

***2012 Annual Meeting of Shareholders  
April 24, 2012***



**Michael T. Strianese  
Chairman, President  
and Chief Executive Officer**

# ***SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995***

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

- **Leader in mission critical products and solutions**
- **National Assets / enabling technologies - Comms, ISR, Sensors...**
- **Delivering innovation and program excellence to our customers**
- **Diverse platform / program base**
- **Shareholder focused**



**Leading solutions in critical markets to drive shareholder value**

# 2011 Highlights: Solid Performance

- 2011 Sales of \$15.2B
- ISR continued to lead growth
- EPS growth 8% vs. 2010\*
- Returned \$1.1B of free cash flow to shareholders...7th consecutive annual dividend increase
- Announced planned Engility spin-off to strengthen both companies
- Continued investment in R&D, technology and new products



**Disciplined Execution**  
**On-time, On-budget Performance**

\* Excludes debt retirement charges and 4Q11 Items

# Small Manned ISR Aircraft



**Project  
Liberty**



**Constant  
Hawk**



**Army  
ISR**

**Technology  
Upgrade  
Roadmap**



**Low-cost,  
export variant  
with significant  
international  
interest**

**Near-Term  
Growth**



**South Africa**



**Saudi Arabia**





# Hawklink and ROVER 6

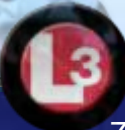
- Hawklink provides secure high-speed communications for U.S. Navy
- ROVER 6 supports manned and unmanned ISR platforms such as Predator, Raven, Global Hawk
- Transforms sensor-to-shooter networking by increasing collaboration and interoperability



**L-3's Competitive Differentiator - -  
Innovation and Program Execution**

# Night Vision Technology & HD EO/IR Sensors

- L-3 is a leader in night vision and EO/IR sensors technologies
- Enhanced Night Vision Goggles (ENVG) - - Army's premier night vision program
- MX-15D is a turreted electro-optic/infrared imaging and laser rangefinding/designating system
- DoD Priority Areas



# ***U.K. AIRSEEKER & IBS***

## **AIRSEEKER**

- **Anticipating first delivery December 2013**
  - **UK version of U.S. Rivet Joint program**
- **UK crews and support personnel in training**

## **Integrated Broadcast Service (IBS) Program**

- **L-3 is prime contractor**
- **High priority U.K. Intelligence Secure Communications System**
- **L-3 is providing advanced satellite and computer technology**



**On-budget, ahead of schedule performance**



# ProVision ATD

- Currently upgrading existing systems to the image-free ATD configuration
- Strong international demand in Europe, Australia, the Middle East and Asia Pacific
- 900 systems in use or on order worldwide



