Cowen and Company 32nd Annual Aerospace/Defense Conference

February 9, 2011

Michael T. Strianese
Chairman, President and Chief Executive Officer

Forward Looking Statements

Certain of the matters discussed in these slides, including information regarding the company's 2011 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; 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; 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 market; 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 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; results of audits by U.S. Government agencies; results of on-going governmental investigations, including potential suspensions or debarments; 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); 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 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, 2009, and "Part II — Item 1A — Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 24, 2010, as well as any material updates to these factors in 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.

External Environment

- **Record deficits and national debt**
- **New Republican Congress**
- **U.S. Department of Defense (DoD) efficiency initiatives**
- **Slower DoD budget growth**
- **FY11 DoD budget Continuing Resolution… effect on execution of FY11 and deliberation on FY12 budget**
- **Complex geopolitical environment**

DoD ~75% of consolidated sales

Geopolitical Concerns

- Destabilized North Korea
- Assertive China
- Resurgent Russia
- Uncertain “Nuclear” Iran
- Violence against Israel
- Post-Chavez Venezuela
- Inconclusive conflict in Afghanistan
- Flawed outcome in Iraq
- Expanding Pan-Islamic Alliance
- Large-scale economic failure
- Disruption of our networks and systems
- Tunisia: On a path to uncertainty
- Somalia: Failed state…evolving
- Egypt: Revolutionary change or <u>chaos</u>? Regional impact
- Wildcards (violent/threatening) that we can’t fully anticipate…

