Second Quarter Earnings Call
July 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: our ability to achieve anticipated benefits from the spin-off of Engility; 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 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.

Second Quarter Results

Select Financial Data - Second Quarter

($ in Millions, except per share amounts)

	2Q12	2Q11	vs. 2Q11
Sales	$3,558	$3,766	-6%
Segment Operating Margin	10.5%	10.7%	-20 bps
Segment Operating Income	$374	$404	-7%
Net Interest Expense and Other Income	$49	$51	-4%
Tax Rate	34.6%	30.3%	+430 bps
Diluted Shares	98.5	107.2	-8%
Diluted Earnings Per Share	$2.08	$2.26	-8%
Net Cash from Operating Activities	$271	$299	-9%
Free Cash Flow	$223	$256	-13%

Notes: (1) 2Q12 and 2Q11 financial data include the results of Engility.
(2) The 2Q12 higher tax rate is due to the 2011 reversal of previously accrued amounts of $12M, or $0.11 per share, primarily related to the 2006 and 2007 U.S. Federal income tax returns and the expiration of the U.S. Federal research and experimentation tax credit.
(3) 2Q12 segment operating margin and income exclude $7M ($5M after tax or $0.05 per share) of spin-off transaction expenses.
(4) See Reconciliation of GAAP to Non-GAAP Measurements.

Segment Results - Second Quarter

($ in Millions)

Segment	2Q12 Sales	Sales Growth vs. 2Q11	2Q12 Operating Margin	Margin Change vs. 2Q11 (bps)
C^3ISR	$ 862	4%	10.1%	-130
Electronic Systems	1,352	-3%	12.8%	-40
AM&M	591	-3%	8.8%	-40
Gov't Services	753	-20%	8.2%	+70
Consolidated	**$ 3,558**	**-6%**	**10.5%**	**-20**

Notes: (1) During 1Q12, the company re-aligned the management and organizational structure of a business unit, and made related reclassifications between its C^3ISR and Electronic Systems segments. See Supplemental Segment Data slide for the previous and revised 2Q11 segment data presentation.
(2) 2Q12 operating margin excludes $7M of spin-off transaction expenses.
(3) Government Services segment results include the Engility business spun-off on July 17, 2012. L-3 will report Engility as discontinued operations beginning with 3Q12.

First Half Results

Select Financial Data - First Half

($ in Millions, except per share amounts)

	1H12 Actual	1H11 Actual	1H12 vs. 1H11
Sales	$7,146	$7,367	-3%
Segment Operating Margin	10.3%	10.8%	-50 bpts
Segment Operating Income	$737	$794	-7%
Net Interest Expense and Other Income	$97	$112	-13%
Debt Retirement Charge	$0	$18	n.m.
Tax Rate	34.4%	31.8%	+260 bpts
Diluted Shares	99.4	108.4	-8%
Diluted Earnings Per Share (EPS)	$4.08	$4.11	-1%
Net Cash from Operating Activities	$408	$519	-21%
Free Cash Flow	$333	$442	-25%

Notes: (1) 1H12 and 1H11 financial data include the results of Engility.
(2) The 1H12 higher tax rate is due to the 2011 reversal of previously accrued amounts of $12M, or $0.11 per share, primarily related to the 2006 and 2007 U.S. Federal income tax returns and the expiration of the U.S. Federal research and experimentation tax credit.
(3) 1H12 segment operating margin and income exclude $13M ($9M after tax or $0.09 per share) of spin-off transaction expenses.
(4) 1H11 includes a debt retirement charge of $18M ($11M after tax, or $0.10 per share).
(5) See Reconciliation of GAAP to Non-GAAP Measurements.

