

Investor Information

November 2010



Forward Looking Statements

Certain of the matters discussed in these slides, including information regarding the company's 2010 and 2011 preliminary 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 initiative; 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; 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 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.



L-3 at a Glance

- Aerospace & defense company
- 2009 sales of \$15.6B (~70% prime)
- Non-platform centric prime contractor, plus diverse subcontractor/supplier
- Robust cash flows and strong balance sheet
- Growing EPS and cash flow per share



2009 Sales by End Customer

(\$ in Millions)		
Army	\$ 4,107	26%
Air Force	3,721	24%
Navy/Marines	2,544	16%
Other Defense	1,560	10%
U.S. Military*	\$ 11,932	76%
Other U.S. Government	\$ 1,127	7%
Foreign Governments	1,082	7%
Commercial - Foreign	867	6%
Commercial - Domestic	607	4%
Total	<u>\$ 15,615</u>	<u>100%</u>

* U.S. Department of Defense (DoD)

External Environment



U.S. DoD Budgets and Priorities

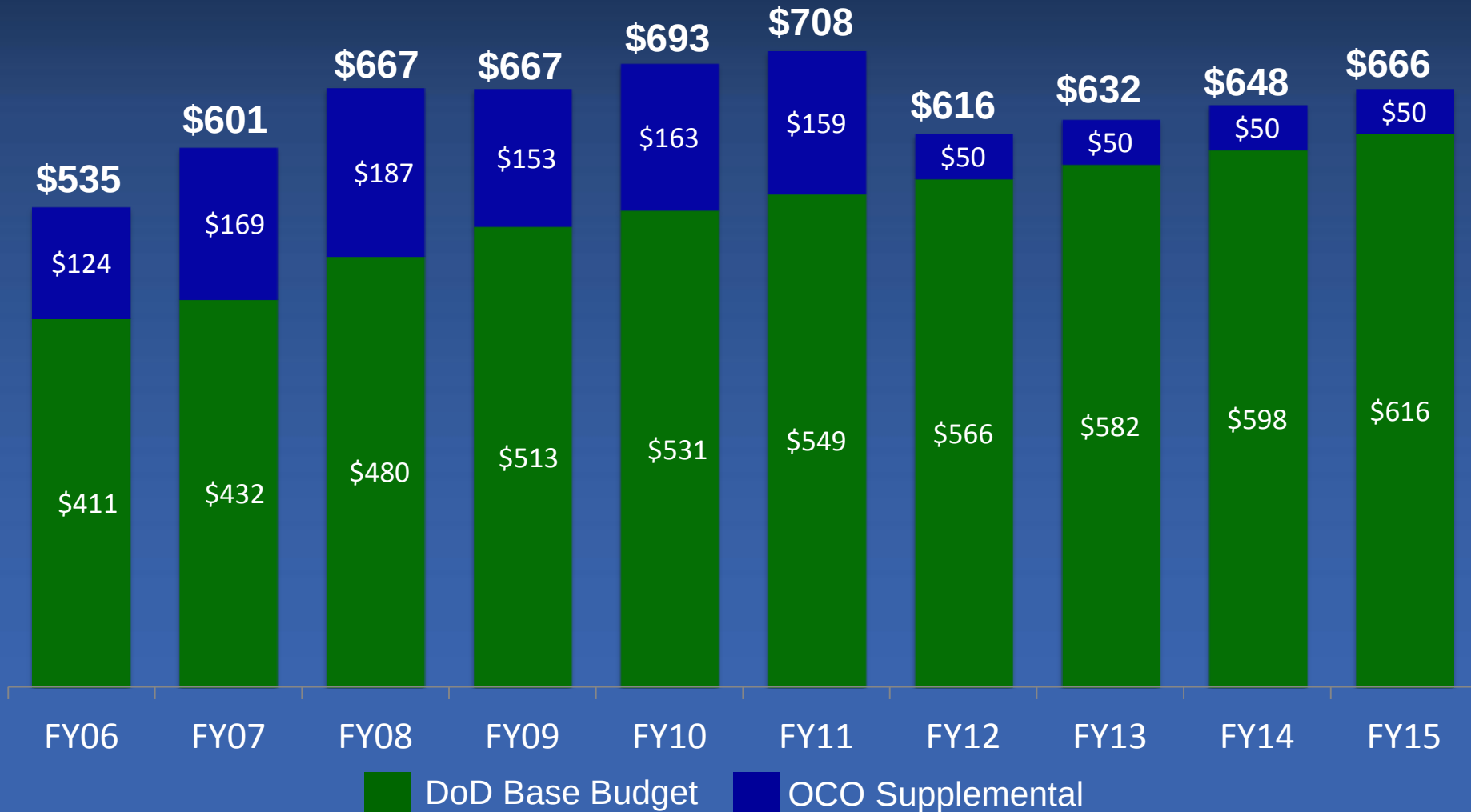
- Large, slow growth base budgets, plus significant OCO supplementals
- Rebalancing for today's wars... Iraq and Afghanistan
- Budget constraints... few new starts... ending troubled and excess programs... delays and rationing continue
- Fiscal deficit pressures vs. geopolitical threats
- OSD "preemptive" efficiency/affordability initiatives to achieve 2 to 3% real growth equivalent for modernization and force structure