With apologies to Francisco Goya

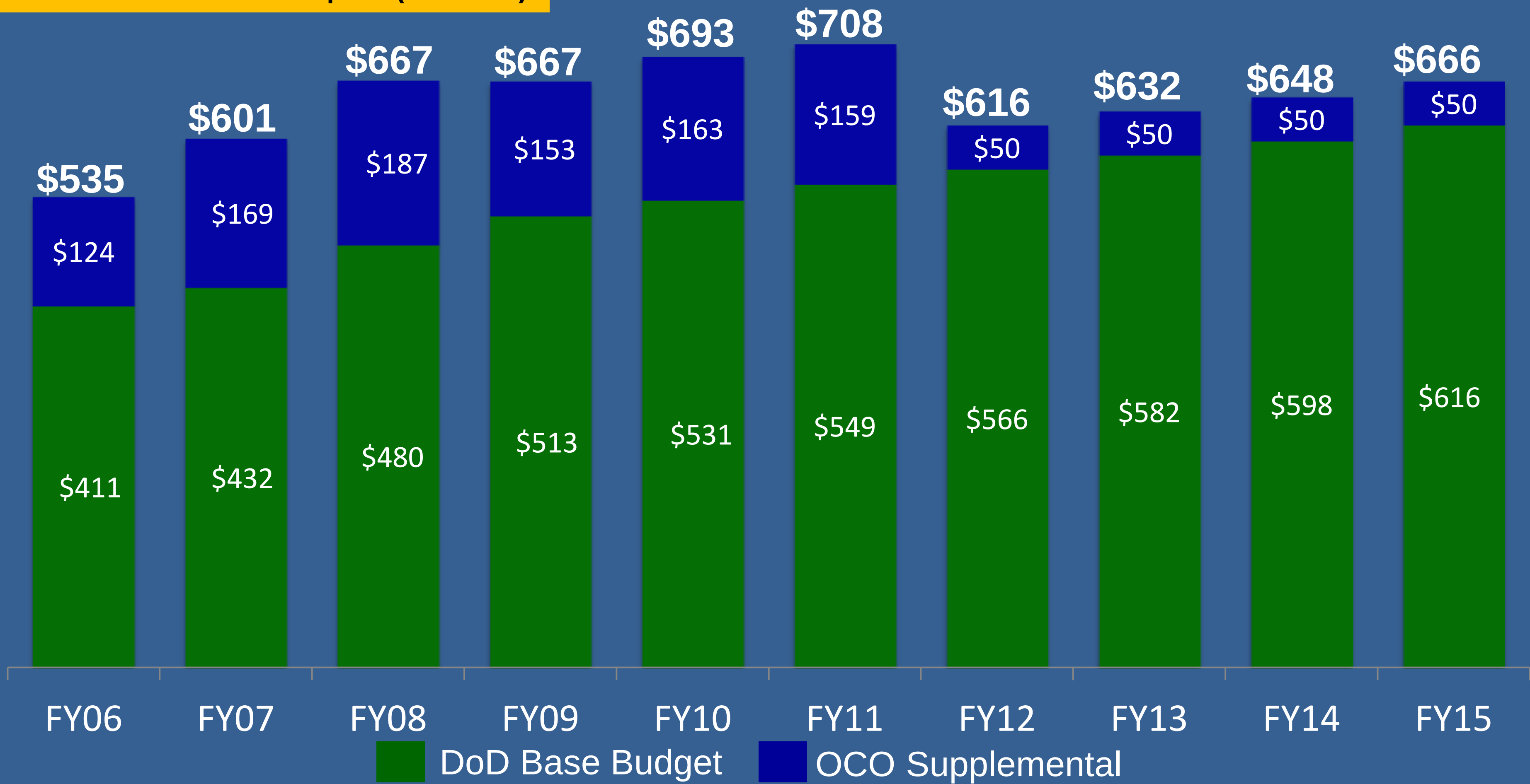
Increasingly complex

DoD Topline Budget FY06 - FY15

($ in Billions)

Base budget FY10 to FY15 CAGR = 3% nominal (1% real) growth

Administration's FY11 request (Feb 2010)



Note: FY11 continuing resolution until March 4, 2011

Source: www.whitehouse.gov/omb/budget - Table 32.1 Budget Authority and Outlays by Function, Category and Program

