Third Quarter Earnings Call October 29, 2015

Financial Data Charts

Forward Looking Statements

Certain of the matters discussed in these slides, including information regarding the company's 2015 financial guidance and 2016 preliminary outlook 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," "financial guidance," ''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 ongoing 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; goodwill impairments and the fair values of our assets; and ultimate resolution of contingent matters, claims and investigations relating to acquired businesses, and the impact on the final purchase price allocations.

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.

Third Quarter Results

Select Financial Data - Third Quarter

($ in Millions, except per share amounts)

	3Q15	3Q14	vs. 3Q14
Sales	$2,817	$2,940	-4%
Segment Operating Margin[(1)]	10.2%	8.7%	+150 bps
Segment Operating Income[(1)]	$286	$257	11%
Interest Expense	$47	$47	n.c.
Interest and Other Income, Net	$3	$5	-40%
Effective Income Tax Rate[(2)]	n.m.	27.0%	n.m.
Diluted Shares	80.0	86.6	-8%
Diluted (loss) Earnings Per Share (EPS)	($3.74)	$1.78	n.m.
Adjusted Diluted EPS[(1) (3)]	$2.09	$1.78	17%
Net Cash from Operating Activities	$317	$390	-19%
Free Cash Flow[(3)]	$263	$344	-24%

Notes: (1) Excludes: (i) 3Q15 goodwill impairment charge of $491 million ($463 million after income taxes), or $5.79 per diluted share, for the NSS segment, and (ii) pre-tax loss of $9 million ($6 million after income taxes), or $0.08 per diluted share, related to business divestitures.

(2) The effective income tax rate for 3Q15 is not meaningful because the company reported a pre-tax loss and income tax expense during the period due to the goodwill impairment charge. The marginal effective income tax rate on the goodwill impairment charge relating to the NSS segment was 6% because a significant portion of the NSS goodwill is not deductible for tax. Excluding the goodwill impairment charge and related income tax benefit, the effective income tax rate for 3Q15 would have been 28.3%.

(3) Non-GAAP Measurement. See pages 25 - 27 for a reconciliation of these GAAP to Non-GAAP Measurements.

n.m. = not meaningful n.c. = no change

Segment Results - Third Quarter

($ in Millions)

Segment	3Q15 Sales	Sales Growth vs. 3Q14	3Q15 Operating Margin	Margin Change vs. 3Q14 (bps)
Electronic Systems	$ 982	-11%	12.5%	+120
Aerospace Systems	1,066	3%	9.7%	+350
Communication Systems	505	2%	10.5%	+60
NSS	264	-14%	2.7%	-350
Total Segment	$ 2,817	-4%	10.2%	+150

Year to Date September Results

Select Financial Data - Year to Date September

($ in Millions, except per share amounts)

	2015	2014	vs. 2014
Sales	$8,323	$8,916	-7%
Segment Operating Margin(1) (2)	8.1%	8.8%	-70 bps
Segment Operating Income(1) (2)	$672	$782	-14%
Interest Expense	$139	$129	8%
Interest and Other Income, Net	$11	$14	-21%
Effective Income Tax Rate(3)	n.m.	29.5%	n.m.
Diluted Shares	81.5	88.4	-8%
Diluted (loss) EPS(1)	($0.91)	$5.21	n.m.
Adjusted Diluted EPS(1) (2) (4)	$4.92	$5.21	-6%
Net Cash from Operating Activities	$631	$605	4%
Free Cash Flow (4)	$493	$494	-0.2%