DoD Topline Budget FY06 - FY15

(\$ in Billions)

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

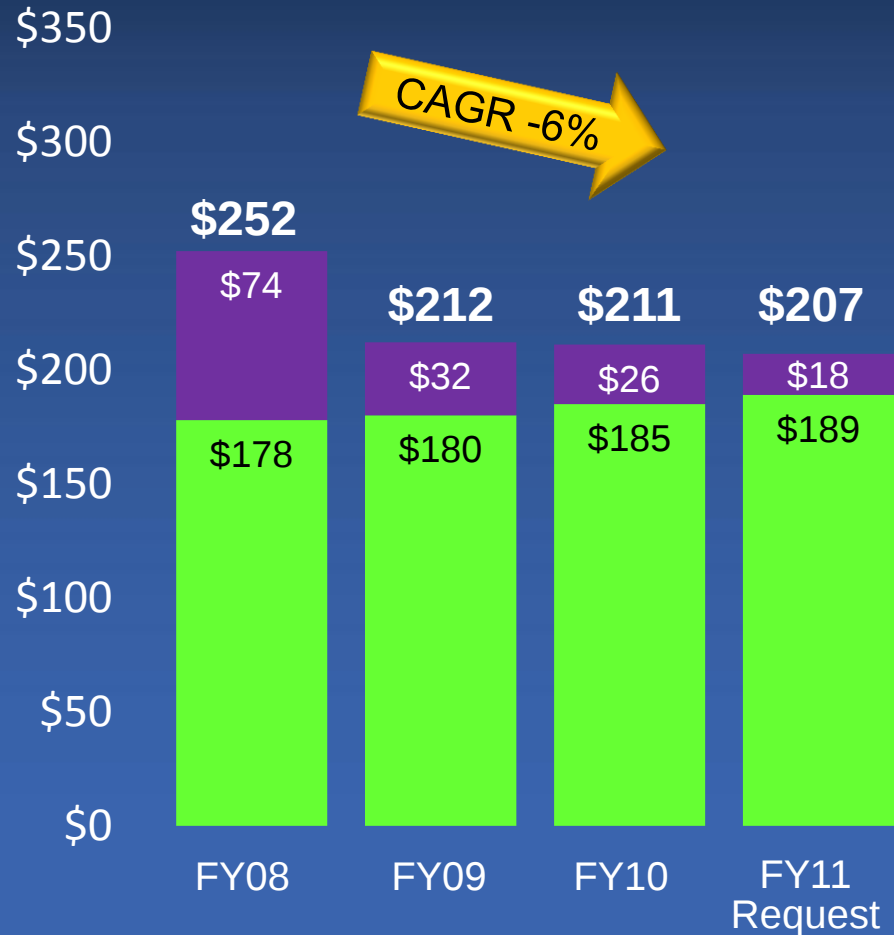


Source: www.whitehouse.gov/omb/budget - Table 32.1 Budget Authority and Outlays by Function, Category and Program

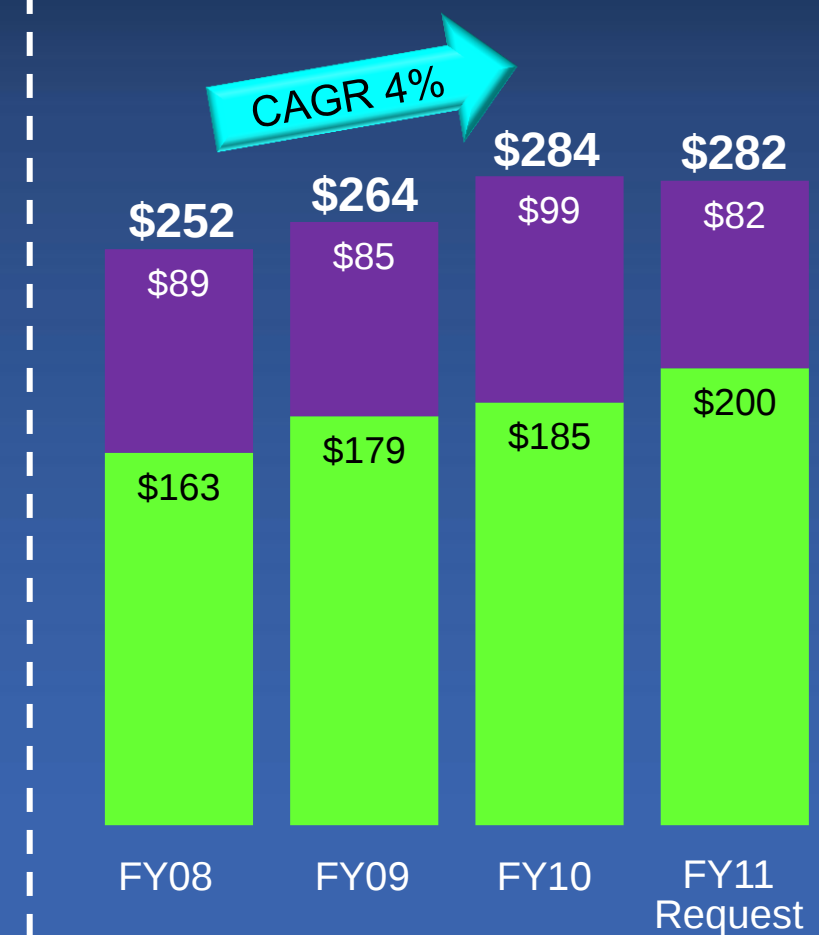
Addressable DoD Budget Trends

(\$ in Billions)

Investment Account



O&M Account



■ Base Budget ■ Supplemental Budget

Note: The DoD comprises ~75% of L-3 sales.