Segment Results - First Half

($ in Millions)

Segment	1H12 Sales	Sales Growth vs. 1H11	1H12 Operating Margin	Margin Change vs. 1H11 (bps)
C^3ISR	$ 1,748	10%	10.3%	-140
Electronic Systems	2,665	-1%	12.2%	-60
AM&M	1,205	-	9.6%	-50
Gov't Services	1,528	-19%	7.5%	-
Consolidated	**$ 7,146**	**-3%**	**10.3%**	**-50**

Notes: (1) During 1Q12, the company re-aligned the management and organizational structure of a business unit, and made related reclassifications between its C^3ISR and Electronic Systems segments. See Supplemental Segment Data slide for the previous and revised 1H11 segment data presentation.
(2) 1H12 operating margin excludes $13M of spin-off transaction expenses.
(3) Government Services segment results include the Engility business spun-off on July 17, 2012. L-3 will report Engility as discontinued operations beginning with 3Q12.

2012 Financial Guidance

2012 Consolidated Financial Guidance

($ in Millions, except per share amounts)

	Current Guidance Excluding Engility (Jul. 26, 2012)	2011 Excluding Engility	Midpoint Guidance vs. 2011
Net Sales	$12,950 to $13,150	$13,158	-0.8%
Operating Margin	10.3%	11.0%	-70 bps
Interest Expense/Other	$177	$191	-7%
Debt Retirement Charge	$8	$34	-$26
Tax Rate	34.4%	31.3%	+310 bps
Diluted EPS	$7.70 to $7.85	$7.82	-0.6%
Net Cash from Operating Activities	$1,240	$1,282	-3%
Less: CapEx, net of Dispositions	$(195)	$(181)	8%
Free Cash Flow	$1,045	$1,101	-5%

Notes: (1) L-3 completed the spin-off of the Engility business on July 17, 2012. The Current Guidance excludes the Engility business and $19M of estimated spin-off transaction expenses that will be reported in discontinued operations beginning with L-3's 2012 third quarter.

(2) Current Guidance is unchanged from the guidance provided June 26, 2012 for L-3 (excluding Engility).

(3) The 2012 Current Guidance includes the use of the ~$325M net distribution in connection with the Engility spin-off to redeem $250M of the 6-3/8% senior subordinated notes and repurchase ~$75M of L-3 shares.

(4) The 2011 amounts (excluding Engility), represent L-3's preliminary results from continuing operations and exclude a tax benefit of $78M, or $0.74 per share and non-cash impairment charges of $57M ($50M after taxes), or $0.47 per share.

2012 Segment Guidance (Excluding Engility)

($ in Millions)

Segment	Net Sales	Midpoint Sales Growth vs. 2011	Operating Margin	Midpoint Margin Change vs. 2011 (bps)
C^3ISR	$3,500 to $3,600	2%	10.2% to 10.4%	-100
Electronic Systems	$5,650 to $5,750	1%	12.1% to 12.3%	-60
AM&M	$2,400 to $2,500	0%	8.5% to 8.7%	-80
NSS	$1,300 to $1,400	-16%	6.6% to 6.8%	+70
Consolidated	**$12,950 to $13,150**	**-1%**	**10.3%**	**-70**

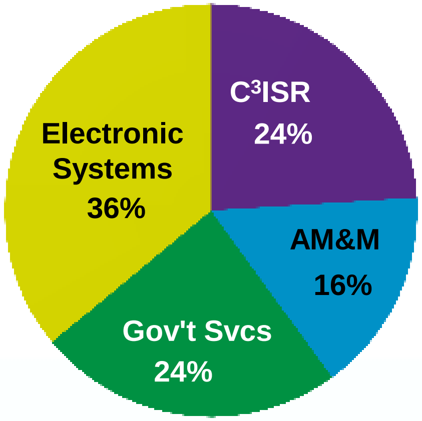
Notes: (1) Higher pension expense for 2012 vs. 2011 is estimated to reduce 2012 operating income by $39M, consolidated margin by 30 bps, C^3ISR by 70 bps, AM&M by 40 bps and Electronic Systems by 10 bps.
(2) Upon the completion of the spin-off of Engility, L-3 renamed the Government Services segment National Security Solutions (NSS).
(3) Segment guidance excludes the estimated results of the Engility business and estimated spin-off transaction expenses which will be represented as discontinued operations beginning with 3Q12.
(4) 2011 excludes a goodwill impairment charge of $43M.

