First Quarter Earnings Call
April 26, 2012

Financial Data Charts

This presentation consists of L-3 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.

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: timing and completion of the planned spin-off of a new, independent, publicly traded government services company; 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, including but not limited to the planned spin-off of a part of our Government Services segment, 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 our audited consolidated financial statements, included in our Annual Report on Form 10-K for the year ended December 31, 2011, 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.

First Quarter Results

Select Financial Data - First Quarter

($ in Millions, except per share amounts)

	1Q12	1Q11	vs. 1Q11
Sales	$3,588	$3,601	0%
Segment Operating Margin	10.1%	10.8%	-70 bps
Segment Operating Income	$363	$390	-7%
Net Interest Expense and Other Income	$48	$61	-21%
Debt Retirement Charge	$0	$18	n.m.
Tax Rate	34.3%	33.4%	+90 bps
Diluted Shares	100.2	109.5	-8%
Diluted Earnings Per Share	$2.01	$1.85	9%
Net Cash from Operating Activities	$137	$220	-38%
Free Cash Flow	$110	$186	-41%

Notes: (1) 1Q12 excludes $6M of estimated Engility spin-off expenses.
(2) See Reconciliation of GAAP to Non-GAAP Measurements.

(n.m. = not meaningful)

Segment Results - First Quarter

($ in Millions)

Segment	1Q12 Sales	Sales Growth vs. 1Q11	1Q12 Operating Margin	Margin Change vs. 1Q11 (bps)
C^3ISR	$ 886	16%	10.6%	-150
Gov't Services	775	-18%	6.8%	-70
AM&M	614	4%	10.3%	-80
Electronic Systems	1,313	1%	11.7%	-70
Consolidated	$ 3,588	-0.4%	10.1%	-70

Notes: (1) During 1Q12, the company re-aligned a business unit's management and organizational structure, and made related reclassifications between its C^3ISR and Electronic Systems segments. See Supplemental Segment Data slides for the previous and revised 1Q11 segment data presentation.
(2) 1Q12 operating margin excludes $6M of spin-off transaction expenses.

2012 Financial Guidance

2012 Consolidated Financial Guidance

($ in Millions, except per share amounts)

	Current Guidance (Apr. 26, 2012)	Midpoint Guidance vs. 2011
Sales	$14,550 to $14,750	-3%
Operating Margin	10.1%	-80 bps
Interest Expense/Other	$197	-11%
Tax Rate	34.8%	+270 bps
Diluted EPS	$8.45 to $8.60	-3%
Net Cash from Operating Activities	$1,380	-7%
Less: CapEx, net of Dispositions	($200)	8%
Free Cash Flow	$1,180	-9%

Notes: (1) The 2012 consolidated guidance includes the estimated results of the Engility businesses for the full year and does not give effect to the planned spin-off of the Engility businesses. L-3 expects the Engility spin-off to occur around the mid-year.
(2) 2012 excludes $15M of estimated Engility spin-off expenses.
(3) 2011 excludes a tax benefit of $78M or $0.74 EPS, non-cash impairment charges of $57M ($50M after taxes), or $0.48 per share, and $9M of Engility spin-off expenses.

2012 Segment Guidance

($ in Millions)

Segment	Sales	Midpoint Sales Growth vs. 2011	Operating Margin	Midpoint Margin Change vs. 2011 (bpts)
C3ISR	$3,500 to $3,600	2%	10.6% to 10.8%	-80
Gov't Services	$2,900 to $3,000	-19%	6.9% to 7.1%	-100
AM&M	$2,400 to $2,500	0%	8.5% to 8.7%	-90
Electronic Systems	$5,650 to $5,750	1%	12.0% to 12.2%	-90
Consolidated	**$14,550 to $14,750**	**-3%**	**10.1%**	**-80**

Notes: (1) The 2012 segment guidance for Government Services includes the estimated results of the Engility businesses for the full year and does not give effect to the planned spin-off of the Engility businesses. L-3 expects the Engility spin-off to occur around mid-year.