Commercial/International Markets

- Commercial markets - - beginning to rebound
- Homeland security market - - advanced checkpoint imaging systems growing
- Foreign Military - - fiscal conditions pressuring budgets, stretching procurements, but growth pockets remain



~17% of 2009 consolidated sales

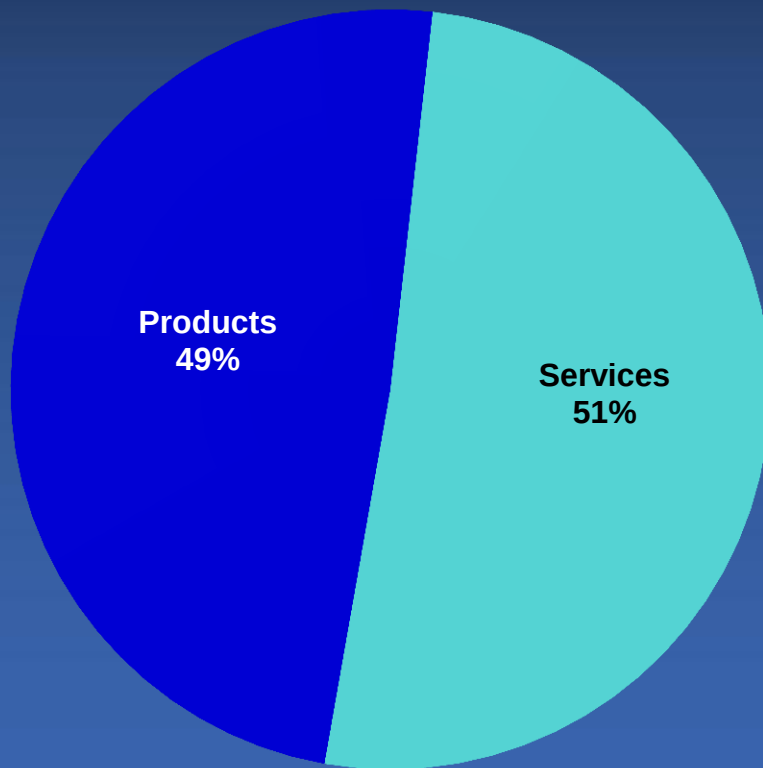
L-3: Focus Items

- Profitably grow business and market share, including M&A
- Supply superior quality customer solutions
- Achieve financial objectives... grow EPS and cash flow/share
- Maintain strong liquidity and credit ratings
- Exceed average defense sector investment returns