Notes:
(1) 2015 year-to-date results impacted by 2Q15 Aerospace Systems segment charges of $103 million, or $0.79 per diluted share, for contract cost growth at Platform Integration division, primarily due to additional losses of $84 million on the head-of-state aircraft modification contracts and $19 million of cost growth on three other aircraft modification contracts.
(2) Excludes: (i) 2015 year-to-date period goodwill impairment charge of $491 million ($463 million after income taxes), or $5.68 per diluted share for the NSS segment and (ii) pre-tax loss of $29 million ($18 million after income taxes), or $0.22 per diluted share, related to business divestitures.
(3) The effective income tax rate for the 2015 year-to-date period is not meaningful because the company reported income tax expense greater than pre-tax income during the period due to the goodwill impairment charge. Excluding the goodwill impairment charge and related income tax benefit, the effective income tax rate for the 2015 year-to-date period would have been 22.3%.
(4) Non-GAAP Measurement. See pages 25 - 27 for a reconciliation of these GAAP to Non-GAAP Measurements.

n.m. = not meaningful

Segment Results - Year to Date September

($ in Millions)

Segment	2015 Sales	Sales Growth vs. 2014	2015 Operating Margin	Margin Change vs. 2014 (bps)
Electronic Systems	$ 3,027	-8%	11.8%	+10
Aerospace Systems	3,087	-3%	4.8%	-140
Communication Systems	1,441	-5%	9.7%	n.c.
NSS	768	-19%	3.6%	-230
Total Segment	**$ 8,323**	**-7%**	**8.1%**	**-70**

n.c. = no change

2015 Financial Guidance

2015 Consolidated Financial Guidance

($ in Millions, except per share amounts)

	Guidance (October 29, 2015)	Midpoint vs. 2014	Prior Guidance (July 30, 2015)
Sales	$11,400 to $11,500	-6%	$11,450 to $11,650
Segment Operating Margin*	8.3%	-60 bps	8.4%
Interest Expense and Other	$178	11%	$180
Effective Tax Rate	25.4%	-140 bps	27.0%
Diluted Shares	81.9	-7%	81.9
Adjusted Diluted EPS*	$6.80 to $6.90	-9%	$6.70 to $7.00
Free Cash Flow	$850	-10%	$850

Notes: (1) The current guidance for 2015 assumes the U.S. Federal Research & Experimentation (R&E) tax credit is not re-enacted. If re-enacted for 2015, the annual R&E tax credit would reduce the 2015 estimated effective tax rate by approximately 250 basis points and increase 2015 diluted EPS by approximately $0.24.

(2) Adjusted Diluted EPS and Free Cash Flow are Non-GAAP Measurements. See pages 25 - 27 for a reconciliation of these GAAP to Non-GAAP Measurements.

* Excludes an after-tax non-cash goodwill impairment charge of $463 million, or $5.65 per diluted share for NSS and an aggregate after-tax loss of $18 million, or $0.22 per diluted share, related to divestitures.

2015 Segment Guidance

($ in Millions)

Segment	Sales	Midpoint Sales vs. 2014	Segment Operating Margin	Midpoint Margin vs. 2014 (bps)
Electronic Systems	$4,250 to $4,300	-7%	11.8% to 11.9%	+25
Aerospace Systems	$4,100 to $4,150	-5%	5.1% to 5.2%	-155
Comm Systems	$1,950 to $2,000	0%	9.5% to 9.6%	-35
NSS	$1,050 to $1,100	-11%	4.0% to 4.1%	-125
Total Segment	**$11,400 to $11,500**	**-6%**	**8.3%**	**-60**

Note: Estimated net pension expense (FAS, net of CAS) for 2015 vs. 2014 is expected to increase $61 million, reducing estimated 2015 operating margin by 50 basis points (bps) ($12 million or 30 bps for Electronic Systems, $28 million or 70 bps for Aerospace Systems, $19 million or 100 bps for Communication Systems, and $2 million or 20 bps for NSS).

2016 Preliminary Outlook

2016 Consolidated Preliminary Outlook

Net sales growth	-3%
Organic sales growth	-1.5%
Operating margin change	+80 bps
Tax rate	31%
Diluted EPS growth	+6%
Free cash flow	~ $850 million

Select Assumptions:

(1) Organic sales growth (excluding impacts from divestitures and acquisitions) by end customer market assumes: (i) approximately 0% for U.S. Government, including the DoD, (ii) -15% for international (foreign governments) and (iii) +7% for commercial.

