

2017 Investor Conference New York, NY

December 5, 2017



Technologies

This presentation consists of L3 Technologies, Inc. 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 2017 and 2018 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," "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; the outcome of litigation matters (see Notes to our annual report on Form 10-K and quarterly reports on Form 10-Q); results of audits by U.S. Government agencies and of ongoing governmental investigations; 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; the risk that our commercial aviation products and services businesses are affected by a downturn in global demand for air travel or a reduction in commercial aircraft OEM (Original Equipment Manufacturer) production rates; 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 including currency risks and compliance with foreign laws; 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 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, 2016 and our quarterly report on Form 10-Q for the period ended September 29, 2017, 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.



Agenda

Welcome

L3T 3.0 – Charging Ahead

Electronic Systems

Aerospace Systems

Break

Sensor Systems

Communication Systems

Financial Overview

Wrap Up and Q&A

Lunch / Adjourn

Heidi R. Wood

Christopher E. Kubasik

Todd W. Gautier

Mark R. Von Schwarz

Jeff A. Miller

Andrew C. Ivers

Ralph G. D'Ambrosio

Christopher E. Kubasik

Ralph G. D'Ambrosio



L3 Technologies

L3T 3.0 – Charging Ahead

Christopher Kubasik, President, Chief Operating Officer & CEO-Elect

L3 Technologies Overview

L3 Technologies 3.0

The Only High-Tech Federation of Innovative Aero/Defense Entrepreneurs. Unique business model bringing small business innovation with large company leverage.

Reshaping the Portfolio:

Out - low margin services

In - moving up the value chain

**Federation of Leaders Who Act Like Owners...
Aligns with Shareholders**

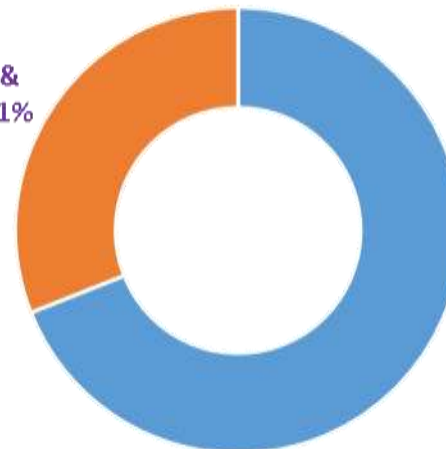
Multi Step Path to Sustainable Value Creation

- More integration, raising R&D, L365 Continuous Improvement, sharpening accountability & leadership culture
- While maintaining excellent FCF generation, high quality earnings and M&A know-how

Key Business Metrics – 2018 Guidance (midpoint)

\$9.95B Sales
5% Growth

International &
Commercial, 31%



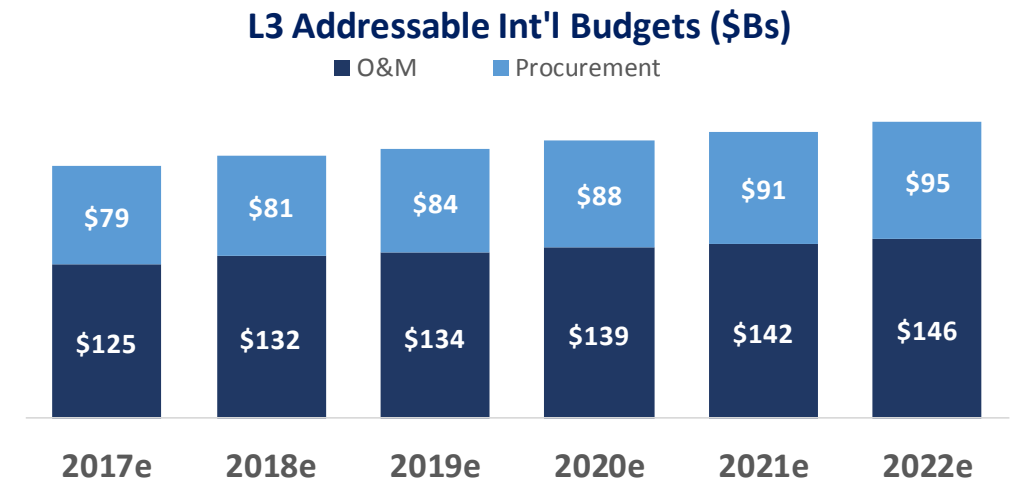
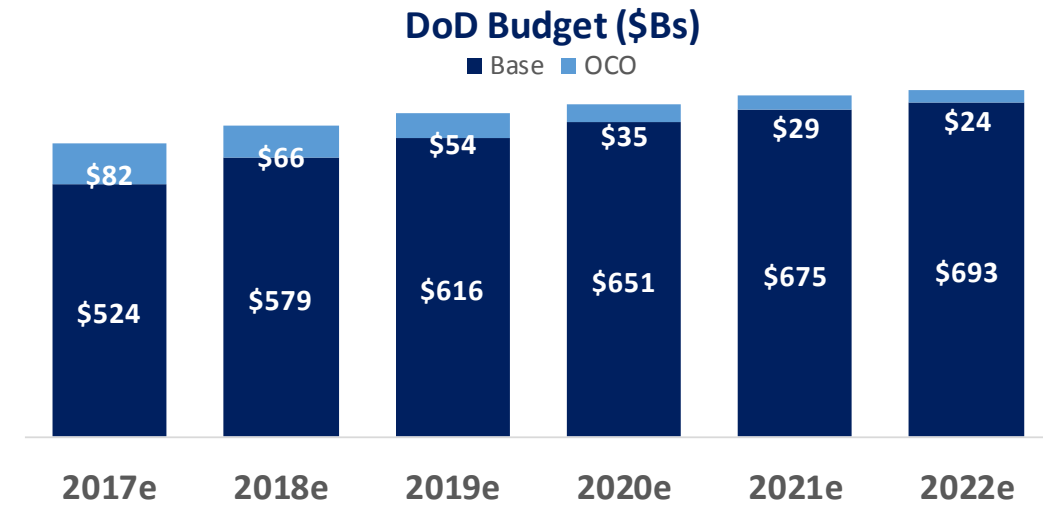
DOD & Other
US Gov't, 69%

**11.3%
Operating
Margin**

Note: Excludes Vertex

Attractive End Markets

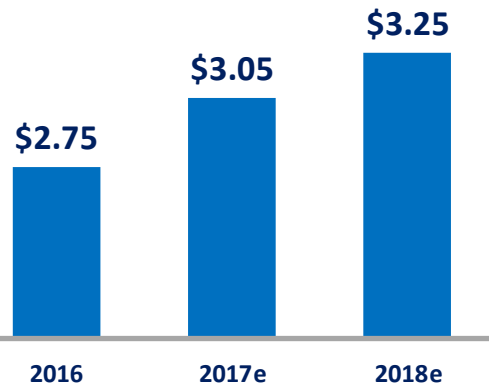
- DoD Budget
- International
- Commercial Aviation
 - Commercial Pilot Training
 - Airport Security



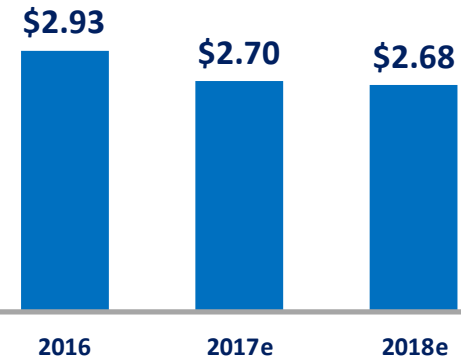
Sources: Avascent, DoD

L3 Business Segments

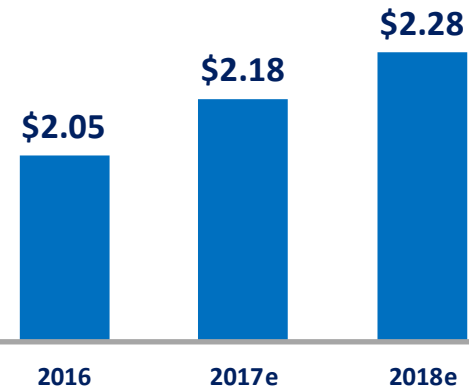
Electronic Systems



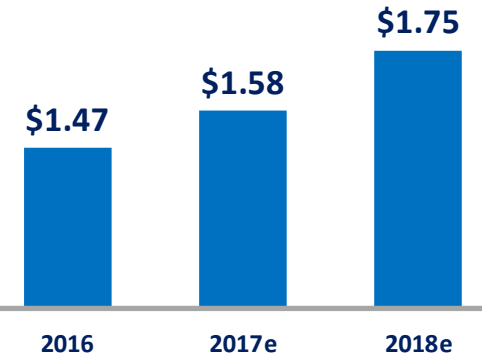
Aerospace Systems



Communication Systems



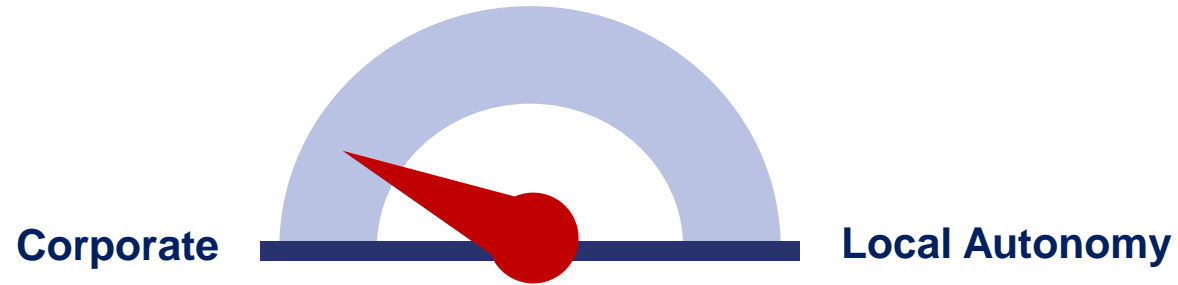
Sensor Systems



Notes: Guidance excludes Vertex. All sales in billions. 2017 and 2018 estimates represent the mid-point of guidance

