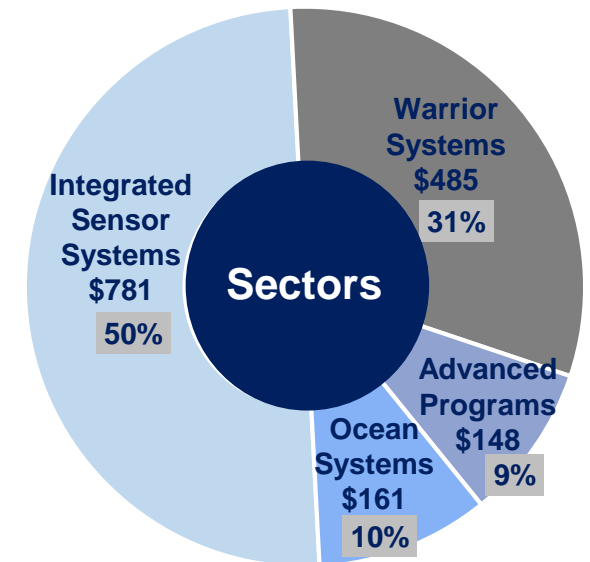


Sensor Systems Trends

- **Sensor Systems for multiple domains... airborne, warfighter, maritime, space and ground**
- **Investing in integrated and advanced sensors, including IRSTs**
- **Margin increasing**

(\$ in Millions)	2015 Actual	2016 Actual	2017 Midpoint Guidance
Net Sales	\$1,446	\$1,468	\$1,575
Sales Growth	-7%	2%	7%
Organic Growth	-4%	2%	6%
Operating Margin	10.0%	10.3%	12.8%
Operating Income	\$144	\$151	\$202

2017 Estimated Sales Mix



Supplemental Cash Flow Data

(\$ in Millions)

	2017 Guidance (April 27, 2017)	2016 Actual
Cash interest payments	\$ 164	\$ 162
Income tax payments, net	210	112
FAS pension expense	107^{(1) (2)}	97
CAS pension cost⁽³⁾	121	111
Pension contributions	100	97

- Notes: (1) FAS pension expense represents pension expense determined using U.S. GAAP and assumes a 2016 year-end weighted average discount rate of 4.41% (vs. 4.67% for 2015 year-end) and a 2017 weighted average pension asset return of 7.92%.
- (2) Estimated 2017 Pension Expense Sensitivity: A 25 bps increase/decrease in 12/31/16 discount rate would decrease/increase 2017 pension expense by ~\$14 million and decrease/increase the 12/31/16 unfunded obligation by ~\$130 million.
- (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 L3's U.S. Government contracts.



Reconciliation of GAAP to Non-GAAP Measurements (1 of 2)

(in Millions)

	2017 Guidance (April 27, 2017)	2016 Actual
Net cash from operating activities from continuing operations	\$ 1,085	\$ 1,097
Less: Capital expenditures	(225)	(216)
Add: Dispositions of property, plant and equipment	5	21
Free cash flow from continuing operations	<u>\$ 865</u>	<u>\$ 902</u>
Net cash from operating activities from discontinued operations		\$ (56)
Less: Capital expenditures		-
Free cash flow from discontinued operations		<u>\$ (56)</u>

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

(in Millions)

	3/31/17 LTM	12/31/16 Actual	12/31/15 Actual
Cash Flow to EBITDA Reconciliation			
Net cash from operating activities from continuing operations	\$ 1,070	\$ 1,097	\$ 1,069
Income tax payments, net of refunds	116	112	122
Interest payments, net of interest income	145	145	145
Stock-based employee compensation	(176)	(162)	(156)
Amortization of pension and post retirement benefit plans net loss	(51)	(48)	(67)
Other non-cash items	(15)	(12)	3
Changes in operating assets and liabilities	130	82	(16)
LTM EBITDA from continuing operations	\$ 1,219	\$ 1,214	\$ 1,100
Debt	\$ 3,326	\$ 3,325	\$ 3,626
Debt/EBITDA	2.73x	2.74x	3.30x

Note: EBITDA is defined as consolidated income (loss) from continuing operations (excluding impairment losses incurred on goodwill and identifiable intangible assets and losses related to business divestiture transactions), plus consolidated interest, taxes, 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.



Glossary of Acronyms

A&D	Aerospace & Defense	IG	Investment Grade
A2/AD	Anti-Access/Area Denial	IRAD	Independent Research and Development
bps	Basis Points	IRSTs	Infrared Search and Track
CapEx	Capital expenditures, net of disposition of property, plant and equipment	ISR	Intelligence, Surveillance and Reconnaissance
CAS	Cost Accounting Standards - U.S. Government	LTM	Last Twelve Months
D&A	Depreciation and Amortization	O&M	Operations & Maintenance
EBITDA	Earnings Before Interest Taxes Depreciation Amortization	OCO	Overseas Contingency Operations
EDD/ETI	Electron Devices Division / Electronic Technologies, Inc.	OPEB	Other Post Employment Benefits
EPS	Earnings Per Share	PE	Precision Engagement
FAS	Financial Accounting Standards Board	R&D	Research and Development
FAR	Federal Acquisition Regulations	SLEP	Service Life Extension Program
FMS	Foreign Military Sales	USG	United States Government
FY	Fiscal Year		
GAAP	Generally Accepted Accounting Principles		





Technologies