First Quarter Earnings Call April 30, 2015

Financial Data Charts

Forward-Looking Statements

Certain of the matters discussed in these slides, including information regarding the company's 2015 financial guidance are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts, may be forward-looking statements, such as "may," "will," "should," "likely," "projects," "expects," "anticipates," "intends," "plans," "believes," "estimates," and similar expressions are used to identify forward-looking statements. The company cautions investors that these statements are subject to risks and uncertainties many of which are difficult to predict and generally beyond the company's control that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Some of the factors that could cause actual results to differ include, but are not limited to, the following: our dependence on the defense industry; backlog processing and program slips resulting from delayed awards and/or funding from the Department of Defense (DoD) and other major customers; the U.S. Government fiscal situation; changes in DoD budget levels and spending priorities; U.S. Government failure to raise the debt ceiling; our reliance on contracts with a limited number of customers and the possibility of termination of government contracts by unilateral government action or for failure to perform; the extensive legal and regulatory requirements surrounding many of our contracts; our ability to retain our existing business and related contracts; our ability to successfully compete for and win new business; or, identify, acquire and integrate additional businesses; our ability to maintain and improve our operating margin; the availability of government funding and changes in customer requirements for our products and services; our significant amount of debt and the restrictions contained in our debt agreements and actions taken by rating agencies that could result in a downgrade of our debt; our ability to continue to recruit, retain and train our employees; 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; global economic uncertainty; the DoD's Better Buying Power and other 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 revenue arrangements; the rapid change of technology and high level of competition in which our businesses participate; risks relating to technology and data security; 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 and of on-going governmental investigations, including the internal review of the Aerospace Systems segment; the impact on our business of improper conduct by our employees, agents or business partners; ultimate resolution of contingent matters, claims and investigations relating to acquired businesses, and the impact on the final purchase price allocations; and the fair values of our assets.

Our forward-looking statements speak only as of the date of these slides or as of the date they were made, and we undertake no obligation to update forward-looking statements. For a more detailed discussion of these factors, also see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent report on Form 10-K for the year ended December 31, 2014, and any material updates to these factors contained in any of our future filings.

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.

First Quarter Results

Select Financial Data - First Quarter

($ in Millions, except per share amounts)

	1Q15	1Q14	vs. 1Q14
Sales	$2,713	$2,957	-8%
Segment Operating Margin[1]	8.2%	9.7%	-150 bps
Segment Operating Income[1]	$222	$286	-22%
Interest Expense	$44	$43	2%
Interest and Other Income, Net	$3	$5	-40%
Tax Rate	31.4%	30.6%	+80 bps
Diluted Shares	83.8	89.4	-6%
Diluted Earnings Per Share (EPS)	$1.25	$1.90	-34%
Adjusted Diluted EPS[1][2]	$1.43	$1.90	-25%
Net Cash from (used in) Operating Activities	$87	-$62	n.m.
Free Cash Flow[2]	$47	-$91	n.m.

Notes: (1) Excludes 1Q15 aggregate loss related to the Marine Systems International (MSI) business divestiture, expected to be completed on May 29, 2015, of $22 million ($15 million after income taxes), or $0.18 per diluted share, and is comprised of: (1) a non-cash impairment charge of $17 million related to the MSI net assets classified as held for sale and (2) an unrealized loss of $5 million on a forward contract to sell the estimated Euro proceeds to be obtained from the divestiture of MSI for U.S. dollars.

(2) Non-GAAP Measurement. See pages 20 - 21 for a reconciliation of these GAAP to Non-GAAP Measurements.

n.m. = not meaningful

Segment Results - First Quarter

($ in Millions)

Segment	1Q15 Sales	Sales Growth vs. 1Q14	1Q15 Operating Margin	Margin Change vs. 1Q14 (bps)
Electronic Systems	$ 1,009	-6%	11.3%	-30
Aerospace Systems	1,026	-4%	6.0%	-270
Communication Systems	435	-14%	8.0%	-190
NSS	243	-20%	4.5%	-140
Total Segment	$ 2,713	-8%	8.2%	-150

2015 Financial Guidance

2015 Consolidated Financial Guidance

($ in Millions, except per share amounts)

	Guidance (April 30, 2015)	Midpoint vs. 2014
Sales	$11,450 to $11,650	-5%
Segment Operating Margin*	9.4%	+50 bps
Interest expense and other income	$175	+9%
Tax Rate	32.0%	+520 bps
Diluted Shares	81.9	-7%
Adjusted Diluted EPS*	$7.35 to $7.65	-1%
Free Cash Flow	$925	-2%

2015 Guidance Updates Compared to Prior Guidance Dated January 29, 2015:

(1) A decrease in sales of $300 million related to the expected divestiture of MSI on May 29, 2015.
(2) An increase in segment operating margin of 10 basis points related to the expected divestiture of MSI on May 29, 2015.
(3) An increase of $300 million in planned share repurchases from $500 million to $800 million, funded with the expected proceeds from the MSI divestiture.

