

2009 Investor Conference

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This presentation consists of L-3 Communications Corporation 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 2009 and 2010 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 that are difficult to predict, 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; our ability to perform contracts on schedule; events beyond our control such as acts of terrorism; our international operations; our extensive use of fixed-price type contracts as compared to cost-reimbursable 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; anticipated cost savings from business acquisitions not fully realized or realized within the expected time frame; Titan's compliance with its plea agreement and consent to entry of judgment with the U.S. Government relating to the Foreign Corrupt Practices Act (FCPA), including Titan's ability to maintain its export licenses as well as the outcome of other FCPA matters; 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 18 to our audited consolidated financial statements, included in our Annual Report on Form 10-K for the year ended Dec. 31, 2008 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.

2009 Financial Review



2009 Select Financial Data

(\$ in Billions, except per share amounts)

	2009 Guidance	Midpoint Growth vs 2008 Actual	vs 2008 Adjusted
Sales	\$15.5 to \$15.6	4%	4%
Operating Margin	10.5%	-80 bpts	-10 bpts
Tax Rate	33.9%	-90 bpts	-50 bpts
Diluted EPS	\$7.45 to \$7.50	-2%	9%
Free Cash Flow	\$1.20	1%	1%

- Notes: (1) 2008 has been adjusted to retrospectively apply the provisions of certain new accounting standards that were adopted effective January 1, 2009. See 2008 Supplemental Select Financial Data slide.
- (2) 2008 Adjusted excludes a net gain of \$150M (\$91M after income taxes or \$0.74 per diluted share) for certain 2008 Items.
- (3) Higher pension expense for 2009 compared to 2008 is expected to reduce 2009 operating income by \$75M, operating margin by 50 bpts and diluted EPS by \$0.39.
- (4) 2009 tax rate includes a tax benefit of 190 bpts for a net reversal of amounts previously accrued related to prior tax years.
- (5) See Reconciliation of GAAP to Non-GAAP Measurements.



2009 Segment Guidance

(\$ in Billions)

Segment	Sales	Midpoint Sales Growth vs 2008	Operating Margin	Midpoint Margin Change	
				vs 2008 Actual (bpts)	vs 2008 Adjusted (bpts)
C ³ ISR	\$2.9 to \$3.0	16%	11.0 % to 11.2%	+150	+150
Gov't Services	\$4.1 to \$4.2	-4%	9.6% to 9.8%	-20	-20
AM&M	\$2.7 to \$2.8	3%	8.7% to 8.9%	-30	-30
Spec. Products	\$5.6 to \$5.7	5%	11.6% to 11.8%	-30	-60
Consolidated	\$15.5 to \$15.6	4%	10.5%	-80	-10

Notes: (1) Midpoint margin Change vs 2008 Adjusted excludes a net gain of \$110M for certain 2008 Items (a litigation gain of \$126M, a product line divestiture gain of \$12M and an impairment charge of \$28M). See Reconciliation of GAAP to Non-GAAP Measurements.

(2) Midpoint margin Change vs 2008 Adjusted excluding higher pension expense for 2009 compared to 2008 would be +250 bpts for C³ISR, +10 bpts for Specialized Products and +40 bpts for consolidated margin.



Financial Growth Objectives



Financial Growth Objectives

- *Double-digit EPS growth*
- *Increase Free Cash Flow per Share*
- *Sales growth 2 % - 3 % > DoD budget*
- *Modest margin expansion ~20 bpts/year*
- *Disciplined cash deployment - - dividends, share repurchases, M&A*
- *Preserve debt credit ratings*

2010 Financial Guidance



2010 Financial Guidance

(\$ in Billions, except per share amounts)

	2010 Guidance	Midpoint vs 2009 Guidance
Sales	\$15.7 to \$15.9	2%
Operating Margin	10.7%	+20 bpts
Tax Rate	35.8%	+190 bpts
Diluted EPS	\$7.85 to \$8.05	6%
Free Cash Flow	\$1.25	4%

Note: (1) Guidance only includes sales from SOFSA contract through February 28, 2010.
(2) See Reconciliation of GAAP to Non-GAAP Measurements.



2010 Pension Expense Sensitivity

(\$ in Millions, except EPS)

Assumptions		2010 Expense			2010 vs 2009 Impact		
2009 Asset Return	2010 Discount Rate	FAS	CAS	CAS/FAS	Pretax Income	Margin (bpts)	EPS
16%	5.8%	\$172	\$136	79%	(\$3)	-	\$(0.02)

- Notes: (1) A 1% increase/(decrease) in 2009 asset return would (decrease)/increase 2010 pension expense by ~\$2M.
- (2) A 25 bpts increase (decrease) in the 2010 discount rate would (i) decrease (increase) pension expense by ~\$8M, and (ii) decrease (increase) pension benefit obligation by ~\$54M.

2010 Segment Guidance

(\$ in Billions)

<u>Segment</u>	<u>Sales</u>	<u>Midpoint Growth vs 2009</u>	<u>Operating Margin</u>	<u>Midpoint Margin Change vs 2009 (bpts)</u>
C ³ ISR	\$3.3 to \$3.4	12%	11.1% to 11.3%	+10
Gov't Services	\$4.0 to \$4.1	-2%	9.6% to 9.8%	n.c.
AM&M	\$2.6 to \$2.7	-4%	8.9% to 9.1%	+20
Spec. Products	\$5.7 to \$5.8	2%	11.7% to 11.9%	+10
Consolidated	\$15.7 to \$15.9	2%	10.7%	+20

Note: Guidance only includes sales from SOFSA contract through February 28, 2010.