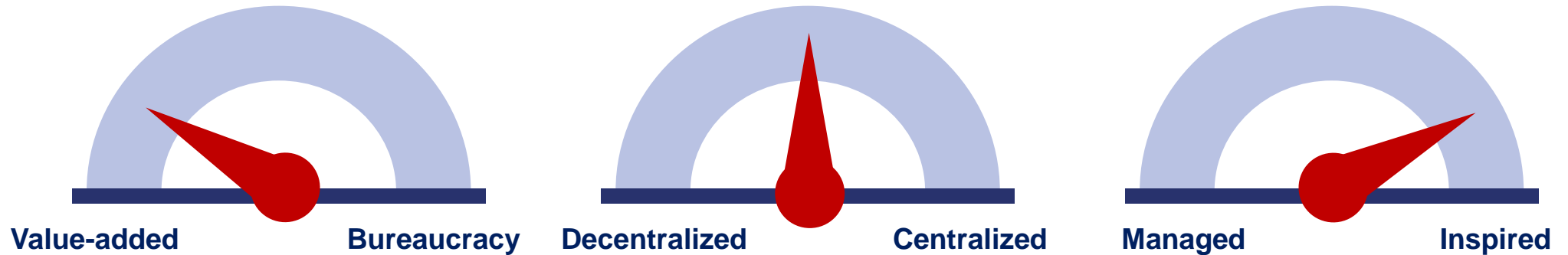
L3T 3.0 Organizational Philosophy... Emphasizes Entrepreneurship

Corporate



Value Generation Strategy

Operating Units



Process

Innovation

Motivation



A Fundamentally Different Company

Small Company Strengths

- Rapid Decision Making
- Innovative ideas
- Entrepreneurship
- Local Autonomy
- Customer Intimacy
- Grass Roots Market Insight

Large Corporation Strengths

- Leveraging scale
- Access to Key Influencers in DoD & Internationally
- Continuous Improvement
- Broader Access to Talent
- Best Practices
- Branding



A Federation of Diverse High Tech Aero/Defense Capabilities



Three-Stage Path to Shareholder Value Over Next 5 Years

1. Integration

2018+

- Enhance productivity – Implement L365
- Shared services, consolidation, talent, pension freeze
- **Margin expansion**

2. Strengthen

2019 - 2021

- Higher sales from internal investments
- More M&A - Innovative, high-tech & bolt-ons
- **Revenue growth**

3. Non-Traditional “6th Prime”

2022+

- More sales from bigger programs
- Greater profit and cash flow
- **Moving up to Prime/Bundled solutions**



L3T 3.0 Integration Focus

- **Data Driven**

- Greater focus on driving per-head productivity along with \$ EBIT growth
- Increasing spans of control, introducing automation, greater use of benchmarking

- **Organizational Alignment**

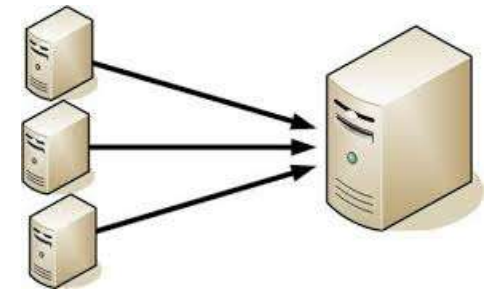
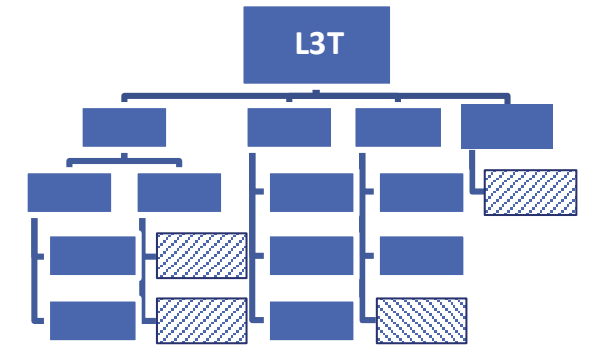
- Reduce SG&A, consolidate & streamline the structure
- Grouping divisions by capabilities, driving increased collaboration

- **IT Integration**

- Multi-year plan to reduce >100 systems. Key to unlocking virtuous cycle of data fidelity, speed to market, efficiency, and faster decision-making

- **Shared Services**

- Consolidate or outsource low value-add activities
- Leverages the big company scale on transactional activities



Medium / Long-Term Drivers

1. Making the Machine Better: Integrate, Collaborate & Innovate

- Integrate – Shared Services, improve cost structure, personnel, facilities
 - Collaborate
 - Innovate
- } Reaping Benefits in Medium & Longer Term

2. Accelerate Organic Growth, Due to..

- Increased & Optimized R&D
- Benefits of new common processes/functions
- Improved data analytics and decision making
- Business development talent & processes enhanced

3. Continued M&A Focus



Medium / Long-Term Outlook

Segment	Sales View*	Key Drivers
Electronic Systems	+mid single digit	<ul style="list-style-type: none">• Pilot training ramp• Security detection re-competes, new international customers• A2AD wins, new markets
Sensor Systems	+mid/high single digit	<ul style="list-style-type: none">• EO/IR international growth• Space, undersea markets• Canadian combat ship,• Ground vehicle fire control
Communication Systems	+mid/high single digit	<ul style="list-style-type: none">• Wideband datalinks for manned/unmanned teaming• Navy C4ISR• A2AD
Aerospace Systems	+low/mid single digit	<ul style="list-style-type: none">• Leverage recent success with International Biz Jet ISR• Greater focus on annuity-like businesses

* DoD budget dependent



Capital Allocation Framework

Disciplined Capital Deployment

Internal
Investment

- 2018e R&D expected to be 3% of sales
- Targeted investments in Sensor Systems

Dividends

- Continued modest annual increases

Debt

- Committed to maintaining investment grade credit rating

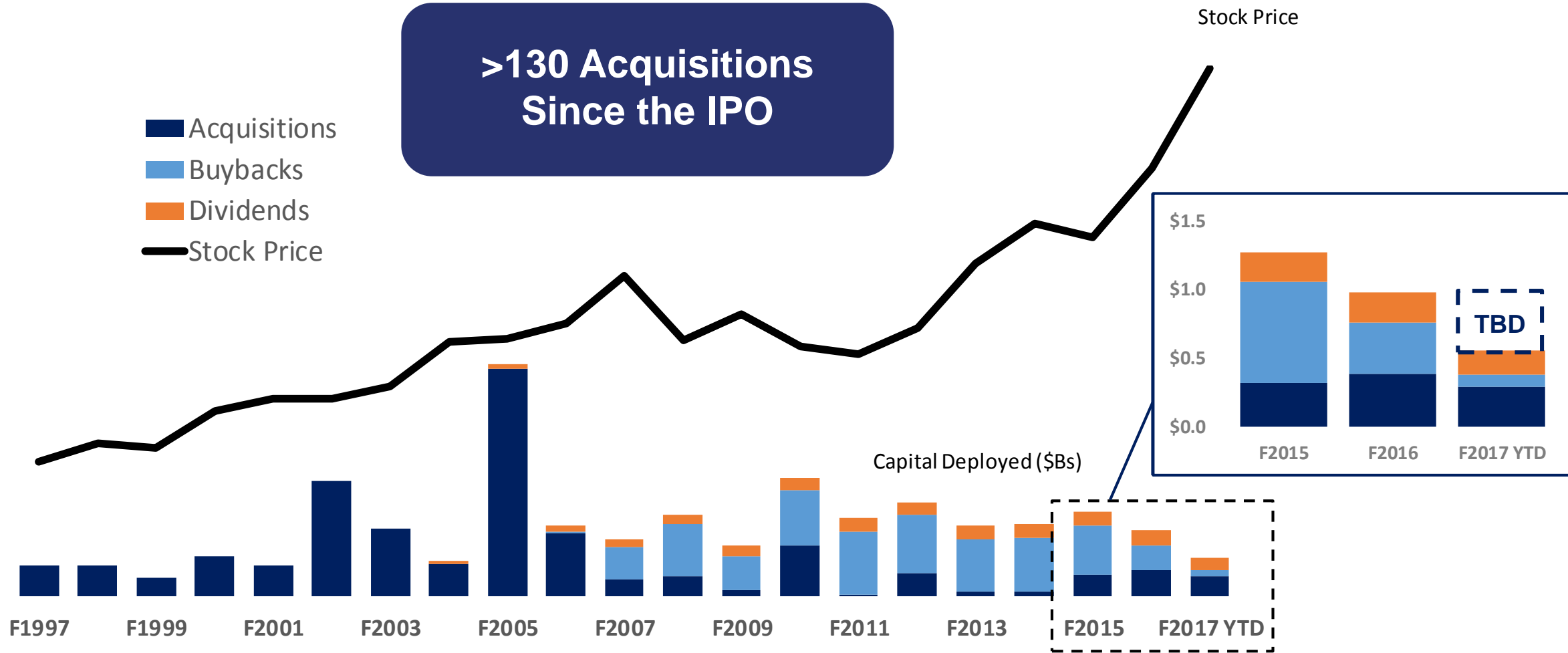
Share Buybacks

- Offsetting share creep

M&A

- Key considerations - strategic fit, technology, potential for value capture

Proven Record of Acquisitions



Summary

- **Unique High Technology Aero/Defense Entrepreneurial Company**
- **2018 Focus on Integration, Collaboration & Innovation**
- **Medium Term - Reaping Benefits of Current Initiatives**
- **5 Year Vision - Non-Traditional “6th Prime”**
- **Relentless Focus On Free Cash Flow & High Quality Earnings**
- **Individually Strong, Jointly Superior**





Electronic Systems

Todd Gautier, Senior Vice President and President



Technologies

Electronic Systems Overview

Key Business Metrics – 2018 Guidance (midpoint)

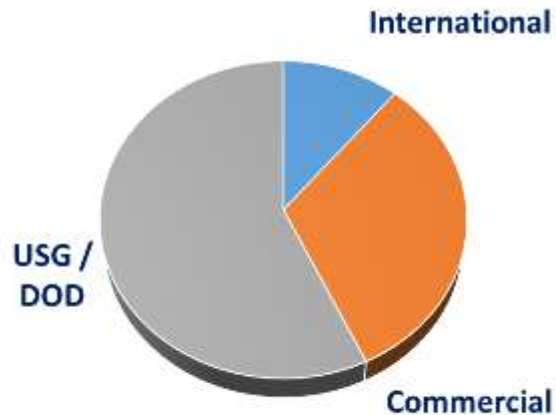
\$3.25B Sales
6% Organic Growth

13.8% Operating Margin

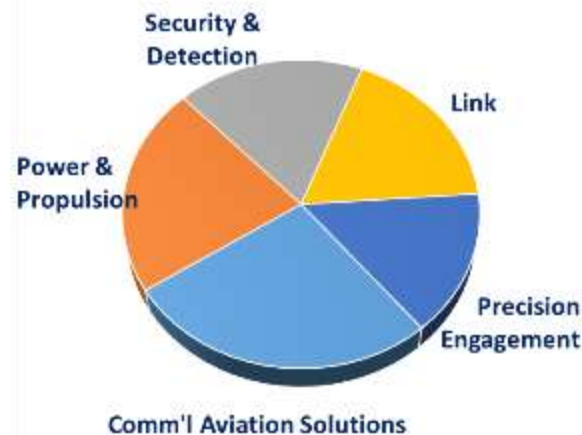
- ✓ **Winning:** Book-to-Bill: >1.0x ('16 – '18e)
- ✓ **Growing:** +6% Organic Growth in '18e
- ✓ **Margins:** +70bps ('16 -'18e)
- ✓ **Investing:** Segment Controlled & Focused
- ✓ **Optimizing:** Consolidating Divisions (23 to 15)