Other Guidance Assumptions:

(1) The R&E tax credit that expired on December 31, 2014 is not re-enacted for 2015. If re-enacted for 2015, the annual R&E tax credit would reduce the effective tax rate by 220 bps and increase diluted EPS by $0.24.
(2) Excludes any potential non-cash goodwill impairment charges for which the information is presently unknown.
(3) Excludes potential litigation charges, if any, and additional expenses relating to the Internal Review at Aerospace Systems, which was completed in October 2014.

Note: Adjusted Diluted EPS and Free Cash Flow are Non-GAAP Measurements. See pages 20 - 21 for a reconciliation of these GAAP to Non-GAAP Measurements.

* Excludes 1Q15 aggregate loss of $22 million ($15 million after tax), or $0.18 per diluted share, related to the expected divestiture of MSI.

2015 Segment Guidance

($ in Millions)

Segment	Sales	Midpoint Sales vs. 2014	Segment Operating Margin	Midpoint Margin vs. 2014 (bps)	*Pension Margin Impact* (bps)*
Electronic Systems	$4,250 to $4,350	-7%	11.7% to 11.9%	+20	*-30*
Aerospace Systems	$4,100 to $4,200	-4%	7.7% to 7.9%	+110	*-70*
Comm Systems	$1,900 to $2,000	-1%	9.0% to 9.2%	-80	*-90*
NSS	$1,100 to $1,200	-5%	6.6% to 6.8%	+140	*-10*
Total Segment	**$11,450 to $11,650**	**-5%**	**9.4%**	**+50**	***-50***

* Represents the decrease to 2015 operating margin due to higher estimated pension expense (FAS, net of CAS) of $59 million ($13 million for Electronic Systems, $27 million for Aerospace Systems, $18 million for Communication Systems, and $1 million for NSS).

Cash Flow Data

Cash Flow

($ in Millions)	1Q15 Actual	1Q14 Actual	2015 Guidance	2014 Actual
Net income	$ 109*	$ 172	$ 605*	$ 677
Depreciation & amortization	55	54	224	225
Deferred income taxes	11	23	60	121
401K common stock match	29	44	120	130
Stock-based employee compensation	13	15	57	52
Amortization of pension and OPEB net losses	17	4	66	15
Working capital/other items	(147)	(374)	(12)	(95)
Capital expenditures, net	(40)	(29)	(195)	(179)
Free cash flow	$ 47	$ (91)	$ 925	$ 946

Robust Cash Flow

* Includes charges related to the MSI business divestiture of $15M, net of tax.

Supplemental Cash Flow Data

($ in Millions)

	1Q15 Actual	1Q14 Actual	2015 Guidance	2014 Actual
Cash interest payments	$ 37	$ 48	$ 179	$ 176
Income tax payments, net (1)	32	39	240	137
FAS pension expense	35	21	138 (2) (3)	80
CAS pension cost (4)	29	29	109	110
Pension contributions	14	14	132	97

(1) Excludes excess income tax benefits related to share-based payment arrangements of $23 million for 1Q15, $14 million for 1Q14, $30 million for 2015 and $17 million for 2014.

(2) FAS pension expense represents pension expense determined using U.S. GAAP and assumes a 2015 weighted average discount rate of 4.14% (vs. 5.03% for 2014) and a 2015 weighted average pension asset return of 8.13%.

(3) Estimated 2015 Pension Expense Sensitivity: A 25 bps increase/decrease in 12/31/14 discount rate would decrease/increase 2015 pension expense by ~$15M and decrease/increase the 12/31/14 unfunded obligation by ~$132M.

(4) 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.