(2) Operating margin assumes a net pension expense decrease of $8 million to $23 million for 2016 compared to an estimate of $31 million for 2015. The 2016 preliminary pension expense estimate assumes a weighted average discount rate of 4.45%, compared to 4.14% for 2015 and a weighted average asset return of approximately 4% in 2015, compared to our planned weighted average asset return of 8.13%.

(3) The tax rate assumes no U.S. Federal Research & Experimentation (R&E) tax credit. If re-enacted for 2016, the annual R&E tax credit would reduce the 2016 estimated effective tax rate by approximately 230 basis points and increase 2016 diluted EPS by approximately $0.24.

(4) Planned share repurchases of $500 million.

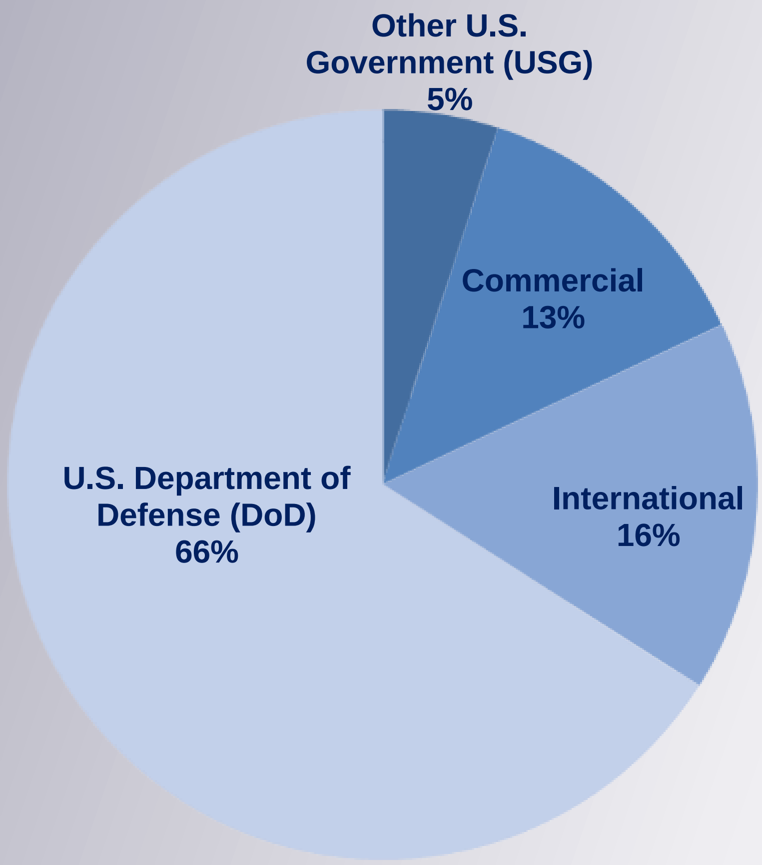
(5) Diluted EPS growth is calculated based on a comparison to the midpoint of the 2015 adjusted diluted EPS guidance range of $6.80 to $6.90.

(6) The 2016 Preliminary Outlook includes the NSS segment for which the company is currently evaluating strategic alternatives. The divestiture of NSS would reduce the preliminary outlook for 2016 diluted EPS by 3-4%.