(2) Higher pension expense for 2012 vs. 2011 is estimated to reduce 2012 operating income by $39M, consolidated margin by 30 bps, C3ISR by 70 bps, AM&M by 40 bps and Electronic Systems by 10 bps.

(3) 2012 excludes $15M of estimated spin-off transaction expenses and 2011 excludes a goodwill impairment charge of $43M and spin-off transaction expenses of $9M.

2012 L-3 and Engility Estimates

($ in Millions)

	L-3 Midpoint Guidance	Engility Estimate	L-3 Ex. Engility Estimate
Sales	$14,650	$1,600	$13,050
Sales vs. 2011	-3.4%	-21.1%	-0.7%
Segment Operating Margin	10.1%	7.3%	10.3%
Segment Operating Margin vs. 2011	-80 bps	-190 bps	-60 bps

Engility spin-off will improve L-3's growth and margin profile

Notes: (1) The Engility estimate represents the results of the Englity businesses for the full year ending December 31, 2012. L-3 expects the Engility spin-off to occur around mid-year.

(2) Higher pension expense for 2012 vs. 2011 is estimated to reduce 2012 consolidated operating margin by 30 bps. The Engility businesses do not have pension plans.

(3) Segment operating income and margin excludes estimated spin-off transaction expenses of $15M for 2012 and a goodwill impairment of $43M and Engility spin-off transaction expenses of $9M for 2011.

Cash Flow Data

Cash Flow

($ in Millions)	1Q12 Actual	1Q11 Actual	2012 Guidance	2011 Actual
Net income	$ 203	$ 207	$ 840	$ 968
Impairment charges	-	-	-	57
Depreciation & amortization	59	59	247	247
Deferred income taxes	20	26	55	107
401K common stock match	38	40	135	137
Stock-based employee compensation	17	15	62	64
Working capital/other items	(200)	(127)	41	(96)
Capital expenditures, net	(27)	(34)	(200)	(186)
Free cash flow	$ 110	$ 186	$ 1,180	$ 1,298

Robust Cash Flow

Note: 2012 Guidance does not include the Engility spin-off or Thales Training & Simulation Ltd acquisition.

Supplemental Cash Flow Data

($ in Millions)

	1Q12 Actual		1Q11 Actual		2012 Guidance[4]		2011 Actual	
Cash interest payments	$	48	$	62	$	202	$	238
Income tax payments, net		25		35		395		257
FAS pension expense [1]		45		40		179 [3]		145
CAS pension cost[2]		32		33		126		131
Pension contributions		59		62		173		176

Notes: (1) FAS pension expense represents pension expense determined using U.S. GAAP and is based on a 5.02% discount rate (vs. 5.57% at 12/31/11) and a 2011 actual pension asset return of 3.6% vs. 8.55% (2011 assumption).

(2) 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.

(3) Estimated 2012 Pension Expense Sensitivity: A 1% increase/decrease in 2011 pension asset return would have decreased/increased 2012 pension expense by $3M and decreased/increased the 12/31/11 unfunded obligation by $17M. A 25 bps increased/decreased in 12/31/11 discount rate would decreased/increased 2012 pension expense by $12M and decreased/increased the 12/31/11 unfunded obligation by approximately $90M.

(4) 2012 guidance does not include the Engility spin-off or Thales Training & Simulation Ltd acquisition.

Cash Sources and Uses, and Capitalization and Leverage

Cash Sources and Uses

($ in Millions)	2012 Guidance	1Q12 Actual	2011 Actual
Beginning cash	$ 764	$ 764	$ 607
Free Cash Flow	1,180	110	1,298
Dividends	(190)	(49)	(188)
Share repurchases	(800)	(138)	(958)
Acquisitions, net	(216)	(205)	(19)
Debt repayments, net	(300)	-	(11)
Other, net	42	11	35
Ending cash	$ 480	$ 493	$ 764

Disciplined and balanced capital allocation

Notes: (1) 2012 Guidance includes estimated results of the Engility businesses for the full year, and excludes $15M of estimated spin-off transaction expenses. L-3 expects the Engility spin-off to occur around mid-year. Following the spin-off of Engility, a portion of the spin-off proceeds are expected to be used for additional debt reduction.