Revenue Mix and Capabilities

Sales by Customer



Sales by Sector



Capabilities

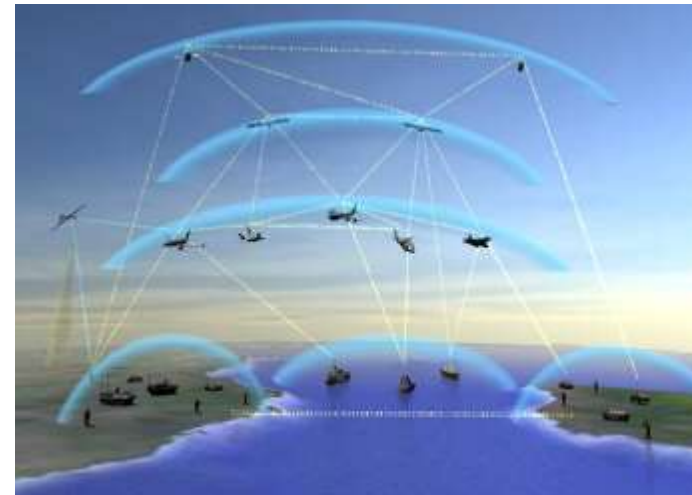
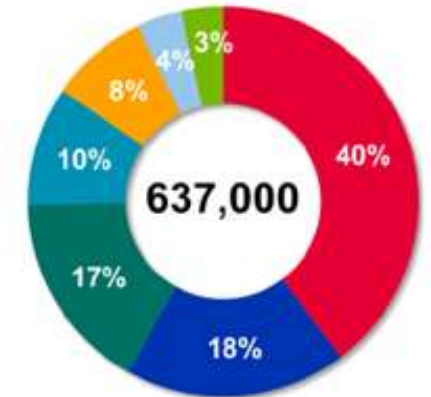


2018 Market Environment

- **Weapon Systems - Growing**
 - Low Stock / Ongoing Ops
 - A2AD
- **Defense Training - Slight Growth**
 - Simulation Headwinds
 - Pilot Shortages / Outsourced Training
- **Power Mgmt and Distribution - Growing**
 - Shipbuilding Rates Increasing
 - Next Gen Power / Weapons
- **Commercial Airline Training - Growing**
 - Pilot Shortage Recognized
 - Fleet Expansions / Outsourcing
- **Avionics - Growing**
 - Fleet Expansions, Upgrades
- **Airport Security - Growing**
 - Passenger / Airport Growth....Threat

New Pilots by Region
2017-2036

● Asia Pacific	253,000
● North America	117,000
● Europe	106,000
● Middle East	63,000
● Latin America	52,000
● Africa	24,000
● C.I.S. / Russia	22,000
World Total	637,000



Electronic Systems Strategic Focus

- **Commercial Aviation Solutions**

- Unprecedented Comm. Aviation Expansion / Pilot Shortage
- Significant Investments in Capacity
- Avionics Consolidations / Efficiency

- **Airport Security**

- New Products, Alignment, Future M&A
- MacDonald Humfrey Key Enabler
- Leading Market Evolution to Integrated Solutions

- **A2AD and Operations**

- L3 Has Disruptive Technologies and Systems
- Strategic New Wins
- Focused Investments
- Aligned and Consolidating / Synergy



**In the Right Markets, with the
Right Technologies and
Solutions**

Electronic Systems

Growth Drivers

Campaigns

- Precision Weapons
- A-PNT
- Commercial Aviation Training
- Airport Security Solutions

Expanded Offerings

- Next Generation Systems
- Training Centers, Academies, Simulations
- Avionics / Weapons Components / Security
- Go-to-Market (Services, Solutions, Bundling)
- Increased Capacity

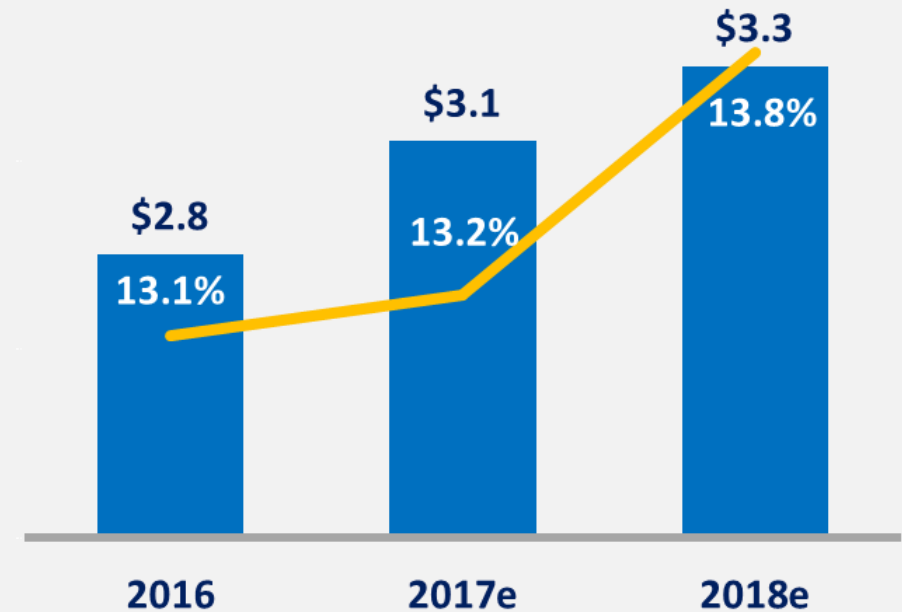
Enablers

- Leadership & Strategy
- L365 Continuous Improvement
- Cost Competitiveness / Efficiencies
- Collaboration
- Increased Capacity

Future Focused

- Talent Management
- Alignment / Consolidation
- R&D: Focused, Early, Managed/Measured
- Customer Relationships
- Acquisitions / Partnerships / Investments

Sales (\$Bs) and Op Margin



Electronic Systems Summary

- **Financial Performance**

- **2017e:** 6% Organic Growth, 12% Op Inc Growth, >1.0x Book:Bill, Record Investments
- **2018e:** 6% Organic Growth, 11% Op Inc Growth, All Sectors Growing, Funding Efficiency & Tech
- Backlog, Pipeline, Transition to Production and M&A Positions for Strong Growth

- **Strategic Investments**

- Focused R&D Delivering Innovative / Disruptive Wins

- **Creating a Culture of Continuous Improvement**

- Enterprise-wide Investment in Excellence and Exceeding Expectations





Aerospace Systems

Mark Von Schwarz, Senior Vice President and President

Aerospace Systems



- **Prime systems integration organization:** Specializing in complex ISR capabilities and equipment:
 - *Communications, and enterprise intelligence systems and products*
 - *Rapid technology insertion to meet changing customer needs and evolving environments*
 - *Big data analytics*
- **Full spectrum fleet sustainment, depot and management:** *Provides key MRO, aircraft integration and services to U.S. Armed Forces and Allies*
 - *Facilities in Greenville and Waco providing turn-key solutions for special airborne mission needs*
 - *FAA Organization Designation Authorization (ODA)*
- **Aircraft modification and service life extension solutions:** Aircraft modification, maintenance, and full life-cycle systems support and sustainment
 - *Command, control and communications network-enabling technologies and SIGINT systems*



Aerospace Systems Overview

Key Business Metrics – 2018 Guidance (midpoint)*

\$2.70B Sales
(1)% Organic Growth

8.1%
Operating Margin

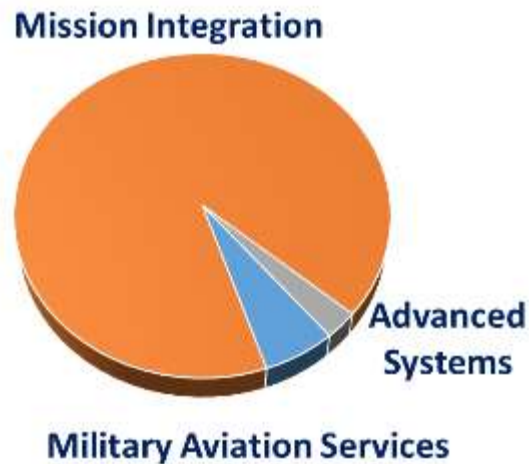
- ✓ **Winning:** Major FMS Award
- ✓ **Growing:** Key Market Penetration
- ✓ **Margins:** Expanding
- ✓ **Investing:** International Capture
- ✓ **Execution:** Air Seeker & EMARSS

Revenue Mix and Capabilities¹

Sales by Customer



Sales by Sector



Capabilities



* Excludes Vertex



Aerospace Systems

Growth Drivers

Campaigns

- International
- Modernization/Maintenance
- Recapitalization

New Offerings

- DCGS/Enterprise Services
- Multi-Mission Aircraft (MMA)
- Light Attack/ISR

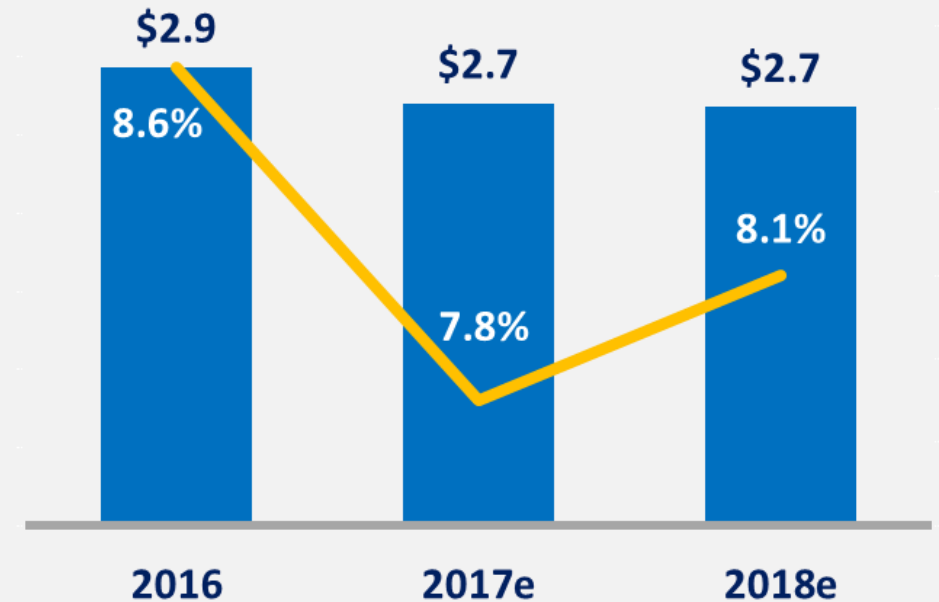
Enablers

- System Evolution
- Collaboration With Other L3 Entities With Relevant Technologies