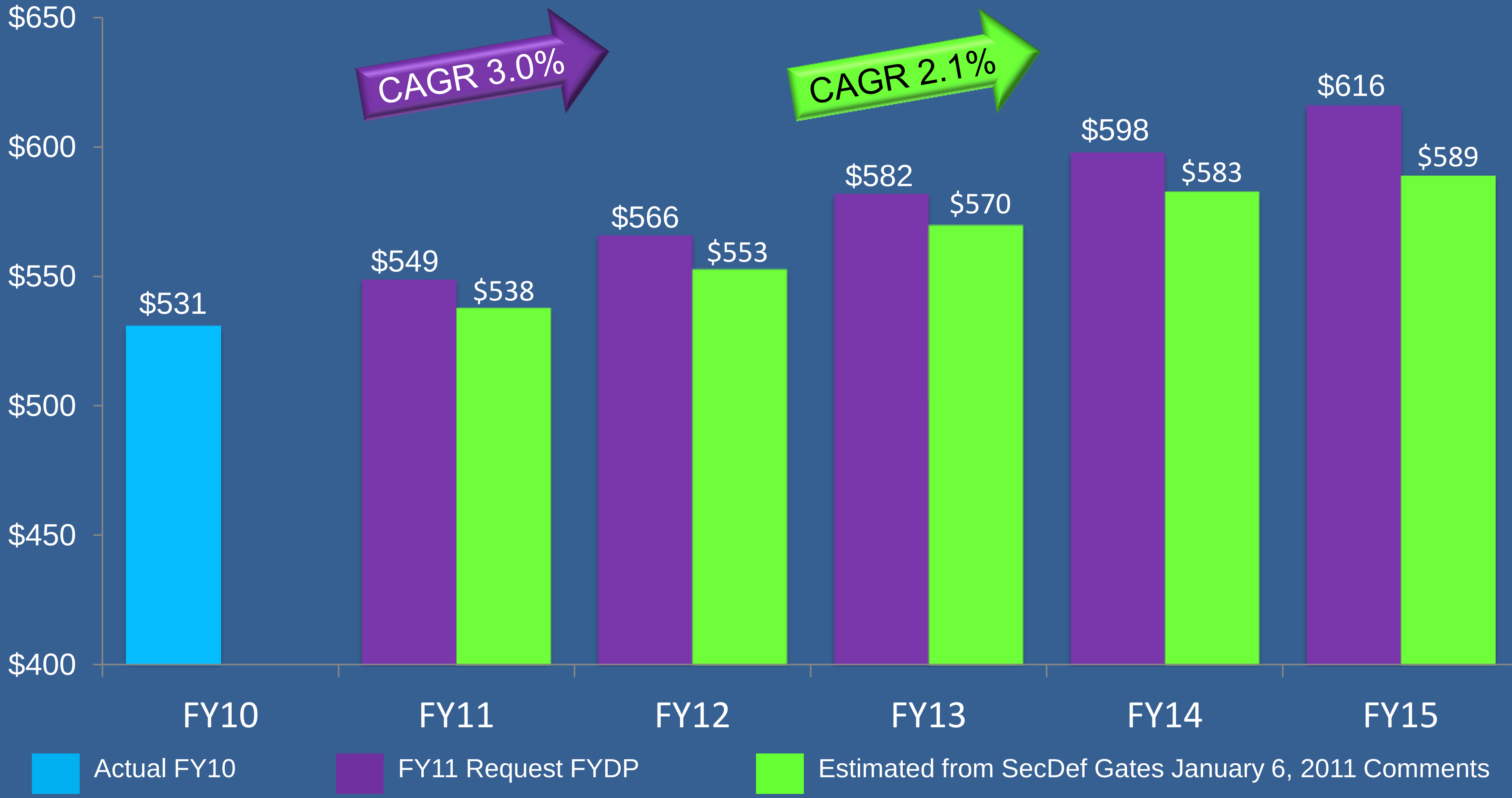
SecDef Gates January 6, 2011 Speech

- **Previewed FY12 budget request ($553B) and next FYDP**
- **Reduces FY11-FY15 FYDP by $78B for OMB deficit reduction**
- **No details on DoD accounts or OCO funding**
- **Program cancellations/changes - - EFV, NLOS, SLAMRAAM, JSF STOVL on 2 yr probation**
- **Program increases - - Reaper UAV, F/A-18, LCS, EELV, MC-12, JSF simulators, F-15 radars, modernize Abrams, Bradley and Stryker, accelerate Win-T and USN nextgen jammers**
- **DoD efficiency savings - - reduce contractor staff support 10%/yr for 3 years ($6B), downsize new intell organization ($TBD)**

DoD Base Budget FY11 FYDP

($ in Billions)

FYDP (Total FY11 - FY15) $78B Reduction



Non-DoD Businesses

- Intelligence agencies growing budgets
- Avionics - - aircraft deliveries, new products, next gen will fuel growth - - starting to improve
- Marine & Power - - less idle vessels but no real improvement until 2012
- Security & Detection - - AIT, AT2, new products and Middle East/Asia driving growth
- Commercial communications - - continued modest growth
- International opportunities in select regions

~25% of consolidated sales

2010 Review

2010 Highlights

- **Record high annual sales, operating income, EPS and free cash flow**
- **EPS growth 8% vs. 2009, driven by 6% operating income growth**
- **Margin expanded significantly vs. 2009; up 60 bpts**
- **Outstanding USAF Project Liberty mission performance and end user satisfaction**
- **Significant competitive wins**
- **Disciplined capital allocation - - 6th consecutive annual dividend increase, $834M share repurchases, $756M acquisitions**
- **Acquired Insight Technology, ATI, 3Di and FUNA to strengthen and build select business areas**

2010 Business Acquisitions

($ in Millions)

	Annual Sales	Date of Acquisition
Insight Technology	**$290**	**April 14**

Developer and manufacturer of Night Vision and Electro-Optical systems for the U.S. military, law enforcement agencies and select allied nations

Airborne Technologies	**$18**	**August 4**

Airframe manufacturer for the L-3 Cutlass UAS, several small UAS air vehicles and a Small Expendable program of record (POR) that has been approved for transition to production

3Di Technologies	**$40**	**September 17**

Provider of satellite communications services to a variety of DoD, US Government Agencies and NATO

FUNA International	**$60**	**December 22**

Provides control and safety systems, communication systems and entertainment solutions for cruise ships