Segment Mix Trends: 2012 vs. 2011

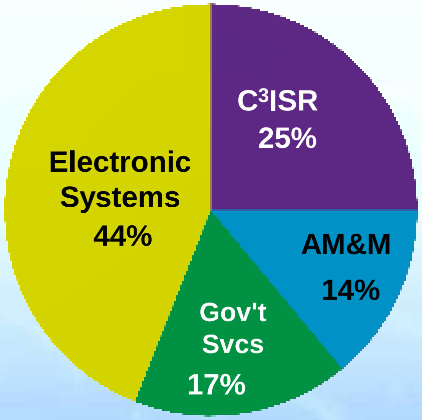
($ in Millions)

2011 Actual (incl. Engility)

Net Sales

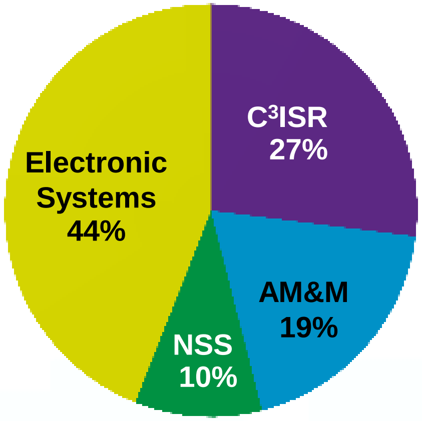


Segment Operating Income

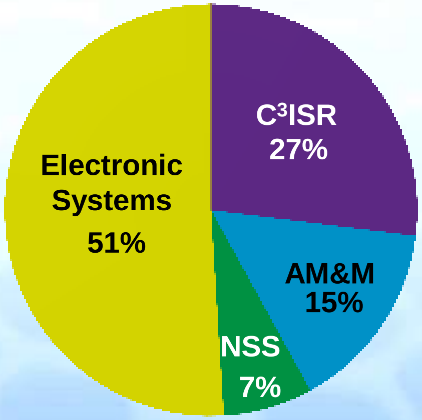


2012 Guidance Midpoints*

Net Sales



Segment Operating Income



* Based on 2012 Segment Guidance Midpoints (July 26, 2012), which exclude Engility (spin-off completed July 17, 2012).

Cash Flow Data

Cash Flow

($ in Millions)

	Including Egility				2012 Guidance Excluding Engility
	2Q12 Actual	2Q11 Actual	1H12 Actual	1H11 Actual	
Net income	$ 208	$ 246	$ 411	$ 453	$ 765
Impairment charges	-	-	-	-	-
Depreciation & amortization	60	64	119	123	230
Deferred income taxes	20	30	40	56	60
401K common stock match	37	38	75	78	117
Stock-based employee compensation	16	19	33	34	57
Working capital/other items	(70)	(98)	(270)	(225)	11
Capital expenditures, net	(48)	(43)	(75)	(77)	(195)
Free cash flow	$ 223	$ 256	$ 333	$ 442	$ 1,045

Robust Cash Flow

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

Supplemental Cash Flow Data

($ in Millions)

	Including Engility				2012 Guidance Excluding Engility
	2Q12 Actual	2Q11 Actual	1H12 Actual	1H11 Actual	
Cash interest payments	$ 53	$ 60	$ 101	$ 122	$ 199
Income tax payments, net	127	140	152	175	330
FAS pension expense (1)	43	39	89	79	179 (3)
CAS pension cost (2)	31	32	63	65	126
Pension contributions	32	27	91	89	174

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 2012 pension asset return would decrease/increase 2012 pension expense by $3M and the 12/31/11 unfunded obligation by $17M. A 25 bps increase/decrease in the 12/31/11 discount rate would decrease/increase 2012 pension expense by $12M and decrease/increase the 12/31/11 unfunded obligation by ~$90M.