Depreciation, Amortization and Capital Expenditures

($ in Millions)

	2015				2014			
	D&A		CapEx, Net		D&A		CapEx, Net	
Segment	1Q15	2015	1Q15	2015	1Q14	2014	1Q14	2014
Electronic Systems	$ 28	$112	$ 22	$ 97	$ 29	$123	$ 15	$ 79
Aerospace Systems	12	46	10	60	10	40	9	61
Communication Systems	12	54	7	33	12	51	4	30
NSS	3	12	1	5	3	11	1	9
Consolidated	$ 55	$224	$ 40	$195	$ 54	$225	$ 29	$179

D&A = Depreciation and Amortization
CapEx, Net = Capital expenditures net of dispositions of property, plant and equipment

Cash Sources and Uses, and Capitalization and Leverage

Cash Sources and Uses

($ in Millions)

	1Q15 Actual	1Q14 Actual	2015 Guidance	2014 Actual
Beginning cash	$ 442	$ 500	$ 442	$ 500
Free cash flow	47	(91)	925	946
Acquisitions, net of divestitures	(41)	(57)	299	(51)
Dividends	(58)	(55)	(214)	(208)
Share repurchases	(100)	(133)	(800)	(823)
Senior notes net proceeds	-	-	-	988
CODES redemption	-	-	-	(935)
Change in cash balance included in assets held for sale	1	-	11	(61)
Other, net	26	63	87	86
Ending cash	$ 317	$ 227	$ 750	$ 442

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

Capitalization and Leverage

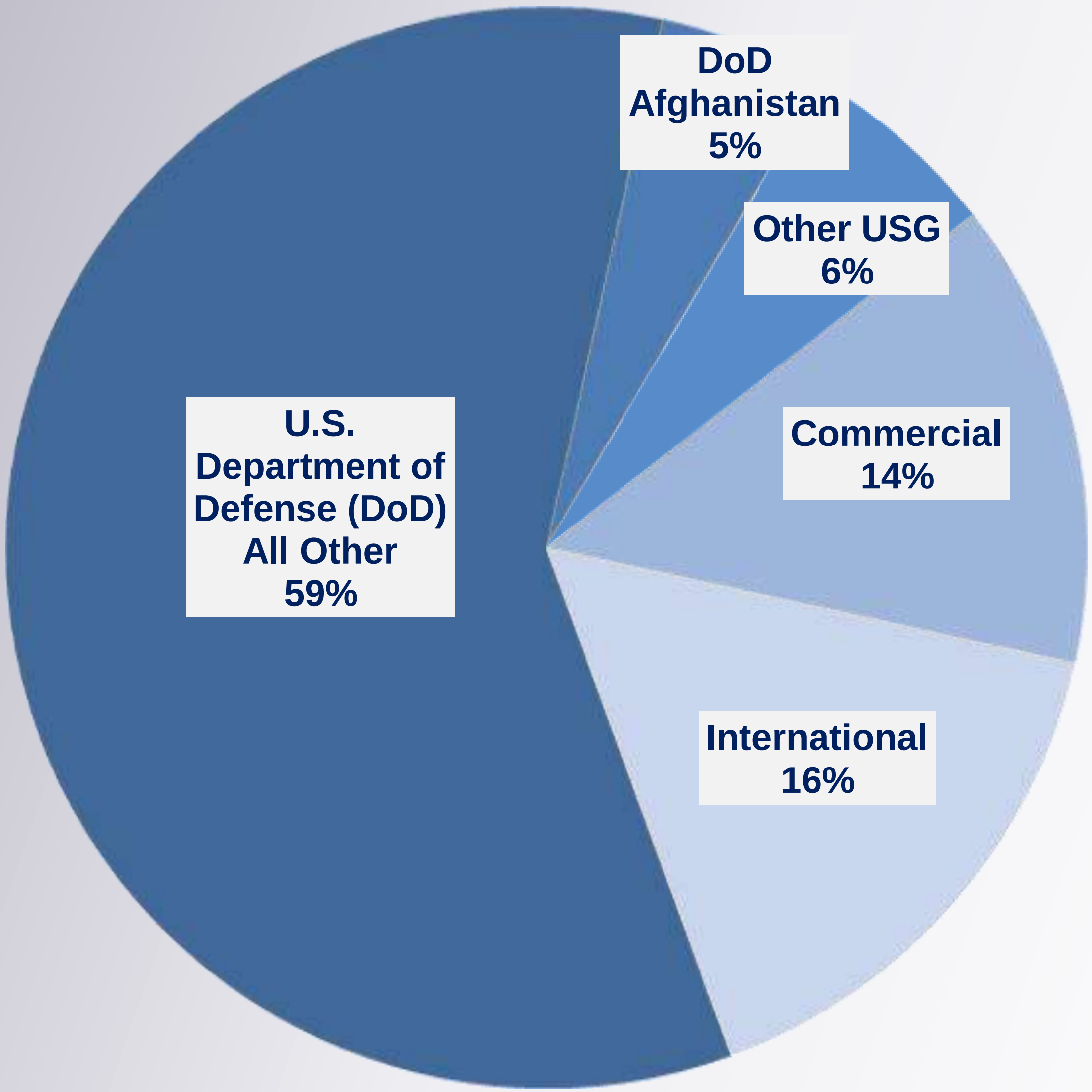
($ in Millions)