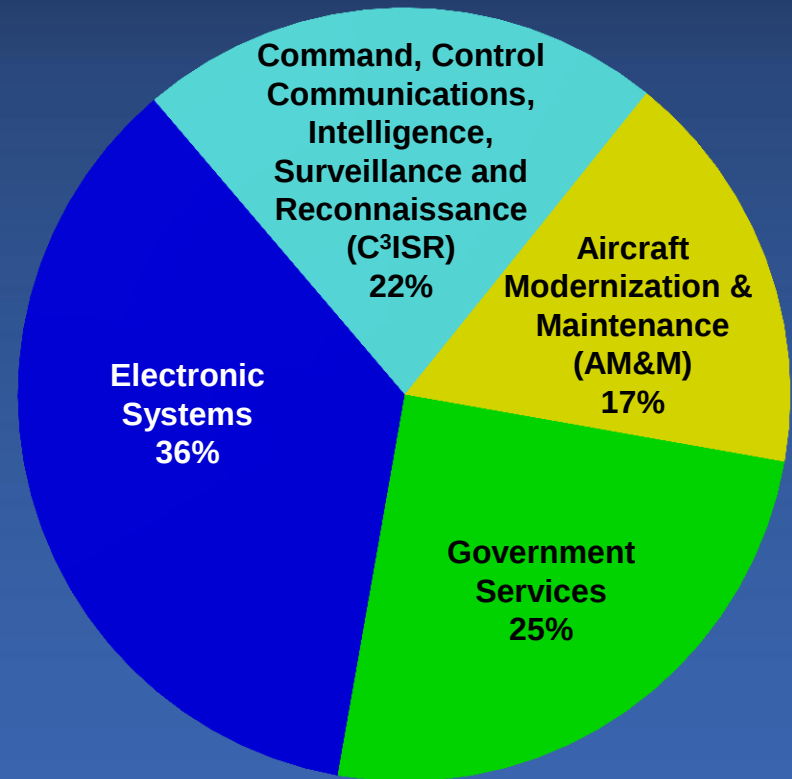


L-3: *Balanced Sales Mix*

Products / Services



Segments

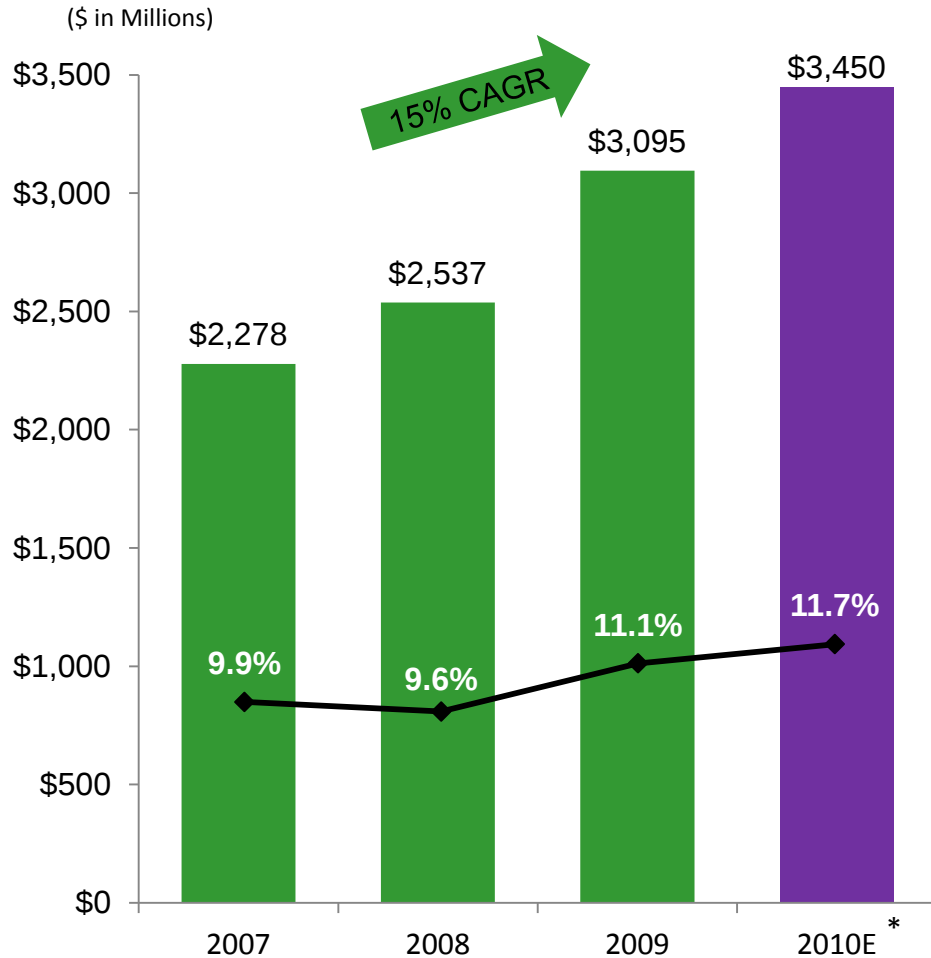


2010 Sales Guidance \$15.6B to \$15.7B



C³ISR Segment

Sales and Operating Margin

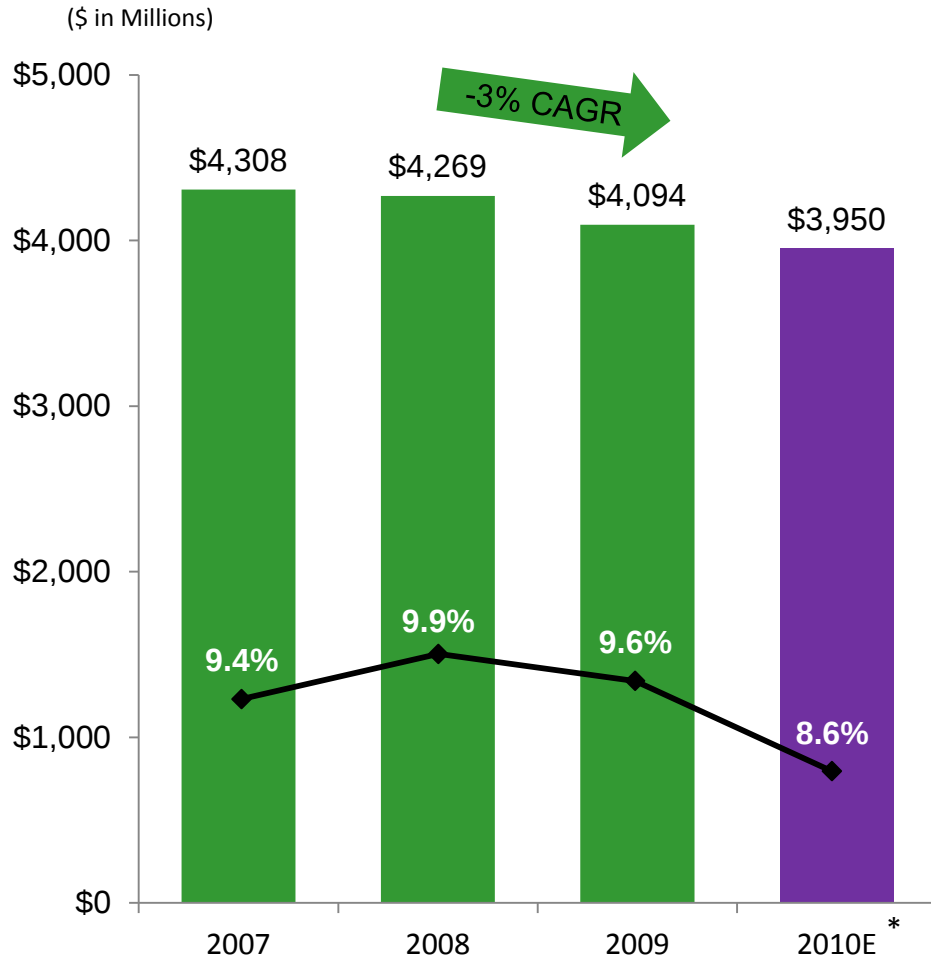


- Advanced airborne ISR and ground processing equipment
- Sensor data management, SIGINT and COMINT systems
- Networked communications systems
- Secure communications products
- Fleet management, logistics and field support
- 22% of consolidated sales

Growth Areas: Unmanned systems, small ISR aircraft, manpacks, logistics