# *Business Segments: Proven Expertise and Versatility*

## **C<sup>3</sup>ISR**



**Products & services for the global ISR market, specializing in signals & communications intelligence systems**

## **Electronic Systems**



**Broad range of innovative products including components, subsystems, and systems & related services**

## **AM&M**



**Aircraft and aerostructure modernization, upgrades, sustainment, maintenance & logistics support services**

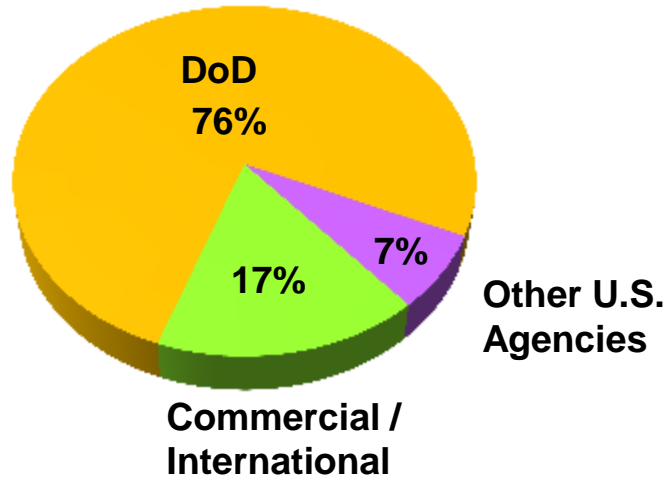
## **National Security Solutions**



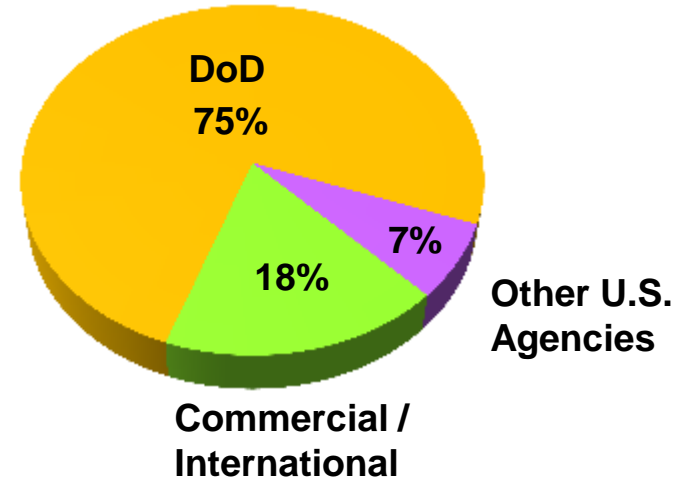
**High performance computing, cyber, analytics, IT and intelligence services and solutions**

# Sales by End Customer Trends

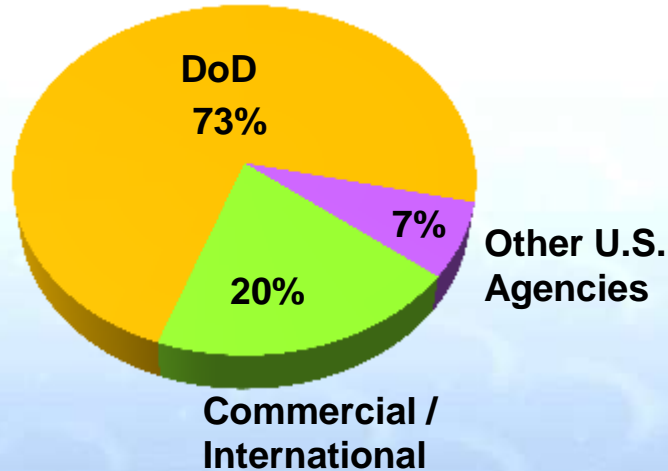
**2010**



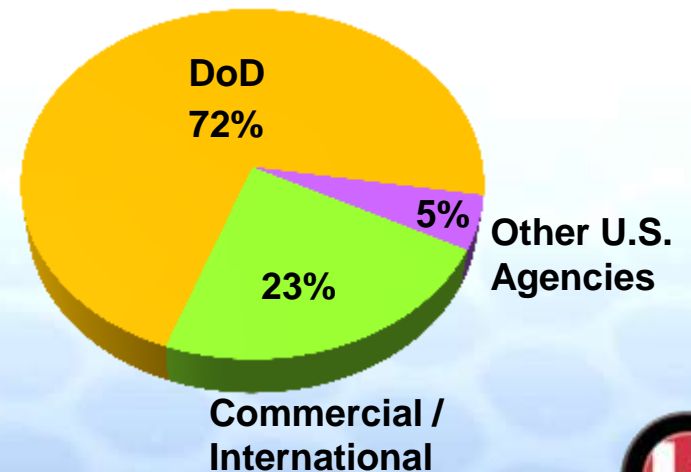
**2011**



**2012**



**2012 Ex. Engility**



# *C<sup>3</sup>ISR - - Delivering Solid Growth*

- **Leading prime contractor in DoD priority areas**
- **Pull-through opportunities for Electronic Systems and AM&M**
- **Growing adjacent networked communication markets**
- **Expanding leadership positions with leading-edge technology**
- **Growing international business for small and large ISR aircraft**



**National Asset in Secure Communications  
and Integrating Airborne Sensor Systems**



# *Electronic Systems - - Innovative Solutions*

- Diverse products and customers with solid growth prospects
- Several #1 or #2 market positions
- 37% of sales from commercial and international customers
- Increasing collaboration among business units
- Building and strengthening business areas...expanding addressable markets
- Leveraging advanced technologies and agility to increase market share