Cash Returned to Shareholders

($ in Millions)

	2010 Actual	2009 Actual	2008 Actual
Cash Dividends	$ 184	$ 165	$ 147
Share Repurchases	834	505	794
Total Cash Returned	$ 1,018	$ 670	$ 941
Free Cash Flow	$ 1,290	$ 1,225	$ 1,184
% Returned	79%	55%	79%

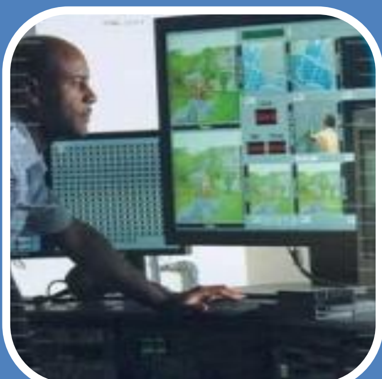
Note: See Reconciliation of GAAP to Non-GAAP Measurements.

2011 Outlook

2011 Segment Sales Guidance (Jan. 27, 2011)

C^{3}ISR: $3.6B to $3.7B

- **Continues to lead growth**
- **Strong demand for small aircraft ISR and networked communications**
- **International Airborne ISR growing**



Government Services: $3.9B to 4.0B

- **Growth opportunities in Intelligence, Cyber, Federal and Afghanistan**
- **Investing in Cyber Security and CECOM relocation to Aberdeen**

2011 Segment Sales Guidance (Jan. 27, 2011)

AM&M: $2.4B to $2.5B

- USN aircraft mod opportunities
- Opportunities exist with aging aircraft fleets
- Growth from Army C-12 CLS win offset by SOFSA loss

Electronic Systems: $5.7B to $5.8B

- Growing - EO/IR, Microwave, Avionics/Displays, Precision Engagement, Security & Detection, Marine & Power Systems
- Declining - Propulsion Systems, Telemetry, Simulation & Training

2011 Financial Guidance (Jan. 27, 2011)

		Midpoint Growth vs. 2010
Sales	$15.7B to $15.9B	1%
Operating Margin	10.6%	-60 bpts
Diluted EPS	$8.40 to $8.55	3%
Net Cash Flow from Operating Activities	$1.48B	1%
Free Cash Flow	$1.26B	-2%

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

L-3 Summary

- Prime contractor plus diverse subcontractor positions
- Aligned with slower growth DoD environment
  - Irregular warfare priorities
  - Less exposure to platform cancellations/cuts
  - Solutions to sustain/enhance existing platforms
  - Commercial/international beginning to rebound
- Growing EPS and free cash flow per share
- February 2011 debt refinancing reduces annual interest expense by $6M and improves debt maturity profile
- Upside potential from cost structure management and cash deployment
- L-3: strong, adaptable, diverse and healthy

Supplemental Financial Data

Select Financial Data - Fourth Quarter

($ in Millions, except per share amounts)

	4Q10	4Q09	vs. 4Q09
Sales	**$4,255**	**$4,208**	**1%**
Operating Margin	10.8%	10.6%	+20 bpts
Operating Income	**$461**	**$446**	**3%**
Net Interest Expense and Other Income	$63	$79	-20%
Tax Rate	31.7%	37.3%	-560 bpts
Diluted Shares	112.8	116.6	-3%
Diluted Earnings Per Share (EPS)	**$2.37**	**$1.93**	**23%**
Net Cash from Operating Activities	$477	$429	11%
Free Cash Flow	$397	$372	7%

Notes: (1) The lower 4Q10 tax rate is due to: (i) the retroactive re-enactment of the U.S. Federal research and experimentation tax credit to January 1, 2010, (ii) lower state tax expense, and (iii) a tax contingency accrued for in 4Q09 that did not recur in 4Q10.

(2) 4Q09 includes a debt retirement charge of $10M ($6M after tax or $0.05 per diluted share) on the redemption of the $750M 7-5/8% senior subordinated notes due 2012.