Future Focused

- Talent Management
- R&D: Focused, Managed, Measured
- Partnerships / Investments

Sales (\$Bs) and Op Margin*



* Excludes Vertex



Greenville and Waco Consolidation



Majors Field – Greenville, TX

- Integrated Functions
- Fully Equipped Manufacturing Facilities
- State-of-the-art Paint Facilities
- Multi-Sensor Test Facilities
- Anechoic Chamber Complex



TSTC Airport – Waco, TX

- SEI CMMI:v1.3 Maturity Level V
- ISO9001:2008, ISO14001:2015 and AS9100C
- FAA Class 4 Unlimited Repair Station/FAA Organization Designation Authorization (ODA)

Multiple Solutions for Multiple Missions

Aircraft



Longsword



SPYDR



MMA



Business Jets



Falcon 2000



747-8

L3 Capabilities



WESCAM MX-15



ForceX Widow



Comms West
Common Data Link



Rio SIGINT System



Airview 360

Missionization



DMS



RAPDS

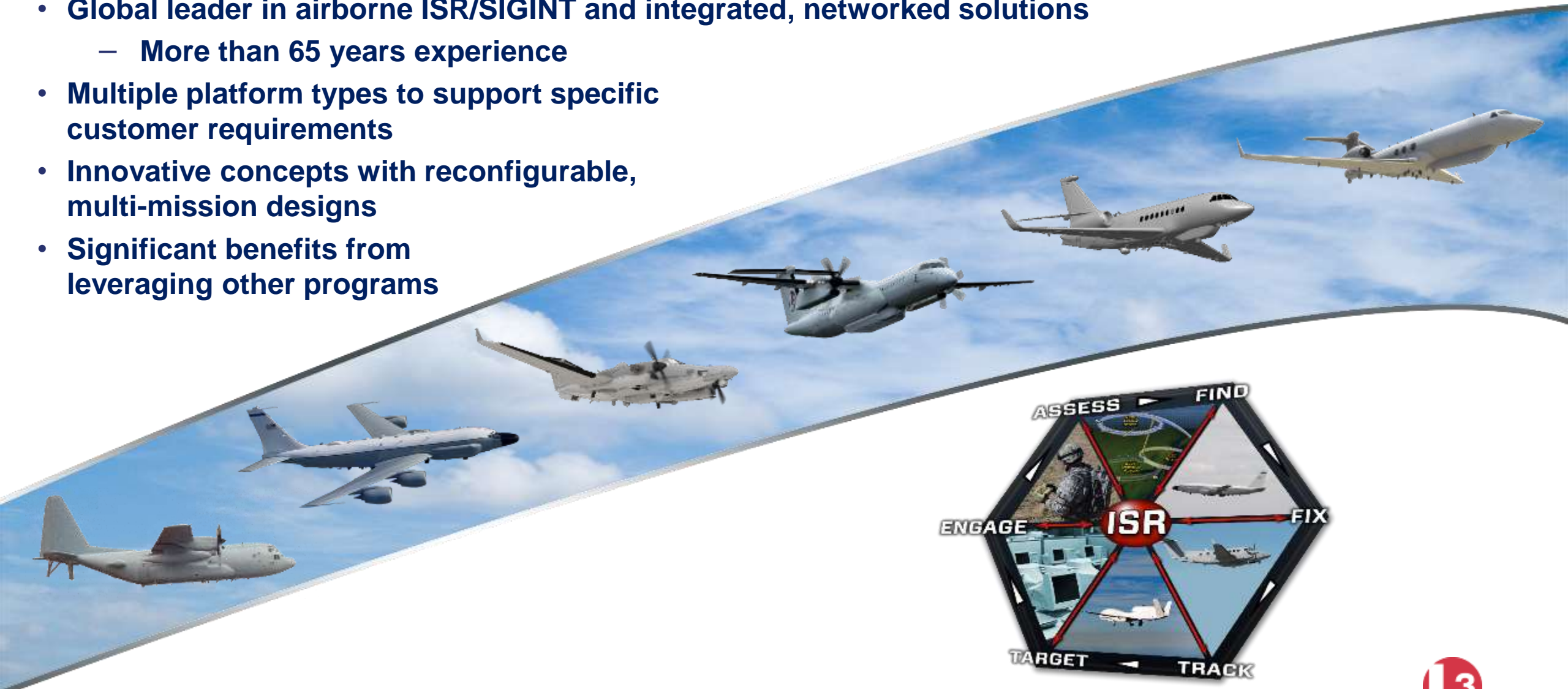


AIMS



Summary

- **Global leader in airborne ISR/SIGINT and integrated, networked solutions**
 - More than 65 years experience
- **Multiple platform types to support specific customer requirements**
- **Innovative concepts with reconfigurable, multi-mission designs**
- **Significant benefits from leveraging other programs**



Break





Sensor Systems

Jeff Miller, Senior Vice President and President

Sensor Systems – Solutions in All Domains



Space: *Military & Commercial*

- Sensors, Payloads, Launch and Control Electronics



Air: *Airborne Surveillance Systems &IRSTs*

- Surveillance & Designating Systems; Wide Area Motion Imagery Systems



Ground: *Fixed, Vehicular and Man Portable*

- Ground Combat Fire Control Systems, Surveillance, Counter UAS



Soldier: *Night Vision – Goggles, Designators, Aiming Devices*

- Thermal & Image Intensified Systems, Law Enforcement Systems



Maritime: *Naval Towed Arrays, Fire Control, Photonic Masts*

- Surface, Submarine, & Ocean Floor Systems. Autonomous Vehicles



Electronic Warfare & Cyber: *Situational Awareness & Effects*

- Surveillance, Intercept; Offensive and Defensive Solutions



Sensor Systems Overview

Key Business Metrics – 2018 Guidance (Midpoint)

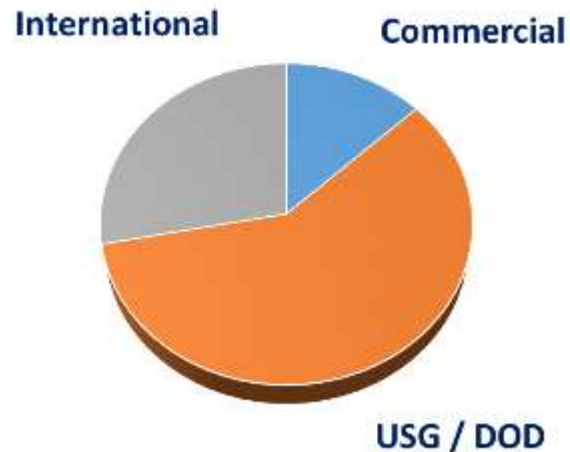
\$1.75B Sales
10% Organic Growth

11.5% Operating Margin

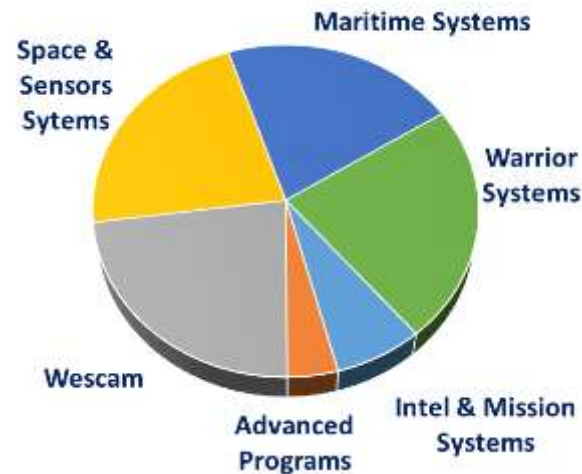
- ✓ **Winning:** Book-to-Bill ~1.25x ('16 – '18e)
- ✓ **Growing:** +10% Organic Growth in '18e
- ✓ **Margins:** +140 bps ('16 – '18e)
- ✓ **Investing:** R&D >5% of Sales
- ✓ **Optimizing:** L365, Consolidation

Revenue Mix and Capabilities

Sales by Customer



Sales by Sector



Capabilities



Sensor Systems: Opportunity Rich in Multi-Year Pursuits



**Warfighter
Integration
\$1B - \$2B**



**OA-X
\$500M-\$700M**



**Space
(Classified)
\$400M**



**United Launch
Alliance (ULA)
\$1B**



**Cabled Ocean Systems
\$500M - \$1B**



**Next Gen
Periscopes
\$500 - \$700M**



**V-22 Osprey
\$300M**



**Undersea UUVs
+\$100-\$200M**



**UAV Penetration
\$500M**



**F35 Programs
\$500M - \$1B**



**Ground Vehicle Penetration
\$250 - \$500M**



**Canadian Surface Combatant (CSC)
\$1B-\$1.5B**

Opportunity Sizes are Estimates of Potential Orders over a 10-Year Period



Strategic Alliance Between ULA and L3 Space and Sensors

Value Proposition Developed with L3 As **Exclusive Provider of Avionics Systems**

Increases Content to >\$1B over 10 Years

Virtual Vertical Integration

- Business Systems Integration
- Cost Integration
- Technical Integration
- Site Integration



Sensor Systems Strategic Focus

- **Drive Savings**
 - L365, Consolidations, Apply to Investment & Op Income
- **Invest at 2x Industry Average, Use Agility as a Discriminator**
 - “Innovation Sprints” Exemplify Commitment to Speed and “Fail Fast” Mentality
- **Protect and Expand Core Offerings**
 - Maintain Leading Performance & Cost Position with Commercial Models
- **Penetrate Market Adjacencies**
 - Space, IRST, Ground Vehicle Sensors, Maritime Surface & Undersea
- **Focused International Expansion**
 - Expand MENA, Asia, Leverage L3’s International Footprint
- **Supplement Organic Growth With Strategic M&A**
 - Continue Niche Acquisitions. Add Bigger, Broader, Borderless Targets