Cash Sources and Uses, and Capitalization and Leverage

Cash Sources and Uses

($ in Millions)

	1H12 Actual	2Q12 Actual
Beginning cash	$764	$493
Free Cash Flow	333	223
Dividends	(98)	(49)
Share repurchases	(315)	(177)
Acquisitions, net	(216)	(11)
Debt repayments, net	-	-
Other, net	13	2
Ending cash	$481	$481

Disciplined and balanced capital allocation

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

Cash Sources and Uses

($ in Millions)

	2012 Guidance
Beginning cash	$ 764
Free Cash Flow (continuing operations)	1,045
Net cash from discontinued operations	75
Engility spin dividend, gross	335
Dividends	(192)
Share repurchases	(875)
Acquisitions, net	(216)
Debt repayments, net	(500)
Other, net	24
Ending cash	$ 460

Disciplined and balanced capital allocation

Notes: (1) 2012 Guidance reflects the spin-off of Engility on July 17, 2012 and the inclusion of the results of the Engility business through July 17, 2012 as discontinued operations.
(2) 2012 Guidance does not include the acquisition of Thales Training & Simulation Ltd (purchase price is £83M), which is expected to be completed in the 2012 third quarter.
(3) See Reconciliation of GAAP to Non-GAAP measurements.

Capitalization and Leverage

($ in Millions)

	6/29/12 Actual
Cash	$481
Debt	$4,126
Equity	6,860
Invested Capital	$10,986
Debt/Invested Capital	37.6%
Bank Leverage Ratio	1.96x
Available Revolver	$996

Note: Equity includes non-controlling interests (minority interests) of $89M as of June 29, 2012 and December 31, 2011.

Appendix

Debt Balances and Maturities

($ in Millions)

	6/29/12 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 $95.46 (subject to adjustment effective August 1, 2012 for Engility spin-off).
(2) $250M of the 6-3/8% Sub. Notes were redeemed on July 26, 2012.
(3) T = comparable U.S. treasury note rate.

Supplemental Segment Data

($ in Millions)

	Previous Presentation			Reclassification			Revised Presentation		
	2011	1H11	2Q11	2011	1H11	2Q11	2011	1H11	2Q11
Sales:									
C3ISR	$ 3,568	$ 1,630	$ 845	$ (88)	$ (38)	$ (19)	$ 3,480	$ 1,592	$ 826
Electronic Systems	5,540	2,649	1,373	88	38	19	5,628	2,687	1,392
AM&M	2,440	1,203	610	-	-	-	2,440	1,203	610
Gov't Services	3,621	1,885	938	-	-	-	3,621	1,885	938
Consolidated	$ 15,169	$ 7,367	$ 3,766	$ -	$ -	$ -	$ 15,169	$ 7,367	$ 3,766
Operating Margin:									
C3ISR	11.5%	11.3%	11.3%				11.5%	11.7%	11.4%
Electronic Systems	13.0%	13.0%	13.3%				13.0%	12.8%	13.2%
AM&M	9.5%	10.1%	9.2%				9.5%	10.1%	9.2%
Gov't Services	7.7%	7.5%	7.5%				7.7%	7.5%	7.5%
Consolidated	10.9%	10.8%	10.7%				10.9%	10.8%	10.7%

Note: 2011 excludes non-cash goodwill impairment charge of $43M.

Reconciliation of GAAP to Non-GAAP Measurements

($ in Millions)

	1H12 Actual	2Q12 Actual	1H11 Actual	2Q11 Actual
Operating income	$ 724	$ 367		
Add: Spin-off transaction expenses	13	7		
Goodwill impairment charge	-	-		
Segment operating income	$ 737	$ 374		
Net cash from operating activities	$ 408	$ 271	$ 519	$ 299
Less Capital expenditures	(76)	(49)	(78)	(43)
Add: Dispositions of property, plant and equipment	1	1	1	-
Free cash flow	$ 333	$ 223	$ 442	$ 256

L3