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

Segment Results - Fourth Quarter

($ in Millions)

Segment	4Q10 Sales	Sales Growth vs. 4Q09	4Q10 Operating Margin	Margin Change vs. 4Q09 (bpts)
C^3ISR	$ 987	13%	10.3%	-30
Gov't Services	1,028	-3%	8.9%	-70
AM&M	662	-9%	8.7%	+60
Electronic Systems	1,578	2%	13.4%	+100
Consolidated	**$ 4,255**	**1%**	**10.8%**	**+20**

Note: During 2Q10, the company made certain reclassifications between its Government Services and Electronic Systems reportable segments due to a re-alignment of a business unit in the company's management and organizational structure. See the Supplemental Segment Data slide for the previous 4Q09 segment data presentation, reclassifications to the respective segments and the revised segment data presentation.

Select Financial Data - Full Year

($ in Millions, except per share amounts)

	2010 Actual	vs. 2009
Sales	$15,680	0.4%
Operating Margin	11.2%	+60 bpts
Operating Income	$1,750	6%
Net Interest Expense and Other Income	$266	-1%
Tax Rate	34.9%	+60 bpts
Diluted Shares	115.1	-2%
Diluted EPS	$8.25	8%
Net Cash from Operating Activities	$1,461	4%
Free Cash Flow	$1,290	5%

Notes: (1) 2010 includes a debt retirement charge of $18M ($11M after tax or $0.10 per diluted share) on the redemption of $800M 6-1/8% senior subordinated notes due 2014 and 2013.

(2) 2010 includes a tax provision of $5M, or $0.04 per diluted share, related to the US Federal Patient Protection and Affordable Care Act, which changed the tax treatment for certain retiree prescription drug benefits and increased the tax rate by 30 bpts.

(3) 2009 includes a tax benefit of $0.22 per diluted share for a net reversal of amounts previously accrued related to tax years for which the statute of limitations had expired.

(4) 2009 includes a debt retirement charge of $10M ($6M after tax or $0.05 per diluted share) on the redemption of the $750M 7-5/8% senior subordinated notes due 2012.

(5) See Reconciliation of GAAP to Non-GAAP Measurements.

Segment Results - Full Year

($ in Millions)

Segment	2010 Sales	Sales Growth vs. 2009	2010 Operating Margin	Margin Change vs. 2009 (bpts)
C^3ISR	$ 3,399	10%	11.6%	+50
Gov't Services	3,963	-3%	8.7%	-90
AM&M	2,781	-2%	8.2%	-40
Electronic Systems	5,537	-1%	14.1%	+200
Consolidated	**$ 15,680**	**0.4%**	**11.2%**	**+60**

Note: During 2Q10, the company made certain reclassifications between its Government Services and Electronic Systems reportable segments due to a re-alignment of a business unit in the company's management and organizational structure. See the Supplemental Segment Data slide for the previous 2009 segment data presentation, reclassifications to the respective segments and the revised segment data presentation.

Free Cash Flow

($ in Millions)

	4Q10 Actual	4Q09 Actual	2010 Actual	2009 Actual
Net income	$ 272	$ 230	$ 966	$ 911
Depreciation & amortization	61	56	231	218
Deferred taxes	43	38	90	74
Stock-based compensation	53	50	225	213
CODES non-cash interest	6	5	22	20
Amortization of pension & OPEB net losses	10	13	41	52
Working capital/other	32	37	(114)	(81)
Cash flow from operating activities	$ 477	$ 429	$ 1,461	$1,407
Capital expenditures, net	(80)	(57)	(171)	(182)
Free cash flow	**$ 397**	**$ 372**	**$ 1,290**	**$1,225**
Supplemental Data:				
Cash interest payments	$ 60	$ 56	$ 233	$ 237
Income tax payments, net	79	107	335	378
Pension expense	40	46	154	173
Pension contributions	71	21	186	67

Capitalization and Leverage

($ in Millions)

	12/31/10 Actual	12/31/09 Actual
Cash	$607	$1,016
Debt	$4,137	$4,112
Equity	6,855	6,660
Invested Capital	$10,992	$10,772
Debt/Invested Capital	37.6%	38.2%
Bank Leverage Ratio	1.8x	1.9x
Available Revolver	$983	$968

Note: Equity includes non-controlling interests (minority interests) of $91M as of December 31, 2010 and $93M as of December 31, 2009.