Free Cash Flow

(\$ in Millions)

	2010 Guidance	2009 Guidance
Net income	\$ 925	\$ 900
Depreciation & amortization	230	220
Deferred taxes	95	55
Stock-based compensation	225	212
CODES non-cash interest	22	21
Working capital / other	3	17
Cash flow from operating activities	1,500	1,425
Capital expenditures, net	(250)	(225)
Free cash flow	\$ 1,250	\$ 1,200
<u>Supplemental data:</u>		
Cash interest payments	\$ 236	\$ 237
Income tax payments, net	430	377
Pension contributions	140	65

Capitalization and Leverage

(\$ in Millions)

	12/31/10 Guidance	12/31/09 Guidance	12/31/08 Actual
Cash	\$ 1,625	\$ 1,025	\$ 867
Debt	\$ 4,135	\$ 4,112	\$ 4,493
Equity	7,265	6,665	5,941
Book Capitalization	\$ 11,400	\$ 10,777	\$ 10,434
Debt/Book Capitalization	36.3%	38.2%	43.1%
Bank Leverage Ratio	1.8x	1.9x	2.2x
Available Revolver	\$ 950	\$ 950	\$ 940

Notes: (1) Guidance amounts only include completed business acquisitions.
 (2) Equity includes non-controlling interests.

Debt Analysis

(\$ in Millions)

	12/31/09 Estimate	Type	Maturity Date	Next Redemption	
				Date	Premium
Senior:					
Revolver	\$ -	L+300 bpts	10/12	n.a.	
5.2% Senior Notes	1,000	fixed	10/19	n.a.	
Subordinated:					
3% CODES	\$ 700	fixed	8/35	2/11	0%
6-1/8% Notes	400	fixed	7/13	7/09	2.042%
6-1/8% Notes	400	fixed	1/14	1/09	3.063%
5-7/8% Notes	650	fixed	1/15	1/10	2.938%
6-3/8% Notes	1,000	fixed	10/15	10/10	3.188%
Unamortized Discounts	(38)				
Total	\$ 4,112				

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%.



Cash Sources and Uses

(\$ in Millions)

	<u>2010 Guidance</u>	<u>2009 Guidance</u>	<u>2008 Actual</u>
Beginning Cash	\$ 1,025	\$ 867	\$ 780
Free Cash Flow	1,250	1,200	1,184
Acquisitions / Divestitures	(20)	(89)	(220)
Dividends	(180)	(165)	(147)
Share Repurchases	(500)	(450)	(794)
Debt Repayments, Net	-	(435)	-
Other, Net	50	97	64
Ending Cash	\$ 1,625	\$ 1,025	\$ 867

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

L-3 Financial Summary

- *Diversified business with good sales visibility*
- *Growing EPS and cash flow*
- *Major contract re-competitions - - SOFSA, EITC*
- *Iraq drawdown sales exposure is manageable*
- *Upside opportunity from 2nd Afghanistan surge*
- *Expect no 2010 pension expense headwind*
- *Strong liquidity, improving leverage metrics, plus disciplined capital allocation*



2008 Supplemental Select Financial Data

(\$ in Millions, except per share amounts)

	GAAP As Previously Reported	Adjustments for:			GAAP As Currently Reported
		Non-Controlling Interests	Participating Securities	Convertible Debt	
Sales	\$14,901	-	-	-	\$14,901
Operating Margin	11.3%	-	-	-	11.3%
Segment Operating Margin	10.5%	-	-	-	10.5%
Operating Income	\$1,685	-	-	-	\$1,685
Segment Operating Income	\$1,559	-	-	-	\$1,559
Net Interest Expense and Other Income	\$243	-	-	\$19	\$262
Tax Rate	35.1%	(0.3)%	-	-	34.8%
Net Income Allocable to Common Shareholders	\$949	-	\$(9)	\$(11)	\$929
Diluted Shares	122.9	-	(0.5)	-	122.4
Diluted Earnings Per Share	\$7.72	-	\$(0.04)	\$(0.09)	\$7.59



Reconciliation of GAAP to Non-GAAP Measurements

(\$ in Millions, except for per share amounts)

	2010 <u>Guidance</u>	2009 <u>Guidance</u>	2008 <u>Actual</u>
Consolidated Operating Margin			11.3%
Add: Impairment Charge			0.2%
Less: Litigation Gain			-0.8%
Product Line Divestiture Gain			-0.1%
Consolidated Operating Margin, Excluding 2008 Items			<u>10.6%</u>
Diluted EPS			\$ 7.59
Add: Impairment Charge			0.14
Less: Litigation Gain			(0.66)
Product Line Divestiture Gain			(0.06)
Business Divestiture			(0.16)
Diluted EPS, Excluding 2008 Items			<u>\$ 6.85</u>
Specialized Products Operating Margin			12.0%
Add: Impairment Charge			0.5%
Less: Product Line Divestiture Gain			-0.2%
Specialized Products Operating Margin, Excluding 2008 Items			<u>12.3%</u>
Tax Rate			34.8%
Add: Impairment Charge			0.1%
Less: Litigation Gain			-0.5%
Tax Rate, Excluding 2008 Items			<u>34.4%</u>
Net cash from operating activities	\$ 1,500	\$ 1,425	\$ 1,387
Less: Capital expenditures	(260)	(235)	(218)
Add: Dispositions of property, plant and equipment	10	10	15
Free cash flow	<u>\$ 1,250</u>	<u>\$ 1,200</u>	<u>\$ 1,184</u>