Sensor Systems

Growth Drivers

Campaigns

- ULA
- CSC
- Virginia/Columbia
- F-35
- Undersea
- Counter UAS
- Disaggregated Space

Expanded Offerings

- UUVs and Fixed Surveillance
- Space Mission Packages
- Integrated Soldier (Augmented Reality)
- Ground Vehicle Fire Control

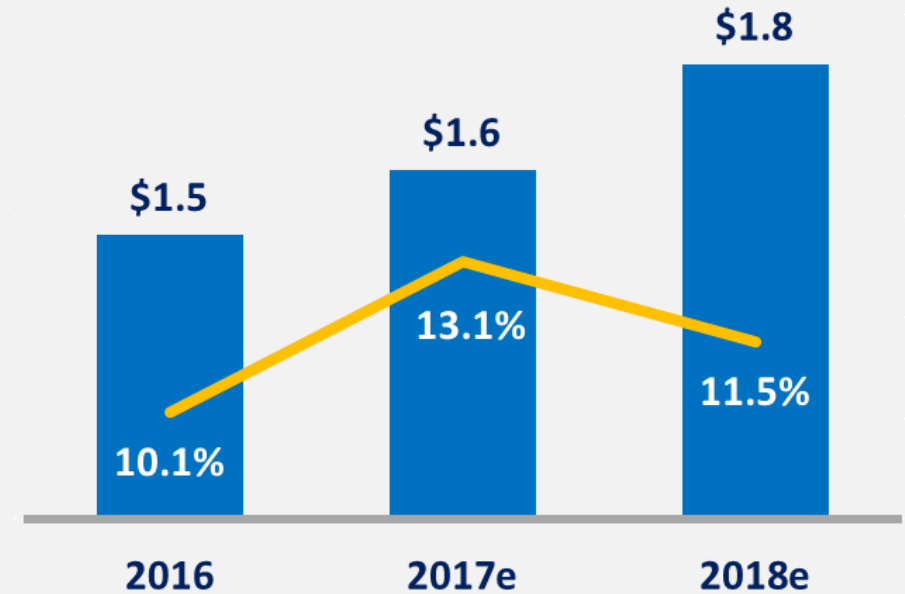
Enablers

- Enhanced, Streamlined Leadership
- Speed and Agility (Innovation Sprints)
- Commercial Business Models
- Experimentation, Mission Analysis

Future Focused

- \$30M R&D Increase
- Wescam USA/EO Center of Excellence
- Strategic M&A and Innovative Partnerships

Sales (\$Bs) and Op Margin



Sensor Systems: Summary

- **Financial Performance**

- **2017e:** 6% Organic Growth; 40% Op Inc Growth; 1.25x Book-to-Bill; Record Backlog
- **2018e:** 10% Organic Growth; Increasing Growth Investments
- Longer Term: Backlog Position, Robust Pipeline and M&A Positions for Continued Growth

- **Strategy is Driving Organic Growth, Demonstrated by Recent Highlights:**

- Tier 1 Partner on Canada's Combat Ship Team, \$1B+ Opportunity on CSC
- Won \$400M ID/IQ Contract for Classified Space
- Entered >\$250M in Night Vision Sales in US and International Markets
- Awarded >\$300M of New Orders for Airborne Gimbals

- **Targeted M&A**





Communication Systems

Andrew Ivers, Senior Vice President and President-Elect

Communication Systems



Broadband Communications

Advanced Networking & Integrated Communications

- ISR / Common Data Link
- Secure Low Probability of Intercept and Anti-jam Waveforms



Advanced Communications

C4ISR Systems, Cyber Solutions & Communications Products

- Maritime C4ISR for the DOD, DHS and International Partners
- Cyber Security / Information Assurance



Space & Power

Power, Telemetry & RF Communications Across All Domains

- Commercial and Military Space Microwave Telemetry
- High Reliability Space and Military Power Products



Communication Systems Overview

Key Business Metrics – 2018 Guidance (midpoint)

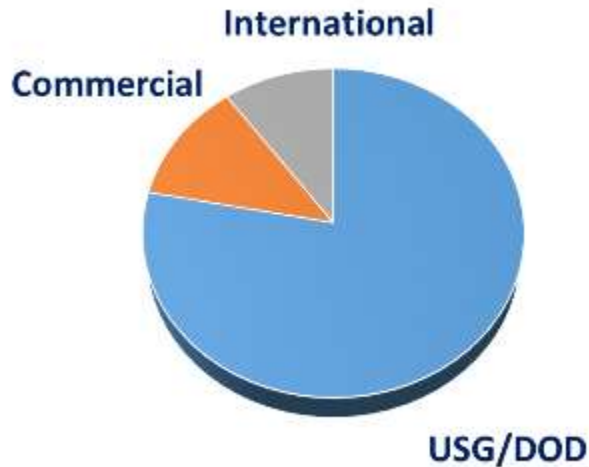
\$2.275B Sales
5% Organic Growth

11.2% Operating Margin

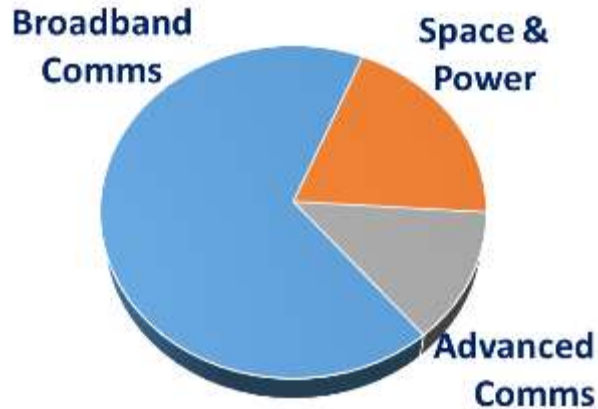
- ✓ **Winning:** Book-to-Bill: >1.0x
- ✓ **Growing:** +6% Organic Growth in '17e
- ✓ **Margin:** +170bps ('16 to '18e)
- ✓ **Investing:** R&D ~4% of Sales
- ✓ **Optimizing:** EDD Consolidation

Revenue Mix and Capabilities

Sales by Customer



Sales by Sector



Capabilities



Naval C4ISR



Microwave Components



Wideband ISR



Protected Comms



Space Qual Hardware

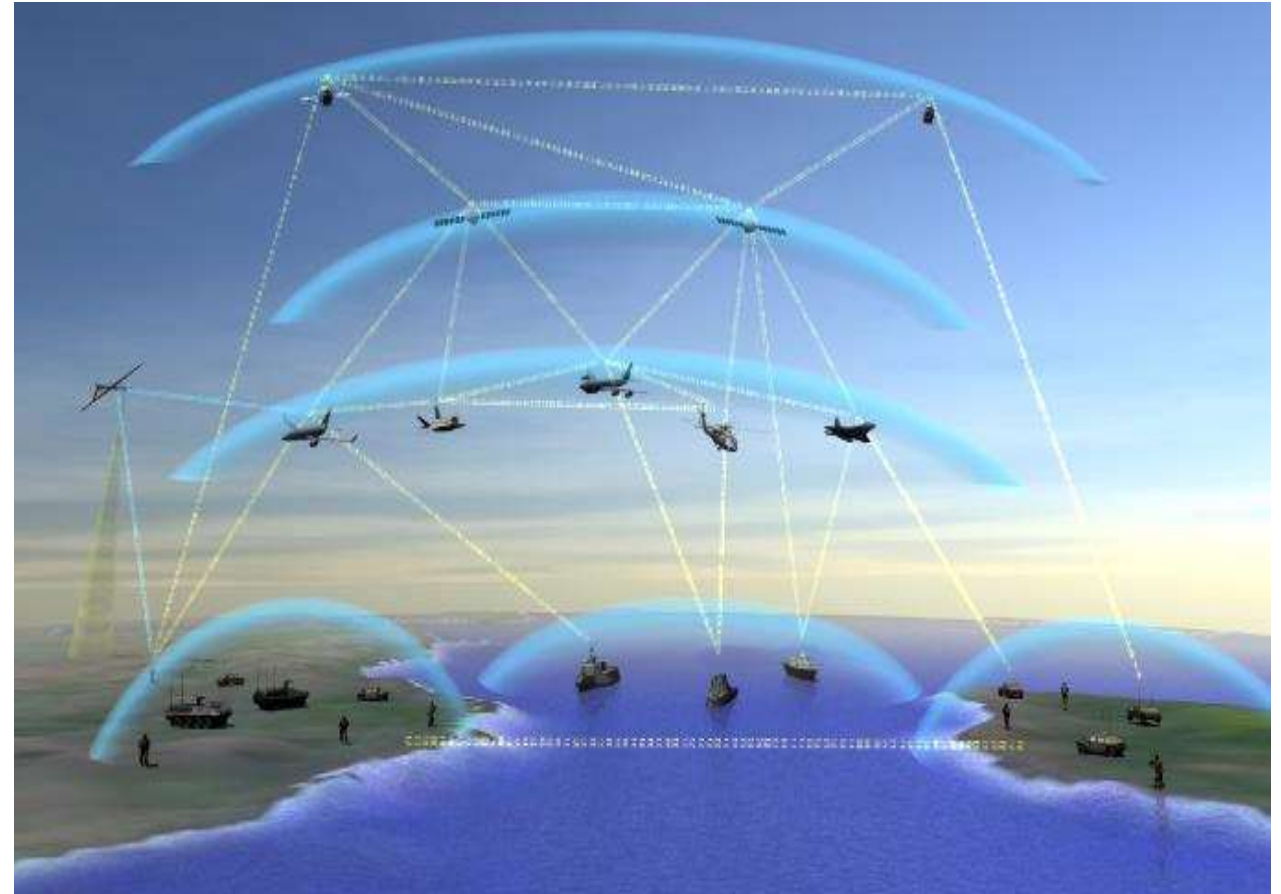


Information Assurance



Communication Systems Market Environment

- **Assured Communications - Growing**
 - Multi-Domain, A2AD
 - Secure Waveforms
- **ISR Communications- Growing**
 - International Expansion
 - US/Coalition Interoperability
- **Naval C4ISR- Growing**
 - Shipbuilding Rates Increasing
 - Pacific/Middle East Threats
- **Protected Military SATCOM- Growing**
 - Contested Space Environment
 - Ground Segment Expanding
- **Weapons Data Links - Growing**
 - Smart, Connected Munitions
- **Space Components – Declining/Flat**
 - Fewer GEO Commercial Satellite Launches