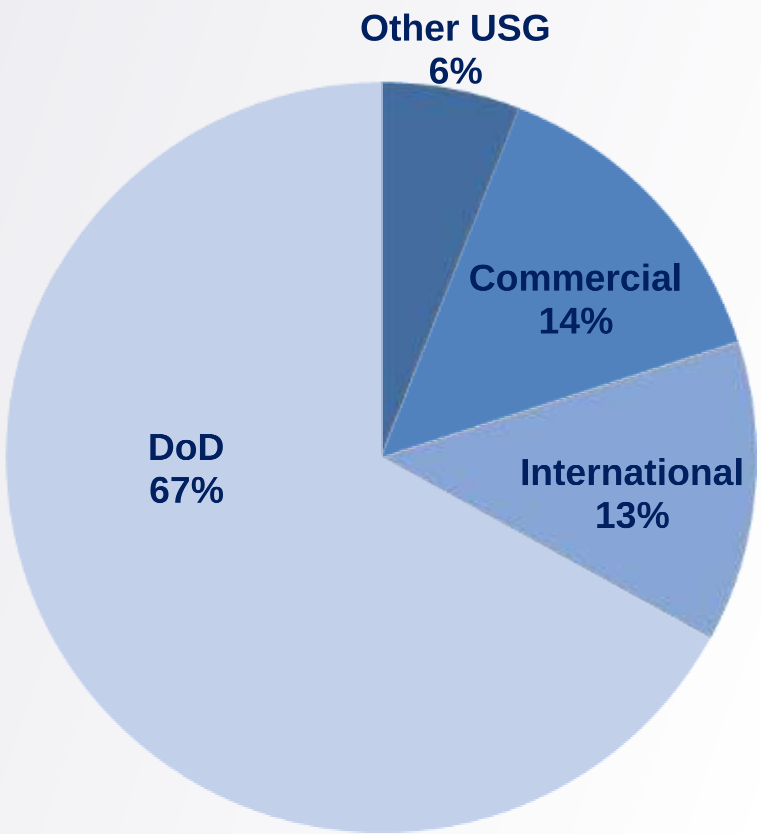
(7) See Reconciliation of GAAP to Non-GAAP Measurements.

End Customer Sales Mix

2015 Estimate



2016 Preliminary Outlook



Cash Flow Data

Cash Flow

($ in Millions)

	3Q15 Actual	3Q14 Actual	9M15 Actual	9M14 Actual	2015 Guidance	2014 Actual
Net (loss) income	$ (296)*	$ 157	$ (63)**	$ 470	$ 95**	$ 677
Impairment/divestiture charges	500	-	520	-	520	-
Depreciation & amortization	54	56	164	165	224	225
Deferred income taxes	(8)	48	(21)	91	-	121
401K common stock match	33	31	95	105	120	130
Stock-based employee compensation	12	10	36	39	51	52
Excess income tax benefits related to stock-based comp.	-	-	(24)	(16)	(25)	(17)
Amortization of pension and OPEB net losses	17	3	50	11	67	15
Working capital/other items	5	85	(126)	(260)	(7)	(78)
Capital expenditures, net	(54)	(46)	(138)	(111)	(195)	(179)
Free cash flow	$ 263	$ 344	$ 493	$ 494	$ 850	$ 946

* Includes after tax charges related to the business divestiture of the Tinsley Product Line of $6 million and impairment of $463 million.

** Includes after tax charges related to the business divestiture of the MSI, BSI and Tinsley Product Line of $18 million and impairment of $463 million.

Supplemental Cash Flow Data

($ in Millions)

	3Q15 Actual	3Q14 Actual	9M15 Actual	9M14 Actual	2015 Guidance	2014 Actual
Cash interest payments	$ 37	$ 37	$ 127	$ 123	$ 181	$ 176
Income tax payments, net (1)	46	10	132	124	190	137
FAS pension expense	36	19	105	60	139 (2) (3)	80
CAS pension cost (4)	25	26	81	82	108	110
Pension contributions	50	37	80	85	98	97

(1) Excludes excess income tax benefits related to share-based payment arrangements.
(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 2016 Pension Expense Sensitivity: A 25 bps increase/decrease in 12/31/15 discount rate would decrease/increase 2016 pension expense by ~$15 million and decrease/increase the 12/31/15 unfunded obligation by ~$130 million.
(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	3Q15	9M15	3Q15	9M15	3Q14	9M14	3Q14	9M14
Electronic Systems	$ 26	$ 81	$ 32	$ 74	$ 30	$ 89	$ 20	$ 56
Aerospace Systems	13	37	13	38	11	30	17	33
Comm Systems	12	37	7	22	13	38	7	17
NSS	3	9	2	4	2	8	2	5
Consolidated	$ 54	$164	$ 54	$138	$ 56	$165	$ 46	$111