(2) 2012 Guidance does not include the acquisition of Thales Training & Simulation Ltd (purchase price is £83M).

(3) See Reconciliation of GAAP to Non-GAAP measurements.

Capitalization and Leverage

($ in Millions)

	3/30/12 Actual	12/31/11 Actual
Cash	$493	$764
Debt	$4,126	$4,125
Equity	6,840	6,724
Invested Capital	$10,966	$10,849
Debt/Invested Capital	37.6%	38.0%
Bank Leverage Ratio	1.88x	1.87x
Available Revolver	$996	$997

Note: Equity includes non-controlling interests (minority interests) of $88M as of March 30, 2012 and $89M as of Dec 31, 2011.

Appendix

Debt Balances and Maturities

($ in Millions)

	3/30/12 Actual	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:				
6-3/8% Notes	500	fixed	10/15/15	2.125%
3% CODES	689	fixed	8/1/35	0%
Unamortized Discounts	(13)			
Total	$ 4,126			

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%. Current conversion price $96.48.
(2) T = comparable U.S. treasury note rate.

Supplemental Segment Data

($ in Millions)

	Previous Presentation		Reclassification		Revised Presentation	
	2011	1Q11	2011	1Q11	2011	1Q11
Sales:						
C^3ISR	$ 3,568	$ 785	$ (88)	$ (19)	$ 3,480	$ 766
Gov't Services	3,621	947	-	-	3,621	947
AM&M	2,440	593	-	-	2,440	593
Electronic Systems	5,540	1,276	88	19	5,628	1,295
Consolidated	$ 15,169	$ 3,601	$ -	$ -	$ 15,169	$ 3,601
Operating Margin:						
C^3ISR	11.5%	11.4%			11.5%	12.1%
Gov't Services	7.7%	7.5%			7.7%	7.5%
AM&M	9.5%	11.1%			9.5%	11.1%
Electronic Systems	13.0%	12.8%			13.0%	12.4%
Consolidated	10.8%	10.8%			10.8%	10.8%

Select Financial Data

($ in millions)

	1Q12 Estimate			2012 Estimate		
	Engility[1]	NSS[1]	Gov't Services Segment	Engility	NSS	Gov't Services Segment[2]
Sales	$427	$348	$775	$1,600	$1,350	$2,950
Operating Income	$34	$19	$53	$117	$90	$207
Operating Margin	7.9%	5.5%	6.8%	7.3%	6.7%	7.0%
Sales Growth	-21%	-14%	-18%	-21%	-15%	-19%
Operating Income Growth	-28%	-21%	-26%	-38%	-11%	-29%
Depreciation & Amortization	$3	$4	$7	$17	$14	$31

Notes: (1) The select financial data for Engility and NSS are current estimates that are subject to change.
(2) The 2012 estimated financial data are based on the mid-point of L-3's financial segment guidance range for the year ending December 31, 2012, provided on April 26, 2012.
(3) The select financial data excludes spin-off transaction expenses of $6M for 1Q12 and an estimated $15M for 2012.

Reconciliation of GAAP to Non-GAAP Measurements

($ in Millions, except per share data)

	2012 Guidance	1Q12 Actual	2011 Actual	1Q11 Actual
Diluted EPS			$ 9.03	
Add: Non-cash impairment charge			0.48	
Less: Tax benefit			(0.74)	
Adjusted diluted EPS			$ 8.77	
Operating income		$ 357	$ 1,598	
Add: Engility spin-off transaction expenses		6	9	
Goodwill impairment charge		-	43	
Segment operating income		$ 363	$ 1,650	
Net cash from operating activities	$ 1,380	$ 137	$ 1,484	$ 220
Less: Capital expenditures	(205)	(27)	(192)	(35)
Add: Dispositions of property, plant and equipment	5	-	6	1
Free cash flow	$ 1,180	$ 110	$ 1,298	$ 186

L3