Communication Systems Strategic Focus

- **Manned / Unmanned Teaming**

- Captured Key Apache Development and Production Contracts
- R&D Investments Enabling a Near “Off The Shelf” Offering
- Growth Opportunities on Other Platforms

- **Naval C4ISR Systems**

- Grow with Focus on Five Eyes Nations
- Invest/Acquire IP for Communications and Network Management
- Win Canadian Surface Combatant and Australian SEA 5000

- **A2AD and Evolving Threats**

- Protected/Secure Communications Technology Demonstrated
- Focused Investments
- Collaborative Engagement with A-PNT



Communication Systems

Growth Drivers

Campaigns

- NC3 Recap
- A2AD Secure/Protected Communications
- Maritime C4ISR
- Spectrum Dominance

Expanded Offerings

- LPI/LPD Comms
- Symphony® Automated C2
- Low Observable Antennas
- Free Space Optics

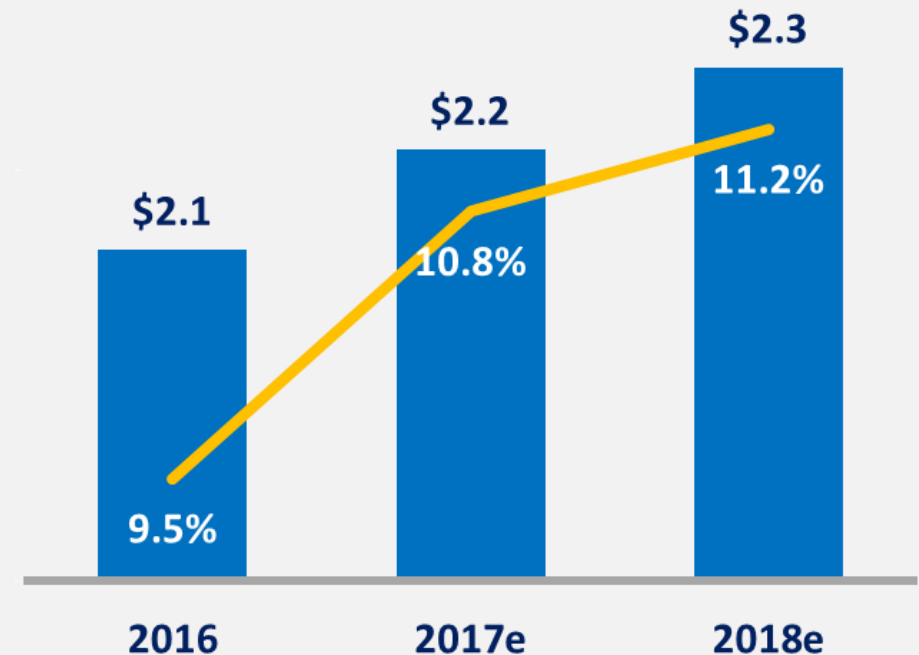
Enablers

- L365 Continuous Improvement
- Collaboration
- Focused Investments

Future Focused

- Consolidation/Optimization
- R&D Aligned with Market Needs
- Acquisitions/Partnerships
- Talent Growth/Management

Sales (\$Bs) and Op Margin



Communication Systems Summary

- **Financial Performance**

- **2017e**: 6% Organic Growth; 19% Op Inc Growth; Investing in the Future
- **2018e**: 5% Organic Growth; 9% Op Inc Growth; Performance Recovery in Space & Power

- **Strategic Investments**

- Broadening M&A Aperture
- MUMT-X Transition to Production; PTSFD Demonstration Key for Future

- **Working on Continuous Improvement, Collaboration & Innovation**

- Continuous Improvement Savings Contribution to the Bottom Line - 100 BPS

- **Continue International Market Penetration / Strategic Alliances**





L3 Technologies

Financial Review

Ralph D'Ambrosio, Senior Vice President and Chief Financial Officer

2018 Financial Trends

- **Sales growing in all end markets... DoD budget supports growth**
- **Expanding margin... growing profit and cash flow**
- **Integrating businesses to enhance competitiveness and profitability**
- **Increasing growth investments to accelerate sales**
- **Capital allocation... favoring acquisitions after dividend, divesting Vertex***

* Vertex Aerospace business is reclassified to discontinued operations for all periods presented

Initial 2018 Financial Midpoint Guidance (*Excludes Vertex*)

(in Millions, except per share amounts)

	2018 Estimate	2017 Estimate	2018 vs. 2017
Net Sales	\$9,950	\$9,500	5%
Organic Growth	4%	2%	+200 bps
Operating Margin	11.3%	11.1%	+20 bps
Tax Rate	26.6%	24.0%	+260 bps
Diluted Shares	~80	~80	0%
Diluted EPS	\$8.73	\$8.35	5%
Free Cash Flow	\$865	\$805	7%

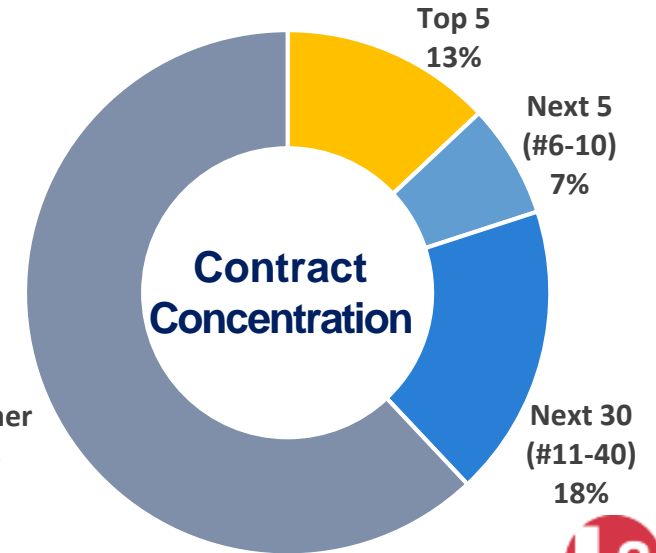
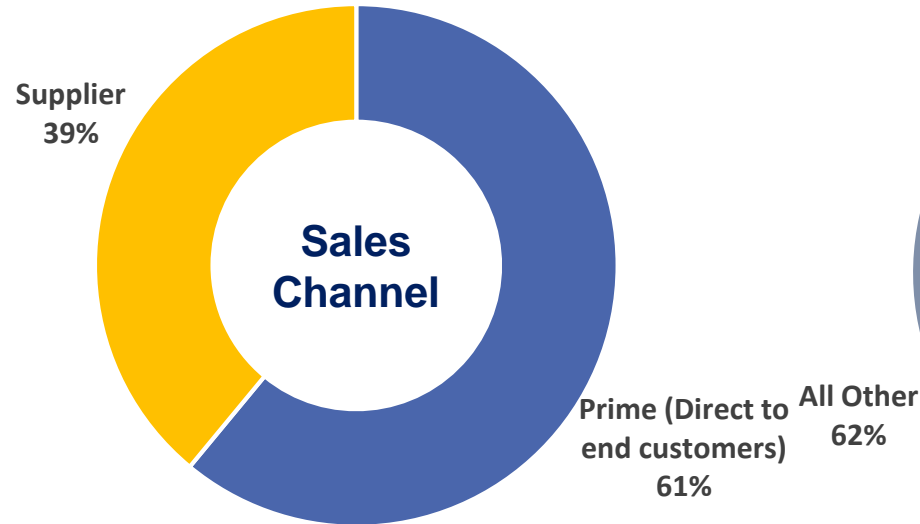
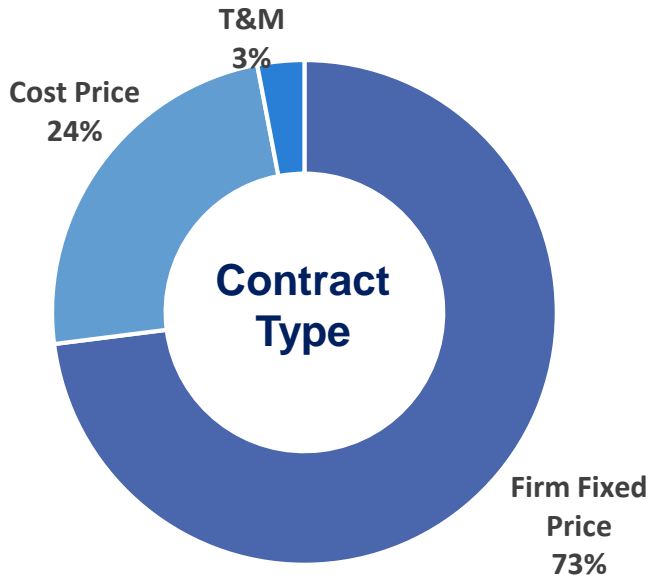
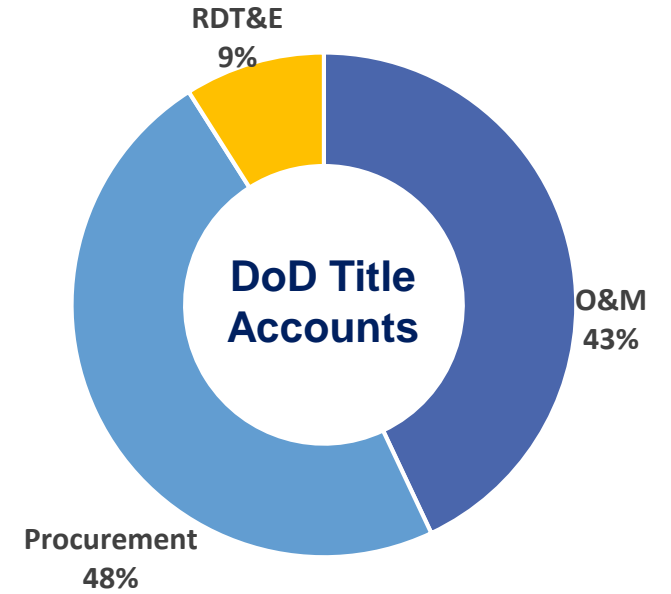
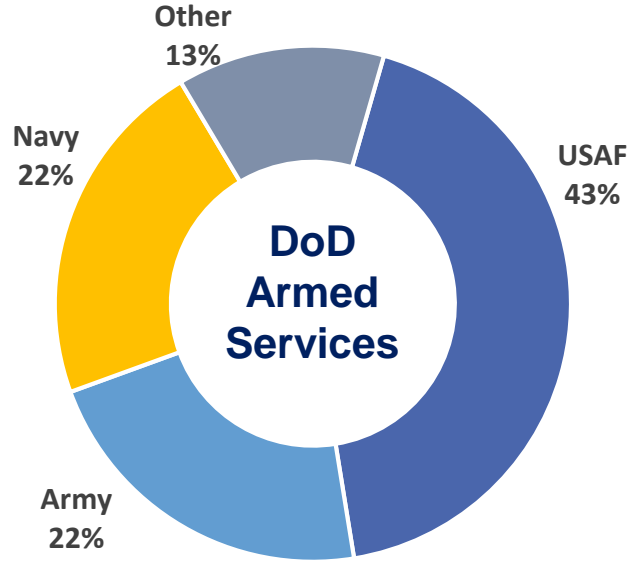
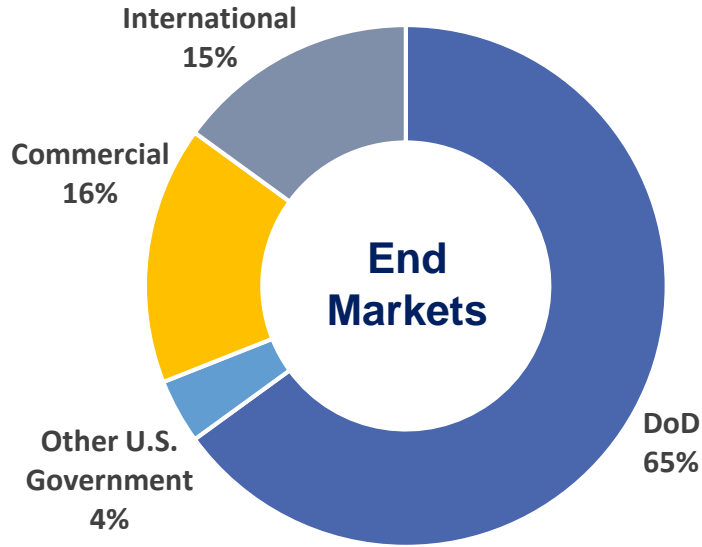
Notes: (1) 2018 and 2017 estimates: (i) are based on midpoint guidance and (ii) classify pension expense in accordance with ASU 2017-7, which is effective January 1, 2018.