	3/27/15 Actual	12/31/14 Actual
Cash	$317	$442
Debt	$3,939	$3,939
Equity	5,302	5,360
Invested Capital	$9,241	$9,299
Debt/Invested Capital	42.6%	42.4%
Bank Leverage Ratio	2.71x	2.48x
Available Revolver	$1,000	$1,000

Note: Equity includes non-controlling interests (minority interests) of $74M as of March 27, 2015 and $75M as of December 31, 2014.

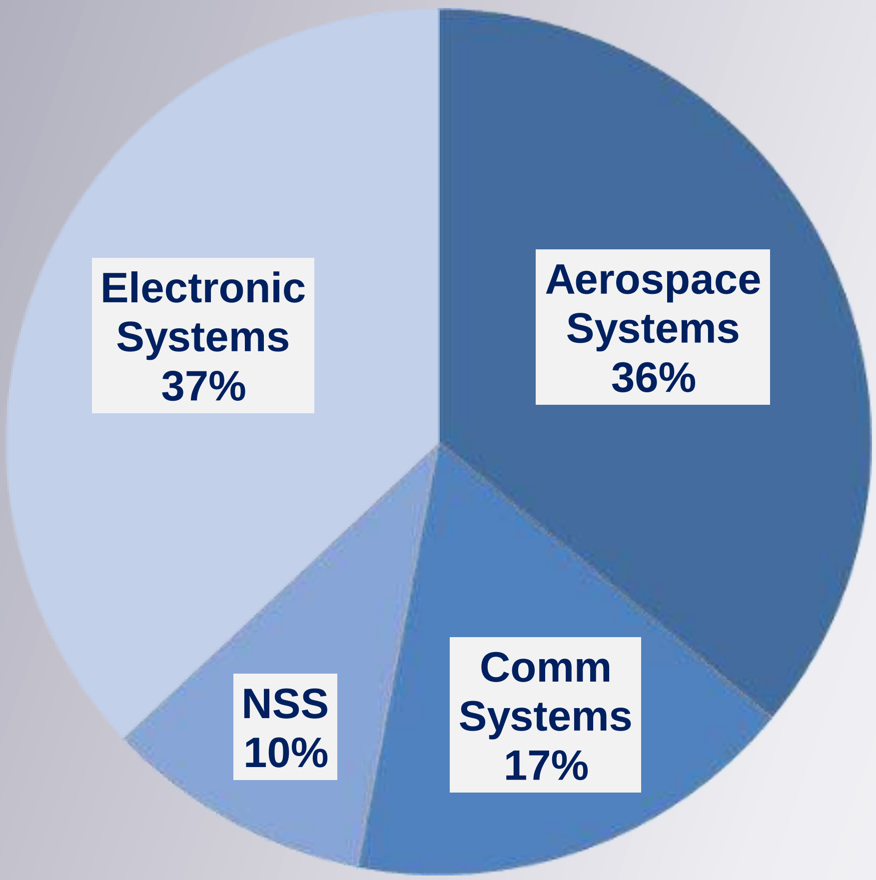
Appendix

2015 Estimated End Customer Sales Mix Trends

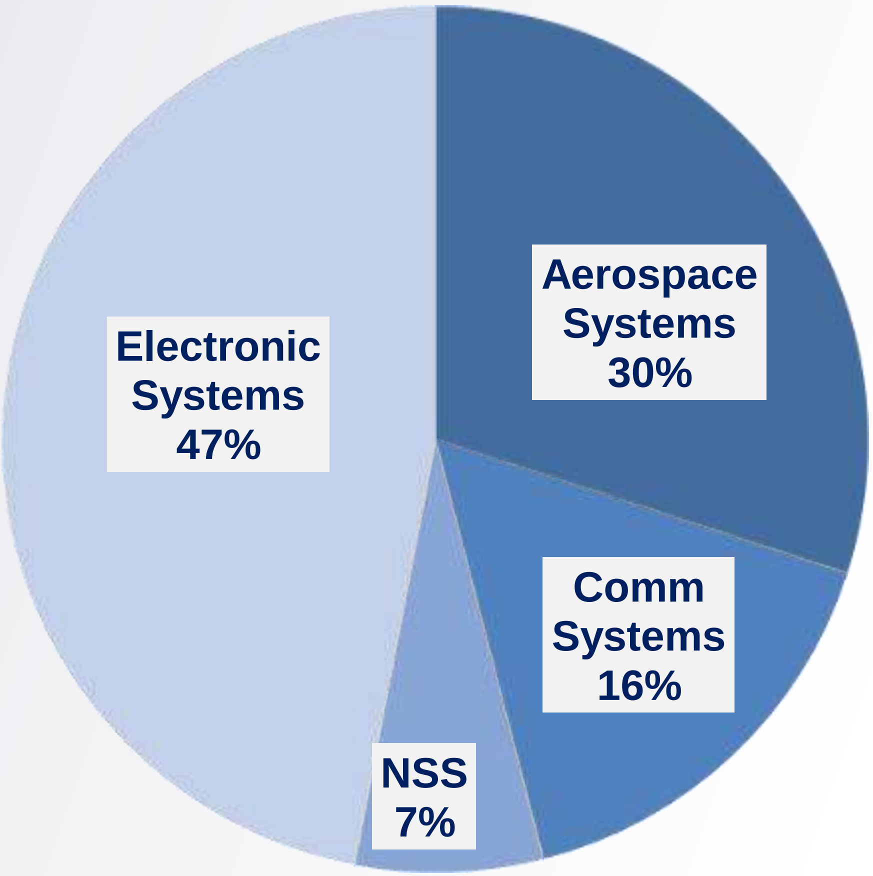


Segment Mix: 2015 Guidance Midpoints

Sales



Operating Income



2015 Segment Guidance - Current vs. Prior

($ in Millions)

	Current Guidance (April 30, 2015)		Prior Guidance (January 29, 2015)	
Segment	Sales	Operating Margin	Sales	Operating Margin
Electronic Systems	$4,250 to $4,350	11.7% to 11.9%	$4,550 to $4,650	11.4% to 11.6%
Aerospace Systems	$4,100 to $4,200	7.7% to 7.9%	$4,100 to $4,200	7.7% to 7.9%
Communication Systems	$1,900 to $2,000	9.0% to 9.2%	$1,900 to $2,000	9.0% to 9.2%
NSS	$1,100 to $1,200	6.6% to 6.8%	$1,100 to $1,200	6.6% to 6.8%
Consolidated	$11,450 to $11,650	9.4%	$11,750 to $11,950	9.3%

Reconciliation of GAAP to Non-GAAP Measurements (1 of 2)

($ in Millions)

	1Q15 Actual	1Q14 Actual	2015 Guidance	2014 Actual
Net cash from operating activities	$ 87	$ (62)	$1,120	$1,125