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)	3Q15 Actual	3Q14 Actual	9M15 Actual	9M14 Actual	2015 Guidance	2014 Actual
Beginning cash	$ 353	$ 299	$ 442	$ 500	$ 442	$ 500
Free cash flow	263	344	493	494	850	946
Acquisitions, net of divestitures	4	-	48	(57)	(16)	(57)
Dividends	(52)	(51)	(163)	(158)	(214)	(208)
Share repurchases	(259)	(80)	(605)	(413)	(740)	(823)
Senior notes net proceeds, (redemption)	-	-	-	988	(300)	988
CODES redemption	-	-	-	(935)	-	(935)
Change in cash balance included in assets held for sale	-	-	61	-	61	(61)
Other, net	14	(4)	47	89	57	92
Ending cash	$ 323	$ 508	$ 323	$ 508	$ 140	$ 442

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

Capitalization and Leverage

($ in Millions)

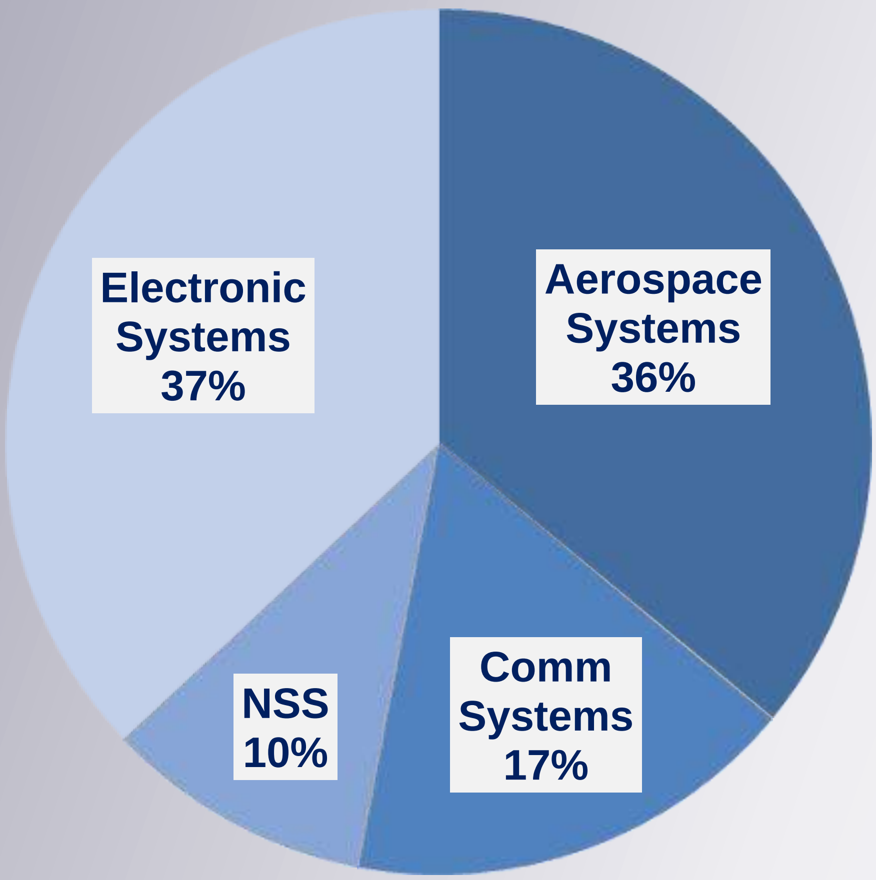
	9/25/15 Actual	12/31/14 Actual
Cash	$323	$442
Debt	$3,940	$3,939
Equity	4,659	5,360
Invested Capital	$8,599	$9,299
Debt/Invested Capital	45.8%	42.4%
Bank Leverage Ratio	2.82x	2.48x
Available Revolver	$1,000	$1,000

Note: Equity includes non-controlling interests (minority interests) of $75 million as of September 25, 2015 and December 31, 2014.