Government Services Segment

Sales and Operating Margin



- Engineering, technical, and support services for the U.S. Government and allied foreign governments

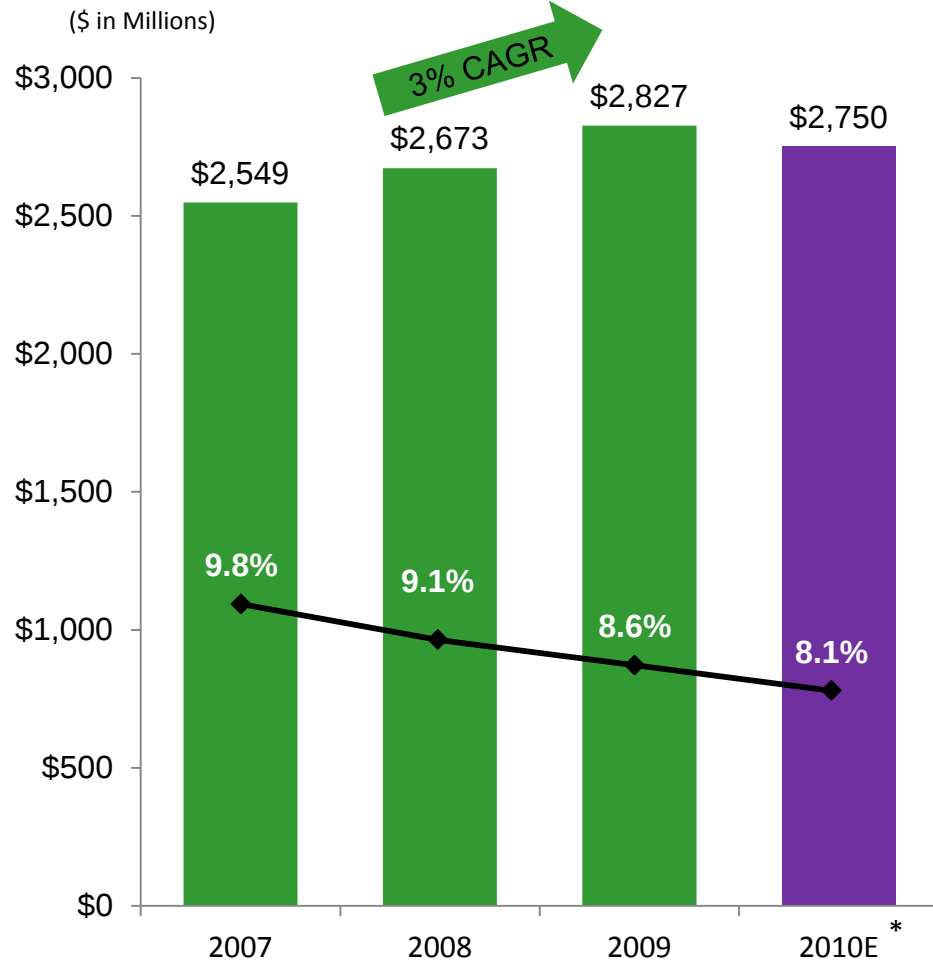
- Capacity Building
- Training & Education
- Linguist Services
- Systems Engineering & Integration
- Advisory & Acquisition Services
- Intelligence Analysis & Support
- Integrated Security Systems

- 25% of consolidated sales

Growth Areas: Intelligence analysis and support, military/international police training, cyber security