Debt Balances and Maturities

($ in Millions)

	12/31/10 Actual	12/31/10 Pro Forma	Type	Maturity Date	Redemption Date	Redemption Premium
Senior:						
Revolver	$ -	$ -	L+300 bpts	10/23/12	n.a.	
5.2% Senior Notes	1,000	1,000	fixed	10/15/19	n.a.	
4.75% Senior Notes	800	800	fixed	7/15/20	n.a.	
4.95% Senior Notes	-	650	fixed	2/15/21	n.a.	
Subordinated:						
5-7/8% Notes	$ 650	$ -	fixed	1/15/15	1/15/11	1.958%
6-3/8% Notes	1,000	1,000	fixed	10/15/15	10/15/10	3.188%
3% CODES	700	689	fixed	8/1/35	2/1/11	0%
Unamortized Discounts	(13)	(17)				
Total	$ 4,137	$ 4,122				

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%. plus accrued and unpaid interest.
(2) Pro Forma presents impact of February 2011 debt refinancing and February 1, 2011 put of $11M of CODES.

2011 Financial Guidance

($ in Billions, except per share amounts)

	Current Guidance (Jan. 27, 2011)	Midpoint Current Guidance Change vs. 2010
Sales	$15.7 to $15.9	0.8%
Operating Margin	10.6%	-60 bpts
Tax Rate	35.0%	+10 bpts
Diluted EPS	$8.40 to $8.55	3%
Net Cash from Operating Activities	$1.48	1%
Less: CapEx, net of Dispositions	($0.22)	29%
Free Cash Flow	$1.26	-2%

2011 Segment Guidance (Jan. 27, 2011)

($ in Billions)

Segment	Sales	Midpoint Sales Growth vs. 2010	Operating Margin	Midpoint Margin Change vs. 2010 (bpts)
C^3ISR	$3.6 to $3.7	7%	10.7% to 10.9%	-80
Gov't Services	$3.9 to $4.0	n.c.	8.0% to 8.2%	-60
AM&M	$2.4 to $2.5	-12%	9.0% to 9.2%	+90
Electronic Systems	$5.7 to $5.8	4%	12.6% to 12.8%	-140
Consolidated	**$15.7 to $15.9**	**0.8%**	**10.6%**	**-60**

Supplemental Segment Data

($ in Millions)

	Previous Presentation		Reclassification		Revised Presentation	
	2009	4Q09	2009	4Q09	2009	4Q09
Sales:						
C^3ISR	$ 3,095	$ 871	$ -	$ -	$ 3,095	$ 871
Gov't Services	4,155	1,071	(61)	(13)	4,094	1,058
AM&M	2,827	725	-	-	2,827	725
Electronic Systems	5,538	1,541	61	13	5,599	1,554
Consolidated	$ 15,615	$ 4,208	$ -	$ -	$ 15,615	$ 4,208
Operating Margin:						
C^3ISR	11.1%	10.6%	-	-	11.1%	10.6%
Gov't Services	9.5%	9.5%	0.1%	0.1%	9.6%	9.6%
AM&M	8.6%	8.1%	-	-	8.6%	8.1%
Electronic Systems	12.1%	12.5%	-	-0.1%	12.1%	12.4%
Consolidated	10.6%	10.6%	-	-	10.6%	10.6%

Reconciliation of GAAP to Non-GAAP Measurements

($ in Millions)

	2011 Guidance	2010 Actual	4Q10 Actual	2009 Actual	4Q09 Actual	2008 Actual
Net cash from operating activities	$ 1,480	$ 1,461	$ 477	$ 1,407	$ 429	$ 1,387
Less: Capital expenditures	(225)	(181)	(83)	(186)	(58)	(218)
Add: Dispositions of property, plant and equipment	5	10	3	4	1	15
Free cash flow	$ 1,260	$ 1,290	$ 397	$ 1,225	$ 372	$ 1,184

L3