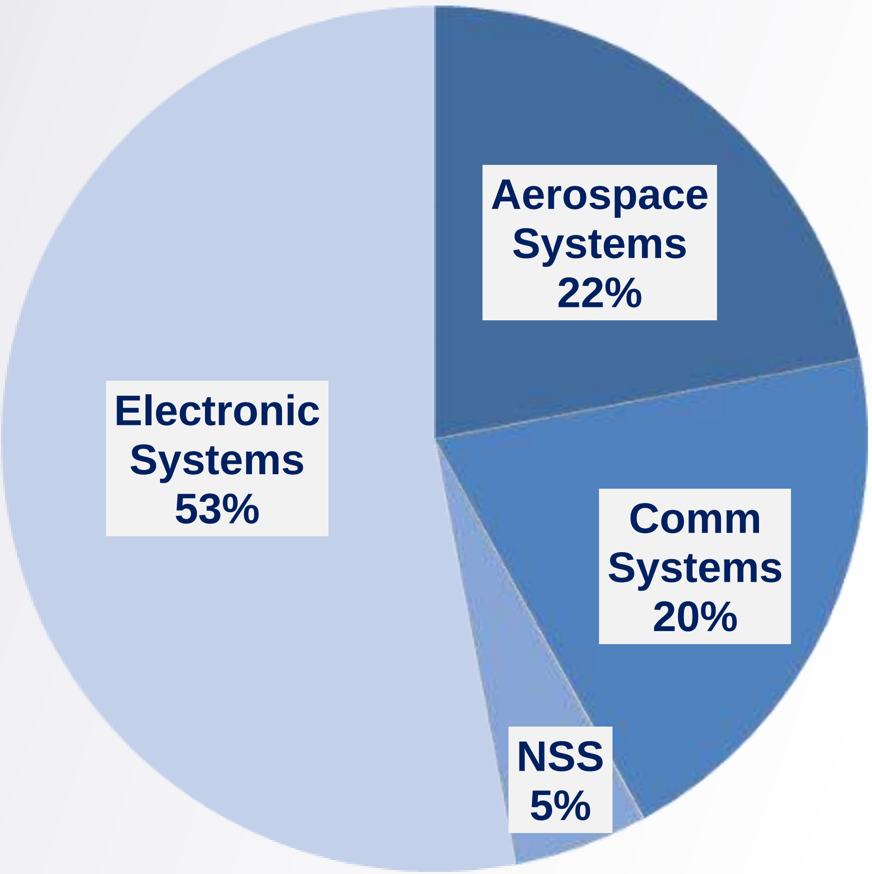
Appendix

Segment Mix: 2015 Guidance Midpoints

Sales



Operating Income



2015 Segment Guidance - Current vs. Prior

($ in Millions)

Segment	Current Guidance (October 29, 2015) Sales	Current Guidance (October 29, 2015) Operating Margin	Prior Guidance (July 30, 2015) Sales	Prior Guidance (July 30, 2015) Operating Margin
Electronic Systems	$4,250 to $4,300	11.8% to 11.9%	$4,300 to $4,400	11.6% to 11.8%
Aerospace Systems	$4,100 to $4,150	5.1% to 5.2%	$4,050 to $4,150	4.9% to 5.1%
Communication Systems	$1,950 to $2,000	9.5% to 9.6%	$1,900 to $2,000	9.0% to 9.2%
NSS	$1,050 to $1,100	4.0% to 4.1%	$1,100 to $1,200	6.6% to 6.8%
Consolidated	$11,400 to $11,500	8.3%	$11,450 to $11,650	8.4%

Reconciliation of GAAP to Non-GAAP Measurements (1 of 3)

($ in Millions)