AM&M Segment

Sales and Operating Margin

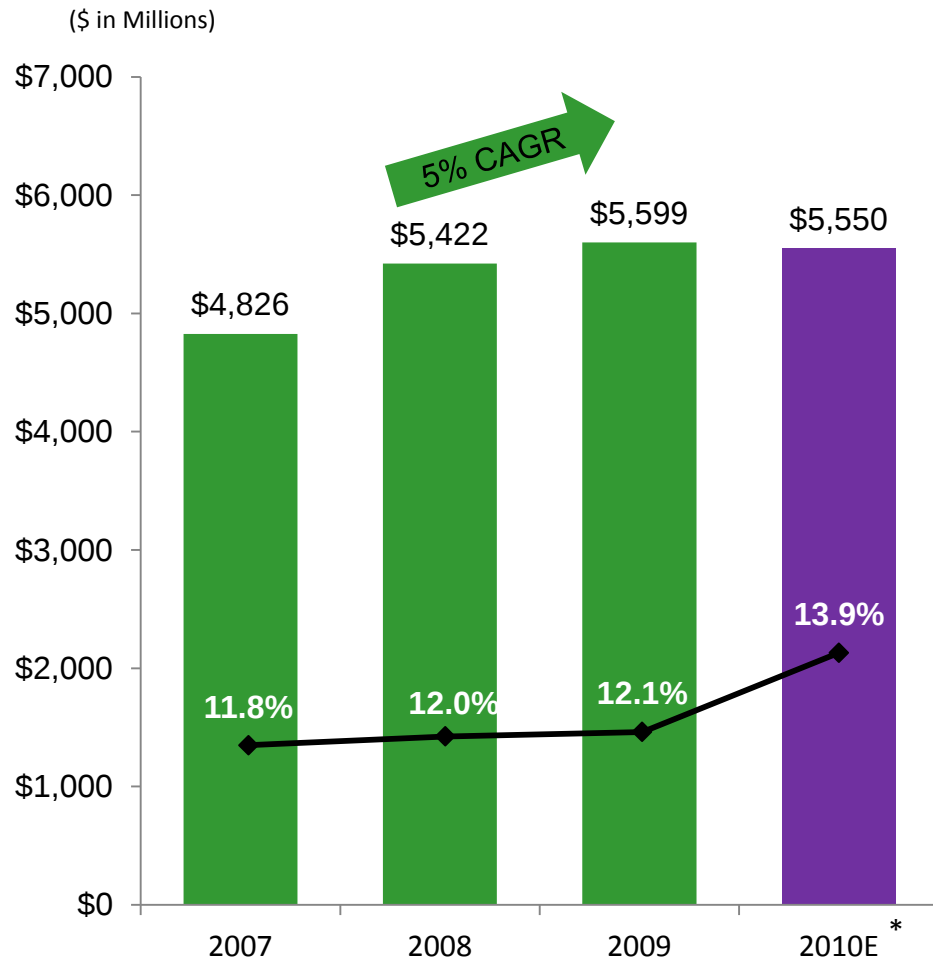


- Modernization, service-life extensions and sustainment of military aircraft for the DoD and allied foreign governments
- Aircraft structural design and repair
- Integrated logistics support services for military aircraft and other platforms
- Aero-structure fabrication and complex assembly
- 17% of consolidated sales

Growth Areas: logistics support, aero-structures and Joint Cargo Aircraft (JCA)

Electronic Systems Segment

Sales and Margin



* Based on midpoint segment guidance of October 28, 2010

- Systems, subsystems, products, plus related services for military and commercial platforms

Business Area	% of 2010E Segment Sales
Electro-Optical/Infrared (EO/IR)	21%
Microwave	16
Power & Control Systems	15
Avionics & Displays	10
Simulation & Training	9
Precision Engagement	9
Security & Detection	6
Telemetry & Advanced Technology	5
Undersea Warfare	4
Propulsion Systems	3
Marine Services	2

- 36% of consolidated sales

Growth Areas: EO/IR, microwave comms, security & detection systems

2010 Financial Guidance

(\$ in Billions, except per share amounts)

	Current Guidance (Oct. 28, 2010)	Prior Guidance (Jul. 27, 2010)	Current Midpoint Guidance vs. 2009
Sales	\$15.6 to \$15.7	\$16.0 to \$16.1	0%
Operating Margin	11.1%	10.9%	+50 bpts
Tax Rate	35.0%	36.1%	+70 bpts
Diluted EPS	\$8.05 to \$8.25	\$8.05 to \$8.25	7%
Net Cash from Operating Activities	\$1.46	\$1.51	4%
Less: CapEx, net of Dispositions	(\$0.20)	(\$0.25)	10%
Free Cash Flow	\$1.26	\$1.26	3%

- Notes: (1) The current guidance includes the impact of continued procurement and funding delays with DoD and foreign government customers and certain re-programming actions and funding reductions.
- (2) The current guidance assumes the U.S. Federal Research and Experimentation (R&E) tax credit that expired on December 31, 2009, will be extended for the full year ending December 31, 2010. The benefit of the R&E credit on the 2010 tax rate is ~110 bpts or \$0.14 of diluted EPS.



2011 Initial Financial Guidance

(\$ in Billions, except EPS)

	Initial Guidance (October 28, 2010)	Midpoint vs. 2010 Guidance
Sales	\$15.7 to \$15.9	1%
Operating Margin*	10.4%	-70 bpts
Tax Rate	35.0%	n.c.
Diluted EPS	\$8.20 to \$8.40	2%
Net Cash from Operating Activities	\$1.48	1%
Less: CapEx, net of Dispositions	(\$0.22)	10%
Free Cash Flow	\$1.26	n.c.

* The 2011 operating margin includes an estimated increase for pension expense of \$34M compared to 2010 that will reduce operating margin by ~20 bpts and diluted EPS by ~\$0.20 compared to 2010. The 2011 estimated pension expense assumes a 5.0% discount rate at December 31, 2010 and a 2010 actual asset return equal to the expected long-term asset return assumption of 8.55%. The actual 2011 pension expense assumptions will be determined by prevailing credit market conditions on December 31, 2010 (the company's measurement date), and actual 2010 pension asset returns.