Less: Capital expenditures	(41)	(30)	(200)	(183)
Add: Dispositions of property, plant and equipment	1	1	5	4
Free cash flow	$ 47	$ (91)	$ 925	$ 946

Reconciliation of GAAP to Non-GAAP Measurements (2 of 2)

($ in Millions, except per share amounts)

	1Q15 Actual	1Q14 Actual	2015 Guidance Low End of Range	2015 Guidance High End of Range
Diluted EPS attributable to L-3 Holdings' common stockholders	$ 1.25	$ 1.90	$ 7.17	$ 7.47
EPS impact of the non-cash impairment charge related to MSI assets held for sale[(A)]	0.14	-	0.14	0.14
EPS impact of the unrealized loss on a forward contract to sell Euro proceeds from the MSI divestiture [(B)]	0.04	-	0.04	0.04
Adjusted diluted EPS	$ 1.43	$ 1.90	$ 7.35	$ 7.65
[(A)] Non-cash impairment charge related to MSI assets held for sale	$ 17		$ 17	$ 17
Tax effect	5		5	5
After-tax impact	12		12	12
Diluted weighted average common shares outstanding	83.8		81.9	81.9
Per share impact*	$ 0.14		$ 0.14	$ 0.14
[(B)] Unrealized loss on a forward contract to sell Euro proceeds from the MSI divestiture	$ 5		$ 5	$ 5
Tax effect	2		2	2
After-tax impact	3		3	3
Diluted weighted average common shares outstanding	83.8		81.9	81.9
Per share impact	$ 0.04		$ 0.04	$ 0.04

* Amounts may not recalculate directly due to rounding.