(2) The Company expects to divest the Vertex Aerospace business in 2018 and present Vertex financial results in Discontinued Operations for all periods.

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



Sales Characteristics - 2018 Estimates



Segment Financial Trends

Electronic Systems

(\$ in Millions)	2017		2018
	2016	Estimate	Initial Guidance
Net Sales	\$2,752	\$3,050	\$3,250
Sales Growth	-3%	11%	7%
Organic Growth	2%	6%	6%
Operating Margin	13.1%	13.2%	13.8%

Aerospace Systems *(Excludes Vertex)*

(\$ in Millions)	2017		2018
	2016	Estimate	Initial Guidance
Net Sales	\$2,930	\$2,700	\$2,675
Sales Growth	1%	-8%	-1%
Organic Growth	1%	-8%	-1%
Operating Margin	8.6%	7.8%	8.1%

Communication Systems

(\$ in Millions)	2017		2018
	2016	Estimate	Initial Guidance
Net Sales	\$2,053	\$2,175	\$2,275
Sales Growth	1%	6%	5%
Organic Growth	0%	6%	5%
Operating Margin	9.5%	10.8%	11.2%

Sensor Systems

(\$ in Millions)	2017		2018
	2016	Estimate	Initial Guidance
Net Sales	\$1,468	\$1,575	\$1,750
Sales Growth	2%	7%	11%
Organic Growth	2%	6%	10%
Operating Margin	10.1%	13.1%	11.5%

Note: For all periods presented segment operating income and margin: (i) includes re-absorption of previously allocated expenses to Vertex and (ii) classifies pension expense in accordance with ASU 2017-7, which is effective January 1, 2018. Sensor Systems 2018 margin guidance includes \$30M of incremental growth investments



Productivity & Margin Improvement Actions

- **Integrating Businesses... Sectorizing Our Divisions**
 - L365 Continuous Improvement
 - Presently consolidating divisions
- **Standardizing on Three Common ERP System Platforms**
- **Expanding Scope of L3 Shared Services**
 - Adding indirect material eProcurement, IT Service Desk and ERP CoE
- **Evaluating Defined Benefit Pension Plans**
- **Selectively Increasing R&D Investments to Accelerate Growth**
 - R&D/Sales: 3.2% for 2018 vs. 3.0% for 2017



Improving Balance Sheet and Increasing Liquidity

(\$ in Millions)

	12/31/16	12/31/17 Estimate	12/31/18 Estimate
Cash	\$ 363	\$ 575	\$ 1,095
Debt	\$ 3,325	\$ 3,330	\$ 3,336
Equity	4,624	5,065	5,565
Book Capitalization	\$ 7,949	\$ 8,395	\$ 8,901
Available Revolver	\$ 1,000	\$ 1,000	\$ 1,000
Debt / EBITDA	2.9x	2.6x	2.5x

Notes: (1) Debt/EBITDA excludes discontinued operations.
 (2) See Reconciliation of GAAP to Non-GAAP Measurements.

Vertex Divestiture Process Update

- **Commencing the sale process later this month**
- **Vertex represents an industry-leading military aircraft maintenance and logistics support provider**
- **Significant in-bound interest has been received from both strategic and financial sponsor potential buyers**
- **Expect to complete sale process for Vertex in mid-2018**

Financial Summary

- **Implementing Corporate Strategy**
 - Integrating Businesses, Increasing Collaboration and Growth Investments to Enhance Innovation and Competitiveness
- **Growing Sales, Profits and Cash Flow**
- **Robust Cash Flow With Targeted Capital Allocation**
- **Portfolio Aligns With Customer Priorities**



L3 Technologies

Wrap Up and Q&A

Christopher Kubasik, President, Chief Operating Officer & CEO-Elect
Ralph D'Ambrosio, Senior Vice President and Chief Financial Officer



Technologies

Supplemental Financial Data

2018 Financial Guidance (*Excludes Vertex*)

(\$ in Millions, except EPS)

	Initial Guidance	Midpoint vs. 2017
Net Sales	\$9,850 to \$10,050	5%
Organic Growth	4%	+200 bps
Operating Margin	11.3%	+20 bps
Interest Expense and Other	\$141	-10%
Effective Tax Rate	26.6%	+260 bps
Minority Interest Expense	\$15	(\$2)
Diluted Shares	~80	0%
Diluted EPS	\$8.60 to \$8.85	5%
Free Cash Flow	\$865	7%

- Notes: (1) Effective January 1, 2018, the Company will adopt: (1) ASC 606 (Revenue Recognition) applying the modified retrospective method and (2) ASU 2017-7 (Pension service cost presentation) on a retrospective basis. The adoption of ASC 606 is estimated to impact 2018 sales by less than 1%.
- (2) Net pension expense (FAS, net of CAS) for 2018 vs. 2017 is expected to increase diluted EPS by \$0.28 (\$36 million pre-tax) and increase operating margin by 20 bps (\$19 million). Pension expense assumes a discount rate of 4.05% vs 4.40% for 2017.
- (3) Interest Expense and Other is comprised of: (i) interest expense of \$166 million, (ii) interest and other income of \$25 million (including \$9 million of non-service cost pension income).
- (4) Minority Interest Expense represents net income from continuing operations attributable to non-controlling interests.
- (5) See Reconciliation of GAAP to Non-GAAP Measurements.



2018 Segment Guidance (December 5, 2017)

(\$ in Millions)

Segment	Net Sales	Midpoint Sales vs. 2017	Midpoint Organic Growth	Segment Operating Margin	Midpoint Margin vs. 2017 (bps)
Electronic Systems	\$3,200 to \$3,300	7%	6%	13.7% to 13.9%	+60
Aerospace Systems	\$2,625 to \$2,725	-1%	-1%	8.0% to 8.2%	+30
Comm Systems	\$2,225 to \$2,325	5%	5%	11.1% to 11.3%	+40
Sensor Systems	\$1,700 to \$1,800	11%	10%	11.4% to 11.6%	-160
Total Segments	\$9,850 to \$10,050	5%	4%	11.3%	+20

Note: Net pension service cost (FAS, net of CAS) accounted for in accordance with ASU 2017-7 and is expected to decrease \$19 million for 2018 compared to 2017, increasing estimated 2018 operating margin by 20 basis points (bps) (\$20 million or 70 bps for Aerospace Systems).



Robust Free Cash Flow

(\$ in Millions)

	2017 Estimate	2018 Estimate
Net income from continuing operations	\$ 685	\$ 720
Gain on sale of property, plant and equipment	(42)	-
Depreciation & amortization	214	225
Deferred income taxes	40	45
401K common stock match	104	108
Stock-based employee compensation	57	60
Amortization of pension and OPEB net losses	58	63
Working capital/other items	(161)	(111)
Capital expenditures, net	(150)	(245)
Free cash flow	<u>\$ 805</u>	<u>\$ 865</u>

Note: Capital expenditures, net for 2017 includes proceeds of \$64 million related to the sale of a property in San Carlos, CA.



Targeted Capital Allocation

(\$ in Millions)

	2016 Actual	2017 Estimate	2018 Estimate
Beginning cash	\$ 207	\$ 363	\$ 575
Free cash flow	830	805	865
Divestitures	577	86	-
Debt repayments, net	(303)	-	-
Dividends	(220)	(237)	(255)
Acquisitions	(388)	(304)	-
Share repurchases	(373)	(200)	(300)
Other, net	33	62	210
Ending cash	<u>\$ 363</u>	<u>\$ 575</u>	<u>\$ 1,095</u>

- Notes: (1) Divestitures include cash flow from discontinued operations and net proceeds from divested businesses.
 (2) See Reconciliation GAAP to Non-GAAP Measurements.



2017 Consolidated Financial Guidance Reconciliation

(in Millions, except per share amounts)

	Prior Guidance (October 26, 2017)	Vertex Discontinued Operations	Current Guidance (December 5, 2017)	vs. 2016
Net Sales	\$10,800 to \$11,000	\$(1,400)	\$9,500	3%
Organic Growth	2%		2%	+100 bps
Operating Margin	10.3%		11.0%	+60 bps
Operating Income	\$1,123	\$(76)	\$1,047	9%
Interest Expense and Other	\$154	\$(5)	\$149	(\$4)
Effective Tax Rate	24.9%		24.0%	+260 bps
Minority Interest Expense	\$17		\$17	\$3
Diluted Shares	80		~80	2%
Diluted EPS	\$7.13 to \$7.23	\$1.17	\$8.30 to \$8.40	7%
Adjusted Diluted EPS	\$8.80 to \$8.90	\$(0.50)	\$8.30 to \$8.40	7%
Free Cash Flow	\$875	\$70	\$805	

Notes: (1) 2017 guidance and comparison to 2016 classifies pension expense in accordance with accounting standards in effect at December 31, 2017 (i.e., ASU 2017-7 NOT implemented).