Business Summary

- **Environment: more challenging and uncertain**
- **DoD/FMS delays... lowering orders, slowing growth rates**
- **L-3 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**
- **Robust cash flow... disciplined capital allocation**
- **Growing EPS and cash flow/share**
- **L-3: strong, diverse and healthy**



Supplemental Financial Data



Select Financial Data - Third Quarter

(\$ in Millions, except per share amounts)

	3Q10	3Q09	3Q10 vs. 3Q09
Sales	\$3,835	\$3,842	-0.2%
Operating Margin	11.4%	10.9%	+50 bpts
Operating Income	\$437	\$418	5%
Net Interest Expense and Other Income	\$66	\$65	2%
Tax Rate	35.0%	28.3%	+670 bpts
Diluted Shares	114.7	117.0	-2%
Diluted EPS	\$2.07	\$2.12	-2%
Net Cash from Operating Activities	\$395	\$450	-12%
Free Cash Flow	\$367	\$405	-9%

- Notes: (1) 3Q10 includes a debt retirement charge of \$5M (\$3M after tax, or \$0.03 per diluted share) on the redemption of the \$400M 6-1/8% senior subordinated notes due 2013.
- (2) 3Q09 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.
- (3) See Reconciliation of GAAP to Non-GAAP Measurements.



Segment Results - Third Quarter

(\$ in Millions)

Segment	3Q10 Sales	Sales Growth vs. 3Q09	3Q10 Operating Margin	Margin Change vs. 3Q09 (bpts)
C ³ ISR	\$ 809	8%	10.6%	+20
Gov't Services	1,001	1%	9.2%	-100
AM&M	707	-5%	7.7%	-130
Electronic Systems	1,318	-3%	15.5%	+280
Consolidated	\$ 3,835	-0.2%	11.4%	+50

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 3Q09 segment data presentation, reclassifications to the respective segments and the revised segment data presentation.



Select Financial Data - Year to Date September

(\$ in Millions, except EPS)

	2010 Actual	2009 Actual	2010 vs. 2009
Sales	\$11,425	\$11,407	0.2%
Operating Margin	11.3%	10.6%	+70 bpts
Operating Income	\$1,289	\$1,211	6%
Net Interest Expense and Other Income	\$203	\$191	6%
Tax Rate	36.1%	33.2%	+290 bpts
Diluted Shares	116.0	117.6	-1%
Diluted EPS	\$5.89	\$5.68	4%
Net Cash from Operating Activities	\$984	\$978	1%
Free Cash Flow	\$893	\$853	5%

- Notes: (1) 2010 includes a debt retirement charge of \$18M (\$11M after tax or \$0.09 per diluted share) on the redemption of \$800M 6-1/8% senior subordinated notes due 2014 and 2013.
- (2) 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.
- (3) See Reconciliation of GAAP to Non-GAAP Measurements.



Segment Results - Year to Date September

(\$ in Millions)

Segment	2010 Sales	Sales Growth vs. 2009	2010 Operating Margin	Margin Change vs. 2009 (bpts)
C ³ ISR	\$ 2,412	8%	12.2%	+90
Gov't Services	2,935	-3%	8.6%	-100
AM&M	2,119	1%	8.1%	-70
Electronic Systems	3,959	-2%	14.4%	+250
Consolidated	\$ 11,425	0.2%	11.3%	+70

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.

2010 Segment Guidance (October 28, 2010)

(\$ in Billions)

Segment	Sales	Midpoint Sales Growth vs. 2009	Operating Margin	Midpoint Margin Change vs. 2009 (bpts)
C ³ ISR	\$3.4 to \$3.5	11%	11.6% to 11.8%	+60
Gov't Services	\$3.9 to \$4.0	-4%	8.5% to 8.7%	-100
AM&M	\$2.7 to \$2.8	-3%	8.0% to 8.2%	-50
Electronic Systems	\$5.5 to \$5.6	-1%	13.8% to 14.0%	+180
Consolidated	\$15.6 to \$15.7	0%	11.1%	+50



2010 Segment Guidance - Current vs Prior

(\$ in Billions)

Segment	Current Guidance (October 28, 2010)		Prior Guidance (July 27, 2010)	
	Sales	Operating Margin	Sales	Operating Margin
C ³ ISR	\$3.4 to \$3.5	11.6% to 11.8%	\$3.4 to \$3.5	11.8% to 12.0%
Gov't Services	\$3.9 to \$4.0	8.5% to 8.7%	\$4.0 to \$4.1	9.2% to 9.4%
AM&M	\$2.7 to \$2.8	8.0% to 8.2%	\$2.7 to \$2.8	8.6% to 8.8%
Electronic Systems	\$5.5 to \$5.6	13.8% to 14.0%	\$5.7 to \$5.8	12.6% to 12.8%
Consolidated	\$15.6 to \$15.7	11.1%	\$16.0 to \$16.1	10.9%



Free Cash Flow

(\$ in Millions)