**Market-leading positions across product lines**

# AM&M - - Increasing Market Share

## Platform Systems

- Leverage combined design, engineering and manufacturing strengths for unique customer requirements
- Strong collaboration with C<sup>3</sup>ISR
- Significant reset and life-extension opportunities in current environment

## Logistics Support

- Aftermarket capability for ISR platforms
- Maintenance / support for training and other platforms
- Pursue adjacent market - - fixed-wing transport, training aircraft, international



# *National Security Solutions - - Leveraging Technology*

- **Cyber and Intelligence are attractive growth areas**
- **Applying L-3 proprietary solutions to build NSS discriminators**
- **Extending capabilities through collaborative research partnerships with MIT, University of Maryland and Virginia Tech**



# Clear Plan to Drive Growth

## DELIVER OUTSTANDING PERFORMANCE

- Expand strong positions in C<sup>3</sup>ISR, Electronic Systems and AM&M
  - Gain market share
  - Pursue adjacent market opportunities

## SUPPLEMENT GROWTH WITH ACQUISITIONS

- Disciplined approach to:
  - Enhance core businesses
  - Expand addressable markets
  - Extend technology capability

## CONTINUE OPERATIONAL EFFICIENCY

- Focus on value added products and proprietary technologies
- Proactively manage costs and right-size businesses

## MAINTAIN FINANCIAL DISCIPLINE

- Grow EPS and cash flow per share
- Allocate capital to provide returns for investors





# Driving Performance



# ***Broadening Capabilities Through Strategic Acquisitions***

## **Enhancing Core Businesses**

- **Kollmorgen Electro-Optical (KEO) 2/6/12 - - \$205M**
  - Capturing national asset in electro-optical / infrared (EO/IR) naval market
  - High-priority DoD budget area

## **Expanding Addressable Markets**

- **Thales Civil Simulation - - announced on 4/11/12 - - \$130M**
  - Diversify market-leading military business in simulation & training into growing civil market
  - Add full flight simulator capabilities

## **Extending Technology Capabilities**

- **Acquired comm. waveform and nuclear detection technologies to enhance existing products**

***Disciplined Acquisitions Enhance Core Businesses  
and Grow Commercial / International Markets***



# ***Engility: Creating and Unlocking Value***

- **Anticipating the changing defense environment**
- **Spin-off of Engility positions both L-3 and Engility to succeed as stand-alone businesses**
- **Engility will be one of the largest independent Government Services providers**
  - **Leader in SETA, Training and Operational Support Services**
  - **Unencumbered by OCI constraints**
  - **More effectively pursue opportunities with a cost efficient streamlined operating structure**
- **L-3 will sharpen its focus on building its value added products and solutions businesses**

***Tax-free Engility Spin-off Will Return  
Additional Value to Shareholders***



# *Delivering Value to Our Shareholders*

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## **Strong Operating Performance**

- **Operating Margins**
  - **Solid Margins reflecting Strong Market Positions**
- **Cash Flow Yield (FCF /NI)**
  - **High Quality Earnings delivering Strong Cash Flow**

## **Disciplined Approach to Capital Deployment**

- **Stock Repurchases**
  - **Repurchased 45 million shares the last 5 years, reducing diluted shares outstanding 16%**
- **Dividend Growth**
  - **Increased Dividend 7 Consecutive Years**

***Strong Operating Performance + Management's Capital Discipline  
= Delivering Value to Our Shareholders***



# ***L-3 is Strongly Positioned***

- **Expanding positions to gain market share**
  - addressing customer needs
  - leveraging excellent customer relationships
  - pursuing adjacent markets
- **Driving growth through well-positioned, value-added products, systems and solutions**
- **Prudently allocating capital to achieve business objectives and reward shareholders**
- **Delivering strong free cash flow and record diluted EPS**
- **Funded backlog of over \$10.7B**
- **Highly experienced and agile team**

***L-3 is situationally aware***



# *Questions?*