	3Q15 Actual	3Q14 Actual	9M15 Actual	9M14 Actual	2016 Outlook	2015 Guidance	2014 Actual
Net cash from operating activities	$ 317	$ 390	$ 631	$ 605	$ 1,045	$ 1,045	$ 1,125
Less: Capital expenditures	(55)	(48)	(140)	(115)	(200)	(200)	(183)
Add: Dispositions of property, plant and equipment	1	2	2	4	5	5	4
Free cash flow	$ 263	$ 344	$ 493	$ 494	$ 850	$ 850	$ 946

Reconciliation of GAAP to Non-GAAP Measurements (2 of 3)

($ in Millions, except per share amounts)

	3Q15 Actual	3Q14 Actual	9M15 Actual	9M14 Actual	2015 Guidance Low End of Range	2015 Guidance High End of Range
Diluted EPS attributable to L-3 Holdings' common stockholders	$ (3.74)	$ 1.78	$ (0.91)	$ 5.21	$ 0.93	$ 1.03
EPS impact of loss on business divestitures[(A)]	0.08	-	0.05	-	0.05	0.05
EPS impact of the non-cash impairment charge related to MSI assets held for sale[(B)]	-	-	0.15	-	0.15	0.15
EPS impact of the loss on a forward contract to sell Euro proceeds from the MSI divestiture[(C)]	-	-	0.02	-	0.02	0.02
EPS impact of the goodwill impairment charge[(D)]	5.79	-	5.68	-	5.65	5.65
Dilutive impact of common share equivalents	(0.04)	-	(0.07)	-	-	-
Adjusted diluted EPS*	$ 2.09	$ 1.78	$ 4.92	$ 5.21	$ 6.80	$ 6.90

* Adjusted diluted EPS is diluted EPS attributable to L-3 Holdings' common stockholders, excluding the charges or credits relating to business divestitures and non-cash goodwill impairment charges. Adjusted net income attributable to L-3 is net income attributable to L-3, excluding the charges or credits relating to business divestitures and non-cash goodwill impairment charges. These amounts are not calculated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The company believes that the charges or credits relating to business divestitures and non-cash goodwill impairment charges affect the comparability of the results of operations and financial guidance for 2015 to the results of operations for 2014. The company also believes that disclosing net income and diluted EPS excluding the charges or credits relating to business divestitures and non-cash goodwill impairment charges will allow investors to more easily compare the 2015 results and financial guidance to the 2014 results. However, these measures may not be defined or calculated by other companies in the same manner.

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

($ in Millions, except per share amounts)

		3Q15 Actual	3Q14 Actual	9M15 Actual	9M14 Actual	2015 Guidance Low End of Range	2015 Guidance High End of Range
(A)	Loss on business divestitures	$ (9)		$ (8)		$ (8)	$ (8)
	Tax benefit	3		4		4	4
	After-tax impact	(6)		(4)		(4)	(4)
	Diluted weighted average common shares outstanding	80.0		81.5		81.9	81.9
	Per share impact	$ (0.08)		$ (0.05)		$ (0.05)	$ (0.05)
(B)	Non-cash impairment charge related to MSI assets held for sale			$ (17)		$ (17)	$ (17)
	Tax benefit			5		5	5
	After-tax impact			(12)		(12)	(12)
	Diluted weighted average common shares outstanding			81.5		81.9	81.9
	Per share impact			$ (0.15)		$ (0.15)	$ (0.15)
(C)	Loss on a forward contract to sell Euro proceeds from the MSI divestiture			$ (4)		$ (4)	$ (4)
	Tax benefit			2		2	2
	After-tax impact			(2)		(2)	(2)
	Diluted weighted average common shares outstanding			81.5		81.9	81.9
	Per share impact			$ (0.02)		$ (0.02)	$ (0.02)
(D)	Goodwill impairment charge	$ (491)		$ (491)		$ (491)	$ (491)
	Tax benefit	28		28		28	28
	After-tax impact	(463)		(463)		(463)	(463)
	Diluted weighted average common shares outstanding	80.0		81.5		81.9	81.9
	Per share impact	$ (5.79)		$ (5.68)		$ (5.65)	$ (5.65)