	3Q10 Actual	3Q09 Actual	9M10 Actual	9M09 Actual	2010 Guidance	2009 Actual
Net income	\$ 241	\$ 253	\$ 694	\$ 681	\$ 955	\$ 911
Depreciation & amortization	62	55	170	162	240	218
Deferred taxes	(18)	7	47	36	65	74
Stock-based compensation	56	54	172	163	224	213
CODES non-cash interest	5	5	16	15	22	20
Amortization of pension & OPEB net losses	12	13	31	39	42	52
Working capital/other	37	63	(146)	(118)	(88)	(81)
Cash flow from operating activities	\$ 395	\$ 450	\$ 984	\$ 978	\$ 1,460	\$1,407
Capital expenditures, net	(28)	(45)	(91)	(125)	(200)	(182)
Free cash flow	\$ 367	\$ 405	\$ 893	\$ 853	\$ 1,260	\$1,225
Supplemental Data:						
Cash interest payments	\$ 43	\$ 58	\$ 173	\$ 181	\$ 232	\$ 237
Income tax payments, net	84	81	256	271	378	378
Pension expense	40	43	114	127	153	173
Pension contributions	71	21	115	46	135	67



Capitalization and Leverage

(\$ in Millions)

	<u>9/24/10 Actual</u>	<u>12/31/10 Guidance</u>	<u>12/31/09 Actual</u>
Cash	<u>\$650</u>	<u>\$650</u>	<u>\$1,016</u>
Debt	\$4,132	\$4,138	\$4,112
Equity	<u>7,000</u>	<u>6,987</u>	<u>6,660</u>
Invested Capital	<u>\$11,132</u>	<u>\$11,125</u>	<u>\$10,772</u>
Debt / Invested Capital	37.1%	37.2%	38.2%
Bank Leverage Ratio	1.8x	1.8x	1.9x
Available Revolver	\$973	\$970	\$968

Notes: (1) Equity includes non-controlling interests (minority interests) of \$90M as of September 24, 2010 and \$93M as of December 31, 2009.

(2) 12/31/10 Guidance assumes \$800M of 2010 share repurchases, only completed business acquisitions and minority interest of \$90M.



Debt Balances and Maturities

(\$ in Millions)

	9/24/10 Actual	Type	Maturity Date	Redemption	
				Date	Premium
Senior:					
Revolver	\$ -	L+300 bpts	10/23/12	n.a.	
5.2% Senior Notes	1,000	fixed	10/15/19	n.a.	
4.75% Senior Notes	800	fixed	7/15/20	n.a.	
Subordinated:					
5-7/8% Notes	\$ 650	fixed	1/15/15	1/15/10	2.938%
6-3/8% Notes	1,000	fixed	10/15/15	10/15/10	3.188%
3% CODES	700	fixed	8/1/35	2/1/11	0%
Unamortized Discounts	(18)				
Total	<u>\$ 4,132</u>				

Note: The contingent convertible notes (CODES) contain "puts" that holders can exercise on Feb 1, 2011, and every 5-year anniversary thereafter at a price of 100%.



Supplemental Segment Data

(\$ in Millions)

	Previous Presentation			Reclassification			Revised Presentation		
	2009	9M09	3Q09	2009	9M09	3Q09	2009	9M09	3Q09
Sales:									
C ³ ISR	\$ 3,095	\$ 2,224	\$ 753	\$ -	\$ -	\$ -	\$ 3,095	\$ 2,224	\$ 753
Gov't Services	4,155	3,085	1,011	(61)	(48)	(16)	4,094	3,037	995
AM&M	2,827	2,101	742	-	-	-	2,827	2,101	742
Electronic Systems	5,538	3,997	1,336	61	48	16	5,599	4,045	1,352
Consolidated	<u>\$ 15,615</u>	<u>\$ 11,407</u>	<u>\$ 3,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,615</u>	<u>\$ 11,407</u>	<u>\$ 3,842</u>

Operating Margin:

C ³ ISR	11.1%	11.3%	10.4%	-	-	-	11.1%	11.3%	10.4%
Gov't Services	9.5%	9.6%	10.2%	0.1%	-	-	9.6%	9.6%	10.2%
AM&M	8.6%	8.8%	9.0%	-	-	-	8.6%	8.8%	9.0%
Electronic Systems	12.1%	12.0%	12.7%	-	-0.1%	-	12.1%	11.9%	12.7%
Consolidated	10.6%	10.6%	10.9%	-	-	-	10.6%	10.6%	10.9%



Reconciliation of GAAP to Non-GAAP Measurements

(\$ in Millions)

	<u>2011 Guidance</u>	<u>2010 Guidance</u>	<u>9M10 Actual</u>	<u>3Q10 Actual</u>	<u>2009 Actual</u>	<u>9M09 Actual</u>	<u>3Q09 Actual</u>
Net cash from operating activities	\$ 1,480	\$ 1,460	\$ 984	\$ 395	\$ 1,407	\$ 978	\$ 450
Less: Capital expenditures	(225)	(207)	(98)	(34)	(186)	(128)	(45)
Add: Dispositions of property, plant and equipment	5	7	7	6	4	3	-
Free cash flow	<u>\$ 1,260</u>	<u>\$ 1,260</u>	<u>\$ 893</u>	<u>\$ 367</u>	<u>\$ 1,225</u>	<u>\$ 853</u>	<u>\$ 405</u>