(2) Prior guidance exclude the goodwill impairment charge of \$187M (\$133M after income taxes), or \$1.67 per diluted share, related to Vertex

(3) Vertex Discontinued Operations estimates for Operating Income, Diluted EPS and Free Cash Flow (i) exclude Corporate and Aerospace Systems Segment expenses previously allocated to the Vertex business, and (ii) includes tax benefits from Section 197 intangible assets amortization related to L3's acquisition of Vertex in 2003 and non-cash expenses for assumed 401k employer matching contributions made in L3 common stock.

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



2017 Segment Guidance (December 5, 2017)

(\$ in Millions)

Segment	Net Sales	Midpoint Sales vs. 2016	Midpoint Organic Growth	Segment Operating Margin	Midpoint Margin vs. 2016 (bps)
Electronic Systems	\$3,000 to \$3,100	11%	6%	13.1% to 13.3%	+10
Aerospace Systems	\$2,650 to \$2,750	-8%	-8%	7.7% to 7.9%	-80
Comm Systems	\$2,125 to \$2,225	6%	6%	10.4% to 10.6%	+100
Sensor Systems	\$1,525 to \$1,625	7%	6%	13.0% to 13.2%	+300
Total Segments	\$9,400 to \$9,600	3%	2%	11.0%	+60

Note: Segment operating income and margin includes re-absorption of previously allocated expenses to Vertex and account for pension expense in accordance with accounting standards in effect at December 31, 2017 (i.e., ASU 2017-7 NOT implemented). ASU 2017-7 is expected to increase 2017 operating margin for Comm Systems by 30 bps and Consolidated by 10 bps, with offsetting reductions to estimated 2017 interest income and other income.



Year-to-Date September 29, 2017 - Select Financial Data Reconciliation

(in Millions, except per share amounts)

	<u>As Previously Presented</u>	<u>Vertex Discontinued Operations</u>	<u>Excluding Vertex</u>
Net Sales	\$8,047	\$(1,053)	\$6,994
Segment Operating Margin	10.1%		10.8%
Segment Operating Income	\$815	\$(59)	\$756
Interest Expense and Other	\$113	\$(4)	\$109
Effective Tax Rate	22.1%		22.7%
Minority Interest Expense	\$12		\$12
Diluted Shares	79.6		79.6
Diluted EPS	\$4.88	\$1.25	\$6.13
Adjusted Diluted EPS	\$6.55	\$(0.42)	\$6.13

Notes: (1) Excludes the goodwill impairment charge of \$187M (\$133M after income taxes), or \$1.67 per diluted share, related to Vertex.

(2) Interest Expense and Other is comprised of: (i) interest expense of \$124 million and (ii) interest and other income, net of \$15 million.

(3) The select financial data classifies pension expense in accordance with accounting standards in effect at September 29, 2017 (i.e., ASU 2017-7 NOT implemented).

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



Year-to-Date September 29, 2017 Segment Results - Reconciliation

(\$ in Millions)

Segment	As Previously Reported		Vertex Discontinued Operations		Excluding Vertex	
	Net Sales	Operating Margin	Net Sales	Operating Margin bps	Net Sales	Operating Margin
Electronic Systems	\$2,220	13.5%	\$1	-30	\$2,221	13.2%
Aerospace Systems	3,096	6.3%	(1,055)	+100	2,041	7.3%
Comm Systems	1,626	10.5%	1	-30	1,627	10.2%
Sensor Systems	1,105	13.6%	-	-30	1,105	13.3%
Total Segments	\$8,047	10.1%	\$1,053	+70	\$6,994	10.8%

Note: Segment operating income and margin includes re-absorption of previously allocated expenses to Vertex and account for pension expense in accordance with accounting standards in effect at September 29, 2017 (i.e., ASU 2017-7 NOT implemented).



Depreciation & Amortization and Capital Expenditures 2017 Estimates

(\$ in Millions)

Segment	Depreciation & Amortization	CapEx, Net ⁽¹⁾
Electronic Systems	\$ 71	\$ 72
Aerospace Systems	50	52
Communication Systems	48	(7) ⁽²⁾
Sensor Systems	45	33
Consolidated	\$214	\$150

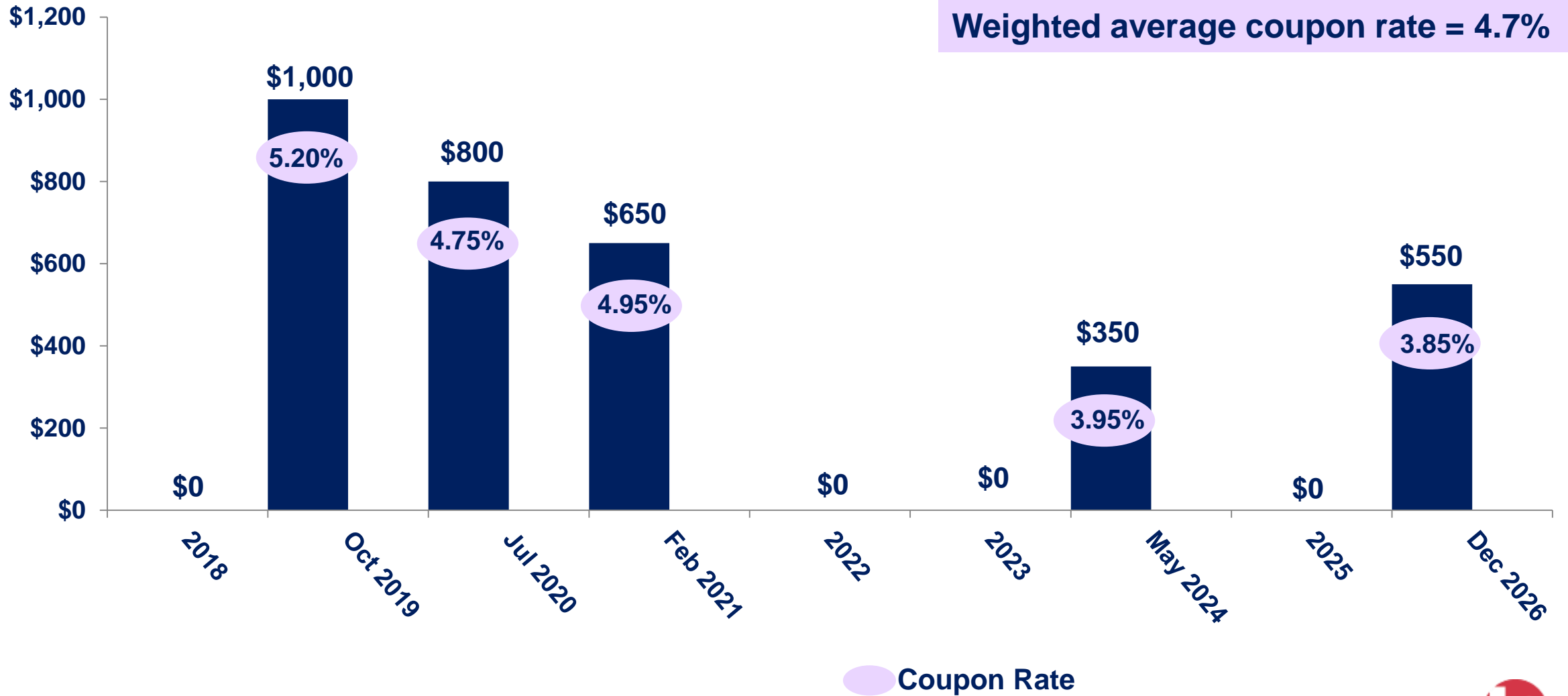
Notes: (1) Capital Expenditures, Net = capital expenditures net of dispositions of property, plant and equipment.

(2) Communication Systems CapEx, net includes proceeds of \$64 million related to the sale of the Company's property in San Carlos, CA.



Debt Maturity Profile

(\$ in Millions)



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

(\$ in Millions)

	<u>2018 Guidance</u>	<u>2017 Guidance</u>	<u>2016 Actual</u>
Net cash from operating activities from continuing operations	\$ 1,110	\$ 940	\$ 1,018
Less: Capital expenditures	(250)	(220)	(210)
Add: Dispositions of property, plant and equipment	5	70	21
Income tax payments attributable to discontinued operations	-	15	1
Free cash flow from continuing operations	<u>\$ 865</u>	<u>\$ 805</u>	<u>\$ 830</u>
Net cash from operating activities from discontinued operations		\$ 89	\$ 23
Less: Capital expenditures		(6)	(6)
Income tax payments attributable to discontinued operations		(15)	(1)
Free cash flow from discontinued operations		<u>\$ 68</u>	<u>\$ 16</u>

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

(\$ in Millions)

	2018 Estimate	2017 Estimate	2016 Actual
Cash Flow to EBITDA Reconciliation			
Net cash from operating activities from continuing operations	\$ 1,104	\$ 940	\$ 1,018
Income tax payments, net of refunds	215	166	111
Interest payments, net of interest income	146	143	139
Stock based employee compensation	(168)	(161)	(151)
Gain on sale of property, plant and Equipment	-	42	5
Other non-cash items	6	6	(12)
Changes in operating assets and liabilities	44	133	45
EBITDA from continuing operations	\$ 1,347	\$ 1,269	\$ 1,155
Debt	\$ 3,336	\$ 3,330	\$ 3,325
Debt/EBITDA	2.5x	2.6x	2.9x

Notes: (1) EBITDA is defined as consolidated income from continuing operations (excluding impairment losses incurred on goodwill and identifiable intangible assets and losses related to business divestiture transactions), plus consolidated interest, taxes, depreciation and amortization. The Debt to EBITDA ratio is presented because we believe it to be a useful indicator of our debt capacity and our ability to service our debt. We believe that the most directly comparable GAAP financial measure to EBITDA is net cash from operating activities. The table above presents a reconciliation of net cash from operating activities to EBITDA.

(2) Pension expense is classified in accordance with ASU 2017-7, which is effective January 1, 2018 for all periods presented.





Technologies